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Eric Holcomb, Governor
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March 1st, 2023

Jermaine Hannon
Division Administrator
FHWA Indiana Division
575 N Pennsylvania St., Room 254
Indianapolis, IN 46204

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

Dear Mr. Hannon:

The Indiana Department of Transportation has developed a comprehensive Financial Plan Annual Update for the I-69 Section 5 Project in accordance with the requirements of 23 U.S.C. §106 and the Financial Plan guidance issued by the Federal Highway Administration. The plan provides detailed cost estimates to complete the project and the estimates of financial resources to be utilized to fund the project.

The cost data in the Financial Plan provide an accurate accounting of costs incurred to date and include a realistic estimate of future costs based on engineer's estimates and expected construction cost escalation factors. While the estimates of financial resources rely upon assumptions regarding future economic conditions and demographic variables, they represent realistic estimates of resources available to fund the project as described.

The Indiana Department of Transportation believes the Financial Plan Annual Update provides an accurate basis upon which to schedule and fund the I-69 Section 5 Project and commits to provide Annual Updates according to the schedule outlined in the Initial Financial Plan.

To the best of our knowledge and belief, the Financial Plan Annual Update as submitted herewith, fairly, and accurately presents the financial position of the I-69 Section 5 Project, cash flows, and expected conditions for the project's life cycle. The financial forecasts in the Financial Plan Annual Update are based on our judgment of the expected project conditions and our expected course of action. We believe that the assumptions underlying the Financial Plan Annual Update are reasonable and appropriate. Further, we have made available all significant information that we believe is relevant to the Financial Plan Annual Update and, to the best of our knowledge and belief, the documents and records supporting the assumptions are appropriate.

Sincerely,

A handwritten signature in blue ink that reads "Joseph Gustin".

Joseph Gustin
CFO, Deputy Commissioner of Finance
Indiana Department of Transportation



I-69 Section 5: Bloomington to Martinsville

Project Financial Plan 2023 Update

December 2022*

*Project cost estimates and completion schedules reflect information available as of December 31, 2022.

Submitted to:

Federal Highway Administration

Submitted by:

Indiana Department of Transportation



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CHAPTER 1. PROJECT DESCRIPTION

INTRODUCTION

This document presents the 2023 Annual Update to the Initial Financial Plan (IFP) for Section 5 of the I-69 Project (the Project), including current cost estimates, expenditure data through December 31, 2022¹, State Fiscal Year (SFY) 2023, 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 the Federal Highway Administration (FHWA) Financial Plans Guidance and is the final Update for the Project.

PROJECT OVERVIEW

The I-69 Evansville to Indianapolis corridor received a Tier 1 Record of Decision (ROD) in 2004 from the National Environmental Policy Act (NEPA) process, which divided the 142-mile corridor into six Sections of Independent Utility (SIU). Section 5 of the I-69 corridor follows State Road/Route (SR) 37 extending from southwest of Bloomington near Victor Pike to SR 39, south of Martinsville, Indiana. 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 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 (SOI) is the Project Sponsor. The project was procured and managed by a partnership between the Indiana Finance Authority (IFA) and the INDOT.

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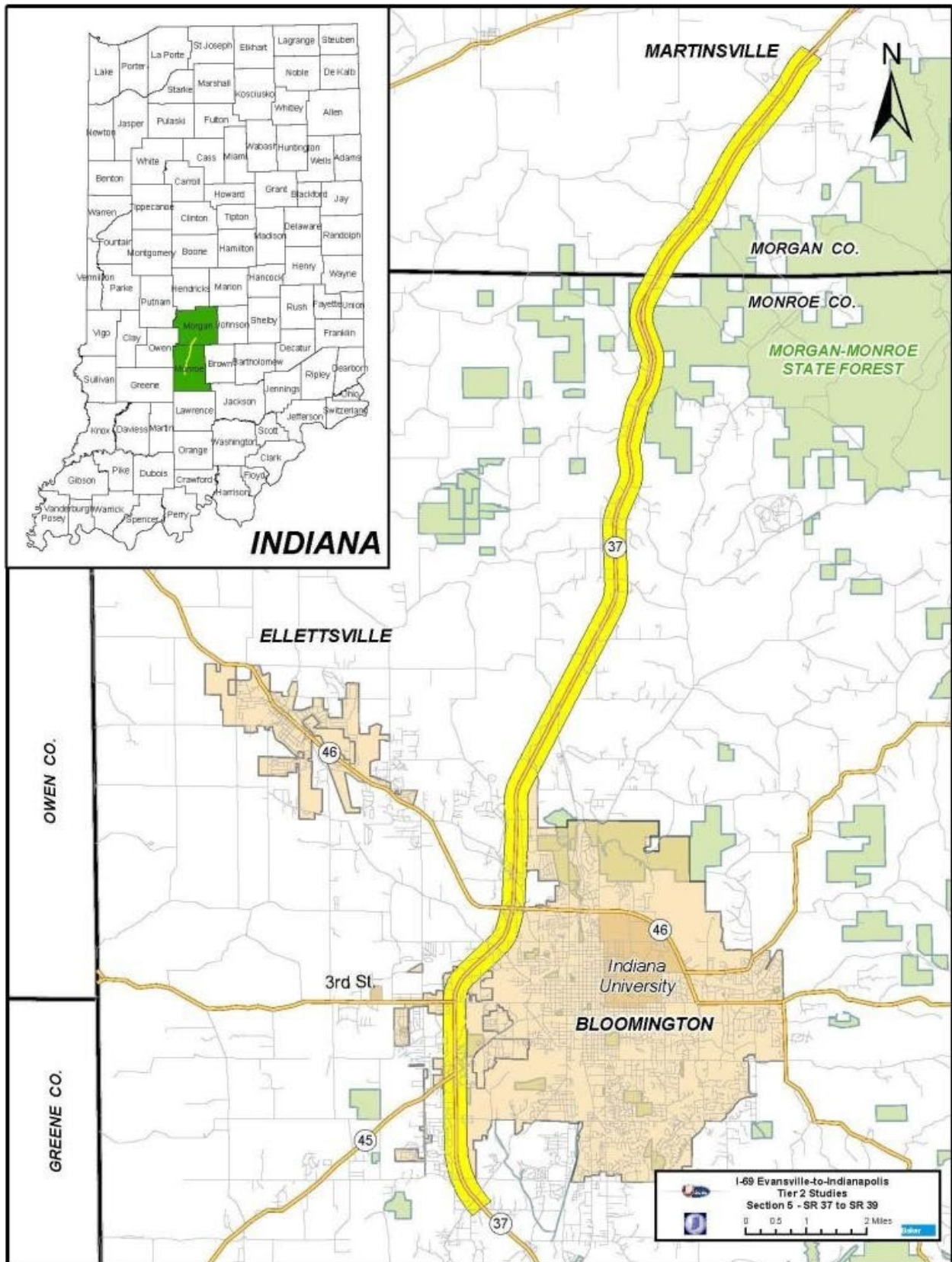
On July 3, 2017, the Project sponsors entered a [Global Settlement Agreement \(GSA\)](#) with the Developer Roadis, their Design-Build contractor Isolux-Corsán (together the Development Partners/I-69 Development Partners (DP)), and various sureties, to terminate the Public-Private Agreement (PPA) for convenience. On August 14, 2017, the IFA completed the transactions necessary to complete the agreement by reimbursing [Private Activity Bonds \(PABs\)](#) bond holders and returning direct control of the Project to INDOT.

