

# **North Carolina Turnpike Authority**

## **Cape Fear Skyway Preliminary Financial Analysis**

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# NCTA New Project Debt Structure

- Financing is costly and inefficient for start-up toll facilities with project toll revenues as the only leverage for bonds and loans.

## **Cape Fear Skyway Preliminary Debt Structure Incorporates**

- Capitalized Interest
- Senior Lien Capital Appreciation Revenue Bonds
- Senior Lien Current Interest Revenue Bonds
- Ascending Debt Service Structure to match Toll Revenues
- Cash Funded Debt Service Reserve Fund
- O&M Reserve Funding After Debt Service
- R&R Funding Annualized after O&M Reserve
- Minimum Investment Grade Credit Ratings
- High Cost of Capital

# Cape Fear Skyway Preliminary Financial Analysis

## Key Project Inputs:

- Scenario 1 Traffic & Revenue Estimates (WSA)
- Total Capital Cost Estimate (HNTB): \$971.5 million
- O&M and R&R Estimates (WSA and HNTB)
- Net Revenue Pledge
- Historical Average of Interest Rates

# Cape Fear Preliminary Financial Analysis

Cape Fear Skyway (Base Case)	(\$ Millions)	% of Project
<b>Total Gross Project Costs</b>	<b>\$971.5</b>	100.0%
<b>Financing &amp; Other Sources</b>		
Current Interest Bonds	\$114.2	
Capital Appreciation Bonds	\$53.4	
TIFIA Loan	\$339.4	33.3%
NC DOT Contribution	\$-	
Construction Fund Earnings	\$74.3	
Interim Financing Proceeds	\$-	
<b>Total Sources</b>	<b>\$581.4</b>	
<b>Financing &amp; Other Uses</b>		
NC DOT Donated R/W	\$-	
Cape Fear Gross Construction Cost	\$971.5	
Capitalized Interest Fund	\$30.0	
Debt Service Reserve Fund	\$16.8	
Cost of Issuance	\$2.1	
Interim Debt Refinancing	\$-	
<b>Total Uses</b>	<b>\$1,020.3</b>	
<b>Financing Stats</b>		
TIFIA Fully Paid In:	2037	
TIFIA Loan Term	23 years	
Average Debt Service Coverage	2.25	
Effective TIC	6.83%	
Additional Annual Revenues	\$-	
Upfront Gap without Annual Revenues	\$439.0	

**Project is 55% Self Supporting from Toll Revenues**

# Cape Fear Preliminary Financial Analysis

Cape Fear Skyway (Base Case)	(\$ Millions)	% of Project
<b>Total Gross Project Costs</b>	<b>\$971.5</b>	100.0%
<b>Financing &amp; Other Sources</b>		
Current Interest Bonds	\$359.1	
Capital Appreciation Bonds	\$156.5	
TIFIA Loan	\$341.0	33.3%
NC DOT Contribution	\$-	
Construction Fund Earnings	\$170.8	
Interim Financing Proceeds	\$-	
<b>Total Sources</b>	<b>\$1,027.4</b>	
<b>Financing &amp; Other Uses</b>		
NC DOT Donated R/W	\$-	
Cape Fear Gross Construction Cost	\$971.5	
Capitalized Interest Fund	\$-	
Debt Service Reserve Fund	\$51.6	
Cost of Issuance	\$4.3	
Interim Debt Refinancing	\$-	
<b>Total Uses</b>	<b>\$1,027.4</b>	
<b>Financing Stats</b>		
TIFIA Fully Paid In:	2023	
TIFIA Loan Term	9 years	
Average Debt Service Coverage	1.83	
Effective TIC	6.22%	
Additional Annual Revenues	\$39.0	

- Supplemental revenues of \$39 million per year can close the funding gap.