U.S. Department of Transportation
Federal Highway Administration

Indiana Division

575 N. Pennsylvania Street, Room 254
Indianapolis, IN 46204
317-226-7475
Fax 317-226-7341

January 26, 2017

In Reply Refer To:
HDA-IN

Commissioner Joe McGuinness
Indiana Department of Transportation
100 N. Senate Avenue
Indianapolis, Indiana 46204

Dear Mr. McGuinness,

The Federal Highway Administration (FHWA) Indiana Division, has reviewed the 2016 Finance Plan Annual Update (2016 FPAU) for the I-69 Section 5 Project, submitted by the Indiana Department of Transportation (INDOT) dated January 6, 2017. This Financial Plan is based on project information as of June 30, 2016.

The 2016 FPAU shows a project cost of $476.9 million. This estimate has increased $4.6 million from the $472.3 million reported in the 2015 FPAU due to greater than estimated number of design submittals and staffing of public involvement offices. The estimated project completion date shown in the 2016 FPAU is October 2016, which has not changed from the 2015 FPAU.

The 2016 FPAU submitted on January 6, 2017 meets the requirements of the 2014 FHWA Major Project Financial Plan Guidance. Therefore, the 2016 FPAU is approved. The next annual update should include all project information as of June 30, 2017 and is due to FHWA by September 30, 2017. The 2017 FPAU should follow and reflect the new Financial Plan Guidance of December 18, 2014. This guidance can be found at:
https://www.fhwa.dot.gov/ipd/project_delivery/resources/financial_plans/guidance.aspx

If you have any questions concerning this approval or other project issues, please feel free to contact Mohammad Hajeer of the Indiana Division at 317-226-7339.

Sincerely,

For Mayela Sosa
Division Administrator

CC:
Janelle Lemon
Paul Reed
Becky Bough
Bradley Rood
Karen Hicks

INDIANA DEPARTMENT OF TRANSPORTATION

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Michael R. Pence, Governor
Brandye L. Hendrickson, Commissioner

January 6, 2017

Mayela Sosa
Division Administrator
FHWA Indiana Division
575 N Pennsylvania St., Room 254
Indianapolis, IN 46204

Subject: I-69 Section 5 Financial Plan Letter of Certification

Dear Ms. Sosa:

The Indiana Department of Transportation (INDOT) present this Financial Plan Annual Update for the I-69 Section 5 Project (the Project) in accordance with the requirements of Section 106(h) of Title 23, as amended by Section 1305(b) of the Transportation Equity Act for the 21st Century (TEA-21), as amended by Section 1904(a) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) amended by Section 1503(a)(4) of Moving Ahead for Progress in the 21st Century (MAP-21), and further amended by Section 2002 (b) of the Fixing America's Surface Transportation Act (FAST Act). This Annual Update conforms to the requirements set out in Federal Highway Administration (FHWA) December 2014 *Major Project Financial Plan Guidance*.

This 2016 Financial Plan Annual Update provides the schedule for delivering the Project, cost estimates, and expenditure data through State Fiscal Year (SFY) 2016 (June 30th), and financial analyses developed for the Project as of this date. The cost data in this Financial Plan Annual Update provides an accurate accounting of costs incurred through the reporting period and includes an estimate of future costs based on engineers' estimates and reasonable estimates of construction related inflation factors available at the time. The estimates of financial resources to fund the Project also represent an accurate accounting of funds expended through the reporting period and best information and reasonable assumptions for future resources that were available. The State of Indiana is the Project sponsor which was procured and managed by a partnership between the Indiana Finance Authority and INDOT. The department will review and update the Financial Plan on an annual basis.

To the best of our knowledge and belief, the Financial Plan Annual Update, as submitted, fairly and accurately presents the financial position of the Project, cash flows, and expected conditions for the Project's lifecycle. The financial forecasts are based on our judgment of the expected project conditions and course of action. We have made available all significant information that is relevant to the Financial Plan and to the best of our knowledge and belief, inputs and assumptions derived from these documents and records are appropriate.

Respectfully submitted,

Daniel L. Brassard
CFO, Deputy Commissioner - Finance
Indiana Department of Transportation

I-69 Section 5: Bloomington to Martinsville

Project Financial Plan
2016 Update

September 2016, revised December 2016*

*Project cost estimates and completion schedules reflect information available as of June 30, 2016.

Submitted to:
Federal Highway Administration

Submitted by:
Indiana Department of Transportation

In conjunction with:
Indiana Finance Authority

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LIST OF EXHIBITS

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CHAPTER 1. PROJECT DESCRIPTION

INTRODUCTION

This document presents the 2016 Annual Update to the Initial Financial Plan (IFP) for Section 5 of the I-69 Project (the Project or the I-69 Project), including current cost estimates, expenditure data through State Fiscal Year (SFY) 2016, the current schedule for delivering the Project, and the financial analyses developed for the Project. This Financial Plan Annual Update (FPAU) has been prepared generally in accordance with FHWA's Financial Plans Guidance.

2016 FINANCIAL PLAN UPDATE

The purpose of this 2016 FPAU is to provide the annual updated summary of estimated costs and revenues for the I-69 Section 5 project from Bloomington to Martinsville, IN as required by Section 106 of Title 23 and modified by Section 1305 (b) of the Transportation Equity Act for the 21st Century (TEA-21) and Section 1904 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), amended by Section 1503(a)(4) of Moving Ahead for Progress in the 21st Century (MAP-21), and further amended by Section 2002 (b) of the Fixing America's Surface Transportation Act (FAST Act). Costs associated with the 2016 FPAU are as of June 30, 2016.

PROJECT OVERVIEW

The I-69 Evansville to Indianapolis corridor received a Tier 1 Record of Decision (ROD) in 2004 which divided the 142 mile corridor into six sections of independent utility. Section 5 of the I-69 corridor follows SR 37 extending from southwest of Bloomington near Victor Pike to SR 39, south of Martinsville, Indiana. I-69 Section 5 (the Project) utilizes SR 37, currently a partially access controlled four-lane divided highway, to be improved to a fully access controlled freeway. The Indiana Department of Transportation (INDOT) prepared and the Federal Highway Administration (FHWA) approved the I-69 Section 5 Tier 2 Final Environmental Impact Statement (FEIS) and the ROD selecting refined preferred alternative 8 for the Project in August 2013. Refined preferred alternative 8 provides for construction of an urban six-lane section from the southern terminus of the Project, south of the Fullerton Pike interchange, to the Sample Road Interchange. I-69 north of Sample Road Interchange will follow a rural 4-lane section to the northern project terminus.

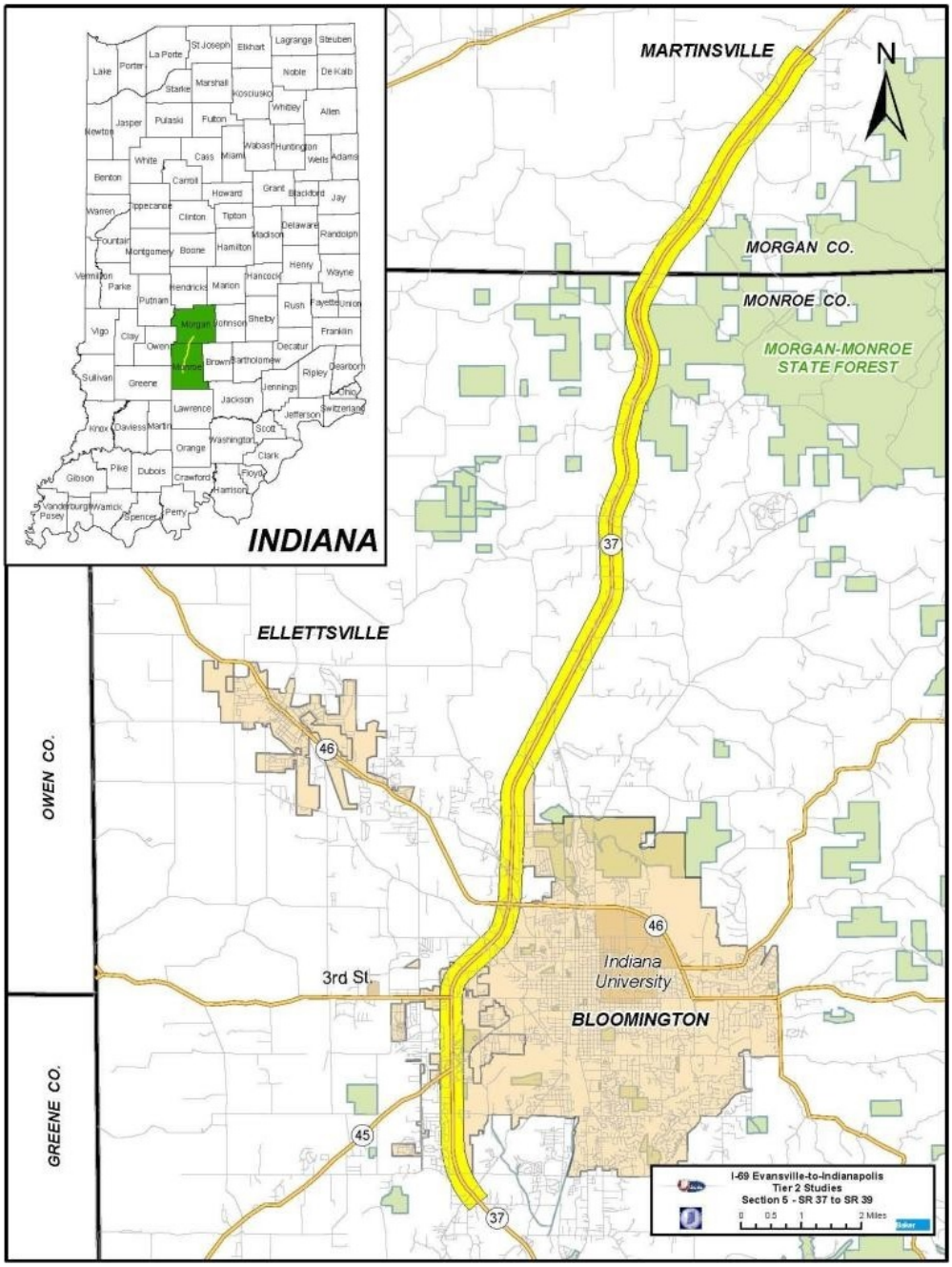
PROJECT SPONSOR

The State of Indiana is the Project Sponsor for Section 5 of the I-69 Project. The project will be procured and managed by a partnership between the Indiana Finance Authority (IFA) and the INDOT.

PROJECT DETAIL

The Project begins at State Road 37 in Bloomington, IN and extends north approximately 21 miles to SR 39 in Martinsville, IN. The Project extends through Monroe and Morgan Counties, Indiana, with the majority of the Project being in Monroe County. The purpose of the Project, as well as the broader I-69 project, is to strengthen the transportation network in the State, support economic development in the region and complete the portion of the broader I-69 project between Evansville and Indianapolis. Figure 1-1 below illustrates the general location and length of the Project.

Figure 1-1 I-69 Section 5 Corridor Map



PROJECT APPROACH

INDOT is developing I-69 Section 5 as a Public-Private Partnership (P3) project. The project sponsors (IFA and INDOT) solicited proposals for the design-build-finance-operate-maintain (DBFOM) of the Project.

On April 8, 2014, IFA entered into a Public-Private Agreement (PPA) with the I-69 Development Partners (the "Section 5 Developer") for the DBFOM of the project. On July 23, 2014, IFA and the Section 5 Developer achieved financial close. This update includes the costs as bid by the Developer plus those incurred by INDOT.

PROJECT HISTORY

Briefly, Sections of Independent Utility (SIU) 3 of the National Corridor is the Evansville to Indianapolis project in Indiana. In March 2004, the FHWA issued a Tier 1 ROD for the Evansville to Indianapolis section of I-69. The Tier 1 ROD selected a "corridor" - that is, a band generally 2,000 feet in width, but narrower in some places and broader in others - for I-69 between Evansville and Indianapolis. In addition, the Tier 1 ROD divided the Evansville to Indianapolis project into six separate sections for more detailed Tier 2 studies. Sections 1-3 are constructed and open to traffic. Section 4 located from US 231 to SR 37 south of Bloomington was opened to traffic in December 2015. Section 5 has received its FEIS and ROD. Section 6 from south of Martinsville to Indianapolis is undergoing environmental studies. Section 5 is the second section from the north; it extends from SR 37 southwest of Bloomington to SR 39 in Martinsville. This financial plan focuses on Section 5.

A full discussion of the Project History can be found in the Draft (Environmental Impact Statement) EIS or the FEIS, found on the internet at this address http://www.i69indyevn.org/.

PROJECT IMPLEMENTATION – MANAGEMENT AND OVERSIGHT

The State of Indiana is the Project Sponsor for the Project and is managing and delivering the project jointly between the INDOT and the IFA. The following is additional detail on the roles and responsibilities of various parties.

- **INDOT and IFA** supported by their Technical Team (described below), will be responsible for all aspects of the I-69 Section 5 contract.

- **Chief Legal Advisor** will supplement and assist state personnel with short listing of potential developers, contract language, and contract negotiations and will work under the direction of IFA. The contract is known as the PPA.

- **Technical Procurement Advisor** will supplement and assist state personnel with technical provisions, design review, contract administration, construction inspection, and quality control and quality assurance activities and will work

under the direction of INDOT.

- **P3 Financial Advisor** will supplement and assist state personnel with financial issues associated with Developer selection, financing, cash flow, and project financial close.