PROJECT DETAIL

The Project begins at SR 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.

¹ Does not include financing, debt service, information beyond substantial completion of the Project (August 2018).

Figure 1-1 Corridor Map



PROJECT APPROACH

INDOT developed 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 PPA with the DP, the “Section 5 Developer”, for the DBFOM of the Project. On July 23, 2014, IFA and the DP achieved financial close.

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In August 2017, direct control of the Project was given to INDOT once the PPA was terminated per the GSA. The Project delivery was completed utilizing existing contractors and consultants already working on the Project under the DP. INDOT entered into new contracts with these suppliers directly based on estimated remaining scope of work and cost to complete.

PROJECT HISTORY

Briefly, 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 1-5 are constructed and open to traffic. Section 6 from south of Martinsville to Indianapolis is undergoing construction. 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 FEIS and/or ROD, found on the internet at this address <https://www.in.gov/indot/projects/i69/section-5-bloomington-to-martinsville/project-documents/>.

PROJECT IMPLEMENTATION – MANAGEMENT AND OVERSIGHT

The SOI is the Project Sponsor 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 Project and operate and

maintain portions thereof.

- **Section 5 Construction Manager** – INDOT entered a professional services contract in September 2017 to negotiate construction subcontracts, contract scopes and schedule contractors for timely completion of remaining work.

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This Update represents the final project costs including work completed under the PPA, the GSA and INDOT's costs from Tier 1 NEPA through construction completion. The management and oversight for the final year of construction excluded the DP effective August 2017; however, all costs of the project are represented in this update. INDOT completed the Project in August 2018

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 the General Contractor method whereas originally based on an Availability Payment (AP) concession. The Project was originally expected to be completed by the fall of 2016 as shown in Table 2-1 below.

Table 2-1 Project Schedule Overview

Phase / State Fiscal Year	2013 & Prior	2014	2015	2016	2017	2018	2019
Environmental	IFP						
	FPAU						
Prelim Design / Eng		IFP					
		FPAU					
Final Design			IFP				
			FPAU				
Right of Way		IFP					
		FPAU					
Utilities / Railroad		IFP					
		FPAU					
Construction			IFP				
			FPAU				

The SOI awarded 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. Right of way (RW) 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.

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INDOT assumed completion responsibilities for the Project in August 2017 and achieved Substantial Completion in August 2018 with open to traffic November 2018 as shown above in Table 2-1. In addition to the construction completion in August 2018, INDOT completed several project commitments post-construction as follows:

- project commitments to monitor environmental features and mitigation sites post-construction (a 10-year commitment),
- obtain Notice of Termination on stormwater permits (obtained 2019),
- meet project commitments to provide PE and construction funding for Tapp/Deborah

light installation (completed 2021) and utility work at two locations (completed 2021) for the City of Bloomington Utilities,

- finalize condemnation cases for acquired RW (completed 2022) and defend against tort claims associated with the project (ongoing).

PROJECT DELIVERY

The SOI 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, the Project was originally procured as an AP concession, however, was subsequently dissolved per discussion below. Table 2-2 provides the current procurement schedules for each component.

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Per the GSA, the INDOT took control of the Project in August 2017, eliminating the AP concession method. The Project delivery was completed by INDOT entering into direct contracts with individual construction contractors and consultants.

INDOT entered into contracts using a General Contractor delivery method to manage the remaining work. The General Contractor assisted INDOT by evaluating remaining construction activities, developed contract scopes, contract values, directing construction schedule and costs to complete the project. Under normal circumstances this contracting method is not available to INDOT, however the Indiana General Assembly enacted [IC 8-15.5-5-6.1\(4\)](#) in 2017 in order to complete the Project as expeditiously as possible. INDOT was authorized to enter into contracts with contractors, suppliers, engineers, subcontractors and other advisor and consultants as it deems necessary to complete the Project and negotiate their compensation.

PROCUREMENT SCHEDULE

Table 2-2 below illustrates the Project’s procurement schedule. As shown, begins in May 2013 and ends (substantial completion/open to traffic) November 2018.

Table 2-2 Procurement Schedule

Scheduled Item	IFP	FPAU
Issue Request for Qualifications	5/23/2013	5/23/2013
Statement of Qualifications (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	7/23/2014
GSA Procurement for General Contractor and Direct Contracts	N/A	8/14/2017
Substantial Completion	10/31/2016	8/31/2018
Open to Traffic	N/A	11/5/2018

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As Table 2-2 demonstrates, the INDOT completed the Project in August 2018 and was open to traffic in November 2018, approximately two years past the IFP schedule under the DP. Due to the GSA providing INDOT direct control of the Project, a General Contractor was procured as advisor in July 2017 and direct contracts to complete work in August 2017.

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 (Memorandum of Agreement) MOA and the karst MOA. The SOI applied for permits with key federal regulatory agencies. The DP applied for a number of other necessary local, state, and federal permits. The permits and notifications required by the FEIS are outlined in Table 2-3 below.

Table 2-3 Required Permits and Notifications

Agency	Permit / Notification
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

CHAPTER 3. PROJECT COSTS

INTRODUCTION

This chapter provides a detailed description of Project cost elements and current cost estimates in year-of-expenditure (YOE) 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 \$406.75 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.

Table 3-1² provides an overview of Project costs, broken down by work phase and SFY comparing the IFP with previous Updates. All figures throughout the Plan are in YOE unless otherwise stated. The current cost estimate of \$736.73 million is \$237.47 million more than the prior Update's cost estimate. The increase reflects changes between planned and actual expenses as described further below.

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

Phase / State Fiscal Year	IFP	2014 FPAU	2015 FPAU	2016 FPAU	2017 FPAU	2023 FPAU	\$ Change from IFP	% Change from IFP
PE & Final Design	\$ 20.20	\$ 79.00	\$ 79.00	\$ 89.46	\$ 92.05	\$ 93.59	\$ 73.39	363.3%
Right of Way	\$ 48.25	\$ 47.40	\$ 64.20	\$ 57.00	\$ 57.42	\$ 59.64	\$ 11.39	23.6%
Construction	\$ 258.60	\$ 229.00	\$ 209.90	\$ 216.54	\$ 236.32	\$ 445.73	\$ 187.13	72.4%
Environmental Mitigation	\$ 11.70	\$ 11.70	\$ 11.70	\$ 11.70	\$ 11.70	\$ 11.83	\$ 0.13	1.2%
CEI, Admin & Prog Costs	\$ 13.00	\$ 48.50	\$ 48.50	\$ 44.03	\$ 45.74	\$ 66.21	\$ 53.21	409.3%
Utility / Railroad	\$ 55.00	\$ 50.20	\$ 59.00	\$ 58.17	\$ 56.02	\$ 59.73	\$ 4.73	8.6%
PROJECT TOTAL	\$ 406.75	\$ 465.80	\$ 472.30	\$ 476.91	\$ 499.26	\$ 736.73	\$ 329.98	81.1%

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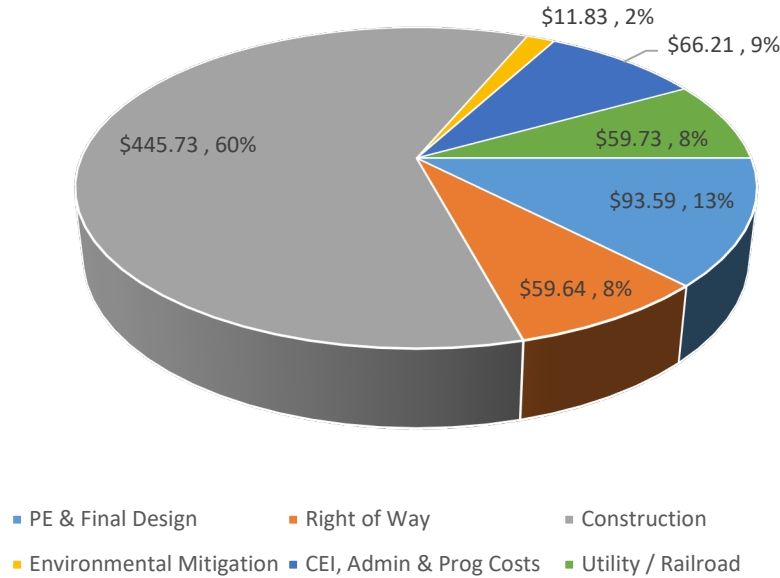
Preliminary Engineering/Design (PE) and final design increased \$73.39 million over the IFP. The Construction Engineering and Inspection (CEI) also increased \$53.21 million over the IFP. Further, Construction (CN) costs also increased \$187.13 million over the IFP. Other notable increases are in the RW phase with an increase of \$11.39 million over the IFP. These additional costs are reflective of INDOT's cost of completing the Project. The details on this are discussed further in Chapters 8, 10, 11, 12, and 13.

As Figure 3-1 above demonstrates, the major Project work phases are comprised of CN at 60% of the Project costs, followed by PE and final design at 13%, then CEI costs at 9%, and RW and

² The 2017 Financial Plan Update was prepared in January 2019 with an as-of date of June 30, 2017, as INDOT took over the Project in August 2017 (SFY18) and needed to focus on the delivery.

utility/railroad trailing at 8% each. Environmental mitigation costs complete the Project costs at 2%.

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



INFLATION ASSUMPTIONS

For the purpose of this FPAU, 2.5% annual inflation assumptions have been applied. 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. The bid from the DP is a fixed-price bid and, therefore, inflation rates were not applied to the costs associated with activities that the DP will perform.

COST ESTIMATING METHODOLOGY

Initial cost estimates were developed by the General Engineering Consultant (GEC), 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 - PPA

Cost Elements
Engineering and Design
<i>Preliminary and final engineering design services.</i>
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 17% of the CN cost estimate.
<i>Design Program Management</i>
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.

Cost Elements
<i>Construction Administration and Inspection</i>
All CN and program management, administration, and inspection activities during the CN phase of the Project.
CN Administration and Inspection costs are estimated at 9% of the CN cost estimate.
Construction
<i>Estimated cost of construction.</i>
CN estimates reflect current prices inflated for year of expenditure utilizing a large alternative delivery contract.
<i>Construction Contingency</i>
Contingency to cover additional CN services in the event unforeseen circumstances arise that result in additional cost.
CN 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.
<i>Utilities</i>
All public and private project-related utility relocation and new utility CN.
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.
<i>Right of Way Acquisition</i>
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.
<i>Enhancements</i>
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 NEPA commitments.
<i>Mitigation</i>
Implementation of mitigation of sensitive impacts.
This includes costs for such items education for the historic landscape districts associated with the limestone industry, wetland, stream and forest creation and preservation.

For the termination of the PPA and control returned to the INDOT, the following cost estimating methodology were used to estimate cost to complete the project as Table 3-3 illustrates.

Table 3-3 Cost Estimating Methodology - INDOT

Cost Elements
Engineering and Design
<i>Preliminary and final engineering design services.</i>
Evaluate remaining scope of both design contracts and CN contracts in place considering the Developer's value at bond defeasance ³ . Develop design procedures to assume previously designed work and minimize risk for design changes in CN phase. Manage design production and revisions.
<i>Construction Administration and Inspection</i>
CN Inspection costs was included in the Section 5 Developer's value at bond defeasance. Additional administration costs covering CN management, inspection, materials, and testing, were estimated efforts in addition to the previously planned quality assurance program and close-out audit work.

³ The means of canceling a contract. In this document it refers to paying off outstanding bond debt on the PABs, along with termination compensation, to the bondholders, to fulfill and therefore void their senior position in order for the INDOT to complete the Project.

Cost Elements
Construction
<i>Estimated cost of construction / Contingency</i>
CN costs previously included 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 bond defeasance value in the year of expenditure . CN value of the remaining contract was estimated in a cost effectiveness review with advice from project CN oversight staff and a CN Manager team. Assessment included feedback from subcontractors who were working under the Developer and understood the remaining effort to complete the project.
<i>Utilities</i>
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 valued at bond defeasance by the Developer (Types 2 and 3). Utility adjustments were in progress or negotiation for utilities under the Developer's responsibility. Those estimates and contracts were reviewed and assessed to be a reliable value for completion.
<i>Right of Way Acquisition</i>
Appraisals, administration, management, and acquisition of required right of way.
Costs include completed and anticipated RW acquisition and condemnation expenses and did not change as a result of the change in project deliver method. RW acquisition was completed in 2015 with only condemnation settlements remaining as of 2017.

PROJECT EXPENDITURES

Table 3-4 shows the breakdown of costs for the Project by work phase and SFY. Approximately \$617.64 million was expended through SFY18. The [Highway Revenue Refunding Bonds \(HRRB\)](#) (\$176.24 million) the IFA issued to reimburse the [PABs](#) bond holders are included in SFY18 and discussed further in Chapter 5.