- **Section 5 Developer** - IFA and INDOT issued a final Request For Proposals (RFP) in October 2013 for a developer to design, construct, and finance Section 5 of the I-69 Project, and operate and maintain portions thereof.

2016 FINANCIAL PLAN UPDATE

IFA and INDOT selected I-69 Development Partners, a consortium consisting of Isolux Infrastructure and Infra-PSP, as the preferred proposer and entered into a PPA on April 8, 2014 for the DBFOM of the project.

- **Standing Advisory Teams**
  There are several standing advisory teams with specific historical and environmental functions that also serve as information outlets. These advisory teams have varying duties which include providing recommendations during development of contract provisions regarding design of the Project; providing feedback on plans with the specific needs of the communities in mind as well as the region at large.

CHAPTER 2. PROJECT SCHEDULE

INTRODUCTION

This chapter provides information on the planned implementation schedule for the Project. It also provides additional information regarding the allocation of implementation responsibilities and a summary of the necessary permits and approvals.

PROJECT SCHEDULE OVERVIEW

The current Project schedule is based on delivery of the Project under an Availability Payment (AP) concession. The Project was originally expected to be complete by the fall of 2016 as shown in Table 2-1 below.

Table 2-1 Project Schedule Overview

YEAR	2012 and prior	2013	2014	2015	2016	2017
I-69 Section 5						
Environmental	IFP					
	Update - June 2016					
Prelim Design		IFP				
		Update - June 2016				
Final Design			IFP			
			Update - June 2016			
Right-of-Way		IFP				
		Update - June 2016				
Utilities Relocation		IFP				
		Update - June 2016				
Construction			IFP			
			Update - June 2016			

The State of Indiana, in the IFP, anticipated awarding a construction contract in the spring of Calendar Year 2014, as shown in the procurement schedules in the Project Delivery discussion below (see Table 2-2). The ROD was received in August 2013, and the level of completed design by the Final RFP was approximately 10% complete. ROW acquisition was initiated during the summer of 2013 and was completed on or before July 2015 with a parcel acquisition schedule included in the Final RFP.

2016 FINANCIAL PLAN UPDATE

The current Project schedule is based on delivery of the Project under an AP concession. Per the Developer's June 2016 Monthly Project Schedule update, the Project is projected to be open to traffic by the end of June in 2017.

The PPA was awarded in the spring of Calendar Year 2014, as shown in the procurement schedules in the Project Delivery discussion below. The ROD was received in August 2013. Final Design was initiated during the procurement phase of the project and the level of design by the time the Final RFP was issued in January 15, 2014 was approximately 10% complete, and the Section 5 Developer commencing design in June 2014. Design was to be completed by summer of 2015, but was not actually completed until early 2016. ROW acquisition was initiated by INDOT during the summer of 2013 and was complete on or before July 2015.

The 2016 FPAU project schedule has changed since last year's Update project schedule to reflect schedule delays first reflected in the Developer's November 2015 Monthly Project Schedule update. Numerous activities across design, utilities, permits, and construction have been modified by the Developer since their original Project Baseline Schedule due to slow project initiation and performance. As such, the Developer has updated their schedule to modify production rates and intermediate completion dates. While their proposed open to traffic date has extended to June 28, 2017, the Project's Substantial Completion date remains October 2016.

PROJECT DELIVERY

The State of Indiana has evaluated various alternative contracting methods permitted under current Indiana law. Such alternative delivery models are expected to enhance the feasibility of the Project through accelerated project delivery; avoidance of inflation costs; the infusion of additional sources of financing; and the transfer of various risks to the private sector, such as construction risk, and/or long-term operating and maintenance risks. As a result, Section 5 of the I-69 Project is being procured as an AP concession. Table 2-2 provides the current procurement schedules for each component.

PROCUREMENT SCHEDULE

Table 2-2 Procurement Schedule

Scheduled Item	IFP	FY16 FPAU
Issue Request for Qualifications	**5/23/2013**	**5/23/2013**
SOQ Due Date	**7/9/2013**	**7/9/2013**
Anticipated Announcement of Short-listed Proposers	**7/30/2013**	**7/30/2013**
Circulate Draft of RFP to Short-listed Proposals	**7/1/2013**	**7/1/2013**
Issue final RFP	**10/15/2013**	**10/15/2013**
Proposal Due Date	**1/21/2014**	**1/21/2014**
Award and execution of PPA (Commercial Close)	**3/1/2014**	**3/1/2014**
Financial Close	**6/1/2014**	**6/1/2014**
Substantial Completion	**10/31/2016**	**10/31/2016**
Open to Traffic	**N/A**	**6/28/2017**
Contract Completion	**N/A**	**10/31/2051**

2016 FINANCIAL PLAN UPDATE

The project procurement schedule was executed according to schedule through the proposal due date. Execution of the PPA (i.e., commercial close) occurred on April 8, 2014 and financial close occurred on July 23, 2014. Substantial As indicated in the IFP, Substantial Completion remains October 31, 2016; however, the Developer currently reflects June 28, 2017 as their open to traffic date. The 2016 FPAU procurement schedule has not changed since the IFP procurement schedule (the contract completion date has been added to Table 2-2, but is unchanged). The open to traffic date has also been added in this FPAU to Table 2-2. This is the only change to the Procurement Schedule since the IFP.

CHAPTER 3. PROJECT COSTS

INTRODUCTION

This chapter provides a detailed description of Project cost elements and current cost estimates in year-of-expenditure dollars for each element. This chapter also summarizes the costs incurred to date since the original Notice of Intent was published in the Federal Register and provides detail on key cost-related assumptions.

COST ESTIMATES

The IFP total estimated cost for the Project was $406.7 million, based on 2012 dollar estimates included within the August 2013 Cost Estimate Review (CER). This cost estimate reflects updated estimates to those prepared in 2013 by the CER process and includes the most current project phasing and anticipated schedule, and is updated for actual expenditures incurred by INDOT in FY2016.

The Draft EIS provided a wide range of alternatives with varying cost estimates. Using Refined Preferred Alternative 8 and Minimal Impact Design Criteria, the costs for the project have increased. Further costs are anticipated as construction proceeds.

Table 3-1 provides an overview of Project costs, broken down by project component and section and comparing the IFP with previous Updates. The estimates are presented in year-of-expenditure dollars and incorporate reasonable inflation estimates, as described further below. The current cost estimate of $476.9 million is $4.6 million more than the prior year's cost estimate as presented in the previous Update. The increase reflects changes between planned and actual expenses in a few cost categories, as described further below.

Table 3-1 Project Cost Estimate by Project Phase (in $ millions)

I-69 Section 5	Initial Total Cost	Post Bid Cost Comparison	2014 FPU Items Not in Orig. Est	2015 FPU Items Not in Orig. Est	2016 FPU Items Not in Orig. Est	Updated Total Cost	Change from IFP
PE & Final Design	$ 20.2	$ 20.2	$ 58.8	$ -	$ 10.5	$ 89.5	$ 69.3
Right of Way	$ 48.3	$ 47.4	$ -	$ 16.8	$ (7.2)	$ 57.0	$ 8.7
Construction	$ 258.6	$ 237.7	$ 3.0	$ (19.1)	$ 6.6	$ 228.2	$ (30.4)
Utility Relocations	$ 55.0	$ 50.2	$ -	$ 8.8	$ (0.8)	$ 58.2	$ 3.2
Mitigation Costs	$ 11.7	$ -	$ -	$ -	$ -	$ -	$ (11.7)
CEI, Admin & Program Costs	$ 13.0	$ 10.8	$ 37.7	$ -	$ (4.5)	$ 44.0	$ 31.0
PROJECT TOTAL	**$ 406.7**	**$ 366.3**	**$ 99.5**	**$ 6.5**	**$ 4.6**	**$ 476.9**	**$ 70.2**

2014 FINANCIAL PLAN UPDATE

The IFP estimate was based on the DEIS Refined Preferred Alternative 8 and Minimal Impact Design Criteria. The current total estimated cost for the Project is $465.8 million, based on 2014 dollar estimate, $59.1 million more than the IFP. This cost estimate

includes updated costs reflected as part of the Section 5 Developer's bid with the most current project phasing and anticipated schedule. Also included are updated actual expenditures incurred and anticipated expenditures by INDOT.

The primary reasons for the $59.1 million increase are PE and Final Design estimates only included contracted work at the time of the IFP and did not include $31.8 million in procurement, design oversight, and mitigation design, plus $27 million for contractor final design. $29.6 million as part of the Developer's bid for Contract Administration, Public Involvement and Project Management were not estimated during the IFP. The IFP also did not include $8.1 million in construction oversight and CEI for demo, clearing and Bridge 161 replacement. Lastly, $3.0 million in potential change orders was not included in the IFP. This totals to $99.5 million in items not included in the IFP which offsets the $40.4 million in bid savings resulting in a $59.1 million increase.

2015 Financial Plan Update

The cost estimate for the 2015 Update of $472.3 million is $6.5 million more than the 2014 FPAU s presented in the 2014 Update of $465.8 million and $65.6 million more than the IFP of $406.7 million. The increase reflects significant changes between planned and actual expenses in a few cost categories, as described further below.

ROW estimates are based on current INDOT expenditures, estimates, and bid prices. The post bid cost comparison is provided to compare bid and relevant current expenditures against the initial estimate. For the 2015 FPAU, the ROW costs were increased by $16.8 million due to higher than anticipated condemnations, claims, relocations, and related services.

The original bid prices for the Construction cost were much lower than originally predicted (this figure also includes mitigation - included separate in the initial estimate - and Bridge 161 - not part of the IFP construction estimate). $3.0 million is included for potential change orders, but a reduction of $19.1 million occurred due to a $0.9 million increase to address higher than predicted costs for the Mitigation contracts and a $20 million reduction to appropriately allocate the Utility Milestone. Utility estimates are based on current INDOT expenditures, estimates, and bid prices. For the 2015 FPAU, the Utility Relocation costs increased by $8.8 million due to the increased estimate associated with Washington Township Water's relocation.

2016 Financial Plan Update

The IFP estimate was based on the Draft EIS Refined Preferred Alternative 8 and Minimal Impact Design Criteria. The current total estimated cost for the Project is $476.9 million, based on 2016 dollar estimate. This cost estimate:

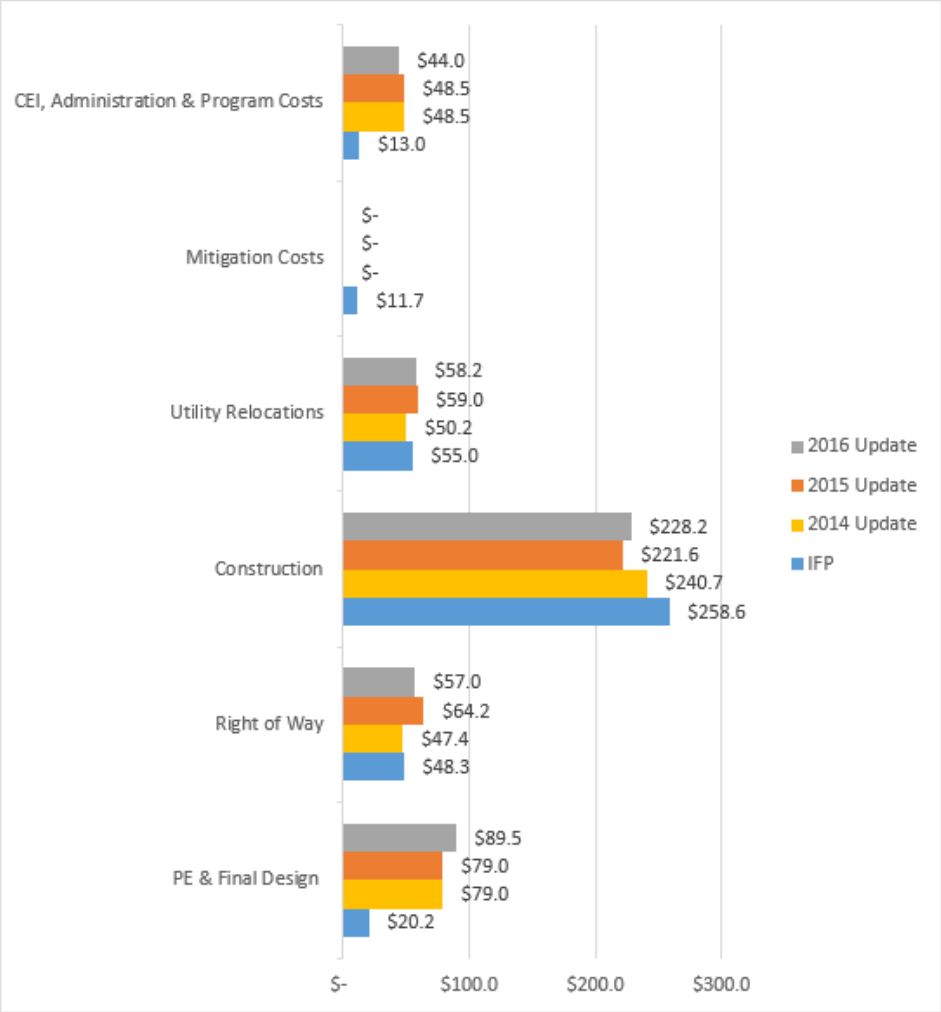
- reflects costs reflected as part of the Section 5 Developer's bid,
- includes the most current project phasing and anticipated schedule,
- includes updated actual expenditures incurred by INDOT in FY2016,
- updates anticipated expenditures yet to be incurred by INDOT.

A combination of increases and decreases among all categories was realized. PE, environmental, and design had an increase of $10.5 million more than the 2015 FPAU figure. This is representative of an increase in the number of tasks and hours for; public involvement, environmental studies, design and oversight services, schedule, management, and document control services ($7 million), legal and financial services ($2.5 million), and the inclusion of environmental mitigation monitoring ($1 million). The increased tasks and hours are due primarily to greater than estimated number of design submittals requiring review and more coordination for environmental submittals than originally anticipated. Staffing of the Public involvement office is another major contributor to the increase which was not included in the original estimate. Other contributors to the cost increase are Karst oversight services, PE work on Bridge 161, Cooksey and Bryants Creek, and a scope change to reconstruct the access roadway at Deborah Drive. Legal remedies pursued by both the Developer and the SOI have resulted in an increase to the legal and financial services. The final component to the increase is the inclusion of the environmental mitigation monitoring previously not included.

RW decreased $7.2 million than estimated in the 2015 FPAU due to lower than anticipated condemnation and services costs, and court refunds on condemnation cases. CN increased $6.6 million over the 2015 FPAU attributable to the inclusion of mitigation site contracts. Environmental mitigation costs were initially segregated from other Project expenses but were removed Post Bid to be incorporated within other cost categories. FY16 realized a decrease in UT expenses of $0.8 million over the 2015 FPAU due to completed Utility relocation contracts underrunning. Lastly, CEI and administrative costs were $4.5 million less than the FY15 FPAU anticipated. This is representative of a decrease in the construction engineering inspection funds reduced to the contracted amount ($3.3 million) and the transfer of CE funds to PE for consultant contract amendment ($1.2 million).

Figure 3-1 below provides an overview of Project costs, broken down by project component. The estimates are presented in year-of-expenditure dollars and compared to the IFP and previous Update estimates. As shown in Figure 3-1, construction costs/estimates have decreased since the IFP while design/preliminary engineering, right of way, and utilities relocations costs/estimates have increased. The rationale for these changes is explained further in Chapter 4.

Figure 3-1 Project Cost Estimate by Project Phase (in $ millions)



INFLATION ASSUMPTIONS

For the purpose of this FPAU, the following inflation assumptions have been applied:

Project Year Inflation Rate
2014: 2.5%
2015: 2.5%
2016: 2.5%
2017 & after: 2.5%

These inflation rates reflect calendar year rates that were then applied on a prorated basis to monthly expenditure forecasts. These assumptions are based on the CER.

2016 FINANCIAL PLAN UPDATE

The bid from the Section 5 Developer is a fixed-price bid and, therefore, inflation rates were not applied to the costs associated with activities that the Section 5 Developer will perform.

COST ESTIMATING METHODOLOGY

Initial cost estimates were developed by the General Engineering Consultant, in conjunction with INDOT and FHWA. The cost estimates were developed by breaking down the Project into the six major sections plus an "Other Costs" category and, further, into nine major elements. The methodology for each element is further described below in Table 3-2.

Table 3-2 Cost Estimating Methodology

Cost Elements
Engineering and Design
Preliminary and final engineering design services.
Final engineering will be part of the alternative delivery contracts for the I-69 Section 5. Engineering and design cost estimates are currently estimated at 7.5% of the construction cost estimate.
Design Program Management
Cost to state for services of the GEC during the design phase and miscellaneous departmental program management costs.
Program Management estimates are based on currently negotiated contracts and estimates that cover the currently planned Project schedule.
Construction Administration and Inspection
All construction and program management, administration, and inspection activities during the construction phase of the Project.
Construction Administration and Inspection costs are estimated at 5% of the construction cost estimate.
Construction
Estimated cost of construction.
Construction estimates reflect current prices inflated for year of expenditure utilizing a large alternative delivery contract.
Construction Contingency
Contingency to cover additional construction services in the event unforeseen circumstances arise that result in additional cost.
Construction contingency estimates are based on the level of engineering undertaken to date for each Project section. Contingency factors have been developed based on the August 2013 FHWA CER that assessed the likelihood and potential cost of various major project risk items using a monte- carlo simulation to evaluate the overall potential cost impact. Contingencies have been adjusted to match the recommended 70th percentile cost estimate from the August 2013 FHWA CER.
Utilities
All public and private project-related utility relocation and new utility construction.
Costs include those related to telephone, electric, gas, fiber optics, water, sewer, TV cable, and storm drainage and are based on the most up-to-date cost information available.
Right of Way Acquisition
Appraisals, administration, management, and acquisition of required right of way.
Costs include completed and anticipated right of way acquisition and are based on the most up-to-date market information available.
Enhancements
Various Project-related commitments as identified in the ROD.
This includes fixed dollar commitments made for mitigation for impacts to a 4f facility (as agreed to by the jurisdictional authority) and various other National Environmental Protection Act (NEPA) commitments.
Mitigation
Implementation of mitigation of sensitive impacts.

Cost Elements
This includes costs for such items education for the historic landscape districts associated with the limestone industry, wetland, stream and forest creation and preservation.

2016 Financial Plan Update

FPAU cost estimates for the remaining activities have been developed as a combination of expended INDOT funds as of the end of FY2016, components of the Section 5 Developer's bid, and expected distribution of remaining design oversight, construction oversight and construction funds with no change since the last FPAU.

Table 3-2a Cost Estimating Methodology

Cost Elements
Engineering and Design
Preliminary and final engineering design services.
Engineering estimate is based on the currently contracted work for the alternative delivery contracts for the I-69 Section 5; the estimated effort for design and construction oversight and the Developer's bid for final design.
Construction Administration and Inspection
All construction and program management, administration, and inspection activities during the construction phase of the Project.
Construction Inspection costs was included as part of the Section 5 Developer's bid. Additional administration costs covering design and construction management, operations and maintenance (O&M) during construction, and public involvement were also part of the Section 5 Developer's bid.
Construction
Estimated cost of construction.
Construction costs include bid prices for the INDOT let clearing, demolition, Morgan County Bridge 161 replacement (an unexpected project expense), and mitigation as well as the Section 5 Developer's bid price for construction in the year of expenditure based on current project Baseline schedule. The bid price for project contingency is also included as well as a $3 million contingency for possible change orders.
Utilities
All public and private project-related utility relocation and new utility construction.
Costs include those related to telephone, electric, gas, fiber optics, water, sewer, TV cable, and storm drainage and are based on the most up-to-date cost information available for the utilities moved by INDOT (Type 1) and the utility relocations bid by the Developer (Types 2 and 3).
Right of Way Acquisition
Appraisals, administration, management, and acquisition of required right of way.
Costs include completed and anticipated right of way acquisition and condemnation expenses and are based on the most up-to-date market information available at the end of FY 2016.Table 3-3 show the breakdown of costs for the Project annually by Project component and section, respectively.

Project Expenditures

Table 3-3 shows the breakdown of costs for the Project annually by component. As noted above, these costs reflect updated costs. As shown in Table 3-4, approximately $70.2 million more is to be expended through State FY2017 than the IFP and $4.6 million more than the 2015 Update. This update also differentiates construction costs from construction costs overruns/changes (change orders) and project contingencies.

Table 3-3 Project Budget by Fiscal Year (in $ millions)

COSTS / FISCAL YEAR	2013 & Prior	2014	2015	2016	2017	Total
PE, Environmental, and Final Design	$ 14.3	$ 23.5	$ 21.2	$ 14.1	$ 16.4	**$ 89.5**
Right of Way	$ 0.7	$ 27.7	$ 24.8	$ 1.4	$ 2.4	**$ 57.0**
Construction	$ 0.1	$ 1.8	$ 39.5	$ 106.8	$ 80.1	**$228.2**
Cost Changes/Project Contingency	$ -	$ -	$ 0.0	$ -	$ -	**$ 0.0**
Utility and Railroad Relocations	$ -	$ 0.7	$ 28.5	$ 25.8	$ 3.2	**$ 58.2**
CEI, Administration, and Program Costs	$ 0.0	$ -	$ 9.8	$ 20.1	$ 14.1	**$ 44.0**
Total, Costs	**$ 15.1**	**$ 53.7**	**$ 123.9**	**$ 168.1**	**$116.1**	**$476.9**

2016 Financial Plan Update

Table 3-3 shows the breakdown of costs for the Project annually by Project component and section, respectively. As shown, approximately $360.8 million had been expended on the Project through the end of FY 2016. Expenditures in future years are summarized in the table as well. Approximately $16 million less was spent through FY 2016 than anticipated from the 2015 FPAU due to a variety of issues associated with slow construction progress, lower than anticipated ROW, Construction cost changes, Construction Engineering Inspection (CEI)-Administration and program, and Utility. FY2017 expenditures shown are estimated project costs.

Table 3-4 provides a summary of the projected expenditures for the Project by year. It also provides a comparison with the IFP and previous Updates.

Table 3-4 Project Budget Summary Comparison by Fiscal Year (in $ millions)

State FY	IFP	2014	2015	2016	Change from 2015	Change from IFP
2013 & Prior	$ 15.1	$ 15.1	$ 15.1	$ 15.1	$ -	$ -
2014	$ 30.1	$ 53.7	$ 53.7	$ 53.7	$ -	**$ 23.6**
2015	$129.3	$ 128.0	$ 123.9	$ 123.9	$ -	**$ (5.4)**
2016	$123.6	$ 160.1	$ 184.1	$ 168.1	$ (16.1)	**$ 44.5**
2017	$108.6	$ 108.9	$ 95.4	$ 116.1	$ 20.7	**$ 7.5**
Total	**$406.7**	**$ 465.8**	**$ 472.3**	**$ 476.9**	**$ 4.6**	**$ 70.2**

In FY16 the net increase in Project expenses increased over the 2015 FPAU by $4.6 million. The overall Project wide costs are currently $70.2 million greater than estimated in the IFP. As described previously, the increased costs are due to items not accounted for in the Bid and largely not estimated in the IFP. Now included in those costs not captured in the original estimate are associated costs for the additional construction and PE expenditures.

CHAPTER 4. PROJECT FUNDS

INTRODUCTION

This chapter discusses the project funding sources that are dedicated to the Project. Specifically, it presents the available and committed funding required to complete the Project, including state transportation and federal-aid formula funds, and federal discretionary fund. A discussion of risks associated with funding availability also is included.

FINANCIAL PLAN OVERVIEW

This financing plan may differ slightly from the CER given differing terms that IFA/INDOT believe a developer will achieve vis-à-vis current approaches in the P3 market; however, the discrepancies overall are not material and are ultimately based on the same forecasts developed by INDOT and INDOT's technical advisor for the Project.

The IFP reflected the planned funding and finance strategy by which the Project would be financed through a combination of private equity and debt and repaid through a combination of conventional state and federal transportation program funds.

Notwithstanding the capital structure articulated in this pro forma finance plan, any future finance plan for the Project could include a number of financing instruments, including private sector equity, and a combination of debt securities including senior taxable debt, tax-exempt Private Activity Bonds (PABs), subordinated debt and / or privately placed restricted securities. Implicit in this finance plan is the assumption that senior debt will achieve an 'Investment Grade' rating.

The Project Sponsor has developed a financial plan that recognizes the limitations on conventional state and federal transportation funding and finds the right balance of funding alternatives to meet the following goals:

- ensuring Indiana's financial obligations to the Project are manageable,
- ensuring that the Project delivers value to Indiana, taxpayers, project partners, and end users through the lowest feasible Project cost,
- seeking private sector innovation and efficiencies and encouraging design solutions that respond to environmental concerns, permits, and commitments in the FEIS/ROD,
- developing the Project in a safe manner that supports congestion management and economic growth for the region,
- ensuring the Project is constructed within a time period that meets or exceeds final completion target dates, and
- transparently engaging the public and minimizing disruptions to existing traffic, local businesses, and local communities.

The alternative delivery method selected by Indiana has the potential of further reducing

Project costs and enhancing the overall Project finance strategy. Such cost savings will be reflected in future updates to the Financial Plan. Importantly, INDOT and IFA, together with their financial advisor and technical advisor, have developed a pro forma financial plan that provides a certain view of how a private developer may deliver and finance this Project. Ultimately the financial plan will reflect what the preferred developer will propose based on their respective view, as well as their lender and/or underwriter's view, of the Project.

2016 Financial Plan Update

This Update to the IFP reflects the planned funding and finance strategy by which the Project's costs will be funded through a combination of conventional state and federal transportation program funds. Private sector financing, including private equity and debt, has been secured by the Developer to support its obligations during the construction period, and the payments under the PPA are being funded through state and federal funding.

Procurement Approach and Financing

The Project was procured using an AP DBFOM procurement model through a PPA. Under this model, IFA will make a series of APs to a developer as consideration for the developer designing and constructing a facility and, following Substantial Completion thereof, keeping the facility open and available to users in accordance with the performance standards set in the PPA over a 35 year operating period. In addition, IFA will contribute MPs of up to $60 million in the aggregate, during the construction period, subject to final Project terms per the PPA Exhibit 4.

The finance plan for the Project will reflect a typical P3 project financing whereby the cash flows payable to the developer will secure the senior lien obligations and provide a return for the private sector equity investment.

On May 23, 2013, IFA and INDOT issued a RFQ for the Project. In response to the RFQ, SOQs were received on July 9, 2013. Shortly thereafter, a draft RFP was issued to the shortlisted proposers. The final RFP was issued in October 2013, award and execution of the PPA was in March 2014.