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

Phase / SFY	2013 & Prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
PE & Final Design	\$ 14.30	\$ 23.53	\$ 9.92	\$ 3.48	\$ 7.70	\$ 26.72	\$ 5.23	\$ 0.85	\$ 0.57	\$ 0.38	\$ 0.92	\$ 93.59
Right of Way	\$ -	\$ 27.69	\$ 24.82	\$ 1.39	\$ 1.29	\$ 0.82	\$ 0.57	\$ 0.03	\$ 0.22	\$ 2.80	\$ 0.00	\$ 59.64
Construction	\$ -	\$ 1.76	\$ 13.24	\$ 31.34	\$ 27.41	\$ 283.83	\$ 80.62	\$ 3.04	\$ 1.06	\$ 3.44	\$ 0.00	\$ 445.73
Environmental Mitigation	\$ 0.79	\$ -	\$ 1.02	\$ 3.77	\$ 2.21	\$ 0.92	\$ 0.51	\$ 0.31	\$ 0.18	\$ 0.35	\$ 1.77	\$ 11.83
CEI, Admin & Prog Costs	\$ -	\$ 0.03	\$ 0.02	\$ 1.91	\$ 2.26	\$ 52.19	\$ 9.24	\$ 0.56	\$ 0.01	\$ -	\$ (0.00)	\$ 66.21
Utility / Railroad	\$ -	\$ 0.71	\$ 18.51	\$ 21.75	\$ 0.99	\$ 11.33	\$ 1.64	\$ 2.86	\$ 1.86	\$ -	\$ 0.06	\$ 59.73
Total, Costs	\$ 15.09	\$ 53.72	\$ 67.51	\$ 63.65	\$ 41.86	\$ 375.81	\$ 97.80	\$ 7.66	\$ 3.90	\$ 6.97	\$ 2.75	\$ 736.73

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Table 3-4 above illustrates the estimated project total cost is \$736.73 million and includes anticipated future years expenditures. SFY13 through 22 represent actual costs. SFY23 and future are comprised of actual costs through the as-of date, any remaining SFY23 funding not yet obligated, any remaining encumbrances, and all future SFY planned/programmed funding. The ongoing costs the Project currently have are for mitigation monitoring services, and payments to IFA for an ongoing tort claim defense. The Project Budget, expenditures, from SFY20 through 23 represent ongoing Project commitments post substantial completion (the last financial plan update would occur after the project reaches substantial completion).

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 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.

2023 FINANCIAL PLAN UPDATE

This Update includes changes to the planned funding and finance strategy from prior FPAUs. This results from the termination of the PPA which removed private sector financing, and debt. The DP had provided the SOI with their costs spread between SFY15 through SFY17 totaling \$232.9 million funded primarily with [PABs](#). The defeasement of those [PABs](#) is further discussed in Chapter 5. The expenses shown in prior Updates have been removed from these SFYs. Financing of the remainder of the project is now with conventional state and federal funds and [HRRBs](#).

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 Milestone Payments (MPs) of up to \$60 million in the aggregate, during the CN 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 Request for Qualifications (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 primary sources of federal funds used to support the APs are from the [National Highway Performance Program \(NHPP\)](#), previously the [National Highway System \(NHS\)](#), and the [Surface Transportation Block Grant Program \(STBGP\)](#). The primary sources of state funds used to support the APs are from the State Highway Fund and [Lease Proceeds from the Major Moves Funds \(LP / MM\)](#). It is anticipated that the developer will utilize a combination of debt and equity to finance initial CN 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.

2023 FINANCIAL PLAN UPDATE

As of July 3, 2017, a settlement agreement had been executed to terminate the PPA for convenience and turn full control of the Project to INDOT. By August 14, 2017, the IFA had completed the necessary steps to fulfill the agreement by reimbursing the [PABs](#) bond holders. The IFA still retained a small portion of MP 4 not paid as well as all of MP 5. These funds were then used to pay the contractors/consultants during the transition period; the period of time where INDOT gained control of the Project and the time that INDOT and the various vendors were able to negotiate and execute contract agreements to complete the Project. This timeframe was from July through November 2017.

STATE TRANSPORTATION AND FEDERAL-AID FORMULA FUNDING

Federal-aid formula funds provided to the Project have been and will continue to be matched by a combination of state funds. Table 4-1 illustrates an estimated \$736.73 million of federal-aid highway formula and state transportation funds is reasonably expected to be available to the Project including \$176.24 million of [HRRBs](#) discussed further in Chapter 5. Any funds in Advanced Construction (AC) that have not been converted to federal funds are included in the State Highway Fund line (current total of \$0.00 million – see Table 6-2)

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

Fund Type / SFY	2013 & Prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Federal												
NHS	\$ 11.51	\$ 1.63	\$ 1.39	\$ 0.55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15.09
Earmark/Demo/High Priority	\$ 2.78	\$ -	\$ -	\$ 0.00	\$ -	\$ 3.43	\$ 0.00	\$ -	\$ -	\$ -	\$ -	\$ 6.21
STBGP	\$ 1.05	\$ 7.62	\$ 4.65	\$ 0.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.36
NHPP	\$ 2.15	\$ 37.85	\$ 44.61	\$ 35.13	\$ 23.13	\$ 200.01	\$ 25.54	\$ 3.62	\$ 0.28	\$ -	\$ -	\$ 372.31
Interstate Maintenance	\$ -	\$ -	\$ -	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.02
Equity Bonus	\$ -	\$ 0.67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.67
TIFIA Redistribution	\$ -	\$ -	\$ 1.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.50
Subtotal, Federal Funds	\$17.50	\$47.78	\$52.15	\$35.70	\$23.14	\$203.44	\$25.54	\$3.62	\$0.28	\$ -	\$ -	\$ 409.15
State												
State Highway Fund	\$ 4.76	\$ 14.27	\$ 16.11	\$ 16.30	\$ 17.16	\$ 50.88	\$ 9.52	\$ 1.40	\$ 1.03	\$ 3.43	\$ 1.80	\$ 136.66
LP / MM	\$ 0.34	\$ -	\$ -	\$ 0.00	\$ -	\$ 13.32	\$ -	\$ -	\$ 0.30	\$ 0.71	\$ -	\$ 14.67
HRRB 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176.24
Subtotal, State Funds	\$ 5.10	\$14.27	\$16.11	\$16.31	\$17.16	\$240.45	\$ 9.52	\$1.40	\$1.33	\$4.14	\$1.80	\$ 327.57
Total	\$22.60	\$62.05	\$68.26	\$52.01	\$40.30	\$443.89	\$35.05	\$5.02	\$1.61	\$4.14	\$1.80	\$ 736.73

It is anticipated that 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 [Infrastructure Investment and Jobs Act \(IIJA\)](#), the availability of more restricted categories, and funding categories associated with a new transportation program Act.

2023 FINANCIAL PLAN UPDATE

This Update presents an estimated \$237.47 million more in funding over the prior Update; \$61.23 million in federal and state transportation funds as well as \$176.24 million of [HRRBs](#) proceeds. Table 4-1 demonstrates the Project is funded with \$560.49 million of federal and state transportation funding. The approximate federal-aid share of funds is 55.5%, and 44.5% state funds that includes \$176.24 million of bonds (23.9% of total funds).

MILESTONE AND AVAILABILITY PAYMENTS

Upon the developer achieving Substantial Completion of the Project, to the extent that the road is open and available for service, APs will commence. 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 CN Milestones. It is anticipated that the MPs will be funded with a combination of state and federal funds appropriated by INDOT on biennial basis. In order to fund the Milestone and APs, IFA intends to enter into a Master Agreement and Use Agreement with INDOT under which INDOT will agree to fund Milestone and APs 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 \(TIP\)](#).

2023 FINANCIAL PLAN UPDATE

The unearned, remaining MP funds were made available by a [Memorandum of Understanding \(MOU\)](#) between the SOI and the DP in January 2017. By the end of March 2017, it was clear that the Design-Build Contractor could not fulfill their financial responsibilities under the MOU. The scheduled, funded MPs that the DP did not earn were used to keep the Project progressing during the 4th quarter of SFY17 and 1st quarter of SFY18 while the SOI and the concessionaire negotiated and reached a settlement agreement to terminate the PPA for convenience. Table 4-2 demonstrates the various milestone and availability payments issued, which party paid them to the subcontractors and consultants, and the amount contributed to the Project.

TABLE 4-2 MILESTONE AND AVAILABILITY PAYMENT

MP #	Description	Amount	Paid via Developer	Direct Pay (SOI)	Contribution to Project
1	Utility Milestone 1	\$ 5.00	\$ 5.00	\$ -	\$ 5.00
2	Utility Milestone 2	\$ 15.00	\$ 15.00	\$ -	\$ 15.00
3	CN Milestone 1	\$ 10.00	\$ 10.00	\$ -	\$ 10.00
4	CN Milestone 2:	\$ 30.00	\$ 27.00	\$ 3.00	\$ 30.00
5	CN Milestone 3:	\$ 20.00	\$ -	\$ 20.00	\$ 20.00
6	Add. Milestone from 1st AP	\$ 13.32	\$ -	\$ 13.32	\$ 13.32
Sum		\$ 93.32	\$ 57.00	\$ 36.32	\$ 93.32

FEDERAL DISCRETIONARY FUNDING

In addition to federal-aid formula funds, Indiana has previously secured \$6.21 million in discretionary funding from the FHWA Trust Fund and General Appropriations as earmarks, demonstration, and high priority funds for the Project.

FUNDING AVAILABILITY RISKS

The risks associated with funding availability are minimal to the Project as it is substantially completed. Ongoing Project costs are minimal for ongoing environmental mitigation and tort claims settlement. Funding has been committed to the Project from INDOT's biennial State appropriations, federal-aid apportionments, and federal grants. INDOT is prepared to mitigate unanticipated changes in expected funding. Strategies to mitigate changes include but are not limited to; acquisition of additional funds, and/or modify other project's timelines to manage cash flows. Special funding techniques are discussed in Chapter 6 as the techniques are utilized to address cash flows while projects concurrently advance.

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 CN and APs during the operations period of the Project.

2023 FINANCIAL PLAN UPDATE

This update changes the financing strategy as put forth by the DP at financial close. The PPA was terminated in July 2017 and the SOI was fully responsible for financing the Project. The termination of the PPA removed the private sector financing, and debt. This was replaced with debt ([HRRBs](#)) the SOI took on to terminate the PPA and resume control of the Project to complete CN. A small amount of equity, \$32.65 million, is assumed by the DP as termination compensation to the SOI discussed further in Chapter 6, 8, 10, and 11.

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

The Financial Plan distinguishes two types of [PABs](#) were issued by DP. 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.

2023 FINANCIAL PLAN UPDATE

The [PABs](#) were defeased by the issuance of [HRRBs](#). A small amount of the principal, \$3.53 million, on the PABs had been paid by the DP and the remainder plus outstanding interest was due. Since the bond holders were in senior lien position, the PPA termination could not occur without their approval. Their approval would require that the bond holders be reimbursed in full for their bonds. A redemption premium of \$12.21 million was agreed on by all parties and this cost was born by the DP during [GSA](#).

The [HRRBs](#) were issued with a par value of \$176.24 million and sold with a \$36.13 million premium. With coupon rates between 4 and 5%, the yields range from 0.84% to 2.74% with maturities from June 2018 through June 2037. This represents a significant interest savings over the [PABs](#) the DP were able to obtain. This savings can be directly attributed to the credit rating the SOI receives and the financial position of the SOI. Table 5-2 below shows the [HRRBs](#)

structure, maturity, coupon, and yield. The principal and interest are repaid with State transportation funds from the INDOT to the IFA as an operating expense of about \$14.4 million per fiscal year. Upon defeasance of the HRRBs, the par value will be capitalized by the INDOT.

Table 5-2 Highway Revenue Refunding Bonds for I-69 Section 5

Maturity	Principal	Coupon	Yield
6/1/2018	\$ 3,970,000	4.00%	0.85%
6/1/2019	\$ 5,745,000	4.00%	0.84%
6/1/2020	\$ 5,975,000	4.00%	0.94%
6/1/2021	\$ 6,215,000	5.00%	1.04%
6/1/2022	\$ 6,525,000	5.00%	1.16%
6/1/2023	\$ 6,850,000	5.00%	1.34%
6/1/2024	\$ 7,195,000	5.00%	1.51%
6/1/2025	\$ 7,550,000	5.00%	1.69%
6/1/2026	\$ 7,930,000	5.00%	1.86%
6/1/2027	\$ 8,325,000	5.00%	2.02%
6/1/2028	\$ 8,745,000	5.00%	2.16%
6/1/2029	\$ 9,180,000	5.00%	2.26%
6/1/2030	\$ 9,640,000	5.00%	2.37%
6/1/2031	\$ 10,120,000	5.00%	2.44%
6/1/2032	\$ 10,625,000	5.00%	2.51%
6/1/2033	\$ 11,160,000	5.00%	2.57%
6/1/2034	\$ 11,715,000	5.00%	2.63%
6/1/2035	\$ 12,300,000	5.00%	2.69%
6/1/2036	\$ 12,915,000	5.00%	2.72%
6/1/2037	\$ 13,560,000	5.00%	2.74%
Total	\$ 176,240,000		

Indiana planned to make \$60 million of CN related MPs and \$20 million in utility related MPs to the DP upon achievement of specific Milestones during CN. The APs would commence upon Substantial Completion of CN. 20% of each AP will be adjusted based on the [Consumer Price Index \(CPI\)](#) to account for changes in inflation. 80% of each AP will increase at a rate of 2.5% per year. APs would be distributed on a monthly basis, insofar as the DP 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% per year such that the entire availability increases by 2.5% per year. The full schedule may be found in the [PPA Exhibit 9](#) (page 110 of pdf).

Table 5-3 Availability Payment Growth Summary Schedule - Retired

ASSUMPTIONS, RISKS, AND MITIGATION

The funding available for the Project is no longer subject to risks. 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 \$560.21 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 (**retired**):
 - 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 CN or operating costs increase transfers from INDOT to the developer. Based on the DP’s current schedule, the SFY17 APs may be withheld pending resolution of outstanding relief events.

2023 FINANCIAL PLAN UPDATE

Due to the termination of the PPA, the APs and schedule no longer apply. The INDOT resumed responsibility for completion of CN in August 2017 (SFY18) and for the ongoing O&M of this section of highway from [GSA](#) forward.

FINANCING COSTS

The exact financing costs were determined upon financial close. The Project is being financed by a series of [PABs](#) issued via the DP, DP private equity of \$40 million, and \$3.6 million of interest income as shown in Table 5-4. The indirect costs were borne by the DP amounting to \$54.1 million (IFP: transaction, operations, and maintenance during (O&M) during construction, underwriter fee, bond interest, and bond repayment costs). These funds do not include federal-aid and state matching funding.