The responses to the RFPs for the Project will include a detailed project development plan as well as a finance plan. In preparing their proposals, proposers will be making their own evaluations of the economics of the Project while developing a responsive financing approach. IFA and its advisors have performed a preliminary analysis of the suitability of PABs for the Project and have concluded that it is likely proposers may wish to include PABs as a source of financing in their finance plans. To this end, IFA sought and United States Department of Transportation (USDOT) has provided a preliminary allocation of $400 million in PABs that may be, but is not obligated to be, used by a developer in its financing plan.

A combination of state and federal funds will be used to make MPs and APs. INDOT

and IFA will budget for APs using INDOT and IFA's state appropriation determined by the Indiana General Assembly. The sources of federal funds used to support the APs are anticipated to be from the National Highway Performance Program (NHPP). It is anticipated that the developer will utilize a combination of debt and equity to finance initial construction prior to receipt of the MPs and APs from the IFA.

The IFP was developed based on recent market precedent and current market conditions. The plan was developed on a pro forma basis in advance of the selection of a developer. Upon selection of a developer, the Developer's plan of finance will be used to finalize the financial structure for the Project which may include tax-exempt PABs, taxable bond debt or taxable bank debt, in addition to developer equity.

At this stage, the IFP was based on tax exempt PABs and a contribution of public funds by IFA together with developer equity.

2016 PROCUREMENT UPDATE

On July 23, 2014, IFA and the Section 5 Developer achieved Financial Close.

To finance design and construction of the Project, the Section 5 Developer sold $252 million of PABs and provided $40.5 million in equity investment. IFA will make five MPs totaling $80 million to the Section 5 Developer upon the achievement of certain construction (three payments) and utilities (two payments), as specified in the PPA. This represents an additional $20 million in MPs compared to the IFP. Upon achievement of Substantial Completion of construction (as defined in the PPA), IFA will commence making periodic APs if certain operating metrics are achieved by the Section 5 Developer. The operating period is 35 years under the PPA. The Maximum Availability Payment (MAP) in FY 2018, the first full fiscal year of operations of $21.9 million may be adjusted per PPA Exhibit 9, as specified in the PPA, for changes in inflation and the Section 5 Developer's performance during the operating period.

The Developer's current open to traffic schedule puts the FY17 APs in doubt as their current open to traffic date of June 28, 2017, if achieved as they predict, would potentially forfeit the scheduled, prorated AP of $14.1 million (PPA Exhibit 9). APs are earned after Substantial Completion of the project and are paid on a quarterly basis. A proposed open to traffic date of June 28, 2017 extends beyond the Baseline Substantial Completion date (PPA Article 2.1.7) of October 31, 2016 per PPA Exhibit 2-B by approximately eight months, resulting in the Developer missing the first two of three payments (first payment scheduled Dec 31, 2016 and the second on March 31, 2017), and only two days shy of missing the third payment (scheduled June 30, 2017), totaling to $14.1 million.

INDOT will use a combination of state and federal funds to fund the Milestone and Availability Payments subject to the Federal participation rate as calculated in Attachment B of the Addendum to Project Agreement Between Federal Highway Administration and Indiana Department of Transportation for Section 5 of Interstate I-69, as described further below.

STATE TRANSPORTATION AND FEDERAL-AID FORMULA FUNDING

Indiana has historically used federal-aid resources for the Project and has committed specific funding from their respective near-term federal-aid highway funding programs, as described further below in Table 4-1. Federal-aid formula funds provided to the Project have been and will continue to be matched by a combination of state funds. Indiana has a demonstrated track record of meeting their state match obligations with a variety of state funding sources, including state-imposed fuel taxes and a variety of transportation-related fees.

Based on expectations regarding the availability of federal funding, as well as expectations regarding the availability of corresponding state transportation funds, an estimated $476.9 million of federal-aid highway formula and state transportation funds is reasonably expected to be available to the Project (see Table 4-1). This includes $360.8 million of federal and state funds estimated to have been expended through state fiscal year 2016. This Update includes Developer's bid price in the State section under the category 'State Highway Fund'.

Table 4-1 I-69 Section 5 Federal and State Funding (in $ millions)

FUND TYPE / FISCAL YEAR	Financial Plan	2013 & Prior	2014	2015	2016	2017	Total
Federal							
National Highway System (NHS)	2016	$ 8.4	$ 3.6	$ 2.3	$ 0.7	$ 0.0	$ 15.1
	2015	$ 8.4	$ 3.6	$ 2.3	$ 0.7	$ -	$ 15.0
	Difference	**$ -**	**$ -**	**$ -**	**$ 0.1**	**$ 0.0**	**$ 0.1**
Earmark/Demostration/High Priority Funds	2016	$ 2.8	$ 0.7	$ -	$ -	$ 0.0	$ 3.5
	2015	$ 2.8	$ 0.7	$ -	$ -	$ -	$ 3.5
	Difference	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0.0**	**$ -**
Surface Transportation Block Grant Program (S	2016	$ 0.0	$ 8.0	$ 4.0	$ 0.0	$ 0.9	$ 12.9
	2015	$ 0.0	$ 8.0	$ 4.0	$ 0.8	$ -	$ 12.9
	Difference	**$ -**	**$ -**	**$ -**	**$ (0.8)**	**$ 0.9**	**$ 0.0**
National Highway Performance Program	2016	$ 0.2	$ 29.1	$ 44.4	$ 43.2	$ 35.1	$ 152.0
	2015	$ 0.2	$ 29.1	$ 44.4	$ 64.5	$ 19.5	$ 157.7
	Difference	**$ -**	**$ -**	**$ -**	**$ (21.3)**	**$ 15.6**	**$ (5.7)**
TIFIA Redistribution	2016	$ -	$ -	$ 0.5	$ 1.0	$ -	$ 1.5
	2015	$ -	$ -	$ 0.5	$ 1.0	$ -	$ 1.5
	Difference	**$ -**	**$ -**	**$ -**	**$ (0.0)**	**$ -**	**$ (0.0)**
Equity Bonus	2016	$ -	$ -	$ -	$ -	$ -	$ -
	2015	$ -	$ -	$ -	$ 0.1	$ -	$ 0.1
	Difference	**$ -**	**$ -**	**$ -**	**$ (0.1)**	**$ -**	**$ (0.1)**
Subtotal, Federal Funds	**2016**	**$ 11.5**	**$ 41.4**	**$ 51.2**	**$ 45.0**	**$ 35.9**	**$ 185.0**
State							
State Highway Fund [1]	2016	$ 3.3	$ 12.3	$ 72.7	$ 123.1	$ 80.2	$ 291.5
	2015	$ 3.3	$ 12.3	$ 72.7	$ 118.0	$ 76.0	$ 282.2
	Difference	**$ -**	**$ -**	**$ -**	**$ 5.0**	**$ 4.3**	**$ 9.3**
Indiana Toll Road Lease Proceeds	2016	$ 0.4	$ -	$ -	$ 0.0	$ -	$ 0.4
	2015	$ 0.4	$ -	$ -	$ -	$ -	$ 0.4
	Difference	**$ -**	**$ -**	**$ -**	**$ 0.0**	**$ -**	**$ 0.0**
Subtotal, State Funds	**2016**	**$ 3.6**	**$ 12.3**	**$ 72.7**	**$ 123.1**	**$ 80.2**	**$ 291.9**
Total	**2016**	**$ 15.1**	**$ 53.7**	**$ 123.9**	**$ 168.1**	**$ 116.1**	**$ 476.9**

1) The 'State Highway Fund' category includes the Developer's bid price of $232.9 million and is included in 2015 through 2017 columns.

It is anticipated that future funds will come from the NHPP funding category, although the commitment of specific funding categories of federal funding is subject to adjustment based on the recently authorized federal Surface Transportation Program (STP), MAP-21, FAST Act, and the availability of more restricted categories, and funding categories associated with a new transportation program Act.

2016 Financial Plan Update

Federal-aid formula funds provided to the Project have been and are expected to continue to be matched by a combination of state funds.

Based on expectations regarding the availability of federal funding, as well as expectations regarding the availability of corresponding state transportation funds, an estimated $70.2 million more of federal-aid highway formula and state transportation funds is reasonably expected to be available to the Project over the IFP and $4.6 million more than the 2015 Update (see Table 4-1). This includes $360.8 million of federal and state funds estimated to have been expended through state fiscal year 2016 as shown in Table 4-1.

To support the I-69 Section 5 procurement, INDOT intends to commit a total of $80 million in federal and conventional state funds through state fiscal year 2017 for MPs. This includes three anticipated payments totaling $60 million to fund the construction MPs and an additional two payments totaling $20 million to offset unavoidable utility relocations (included under Utilities and Railroad). In addition, INDOT intends to commit about $62.5 million for engineering and design, $57.0 million for right of way, $24.2 million for utility relocations ($44.2 million below includes $20 million Milestone), and about $16.4 million for environmental mitigation, clearing, and building demolitions. The developer partners intend to commit a total of $232.9 million to fund the project through construction completion as shown below in Table 4-1a.

Table 4-1a I-69 Section 5 Public and Private Funding Summary (in $ millions)

Phase / Funding Source	INDOT	Developer	2016 FPU Total	2015 FPU Total	Difference $	% Change
PE, Env., and Design	$ 62.5	$ 27.0	$ 89.5	$ 80.8	$ 8.7	*11%*
Right of Way	$ 57.0	$ -	$ 57.0	$ 64.2	$ (7.2)	*-11%*
Construction	$ 20.4	$ 191.9	$ 212.3	$ 208.3	$ 4.0	*2%*
Milestone Payments	$ 60.0	$ -	$ 60.0	$ 60.0	$ -	*0%*
Utilities and Railroad	$ 44.2	$ 14.0	$ 58.2	$ 59.0	$ (0.8)	*-1%*
Total	**$244.0**	**$ 232.9**	**$ 476.9**	**$ 472.3**	**$ 4.6**	*1%*

As shown in Table 4-1a, the $4.6 million increase in Project costs are borne by the INDOT and represent an overall increase of less than 1% over the 2015 Update. Table 4-1b below illustrates the cost breakdown between the public and private sectors, by

phase, and year of expenditure. The figures shown for the 'Private' sector are representative of the Developer's bid price.

Table 4-1b I-69 Public and Private Funding (in $ millions)

FUND TYPE - PHASE / FISCAL YEA	2013 & Prior	2014	2015	2016	2017	Total
Public						
PE, Environmental, and Final Design	$ 14.3	$ 23.5	$ 9.9	$ 3.5	$ 11.3	$ 62.5
Right of Way	$ 0.7	$ 27.7	$ 24.8	$ 1.4	$ 2.4	$ 57.0
Construction	$ 0.1	$ 1.8	$ 14.3	$ 34.8	$ 22.9	$ 73.7
Utility and Railroad Relocations	$ -	$ 0.7	$ 18.5	$ 21.8	$ 3.2	$ 44.2
CEI, Administration, and Program Costs	$ 0.0	$ -	$ 0.0	$ 2.3	$ 4.3	$ 6.6
Subtotal, Public Funds	**$ 15.1**	**$53.7**	**$ 67.5**	**$ 63.7**	**$ 44.0**	**$244.0**
Private						
PE, Environmental, and Final Design	$ -	$ -	$ 11.3	$ 10.6	$ 5.1	$ 27.0
Right of Way	$ -	$ -	$ -	$ -	$ -	$ -
Construction	$ -	$ -	$ 25.3	$ 72.0	$ 57.2	$ 154.5
Utility and Railroad Relocations	$ -	$ -	$ 10.0	$ 4.0	$ -	$ 14.0
CEI, Administration, and Program Costs	$ -	$ -	$ 9.8	$ 17.8	$ 9.8	$ 37.4
Subtotal, Private Funds	**$ -**	**$ -**	**$ 56.4**	**$104.4**	**$ 72.1**	**$ 232.9**
Total	**$ 15.1**	**$53.7**	**$123.9**	**$168.1**	**$116.1**	**$ 476.9**

It is anticipated that future funds will come from the NHPP funding category, although the commitment of specific funding categories of federal funding is subject to adjustment based on the recently authorized federal STP, MAP-21, FAST Act, and the availability of more restricted categories, and funding categories associated with a new transportation program Act. The remainder of the project costs is covered by the developer as shown in Table 4-1b above.

Table 4-2 below provides the Advanced Construction (AC) conversion status for Indiana updated through FY2016. As shown, the Project has $32.9 million less in authorized AC funds than the 2015 Update. Throughout the course of fiscal year 2016 $42.7 million was converted to Federal funds.

Table 4-2 Advanced Construction Funding Status (in $ millions)

	State Fiscal Year	Total Federal Funding Amounts	Amount AC'd to Date	Amount Converted to Date	Amount Remaining in AC
INDOT AC Auth[1]	2016	$ 360.6	$ 298.5	$ 98.9	$ 199.6
	2015	$ 349.9	$ 288.7	$ 56.2	$ 232.5
	Difference	**$ 10.6**	**$ 9.8**	**$ 42.7**	**$ (32.9)**

1) The Advance Construction table provided in the 2015 FPAU included funding for all active Sections of I69 Corridor 294. These figures have been corrected to only those pertaining to Section 5.

MILESTONE AND AVAILABILITY PAYMENTS

Upon the developer achieving Substantial Completion of I-69 Section 5, to the extent that the road is open and available for service, APs will commence. The APs will be funded with a combination of state and federal funds appropriated by INDOT on a biennial basis, as described in further detail below. APs will commence upon achievement of Substantial Completion and continue during operations. APs will be unitary and fixed payments subject to an adjustment for inflation based on a predetermined index. Should the Project not be available for a period of time or not operated in the manner prescribed in the PPA, then all or a portion of an AP may be withheld.