Table 5-4 Financing Costs (in \$ millions)

Sources of Funds	IFP	2017 FPAU	2023 FPAU	\$ Change from IFP
PABs / HRRBs	\$ 312.60	\$ 251.76	\$ 176.24	\$ (136.36)
Equity	\$ 40.60	\$ 35.50	\$ 32.65	\$ (7.95)
Interest Income	\$ 3.60	\$ 0.75	\$ 0.27	\$ (3.33)
Total	\$356.80	\$288.01	\$209.16	\$(147.64)
Uses of Funds				
Construction Costs	\$ 273.70	\$ 232.90	\$ 176.24	\$ (97.46)
Transaction Cost	\$ 9.00	\$ 9.00	\$ 0.89	\$ (8.11)
Operations during Construction	\$ 7.80	\$ 7.92	\$ 11.00	\$ 3.20
Underwriter Fee	\$ 1.90	\$ 1.90	\$ 0.63	\$ (1.27)
Bond Interest	\$ 26.53	\$ 26.53	\$ 14.65	\$ (11.88)
DSRA Funding	\$ 29.00	\$ 6.21	\$ -	\$ (29.00)
Bond Repayment	\$ 8.87	\$ 3.53	\$ 5.75	\$ (3.13)
Total	\$356.80	\$288.01	\$209.16	\$(147.64)

2023 FINANCIAL PLAN UPDATE

Financing costs have changed with this Update as illustrated in Table 5-4 above. The sources and uses of funds formerly associated with the private sector funding have changed. The SOI defeased the [PABs](#) with [HRRBs](#) and private funds from DP to facilitate the GSA. The [HRRBs](#) are carried as operating costs by the IFA with a secured funding source via lease agreement with the INDOT. The INDOT will make semiannual payments to the IFA, in consideration for the leasing of the Project roadway, that will pay the principal and interest due on the [HRRBs](#). Once the [HRRBs](#) are defeased, the lease will terminate, and the operating costs capitalized by the INDOT. The financing costs structure now encompasses \$176.24 million CN costs, transaction costs of \$890 thousand, O&M during construction of \$11 million, underwriter fees of \$630 thousand, bond interest of \$14.65 million, no debt service reserve account, and bond repayment of \$5.75 million.

Although the Project's financing still comprises of private sector funding, the SOI retains 100% ownership, control, and management of the asset.

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 INDOT’s view of the financing structure based on the Project’s economics. Sources of funds for the Project are currently fully funded with public funds. The following sources of funds funded CN and other development costs.

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

Sources of Funds	IFP	2017 FPAU	2023 FPAU	\$ Change from IFP	% Change from IFP
Milestone Payment (Fed & State)	\$ 60.00	\$ 60.00	\$ 60.00	\$ -	0.0%
Utilities Milestone Payment (Fed & State)	\$ -	\$ 20.00	\$ 20.00	\$ 20.00	-
IN State & Fed Funding - Formulary	\$ 343.95	\$ 181.29	\$ 472.72	\$ 128.77	37.4%
IN State & Fed Funding - Discretionary	\$ 2.80	\$ 4.99	\$ 7.76	\$ 4.96	177.3%
Bond Proceeds	\$ -	\$ 251.76	\$ 176.24	\$ 176.24	-
Equity	\$ -	\$ 35.50	\$ 32.65	\$ 32.65	-
Interest Income	\$ -	\$ 0.75	\$ 0.27	\$ 0.27	-
Total	\$406.75	\$554.29	\$769.64	\$362.89	89.2%
Uses of Funds					
Transaction Cost	\$ -	\$ 9.00	\$ 0.89	\$ 0.89	-
Construction Costs	\$ 325.30	\$ 482.70	\$ 505.46	\$ 180.16	55.4%
Construction Oversight	\$ 13.00	\$ 16.47	\$ 66.21	\$ 53.21	409.3%
Design, Engineering, Environmental	\$ 20.20	\$ -	\$ 105.43	\$ 85.23	421.9%
Right of Way	\$ 48.25	\$ -	\$ 59.64	\$ 11.39	23.6%
Operations during Construction	\$ -	\$ 7.92	\$ 11.00	\$ 11.00	-
Underwriter Fee	\$ -	\$ 1.90	\$ 0.63	\$ 0.63	-
Bond Interest	\$ -	\$ 26.53	\$ 14.65	\$ 14.65	-
DSRA Funding	\$ -	\$ 6.21	\$ -	\$ -	-
Bond Repayment	\$ -	\$ 3.53	\$ 5.75	\$ 5.75	-
Total	\$406.75	\$554.29	\$769.64	\$362.89	89.2%

2023 FINANCIAL PLAN UPDATE

The sources and uses of funds have changed since the 2017 FPAU as shown above in Table 6-1. The Project has realized a net increase of \$215.36 million over the previous FPAU from both financing and Project costs. The decrease in financing costs have offset the Project costs by \$22.19 million. This is representative of the finance savings of the SOI over the DP. Included in the financing costs are transaction, underwriting, operations during construction, bond interest, and principal payments due during construction. The DP’s figures have all been removed, [PABs](#), equity toward CN, and their uses as reported in previous FPAUs. These figures are replaced with the [HRRBs](#) proceeds the SOI received to defease the [PABs](#) as well as DP equity contributed from the PPA settlement agreement. The DP equity contributed to the Project of \$32.65 million covers the transaction, underwriter, bond interest and principal, and operations

during construction expenditures and is partially offset, \$271 thousand, by interest received from funds held in the Trust account by IFA from the funded MPs that were not earned or paid. The remainder of the funding is from INDOT’s federal-aid and state transportation funding sources.

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 AC, 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 AC. Current year expenditures will be converted to limitation obligation while future year expenditure estimates will remain under AC. This practice will continue throughout the life of the project. At no time will Indiana’s AC exceed Indiana’s future federal estimates.

Table 6-2 below provides the AC conversion status for Indiana. As shown, the Project has converted \$283.32 million of authorized AC funds to federal funds. During SYF18 INDOT restructured internal accounting on the Project to differentiate between costs incurred under the AP concession structure and costs incurred after. As a result, all remaining AC funds were released and not converted to federal funds.

Table 6-2 Advanced Construction Funding (in \$ millions)

SFY	Amount AC'd to Date	Amount Converted to Date	Amount Remaining in AC
2014	\$ 273.70	\$ 50.10	\$ 223.60
2015	\$ 294.10	\$ 61.56	\$ 232.54
2016	\$ 298.46	\$ 98.86	\$ 199.60
2017	\$ 295.81	\$ 120.31	\$ 175.50
2023	\$ 283.32	\$ 283.32	\$ -

OPERATIONS AND MAINTENANCE COSTS

FPAUs will account for reasonably anticipated O&M costs as part of the DBFOM award at financial close. These costs include routine O&M expenditures and major maintenance requirements as shown in Table 6-4. 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.

Table 6-3 Projected Operations and Maintenance Costs (in \$ millions) - Retired

2023 FINANCIAL PLAN UPDATE

At the termination of the PPA, the O&M became the responsibility of INDOT with regular operations. Due to this, the AP schedule is no longer valid. The [net present value of the O&M and lifecycle costs](#) at PPA termination were \$129 million.

PROJECTED CASH FLOWS

This Plan includes a table summarizing the prior, current, and anticipated total, annual cash outlays for the Project. Table 6-5 does not reflect the cash flow timing effects of the various financing mechanisms but rather the underlying total Project expenditures. This table is not included in the initial plan to retain a competitive bidding nature of the P3 but has been updated through Substantial Completion.

Table 6-4 Project Cash Flows (in \$ millions)

SFY	2013 & Prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Revenue												
Carry Forward		\$ 7.51	\$ 15.84	\$ 16.59	\$ 4.95	\$ 3.39	\$ 71.47	\$ 8.72	\$ 6.08	\$ 3.79	\$ 0.96	
CN Milestones - Fed & State	\$ -	\$ -	\$ 10.00	\$ 30.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60.00
Utility Milestones - Fed & State	\$ -	\$ -	\$ 5.00	\$ 15.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.00
INDOT Funding Other	\$ 22.60	\$ 62.05	\$ 53.26	\$ 7.01	\$ 20.30	\$ 267.65	\$ 35.05	\$ 5.02	\$ 1.61	\$ 4.14	\$ 1.80	\$ 480.49
<i>Bonds</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176.24
<i>Developer Equity</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.65
<i>Interest Earned</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.27
Revenues Subtotal	\$ 22.60	\$ 62.05	\$ 68.26	\$ 52.01	\$ 40.30	\$ 476.81	\$ 35.05	\$ 5.02	\$ 1.61	\$ 4.14	\$ 1.80	\$ 769.64
Total (Subtotal + Carry Forward)	\$ 22.60	\$ 69.56	\$ 84.10	\$ 68.60	\$ 45.25	\$ 480.19	\$ 106.52	\$ 13.74	\$ 7.69	\$ 7.93	\$ 2.75	
Expenditures												
Project Expenditures												
Engineering & Design	\$ 14.30	\$ 23.53	\$ 9.92	\$ 3.48	\$ 7.70	\$ 26.72	\$ 5.23	\$ 0.85	\$ 0.57	\$ 0.38	\$ 0.92	\$ 93.59
ROW	\$ -	\$ 27.69	\$ 24.82	\$ 1.39	\$ 1.29	\$ 0.82	\$ 0.57	\$ 0.03	\$ 0.22	\$ 2.80	\$ 0.00	\$ 59.64
Construction	\$ -	\$ 1.76	\$ 13.24	\$ 31.34	\$ 27.41	\$ 283.83	\$ 80.62	\$ 3.04	\$ 1.06	\$ 3.44	\$ 0.00	\$ 445.73
Environmental Mitigation	\$ 0.79	\$ -	\$ 1.02	\$ 3.77	\$ 2.21	\$ 0.92	\$ 0.51	\$ 0.31	\$ 0.18	\$ 0.35	\$ 1.77	\$ 11.83
CEI, Admin, Prgm	\$ -	\$ 0.03	\$ 0.02	\$ 1.91	\$ 2.26	\$ 52.19	\$ 9.24	\$ 0.56	\$ 0.01	\$ -	\$ (0.00)	\$ 66.21
Utilities / Railroad	\$ -	\$ 0.71	\$ 18.51	\$ 21.75	\$ 0.99	\$ 11.33	\$ 1.64	\$ 2.86	\$ 1.86	\$ -	\$ 0.06	\$ 59.73
Public Expenditures Subtotal	\$ 15.09	\$ 53.72	\$ 67.51	\$ 63.65	\$ 41.86	\$ 375.81	\$ 97.80	\$ 7.66	\$ 3.90	\$ 6.97	\$ 2.75	\$ 736.73
Financing Expenditures												
<i>Transaction & Underwriter Costs</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.52
<i>Interest during Construction</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14.65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14.65
<i>Bond Repayment</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.75
<i>O&M During CN</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.00
Private Expenditures Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.92
Total	\$ 15.09	\$ 53.72	\$ 67.51	\$ 63.65	\$ 41.86	\$ 408.73	\$ 97.80	\$ 7.66	\$ 3.90	\$ 6.97	\$ 2.75	\$ 769.64
Net Cash Flow	\$ 7.51	\$ 15.84	\$ 16.59	\$ 4.95	\$ 3.39	\$ 71.47	\$ 8.72	\$ 6.08	\$ 3.79	\$ 0.96	\$ -	

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The total of \$769.64 million is \$215.35 million more than the 2017 Update. This amount includes the identified Project cost increases as discussed in previous Chapters as well as cost changes from financing of \$55 million to \$32.65 million. As previously discussed, this reduction in financing costs is directly attributed to the State's financial position and credit rating resulting in lower financing costs.

Table 6-5 illustrates the Project cash flows comparison to the IFP. In comparison to the IFP, the Project's expenditures were not keeping pace with revenues leaving a larger carryover amount forecasted from SFY13 and prior with carryover into SFY15. Further, in SFY18 demonstrates the SOI takeover of the Project, funding contracts to complete the work and carrying over into SFY19. SFY20 and forward, Project revenues and expenditures are comprised primarily of environmental mitigation commitments, legal fees, and condemnation settlements. Lastly, the IFP shows the project being substantially completed in SFY17 while it actually obtained substantial completion under the INDOT in SFY19.

Table 6-5 Project Cash Flows Comparison with IFP (in \$ millions)

State Fiscal Year	2013 & Prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
IFP Revenues	\$ 15.13	\$ 30.12	\$ 129.30	\$ 123.60	\$ 108.60	-	-	-	-	-	-	\$ 406.75
IFP Expenditures	\$ 15.13	\$ 30.12	\$ 129.30	\$ 123.60	\$ 108.60	-	-	-	-	-	-	\$ 406.75
IFP Carryover	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-	\$ -
2023 Revenues	\$ 22.60	\$ 62.05	\$ 68.26	\$ 52.01	\$ 40.30	\$ 476.81	\$ 35.05	\$ 5.02	\$ 1.61	\$ 4.14	\$ 1.80	\$ 769.64
2023 Expenditures	\$ 15.09	\$ 53.72	\$ 67.51	\$ 63.65	\$ 41.86	\$ 408.73	\$ 97.80	\$ 7.66	\$ 3.90	\$ 6.97	\$ 2.75	\$ 769.64
2023 Carryover	\$ 7.51	\$ 8.33	\$ 0.75	\$ (11.64)	\$ (1.56)	\$ 68.08	\$ (62.75)	\$ (2.64)	\$ (2.29)	\$ (2.83)	\$ (0.96)	\$ -

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; CN cost certainty; the infusion of additional sources of financing; and the transfer of various risks to the private sector, such as CN 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 using alternative delivery models to deliver major transportation infrastructure projects. INDOT will be the procuring agency 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 Program](#) that resides within the [Major Projects Delivery Department](#) under the [Capital Program Management Division](#). Both the [P3 Program](#) and the [Major Projects Delivery Department](#) are responsible for delivering and overseeing P3s at INDOT.

BENEFITS – DISADVANTAGES COMPARISON

The 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 CN 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 CN 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, CN, 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, CN, 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, CN, 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 CN 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?

High Level Project Screening Criteria	
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, such as through an availability payment, 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. INDOT will also begin to assess a timeline for achieving environmental approvals based on specific project criteria during this screening step as shown 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 considered 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?

Detail Project Screening Criteria	
	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/ Legislative 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 operation and maintenance? 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 Project was identified as a potential candidate for P3 delivery and underwent the standard INDOT screening process identified above. 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 DP's expected expenditures during CN. The total [PABs](#) issuance was \$243.8 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 DP'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.