IFA also intends to make a series of MPs to the developer upon completion of certain construction Milestones. It is anticipated that the MPs will funded with a combination of state and federal funds appropriated by INDOT on biennial basis, as discussed in further detail below.

In order to fund the Milestone and Availability Payments, IFA intends to enter into a Master Agreement and Use Agreement with INDOT under which INDOT will agree to fund Milestone and Availability Payments as part of its budget. In addition to being reflected in INDOT & IFA's internal budget and financial control systems, all anticipated funding amounts are reflected in the fiscally-constrained 2016-2019 Statewide Transportation Improvement Program (STIP), as well as the Bloomington/Monroe County Metropolitan Planning Organization (MPO) 2014-2017 Transportation Improvement Program (TIP).

2016 FINANCIAL PLAN UPDATE

The IFA has entered into an agreement (the "Milestone Agreement") with the INDOT, pursuant to which INDOT will agree to make payments to IFA in an amount at least equal to the MPs owed by IFA under the Project Agreement. The MPs are limited obligations of IFA, payable solely from the amounts payable by the Department as provided in the Milestone Agreement or as otherwise appropriated by the General Assembly to IFA for this purpose as described herein for this purpose.

In the Milestone Agreement, INDOT covenants that it will do all things lawfully within its power to obtain and maintain funds from which to meet its payment obligations to IFA under the Milestone Agreement, including, but not limited to, requesting an appropriation in an amount sufficient to meet its payment obligations to IFA under the Milestone Agreement in writing submitted to the General Assembly at a time sufficiently in advance of the date for payment thereof so that an appropriation may be made from the General Assembly in the normal State budgetary process, using its bona fide best efforts to have such request approved, and exhausting all available reviews and appeals if such request is not approved. In addition, and notwithstanding a non-renewal or termination of the Milestone Agreement, IFA covenants that it will do all things lawfully within its power to obtain and maintain funds from which to meet its MP obligations owed to the Section 5 Developer under the PPA.

Indiana's plan for making these payments will be to use its biennial appropriations to INDOT. Payments will be made by INDOT to IFA based on the budget IFA will present to INDOT. These payments will be made on an annual basis prior to August 1 of the current fiscal year, as described in the Milestone Payment Agreement. APs will be funded by INDOT from appropriations from the General Assembly of the State to INDOT for such biennium. In addition to being reflected in INDOT & IFA's internal budget and financial control systems, excluding the APs, all anticipated funding amounts are reflected in the fiscally-constrained 2016-2019 STIP, as well as the Bloomington/Monroe County MPO 2014-2017 TIP. APs will not commence until the Developer reaches Substantial Completion of the Project per the PPA. Therefore, the APs are not reflected in the Financial Plan figures for costs and funding.

FEDERAL DISCRETIONARY FUNDING

In addition to federal-aid formula funds, Indiana has previously secured $3.46 million in discretionary funding from the Federal Highway Trust Fund and General Appropriations as earmarks for the Project. The discretionary funds received for the Project have been expended on major investment and environmental studies, design and engineering costs, right of way acquisition, and oversight and project management, and are included in the figures above. Please refer to the Project Addendum for the proposed FHWA participation rates with regards to Project funding.

CHAPTER 5. FINANCING ISSUES

INTRODUCTION

This chapter discusses the specific costs associated with financing the Project, including the issuance costs, interest costs, and other aspects of borrowing funds for the Project.

FINANCING STRATEGY

The final financing strategy, or combination of financing approaches, will depend on market circumstances at the time of financial close and the finance plan of the developer that is ultimately selected to develop the Project. IFA and INDOT, however, have developed preliminary financing plans based on currently available project data and market circumstances. To the extent that additional data becomes available or market circumstances change, the financial plan will be updated to account for these changes.

As discussed above, the Project is expected to be financed by a developer with a combination of PABs or commercial bank financing, and developer equity. Under the planned funding approach, the IFA will make MPs during construction and APs during the operations period of the Project.

2016 FINANCIAL PLAN UPDATE

This update to the financing strategy for the Project is based on the Section 5 Developer's financing strategy as executed at financial close. The Section 5 Developer financed the capital costs of the Project through a PABs issuance and equity investment, as described in detail below. In the event financing plans were to change, such updates will be incorporated into the Project's subsequent FPAU.

The Section 5 Developer financed the capital cost of the Project using a combination of PABs and equity investment, secured by the Milestone and Availability Payments to be paid by IFA under the PPA. The Section 5 Developer has invested $40.5 million of equity investment and raised $252 million of debt financing through the issuance of PABs. The structure of the PABs is detailed below. The preliminary financial structure for the Project includes two tranches of PABs – a short term tranche that will be repaid by the developer with MPs proceeds and a long term tranche that will be repaid by the developer with proceeds.

Table 5-1 Private Activity Bond Structure for I-69 Section 5

MATURITY	PRINCIPAL	COUPON	YIELDS
2017	$3,530,000	4.00%	1.50%
2025	$6,175,000	5.25%	3.98%
2026	$5,405,000	5.25%	4.08%
2027	$6,150,000	5.25%	4.17%
2028	$6,980,000	5.25%	4.25%
2029	$7,800,000	5.25%	4.33%
2034	$52,745,000	5.25%	4.67%
2040	$78,245,000	5.25%	4.86%
2046	$76,815,000	5.00%	5.00%
TOTAL	**$243,845,000**		

The Financial Plan distinguishes that two types of PABs were issued by I-69 Development Partners. The 2017 maturity is a serial bond. The other PABs are term bonds and have longer tenors – with maturities in 2025, 2026, 2027, 2028, 2029, 2034, 2040 and 2046.

Indiana will make $60 million of construction related MPs and $20 million in utility related MPs to the Section 5 Developer upon achievement of specific Milestones during construction. The APs will commence upon Substantial Completion of construction. Twenty percent of each AP will be adjusted based on the Consumer Price Index (CPI) to account for changes in inflation. Eighty percent of each AP will increase at a rate of 2.5 percent per year. APs will be distributed on a monthly basis, insofar as the Section 5 Developer achieves the operating standards for the Project, as specified in the PPA. A snapshot of the growth of the APs has been captured in the table below, which begins in the first full year of operations and ends in the last full year of operations. For purposes of this snapshot, it is assumed that CPI increases by 2.5 percent per year such that the entire availability increases by 2.5 percent per year. The APs schedule remains unchanged from the 2014 Update. The full schedule may be found in the PPA Exhibit 9.

Table 5-2 Availability Payment Growth Summary Schedule

Year (end June)	Availability Payments
2018	$ 21,892,854
2023	$ 24,769,754
2028	$ 28,063,303
2033	$ 31,663,708
2038	$ 35,873,990
2043	$ 40,588,127
2048	$ 45,984,990
2051	$ 49,452,691

ASSUMPTIONS, RISKS, AND MITIGATION

The funding available for the Project will be subject to risks that cannot be fully known at this time. The following is a summary of potential risks that may affect the financing of

the Project and the Project Sponsor's assessment of mitigating factors:

- Availability of state and federal revenue sources beyond those currently committed to the Project:
    - Indiana has demonstrated a strong commitment to ensuring the Project is delivered. This commitment is demonstrated through the investment of $360.8 million of funds to date on Section 5. Indiana believes that it is reasonable to assume that future state and federal funds will be made available to fund the Project as detailed in this FPAU.
- Fixed APs:
    - The Project will be procured using an AP DBFOM procurement model through a PPA. Under this model, IFA will make a series of annual fixed APs to a developer as consideration for the developer designing and constructing a facility. The APs will be a fixed price and escalated annually for inflation. Should the Project not be available for a period of time or not operated in the manner prescribed in the PPA, then all or a portion of an AP may be withheld. As a result, the risk of construction or operating costs increase transfers from INDOT to the Developer. Based on the Developer's current schedule, the FY2017 APs may be withheld pending resolution of outstanding relief events.

CHAPTER 6. CASH FLOW

INTRODUCTION

This chapter provides an estimated annual construction cash flow schedule for the Project and an overview of the planned sources of funds.

ESTIMATED SOURCES AND USES OF FUNDING

An indicative summary of the sources and uses of funds is shown in Table 6-1. This summary reflects IFA's view of the financing structure and IFA fully anticipates the developer will develop a plan of finance based on their respective view of the Project's economics.

Sources of funds for the Project is currently anticipated to be entirely financed through PABs, public funds contribution, private equity investment and interest earned on these proceeds. The following sources of funds will fund construction and other development costs. The sizing of each facility will be subject to agreement by the developer and IFA. This approach is identical to IFA's indicative financial plan outlined in its application to USDOT for the $400 million requested for the preliminary PABs allocation.

Table 6-1 Estimated Project Sources and Uses of Funds (in $ millions)

Sources of Funds	IFP[1]	2015 FPAU	2016 FPAU	Change	2016 % of Total
Milestone Payment (Federal & State)		$ 60.0	$ 60.0	$ -	11%
Utilities Milestone Payment (Federal & State)		$ 20.0	$ 20.0	$ -	4%
IN State & Federal Funding - Formulary		$ 149.2	$ 153.9	$ 4.7	28%
IN State & Federal Funding - Discretionary		$ 5.1	$ 5.0	$ (0.1)	1%
Bond Proceeds	$ 312.6	$ 251.8	$ 251.8	$ -	48%
Equity	$ 40.6	$ 40.5	$ 40.5	$ -	8%
Interest Income	$ 3.6	$ 0.7	$ 0.7	$ -	0%
Total	**$ 356.8**	**$ 527.3**	**$ 531.9**	**$ 4.6**	**100%**
Uses of Funds					
Transaction Cost		$ 9.0	$ 9.0	$ -	2%
Construction Costs	$ 273.7	$ 452.0	$ 461.1	$ 9.1	87%
Construction Oversight		$ 20.2	$ 15.7	$ (4.5)	3%
Operations during Construction		$ 7.9	$ 7.9	$ -	2%
Lead Underwriter Fee		$ 1.9	$ 1.9	$ -	0%
Bond Interest		$ 26.5	$ 26.5	$ -	5%
DSRA Funding	$ 29.0	$ 6.2	$ 6.2	$ -	1%
Bond Repayment		$ 3.5	$ 3.5	$ -	1%
Total	**$ 302.7**	**$ 527.3**	**$ 531.9**	**$ 4.6**	**100%**

1) The IFP Sources and Uses of Funds does not include INDOT costs and is reflective of the indicative Developer bid on the Project.

2016 Financial Plan Update

The estimated sources and uses of funds shown in Table 6-1 are based on the Section 5 Developer's final financial structure as at financial close and INDOT's through June 30th, 2016. This Update brings together INDOT Project costs and the Developer costs from prior versions. These include Developer financing and interest costs not previously reflected in prior chapters.

The sources of funds have increased $4.6 million over the 2015 Update and are from INDOT's Federal and State funding sources. These source of funds cover the increased use of funds on CN, PE, RW, and UT as discussed in Chapters 3 and 4 by an equal amount.

The combination of INDOT and Developer sources and uses of funds in Table 6-1 is greater than figures shown in Chapters 3 and 4. The 'Use of Funds' construction line includes MPs of $80 million to the Developer for use per the PPA Exhibit 4. Other expenses born by the Developer on the Project amounts to $55 million as shown in Table 6-1in the categories under 'Uses of Funds': Transaction Costs, Operations During Construction, Lead Underwriter Fee, Bond Interest, DSRA Funding, and Bond Repayment and are indirect costs.

The Developer's bond issuance was successful with bond proceeds totaling $252 million as shown in Table 6-1 above. This is $60.6 million less than the PABs financing from the IFP and no change from the 2015 Update. The difference is accounted for in the construction MPs from INDOT via IFA from financial closing of the Project.

Cash Management Techniques

For Project funding expected to be contributed from state and federal sources, the state intends to utilize available cash management techniques, including but not limited to Advance Construction and Tapered Match, to manage the timing of cash needs against the availability of federal and state funds.

The INDOT also has the authority to "concurrently advance projects by employing management techniques that maximize the State's ability to contract for and effectively administer the project work." Indiana will advance the project utilizing the federally accepted practice of Advance Construction. Current year expenditures will be converted to limitation obligation while future year expenditure estimates will remain under Advance Construction. This practice will continue throughout the life of the project. At no time will Indiana's Advance Construction exceed Indiana's future federal estimates. Indiana also will utilize Tapered Match provisions to manage the timing of federal and state expenditures for the Project.

For funding that is provided from bond proceeds, appropriate oversight mechanisms are

in place through the requirements of the legal documents. These include controls over disbursement of proceeds for construction and annual reporting requirements.

FINANCING COSTS

The exact financing costs were determined upon financial close. The Project is being financed by a series of PABs issues via the Developer, MPs totaling $80 million paid to the Developer when applicable via IFA by INDOT per the PPA Exhibit 4, Developer private equity of $40 million, and $159 million of Federal and State appropriations. The indirect costs were borne by the Developer amounting to $55 million.

2016 FINANCIAL PLAN UPDATE

Financing costs for the Section 5 Developer total $17.1 million during construction and encompass transaction costs of $9 million, underwriter fees of $1.9 million, and funding of a debt service reserve account of $6.2 million.

OPERATIONS AND MAINTENANCE COSTS

FPAUs will account for reasonably anticipated operations and O&M costs as part of the DBFOM award at financial close. These costs include routine operations and maintenance expenditures and major maintenance requirements.

The O&M cost estimates were developed by INDOT. The primary estimating methodology used was mathematical scaling from other comparable projects and facilities. The physical aspects of comparable projects, relying on a ratio with specific restrictions of magnitude, were used to extrapolate a cost estimate. Under the provisions of the PPA, reductions may be imposed on the developer if O&M performance standards are not met. Additionally, the contract includes quality standards that must be met when the Project is handed back to the Project Sponsor at the end of the PPA term.

2016 FINANCIAL PLAN UPDATE

The Project Sponsors understand that the financial plan must account for reasonably anticipated O&M costs. These costs include routine O&M expenditures (including project management and insurance), and major maintenance requirements (“lifecycle costs”). Representative annual O&M cost estimates are highlighted in the table below, based on the Section 5 Developer’s bid.

Table 6-2 Projected Operations and Maintenance Costs (in $ millions)

Fiscal Year End	O&M Costs	Lifecycle Costs
2015	$ 3.7	$ -
2016	$ 3.3	$ -
2017	$ 3.0	$ -
2018	$ 3.1	$ -
2019	$ 3.5	$ 0.1
2020	$ 4.0	$ 0.2
2021	$ 4.1	$ 0.1
2022	$ 4.2	$ 0.2
2023	$ 4.3	$ 0.2
2024	$ 4.4	$ 0.1
2025	$ 4.5	$ 0.4
2026	$ 4.7	$ 0.8
2027	$ 4.8	$ 1.0
2028	$ 4.9	$ 0.9
2029	$ 5.0	$ 1.0
2030	$ 5.1	$ 3.1
2031	$ 5.3	$ 5.5
2032	$ 5.4	$ 6.0
2033	$ 5.5	$ 6.3
2034	$ 5.7	$ 4.7
2035	$ 5.8	$ 1.8
2036	$ 6.0	$ 0.9
2037	$ 6.1	$ 0.9
2038	$ 6.3	$ 0.6
2039	$ 6.4	$ 0.6
2040	$ 6.6	$ 0.7
2041	$ 6.7	$ 2.6
2042	$ 6.9	$ 4.6
2043	$ 7.1	$ 4.2
2044	$ 7.3	$ 4.8
2045	$ 7.4	$ 4.4
2046	$ 7.6	$ 8.9
2047	$ 7.8	$ 15.4
2048	$ 8.0	$ 15.7
2049	$ 8.2	$ 8.9
2050	$ 8.4	$ 1.5
2051	$ 8.6	$ 11.3
2052	$ 3.2	$ 7.3
Total	**$ 212.9**	**$ 125.7**

PROJECTED CASH FLOWS

Future plans will include a table summarizing the prior, current, and anticipated total, annual cash outlays for the Project. Table 6-3 does not reflect the cash flow timing effects of the various financing mechanisms but rather the underlying total Project

expenditures. More specific cash flow schedules will continue to be developed as the Project progresses towards Substantial Completion and the exact financing structure is known. The table is not included in the initial plan to retain a competitive bidding nature of the P3 but will be updated through Substantial Completion.

Table 6-3 Project Cash Flows (in $ millions)

	Thru 2013	2014	2015	2016	2017	Total
Revenue						
Carry Forward	$ 3.3	$ 3.3	$ (38.3)	$ 127.9	$ (6.7)	$ 89.5
INDOT Funding – Milestones	$ -	$ -	$ 10.0	$ 30.0	$ 20.0	$ 60.0
INDOT Funding – Utility Milestones	$ -	$ -	$ 5.0	$ 15.0	$ -	$ 20.0
INDOT Funding Other	$ 15.1	$ 12.1	$ 22.5	$ 16.5	$ 3.3	$ 69.5
Private Activity Bonds	$ -	$ -	$ 251.8	$ -	$ -	$ 251.8
Developer Equity	$ -	$ -	$ 23.9	$ 8.3	$ 8.3	$ 40.5
Interest Earned	$ -	$ -	$ 0.4	$ 0.2	$ 0.1	$ 0.7
Total	**$ 18.4**	**$ 15.4**	**$ 275.3**	**$ 197.8**	**$ 25.0**	**$ 531.9**
Expenditures						
Non-Developer Expenditures						
Design	$ 14.3	$ 23.5	$ 9.9	$ 15.5	$ 1.0	$ 64.3
ROW	$ 0.7	$ 27.7	$ 24.8	$ 2.9	$ 0.9	$ 57.0
Construction	$ 0.1	$ 1.8	$ 4.3	$ 7.6	$ -	$ 13.7
Utilities	$ -	$ 0.7	$ 13.5	$ 9.9	$ -	$ 24.2
CN Chg Order/Ctgy	$ -	$ -	$ -	$ -	$ -	$ -
CEI, Admin, Prgm	$ 0.0	$ -	$ 0.0	$ 3.3	$ 1.5	$ 4.8
Developer Expenditures						
Construction	$ -	$ -	$ 76.5	$ 146.9	$ 89.5	$ 312.9
Other Costs	$ -	$ -	$ 3.0	$ 3.0	$ 3.0	$ 9.0
Interest during Construction	$ -	$ -	$ 8.8	$ 8.8	$ 8.8	$ 26.5
Finance/Bond Repayment & Reserve Costs	$ -	$ -	$ 3.9	$ 3.9	$ 3.9	$ 11.6
O&M During Construction	$ -	$ -	$ 2.6	$ 2.6	$ 2.6	$ 7.9
Total	**$ 15.1**	**$ 53.7**	**$ 147.4**	**$ 204.6**	**$ 111.1**	**$ 531.9**
Net Cash Flow	**$ 3.3**	**$ (38.3)**	**$ 127.9**	**$ (6.7)**	**$ (86.2)**	**$ -**

2016 Financial Plan Update

This Update provides cash flow information for the total Project both the Developer and INDOT. The total of $531.9 million is $4.6 million more than the 2015 Update. This amount includes the identified Project cost increases of $4.6 million as discussed in Chapter 3 and $4.6 million in additional INDOT funding as discussed in Chapter 4.

CHAPTER 7. PUBLIC-PRIVATE PARTNERSHIP (P3) ASSESSMENT

INTRODUCTION

This chapter provides information on the process used to assess the appropriateness of a P3 to deliver the project.

P3 ASSESSMENT

The project sponsors have evaluated alternative contracting methods permitted under current Indiana law. Such alternative delivery models are expected to enhance the feasibility of the project through accelerated project delivery; construction cost certainty; the infusion of additional sources of financing; and the transfer of various risks to the private sector, such as construction risk, and/or long-term operating and maintenance risks. As a result, the project was procured as a P3.

LEGISLATIVE AUTHORITY

The P3 Program operates within the general legal framework set forth in the Indiana Code ("IC"). Both INDOT and the IFA have been granted legislative authority to procure P3 projects. The statutes providing authorization to procure P3 projects are IC 8-15.5 for the IFA and IC 8-15.7 for INDOT. Indiana has organized its P3 program around the joint capabilities of IFA/INDOT. IFA will lead the procurement on most projects. INDOT will be responsible for the technical aspects of P3 projects and will commit, where it is appropriate, its appropriations towards a project. The IFA will oversee the financial terms of P3 procurement. The IFA must be involved in projects that are financed through bonds, debt and loans. The relevant statutes permit both tolled and non-tolled transportation projects and allow for the development, financing, and operation of P3 projects.

INDIANA'S P3 MANAGEMENT STRUCTURE

Indiana has established itself as a national leader in leveraging private sector capital and innovation to finance, construct and maintain major transportation infrastructure projects. Indiana has organized its P3 Program as a partnership between the INDOT and the IFA. The partnership allows the State to leverage the core competencies and unique capabilities of each agency. The IFA will be the procuring agency for most P3 projects. INDOT will work closely with IFA and will be responsible for the technical aspects of the procurement.

IFA's primary mission is to oversee State-related debt issuances and provide efficient, effective financing solutions to facilitate state, local government and business investments in the State. As the entity responsible for the planning and development of the transportation system in the State, INDOT will work closely with IFA to assist with the procurement of projects and oversee the work of the developers involved in all technical aspects of the project. INDOT's procurement role is to assist the IFA in all

technical aspects.

INDOT has an established P3 Department that resides within the Innovative Project Delivery Division. Both the P3 Department and the Innovative Project Delivery Division are responsible for delivering and overseeing P3s at INDOT.

BENEFITS – DISADVANTAGES COMPARISON

The I-69 Section 5 project was procured under a P3 DBFOM model with APs. While P3s are not suitable for all projects, there are a few main benefits to P3s of all sizes and complexities. Using innovative project delivery models, such as P3s, to deliver and operate infrastructure projects have many benefits for INDOT including:

- **Advancement of projects:** Private sector investment and its ability to provide upfront financing for projects enabled the project to advance quicker than on a pay-as-you-go basis.

- **Accelerated project delivery:** An integrated consortium of qualified firms working concurrently on the design and construction of the project can accelerate project delivery. This process typically results in efficiencies and synergies for a more streamlined, accelerated delivery process.

- **Cost certainty and predictability:** INDOT's cost for the project was locked in at financial close and is only subject to variation for inflation. This provides more cost certainty when compared to traditional delivery. INDOT is able to better budget and allocate funding for other projects with the confidence that costs are less likely to increase.

- **Whole lifecycle approach to construction and maintenance:** Due to the integration of construction and long-term maintenance responsibilities, the Developer is incentivized to design and build a facility that will have the lowest whole-of-life cost while adhering to the performance standards of the PPA. Under a P3 delivery model, asset management practices are incorporated from project inception to hand back to optimize asset health and financial obligations over the course of the asset lifecycle. Under a traditional delivery model, such as design-bid-build, design, construction and maintenance are rarely integrated and are not performed by the same entity during the asset lifecycle. This can cause disconnect between design and whole-of-life cost which can result in increased maintenance costs over the asset's life.

- **Private sector innovation:** Innovative project delivery can be structured for multiple facets of the project to be coordinated and managed under a single entity and to enhance collaboration between the design, construction and O&M managers in the development of the project bid. The exchange of ideas between these parties can result in significant value engineering efficiencies and can help to avoid technical issues. Private entities are typically experienced in the design, construction, and O&M of similar projects and are incentivized to use these

efficiencies and economies of scale to achieve lower costs.

- **Performance-based incentives:** Financial incentives imposed by the contract structure, which include withholding a portion of payment to the Developer until the project has been constructed to the established standards and are sufficiently available for public use; act as a powerful motivator toward on-time completion and project delivery. In addition, the PPA utilizes an available payment mechanism which is structured such that INDOT makes deductions to the APs if the asset is not maintained in accordance with the predefined standards.

- **Improved accountability:** One party, the Developer, is responsible for project delivery and operation regardless of the number of subcontractors. If the project is not delivered according to the contractual requirements, then the Developer is responsible. In addition, in P3 models that utilize private finance, the financiers act as an additional layer of oversight. They are especially concerned about the performance of the project since repayment of their capital is at-risk in the event of non-performance.

While there are benefits to innovative project delivery, there are also disadvantages that should be considered, including:

- **Longer procurement timeline:** Innovative project delivery, such as P3s, requires extensive upfront negotiations of the PPA. The PPA governs rights and obligations associated with the asset for the length of the contract. As a result, the procurement timeline can take longer for innovative project delivery when compared to traditional delivery.

- **Higher Transaction Costs:** Under innovative project delivery that includes financing, there are generally higher transaction costs borne by both public and the private sector due to value engineering, alternative technical concepts, and extensive negotiations. These costs result from the same factors that drive the efficiency gains. Increased upfront due diligence is required by all parties during the procurement phase.

- **Paying a risk premium to transfer unknown risks upfront:** The P3 delivery model transfers many risks associated with project delivery to the private sector. This is done through long-term performance based agreements that lock-in project costs, both construction and operations, at commercial and/or financial close. Given the long-term nature of these contracts, not all risks are fully known at the outset. Therefore, a private entity may build a “risk premium” into their proposal. Not unlike the purchase of insurance, this investment is made to help lock-in costs and mitigate exposure to certain risks for the public sponsor. These costs can be mitigated in part by robust competition between bidders.

RISK ALLOCATION ANALYSIS

INDOT employs a two-step screening process when assessing whether a project should

be delivered using an innovative delivery model, such as P3. During the initial project screening phase, INDOT reviews available project information and data and assesses the project against a set of screening criteria to determine the feasibility of delivering a proposed project via the P3 delivery method. Table 7-1 below summarizes criteria examined during the initial project screening phase. The primary screening criteria are merely a guide for assessment. A project that does not meet some or all of the primary screening criteria may still advance to a secondary screening based on other considerations. Other unique characteristics of the project may require assessment of additional considerations.

Table 7-1 INDOT P3 Screening Criteria – Step One

High Level Project Screening Criteria	
Project Complexity	Is the project sufficiently complex in terms of technical and/or financial requirements to effectively leverage private sector innovation and expertise?
Accelerating Project Development	If the required public funding is not currently available for the project, could using a P3 delivery method accelerate the delivery of the project?
Transportation Priorities	Is the project consistent with overall transportation objectives of the State? Does the project adequately address transportation needs?
Project Efficiencies	Would the P3 delivery method help foster efficiencies through the most appropriate transfer of risk over the project life-cycle? Is there an opportunity to bundle projects or create economies of scale?
Ability to Transfer Risk	Would the P3 delivery method help transfer project risks and potential future responsibilities to the private sector on a long-term basis?
Funding Requirement	Does the project have revenue generation potential to partially offset the public funding requirement if necessary? Could a public agency pay for the project over time as opposed to paying for its entire costs up front?
Ability to Raise Capital	Would doing the project as a P3 help free up funds or leverage existing sources of funds for other transportation priorities with the State?

Projects that proceed to the second screening step undergo a detailed screening. The objective of the detail level project screening is to further assess delivering the project as a P3, examine in greater detail the current status of the project, and identify potential risk elements. In addition, the detail level project screening criteria evaluates the desirability and feasibility of delivering projects utilizing the P3 delivery method. The desirability evaluation includes factors such as effects on the public, market demand, and stakeholder support. The feasibility evaluation includes factors such as technical feasibility, financial feasibility, financial structure, and legal feasibility. INDOT will also begin to assess a timeline for achieving environmental approvals based on specific project criteria during this screening step. Detail level screening criteria are provided below in Figure 7-2.

Table 7-2 INDOT P3 Screening Criteria – Step Two

Detail Project Screening Criteria	
Public Need	Does the project address the needs of the local, regional and state transportation plans, such as congestion relief, safety, new capacity, preservation of existing assets? Does the project support improving safety, reducing congestion, increasing capacity, providing accessibility, improving air quality, improving pedestrian biking facilities, and/or enhancing economic efficiency?
Public Benefits	Will this project bring a transportation benefit to the community, the region, and/or the state? Does the project help achieve performance, safety, mobility, or transportation demand management goals? Does this project enhance adjacent transportation facilities or other modes?
Economic Development	Will the project enhance the State's economic development efforts? Is the project critical to attracting or maintaining competitive industries and businesses to the region, consistent with stated objectives?
Market Demand	Does sufficient market appetite exist for the project? Are there ways to address industry concerns?
Stakeholder Support	What is the extent of support or opposition for the project? Does the proposed project demonstrate an understanding of the national and regional transportation issues and needs, as well as the impacts this project may have on those needs? What strategies are proposed to involve local, state and/or federal officials in developing this project? Has the project received approval in applicable local and/or regional plans and programs? Is the project consistent with federal agency programs or grants on transportation (FHWA, FTA, MARAD, FAA, FRA, etc.)?
Legislative Considerations	Are there any legislative considerations that need to be taken into account such as tolling, user charges, or use of public funds?
Technical Feasibility	Is the project described in sufficient detail to determine the type and size of the project, the location of the project, proposed interconnections with other transportation facilities, the communities that may be affected and alternatives that may need evaluation? Is the proposed schedule for project completion clearly outlined and feasible? Does the proposed design appear to be technically sound and consistent with the appropriate state and federal standards? Is the project consistent with applicable state and federal environmental statutes and regulations? Does the project identify the required permits and regulatory approvals and a reasonable plan and schedule for obtaining them? Does the project set forth the method by which utility relocations required for the transportation facility will be secured and by whom?
Financial Feasibility	Are there public funds required and, if so, are the State's financial responsibilities clearly stated? Is the preliminary financial plan feasible in that the sources of funding and financing can reasonably be expected to be obtained?
Legal Feasibility	Is legislation needed to complete the project?
Project Risks	Are there any particular risks unique to the projects that have not been outlined above that could impair project viability? Are there any project risks proposed to be transferred to INDOT that are likely to be unacceptable?
Term	Does the project include a reasonable term of concession for proposed O&M? Is the proposed term consistent with market demand, providing a best value solution for the State? Is the proposed term optimal for a whole-of-life approach?

The I-69 Section 5 project was identified as a potential candidate for P3 delivery and underwent the standard INDOT screening process identified above. This included a high level screen, detailed level screen and financial feasibility analysis. After consideration of both the qualitative and quantitative results of the analyses, the Department identified the DBFOM model as the preferred delivery model and proceeded with procuring the project on that basis.

MARKET CONDITIONS

PABs, MPs and private equity were used to fund the Developer's expected expenditures during construction. The total PABS issuance was $244 million and was comprised of a single short-term serial bond maturing March 1, 2017 and several term bonds with maturities ranging from September 1, 2027-September 2046. Yields on the term bonds range from 3.98% to 5%. The bonds have an average life of 22 years. The average issue price was 5% below the Developer's initial forecast as a result of the high demand in the market, with the issuance being oversubscribed by more than 4.5 times. As a result of high demand in the market and the application of the interest rate risk sharing mechanism, the final base maximum decreased by approximately $1.5 million per year.

The ratings agencies Standard &Poor's and Fitch have rated the issue as investment grade BBB- with a stable outlook and BBB with a stable outlook respectively. Citigroup Global Markets and Jefferies acted as underwriters of the issue. In addition to the PABs, the project's funding sources include $40.4 million of equity and payments from the INDOT/IFA of $80 million per the PPA Exhibit 4. The amount, rates and terms of financing were executed at financial close and remained fixed for the life of the project. Financial close was achieved on July 23, 2014.

PERMITS AND APPROVALS

The FHWA issued a ROD selecting the preferred alternative as Refined Preferred Alternative 8 in August 2013. All permitting activity will be carried out in accordance with the FEIS and ROD.

The RFP for final design and construction includes provisions to ensure compliance with all NEPA commitments that are included in the FEIS, the ROD, the Section 106 First Amended MOA and the karst MOA. The State of Indiana will apply for permits with key federal regulatory agencies. The private design-builders will apply for a number of other necessary local, state and federal permits. The permits and notifications required by the FEIS are outlined in Table 7-3 below.

Table 7-3 Required Permits and Notifications

Agency	Permit/Notification[1]
U.S. Army Corps of Engineers	Section 404 Permit for Discharge of Dredged or Fill Material into Waters of the United States
Federal Aviation Administration	Tall Structure Permit FAA Form 7460-1 Notice of Proposed Construction or Alteration for a crane
Indiana Department of Environmental Management	Isolated wetland permit
United States Environmental Protection Agency	Class 5 Injection Well Permit
Indiana Department of Environmental Management	Section 401 Water Quality Certification
Indiana Department of Environmental Management	Rule 5 National Pollution Discharge Elimination System
Indiana Department of Natural Resources	Construction in a Floodway Permit

1) Not all permits/notifications apply to all sections of the Project.

2016 Financial Plan Update

No change in permit requirements since the IFP submission.

CHAPTER 8. RISK AND RESPONSE STRATEGIES

INTRODUCTION

This chapter addresses a number of important factors that could affect the Project and, in particular, the financial plan for the Project. These risks fall under one or more of the following categories: Project Cost, Project Schedule, Financing, and Procurement. Significant consideration has been given to identifying risks and potential mitigation measures, and this chapter outlines these factors. Additionally, this chapter addresses the impact of the state's financial contribution to the Project on its respective statewide transportation program.

PROJECT COST RISKS AND MITIGATION STRATEGIES

The following factors have been identified as possible reasons for cost overruns. Additional detail can be found in the CER document prepared by the Project Sponsor and the FHWA in 2013. Utility estimates were revised in January 2014, and were updated herein based on actual costs.

Table 8-1 Project Cost – Risks and Mitigation Strategies

Risk	Mitigation Strategy
Original Cost Estimates	
The risk that original cost estimates are lower than bids received.	Recent US design-build and P3 experience indicates that competition may result in aggressive bids below the state sponsor's estimates. Should that prove not to be the case; however, the state will revise its financial plans accordingly, including the possible inclusion of additional state and federal funding. It is the expectation of the Project Sponsor that the planned procurement approach will help to accelerate project delivery and, in turn, reduce costs.
Inflation	
Highway construction inflation has been very volatile over the past several years and could significantly increase the cost of the Project.	Reasonable inflationary assumptions based on recent and historical trends in construction inflation have been included in current cost estimates. These estimates take into account current low commodity prices and relatively high unemployment rates which are expected to result in favorable contract pricing.
Contingency	
The amount of contingency factored into Project cost estimates may be insufficient to cover unexpected costs or cost increases.	While petroleum prices have an inflationary risk, both a design-build and a concession structure, as contemplated by the state, helps transfer much of this risk from the public to the private sector design-builder or concessionaire.
Cost Overruns During Construction	
Cost overruns after start of construction could result in insufficient upfront funds to complete the project.	A design-build or concession structure helps transfer much of this risk from the public to the private sector design-builder or concessionaire.

2016 Financial Plan Update

The previously identified risk and mitigation strategies are still valid for the 2016 FPAU, however, it should be noted that although the original cost estimates for the estimated items were not lower than actual bids received, the IFP did not estimate all of the programmatic costs for the project including procurement costs, design and construction oversight, public involvement, and the Developer's administration costs. Scope additions, particularly the requirement to replace the historic Bridge 161 and the inclusion of O&M during Construction caused an increase in cost to the project.

Project Schedule Risks and Mitigation Strategies

The following risks have been identified as those that may affect Project schedule and, therefore, the ability of the Project Sponsor to deliver the Project on a timely basis.

Table 8-2 Project Schedule – Risks and Mitigation Strategies

Risk	Mitigation Strategy
Litigation	
Lawsuits filed within the statutory protest period may result in significant delays to the start of construction and expose the Project to additional inflationary costs.	To mitigate the potential impacts of future litigation that could cause schedule delays and cost escalation, risk and mitigation delays and measures were addressed in the EIS. INDOT intends to adhere to the recommendations outlined in the EIS and conditions of each federal approval received to construct the project.
Permits and Approvals	
Delays in the receipt of permits and approvals may delay the start of construction.	The state has initiated activities necessary to secure major permits. The developer will assume responsibility to obtain all other permit approvals. Compliance will be the developer's responsibility and will be addressed directly in the relevant contract documents. The state has a track record of success in acquiring similar permits.
ROW Acquisition	
A large number of ROW parcels will need to be acquired for the Project and variances in cost and time forecasts may impact both Project cost and schedule.	The state has identified the potential properties to be acquired and is proceeding with acquisitions. Significant ROW has already been purchased, but acquisition will not be completed prior to contract award. A project ROW acquisition schedule will be maintained and updated throughout the process.
Unanticipated Site Conditions	
Unanticipated geotechnical conditions could be encountered, potentially delaying the schedule or increasing costs. Much of the Project includes Karst geology, with caves, sinkholes, and underground streams that are especially sensitive to groundwater pollution.	Extensive analysis was undertaken as part of the FEIS process. Additionally, geotechnical investigations have been conducted on the Project, and preliminary results do not indicate any significant problems.
Endangered Species	

Risk	Mitigation Strategy
If endangered species (e.g., Indiana bat, mussels, etc.) are encountered, construction work may be disrupted, leading to schedule delays and/or additional costs.	Mitigation is an established process that minimizes delay with dedicated staffing to address surprise findings. Similar mitigation has been used on four previous corridor projects successfully to avoid construction delays.
Hazardous Materials	
Both known and unknown hazardous materials could delay the Project and/or lead to additional costs.	Extensive analysis was undertaken as part of the FEIS process. Additionally, investigations have been conducted on identified sites and preliminary results do not indicate any significant problems.
Schedule Coordination	
Due to the size and complexity of the Project, poor project scheduling and coordination could delay the Project schedule.	A design-build or concession structure helps transfer much of this risk from the public to the private sector design-builder or concessionaire.
Maintenance of Traffic	
Traffic impacts and loss of access could adversely affect communities / businesses, negatively impacting support for project.	A detailed maintenance of traffic (MOT) plan will be required of the Developer. Commitments to the community will be included in the project requirements, such as no two streets cross the project shall be closed at the same time. Additional coordination with local projects and ongoing stakeholders is required as well.

2016 Financial Plan Update

The previously identified risk and mitigation strategies are still valid for the 2016 FPAU. Relief Requests for karst have been initiated by the Developer; however, the projected amount is still anticipated to end up below the contract threshold. An additional risk has materialized through the initial stages of project execution: The Developer has been challenged on several fronts relative to schedule coordination, maintenance of traffic, and permit approvals.

Table 8-2a Project Schedule – Risks and Mitigation Strategies

Risk	Mitigation Strategy
Project Start-up/Execution	
Delays in mobilizing required resources at project kick-off could delay the project at inception, requiring the Developer to perpetually play catch-up with their schedule.	Detailed requirements in the Technical Provisions and PPA define the Developer's responsibilities and keep schedule risk predominantly with the Developer. Vigilant oversight by the project team will protect IFA/INDOT from unexpected delay claims.

This risk has been realized both by the Developer's own performance, documented through non-compliance Notices of Determination (since settled with IFA), and unsubstantiated Relief Requests (subsequently denied by IFA).

Financing Risks and Mitigation Strategies

The following risks may negatively affect the Project Sponsor's ability to finance the

Project cost- effectively and operate and maintain the Project over time. For each risk, this table provides a summary of potential mitigation strategies.

Table 8-3 Financing and Revenue – Risks and Mitigation Strategies

Risk	Mitigation Strategy
Availability of State and Federal Funding	
The state has identified and committed various levels of conventional funding for the Project within the timeframe of its budget planning cycle. Funding beyond this period is subject to appropriation risk.	Within procedural limitations, the state has demonstrated a strong commitment to ensuring that the Project is delivered given the investment of funds to date. INDOT has included the Project in its internal budgeting and financial control systems at the requisite funding levels. On a biannual basis, the IFA will provide INDOT an annual budget which details the amount of funds to be appropriated by INDOT to meet annual payment requirements under the PPA. In addition, all anticipated funding amounts will be reflected in Indiana's fiscally-constrained STIP and the TIP for the metropolitan region.
Capital Market Access	
Capital market volatility could limit access to financing and/or increase financing costs.	The developer will be responsible for providing financing. The selected developer will have a demonstrated track record of securing capital market financings for concession projects. Commonly, developers include interest rate hedging interest to protect against variable rates over the long-term. Additionally, the PPA provides protection to the developer for changes in base interest rates prior to financial close, such that fluctuation in the capital markets does not adversely impact the successful financial close of the Project.
Availability of Federal Financing Tools	
Uncertainty surrounding the availability of federal financing via the TIFIA program will have an impact on the risk level of the finance plan for the Project.	TIFIA assistance is not anticipated in this project. In the event that the Project Sponsor pursues and is unsuccessful in securing federal TIFIA assistance, the Project Sponsor must ensure the viability of the finance plan without such assistance. The current finance plan is not dependent on a TIFIA allocation, although such an allocation would lessen dependence on certain state and federal funds described herein.
Viability of Private Activity Bonds	
Potential difficulty in raising PAB financing in a timely manner could delay the project and/or increase costs.	Securing a PABs allocation decreases financing costs and, therefore, lessens the amount of federal and state funds required for the Project. In the event that the final PABs allocation is unsuccessful, the Project Sponsor must ensure the viability of the finance plan without such assistance. Alternative finance plans have been identified and include commercial bank debt or taxable bond debt.

2016 Financial Plan Update

The previously identified risk and mitigation strategies for availability of state and federal financing are still valid for the 2016 FPAU. The risks related to capital market access and viability of PABs has been fully mitigated. All planned debt has been issued for the

Project. The risk related to the availability of federal financing tools is no longer applicable as federal financing tools were not utilized as part of the financial plan for the project. The Project financial plan currently does not rely on additional federal discretionary funds beyond those already committed to the Project.

Procurement Risks and Strategies

The following risks may affect the Project Sponsor's ability to implement the Project due to risks associated with the procurement of the I-69 Section 5 through an AP DBFOM procurement model through a PPA.

Table 8-4 Procurement – Risks and Mitigation Strategies

Risk	Mitigation Strategy
Delay in Procurement	
The state does not receive affordable bids or are not able to reach commercial or financial close in the procurement.	An agreement is being developed to address the risks associated with not receiving affordable bids or not achieving commercial or financial close.

2016 Financial Plan Update

This previously identified risk did not materialize during the procurement.

Impact on Statewide Transportation Program

The state has made specific commitments to the completion of the Project. Based on expectations of federal funding availability, as well as expectations regarding the availability of corresponding state transportation funds, the Project Sponsor believes the federal-aid highway formula, federal discretionary, and state transportation funds identified in the IFP are reasonably expected to be available, and without adverse impacts on the State's overall transportation program or other funding commitments.

Indiana has provided for substantial funding for the Project through a combination of state and federal funding, including the Project in the State's capital program. Indiana will continue to make specific financial commitments to the Project based on its standard budget procedures and in accordance with the STIP, which takes into account the needs of the overall transportation program and other projects throughout the State. INDOT and IFA are using the biennium appropriations for APs showing that Indiana has allocated these appropriations out of INDOT's Capital Program. INDOT estimates that these future payments will be 19% of its capital program. Funding for the Project from INDOT federal authorizations has been 1.8% of the NHS, 5.9% NHPP, 0.01% Lease Proceeds, 14.3% Redistribution of Certain Authority, 0.4% STP, and 49.86% Highway Infrastructure Program have been used for I-69 Section 5. In addition to being reflected in internal budget and financial control systems, all anticipated funding amounts are reflected in the STIP, as well as the Bloomington/Monroe County MPO TIP.

CHAPTER 9. ANNUAL UPDATE CYCLE

INTRODUCTION

This chapter addresses the annual reporting period for the data reported in the Annual Update to the Financial Plan.

FUTURE UPDATES

The effective date for this FPAU is June 30, 2016. The effective date for the IFP was August, 2013 revised for an updated Utility estimate in January, 2014. Future updates will be submitted to FHWA by October 30 each year.

CHAPTER 10. SUMMARY OF COST CHANGES SINCE LAST YEAR'S FINANCIAL PLAN

INTRODUCTION

This chapter addresses the changes that have reduced or increased the cost of the Project since last year's financial plan, the primary reason(s) for the changes, and actions taken to monitor and control cost growth.

2016 FINANCIAL PLAN UPDATE

The following is a listing of project changes that have reduced or increased the cost of the project and/or funded phase since last year's financial plan:

- **PE and Admin:** the PE costs have increased by $7 million to address additional public involvement, environmental and document control activities and Admin costs of $3.5 million resulting in an increase of $10.5 million.

- **Utilities and ROW:** the costs for these items have been reduced slightly to reconcile actual expenditures.

- **Construction Costs:** an increase of $6.6 million was recognized to address funding of environmental mitigation sites partially offset by underruns on the tree clearing and demolition contracts.

CHAPTER 11. COST AND FUNDING TRENDS SINCE INITIAL FINANCIAL PLAN

INTRODUCTION

This chapter addresses the trends that have impacted project costs and funding since the IFP, the probable reasons for these trends and the implications for the remainder of the Project.

One benefit of a P3 is the low risk of changes to the project costs and funding once the contract is signed. Since April 2014, when the PPA was signed, the contract costs and funding sources have been stable for all components of the contract. The contract set the construction costs, therefore the trend of increasing construction costs are mitigated by the contract. A project agreement between the state and FHWA Division office set the level of federal participation stabilized the funding source.

CURRENT COST TRENDS

The Project has realized moderate cost increases since the 2013 IFP as illustrated in Chapter 3.

The current cost estimate of $476.9 million is roughly $4.6 million higher than the prior year's cost estimate as presented in the 2015 Update of $472.3 million. The difference is attributable to variances between planned and actual expenses in several cost categories, as explained in Chapter 3 and further in Chapter 10.

The State's costs have increased slightly during the most recent fiscal year. The risk activities retained by the State; federal permitting, some utility relocation and all right-of-way costs, were retained in order to provide bidding certainty and thereby reducing the amount of contingency in the private sector bids. The project increases are the result of incorrect scope assumptions and additional scope requirements in public involvement, environmental oversight, and document management.

CURRENT FUNDING TRENDS

As shown in Chapter 4, the revenue and funding sources for the Project have been updated to correspond with the revised Project costs, schedule, and financing plans. As shown in that chapter, sufficient resources are available to meet reasonably anticipated Project costs, to meet financing costs, and to fund necessary contingency reserves.

Federal funding for the project was established by agreement between the State and FHWA for federal share of participation. While the percent of participation is established, INDOT selects the federal funding source dependent upon the current federal highway funding legislation. The US Congress is negotiating an updated FHWA funding legislation currently. State sources of funding include both the dedicated transportation funds comprised of state gas tax and other user fees supplemented by

Indiana General Assembly appropriations to INDOT.

In both the federal and state funding mechanisms, project funding is dependent upon declining trends in gas tax collection (federal and state), user fees and annual appropriations from Congress or the General Assembly. User fees and appropriations are not predictable. One trend in recent years has been for each legislative body to recognize the need and appropriating additional infrastructure funding. The funds for this project have been secured and committed therefore the project will be completed.

IMPLICATIONS OF TRENDS

The project costs and revenues remain relatively stable in this Update and are expected to remain so. As such, current budgets are expected to be adequate.

ADJUSTMENTS IN FINANCIAL PLAN TO ACCOUNT FOR TRENDS

The 2016 FPAU was updated to reflect trends noted over the preceding year. If future trends should arise, the Project Sponsors are committed to identifying and taking action on those trends in a timely manner and those trends will be reflected in the routine management reporting tools and meetings.

IMPLICATIONS OF CONSTRUCTION CHANGE ORDERS

Construction change orders (CO) are vetted by the Project Sponsor and Developer. Although they are tracked and those executed tallied for final MP offset, no actual financial transaction has occurred between the Project Sponsor and Developer. For this reason, the COs are not reflected in the financial plan figures. However, the COs will impact the Project's financials upon Substantial Completion and therefore are being incorporated in this 2016 FPAU for informational purposes.

Table 11-1 below illustrates the COs that have been executed to date as well as their respective financial impact to the Project. The majority of changes that have been approved and executed are financially reductive to the Project with only a few being additive. The net result to date of COs is a reduction to the finale MP of $4.8 million.

Table 11-1 Executed Construction Cost Changes

Item	Description	Status	Est. Schedule Impact	Est. Cost $
CO-01	RFCP No. 3 – That Road Pavement Section	Executed	None	$ 44,100.00
CO-02	RFCP No. 1.1 – Avoiding Relocation of Utilities	Executed	None	$ (1,189,318.00)
CO-03	RFCP No. 1.3 – Avoiding Relocation of Utilities	Executed	None	$ (112,949.00)
CO-04	RFCP No. 1.4 – Avoiding Relocation of Utilities	Executed	None	$ (29,669.00)
CO-05	RFCP No. 1.5 Avoiding Relocation of Utilities	Executed	None	$ (302,000.00)
CO-06	RFCP No. 1.6 Avoiding Relocation of Utilities	Executed	None	$ (10,000.00)
CO-07	RFCP No. 1.9 Avoiding Relocation of Utilities	Executed	None	$ (10,000.00)
CO-08	RFCP No. 1.11 Avoiding Relocation of Utilities	Executed	None	$ (108,000.00)
CO-09	RFCP No. 1.12 Avoiding Relocation of Utilities	Executed	None	$ (110,000.00)
CO-10	RFCP No. 1.13 Avoiding Relocation of Utilities	Executed	None	$ (98,000.00)
CO-11	RFCP No. 1.14 Avoiding Relocation of Utilities	Executed	None	$ (190,000.00)
CO-12	RFCP No. 1.15 Avoiding Relocation of Utilities	Executed	None	$ (30,000.00)
CO-13	RFCP No. 1.16 Avoiding Relocation of Utilities	Executed	None	$ (20,000.00)
CO-14	RFCP No. 2.3 Passing Lane in Lieu of Truck Climbing Lane	Executed	None	$ (673,000.00)
CO-15	RFCP No. 2.2 Interchange Modifications	Executed	None	$ (472,000.00)
CO-16	RFCP No. 4 Interchange Ramp Typical Modification	Executed	None	$ (339,400.00)
CO-17	RFCP No. 5 Chambers Pike Closure & Detour	Executed	None	$ (153,200.00)
CO-18	RFCP No. 6 Chambers Pike Mainline Modification	Executed	None	$ (175,000.00)
CO-19	RFCP No. 8 Sample Rd Temporary Access Closure	Executed	None	$ (268,500.00)
CO-20	RFCP No. 9 Elimination of Bryants Creek Road Cul-de-Sac	Executed	None	$ (23,000.00)
CO-21	Access Road Realignment at Duke Substation	Executed	None	$ (426,486.00)
CO-22	Directive Letter No. 3 – Construction Closure Adjustments	Executed	None	$ -
CO-23	CR 1, 2, 4, 6-Modify LARW to Avoid Relocation of Utilities (CBU)	Executed	None	$ (41,367.00)
CO-24	CR-5-Modify LARW to Avoid Relocation of Utilities (Duke)	Executed	None	$ (45,000.00)
CO-25	Directive Letter No. 4 – Pavement Design Modifications	Executed	None	$ 7,620.00
CO-26	Directive Letter No. 5 – Karst Feature Treatment Final Documenta	Executed	None	$ -
CO-27	Directive Letter No. 2 – Landscape and Aesthetics – Formliner	Executed	None	$ -
Total Amount for Executed Change Orders				**$ (4,775,169.00)**

CHAPTER 12. SUMMARY OF SCHEDULE CHANGES SINCE LAST YEAR'S FINANCIAL PLAN

INTRODUCTION

This chapter addresses the changes that have caused the completion date for the Project to change since the last FPAU, the primary reason(s) for the change, actions taken to monitor and control schedule growth, and any scope changes that have contributed to this change.

2016 FINANCIAL PLAN UPDATE

As of November 2016, the Developer identified a change in their open to traffic date from the Project's Substantial Completion Date of October 2016 to June 28, 2017. There are numerous reasons for the delayed completion date, including:

- Initial delays associated with achieving Commencement of Design, NTP2, and Commencement of Construction.
- Delays associated coordinating with, contracting with, and relocation of Type 2 and 3 utilities.
- Issues with sequencing and performing design activities.
- Issues with contracting and managing subcontractors.

Each of these issues are controlled by the Developer.

CHAPTER 13. SCHEDULE TRENDS SINCE INITIAL FINANCIAL PLAN

INTRODUCTION

This chapter addresses the trends that have impacted project schedule since the IFP, the probable reasons for these trends, and the implications for the remainder of the Project.

2016 FINANCIAL PLAN UPDATE

The Developer's June 2016 Monthly Schedule already identifies a delay in the completion date to June 28, 2017, overall the schedule continues to appear to be trending toward another apparent delay in opening to traffic.

- **Project Initiation:** The Developer's initial project kick-off efforts were lacking organized and adequate staff. As such, preliminary project activities, notably the preparation of the required Project Management Plan sections took longer than initially anticipated, resulting in delayed NTP1 and Commencement of Design, delaying these approvals by over 1 month.

- **Design Issues:** Once initiated, the Developer's design efforts continued to have issues. Specifically, they had difficulty following their established processes, inadequate staffing, and contract compliance. Design package sequencing was challenging for the Developer. These continued issues delayed advancement of individual components of construction, requiring numerous reorganizations of the project schedule.

- **Initiation of Construction:** Beyond the Project Initiation, the Developer continued to have organizational issues and design difficulties. These difficulties translated directly to delays in NTP2 and Commencement of Construction, delaying these approvals by up to 4 months.

- **Construction Difficulties:** The Developer's staffing and contract negotiations extended several months beyond the anticipated start of construction. Decision-making and inter-disciplinary coordination, particularly obtaining designs and agreements for utility relocations, caused delayed work on substantial portions of the Project. Inability to make timely decisions and staffing changes caused construction delays.

While the Developer has maintained their completion date as June 28, 2017, the previous schedule trends defined above suggest that the schedule revisions proposed by the Developer will be challenging to achieve.