CHAPTER 8. RISK AND RESPONSE STRATEGIES

INTRODUCTION

This chapter addresses a number of important factors that could affect the Project and 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	Likelihood of Occurrence	Impact of Occurrence
Original Cost Estimates		Retired; did not materialize.	
Inflation		Retired; did not materialize.	
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 an availability payment concession structure, as contemplated by the state, helps transfer much of this risk from the public to the private sector design-builder or concessionaire.	Medium	Low
Cost Overruns During Construction		Realized 2017 FPAU	
Cost overruns after start of construction could result in insufficient upfront funds to complete the project.	A design-build or availability payment concession structure helps transfer much of this risk from the public to the private sector design-builder or concessionaire.	Medium	Medium
PPA Termination		Added 2023 FPAU	
The possibility of the PPA not delivering the Project to the Sponsor as structured could result in cost increases.	The PPA provides Sponsor certain remedies in the event the concessionaire fails to perform, including terminating for convenience to return management and control of the Project to Sponsor.	Low	High

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The risks of original cost estimates and inflation have not been realized and therefore retired. The risks of cost overruns during CN have been realized by both the DP and INDOT. The DP realized this risk in part due to the design builder’s failed CN schedule. Under the AP concession structure, this risk is on the DP. As previously mentioned, the INDOT took control of the Project in mid-2017, dissolving the AP concession structure, placing the risk of cost overruns back to the SOI. Some of the work performed under the DP was not acceptable as it

did not meet the [standard specs](#). As a result, not all conditions and needs were known when contracting to finish the Project. Table 11-1 in Chapter 11 lists all contracts the INDOT entered into to complete the Project. Lastly, a new risk was added for this Update; the risk of PPA termination. This risk is added to tie together the culmination of the P3 and INDOT completing the Project. Along with completing the Project, the INDOT will now also retain/be responsible for the O&M of the infrastructure for the future.

The response strategies utilized to address this risk was adding the necessary funds to the Project. The information on the costs and estimate increases, along with what for and why, was assembled, and sent to the INDOT CN manager and consultant, then onto the INDOT Capital Program Management for vetting prior to allocating additional funds to the Project. The requests were approved, and additional funds allocated.

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	Likelihood of Occurrence	Impact of Occurrence
Litigation		Retired; did not materialize.	
Project Start-up/Execution		Realized	2017 FPAU
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.	High	High
Permits and Approvals		Realized	2016 FPAU
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.	Low	Medium
RW Acquisition		Retired; did not materialize.	
Unanticipated Site Conditions		Realized	2016 FPAU
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.	Medium	Medium
Endangered Species		Retired; did not materialize.	
Hazardous Materials		Retired; did not materialize.	

Risk	Mitigation Strategy	Likelihood of Occurrence	Impact of Occurrence
Schedule Coordination		Realized	2016 FPAU
Due to the size and complexity of the Project, poor project scheduling and coordination could delay the Project schedule.	A design-build or availability payment concession structure helps transfer much of this risk from the public to the private sector design-builder or concessionaire.	High	High
Maintenance of Traffic		Realized	2016 FPAU
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.	Low	Low

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The Project schedule risks that did not materialize and have been retired are litigation, RW acquisition, endangered species, and hazardous materials. There were no lawsuits files within the statutory protest period and therefore did not result in delays to the start of CN. Further, the risk of RW acquisitions impacting the Project schedule did not materialize and has been retired. The risk of endangered species and hazardous materials leading to disrupting CN work and schedule delays were not realized and have been retired.

The Project schedule risks that were realized are project startup/execution, permits and approvals, unanticipated site conditions, schedule coordination, and MOT. The risk of project startup and execution was realized with delays in mobilizing the required resources at project kick-off. This triggered the DP to perpetually play catch-up with their schedule and resulted in unexpected delay claims (subsequently denied). Further, the risk associated with permits and approvals was realized with the delay in the receipt of permits/approvals. Further, the risk of unanticipated site conditions risk delaying the schedule and increasing costs was realized. Despite extensive geotech investigations, issues were still encountered with Karst features as well as subsurface conditions being different than anticipated. Lastly, the schedule coordination and MOT risks have been realized. Poor Project scheduling and coordination by the DP caused delays in the Project schedule. The DP also could not adhere to their MOT plan, impacting traffic and loss of access, negatively impacting support for the Project.

The Project schedule risk has been realized both by the DP's own performance, documented through non-compliance Notices of Determination (since settled with IFA), and unsubstantiated Relief Requests (subsequently denied by IFA). The SOI mitigation measures utilized were limited due to the PPA. However, various attempts to provide some assistance/relief to DP was not effective in getting the Project schedule back on track. These attempts included modifying MP requirements, providing some additional funds; modifying the PPA for time extensions to meet certain milestones. Ultimately, the SOI attempts to assist the DP to keep the Project on schedule did not work and resulted in the SOI terminating the PPA for convenience as previously mentioned.

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	Likelihood of Occurrence	Impact of Occurrence
Availability of State and Federal Funding		Retired; did not materialize.	
Capital Market Access		Retired; did not materialize.	
Availability of Federal Financing Tools		Retired; did not materialize.	
Viability of Private Activity Bonds		Retired; did not materialize.	
PPA Termination		Added 2023 FPAU	
The possibility of the PPA terminating could result in the need to defease PABs and increase costs.	Defeasance of PABs increases financing costs, and therefore increases the amount of federal and state funds required for the Project. In the event of defeasance, the Project Sponsor will ensure the viability of the finance plan. Alternative finance plans have been identified and include taxable bond debt.	Low	High

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The Financing and Revenue risks did not materialize as the DP was able to secure [PABs](#) and achieve Financial Close. Further, the availability of federal and state funds risk did not materialize and has been retired. Lastly, a new risk has been added for this Update; the financing and revenue risk associated with PPA termination. Upon PPA termination in SFY18, SOI was able to retire [PABs](#) and issue highway bonds as described in Chapter 5. This method was determined to be the most cost effective to the taxpayers of the State and complete 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 Project through an AP DBFOM procurement model through a PPA.

Table 8-4 Procurement – Risks and Mitigation Strategies

Risk	Mitigation Strategy	Likelihood of Occurrence	Impact of Occurrence
Delay in Procurement		Retired; did not materialize.	

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Previously identified risk did not materialize during procurement.

IMPACT ON STATEWIDE TRANSPORTATION IMPROVEMENT 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 considers the needs of the overall transportation program and other projects throughout the State. The Project costs are approximately 4% of INDOT's capital program. Funding for the Project from INDOT federal authorizations has been primarily 6.3% of the [NHPP](#) (formerly [NHS](#)), and 0.43% of [STBGP](#) funds have been used for the Project. 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 December 31, 2022. The effective date for the IFP was August 2013 revised for an updated Utility estimate in January 2014. This is the final Update on the Project as it has reached substantial completion.

The cycle for this update has changed from the original as of date, June 30th, to December 31st, in coordination with FHWA-IN, to facilitate balancing workload with other INDOT project's financial plan requirements.

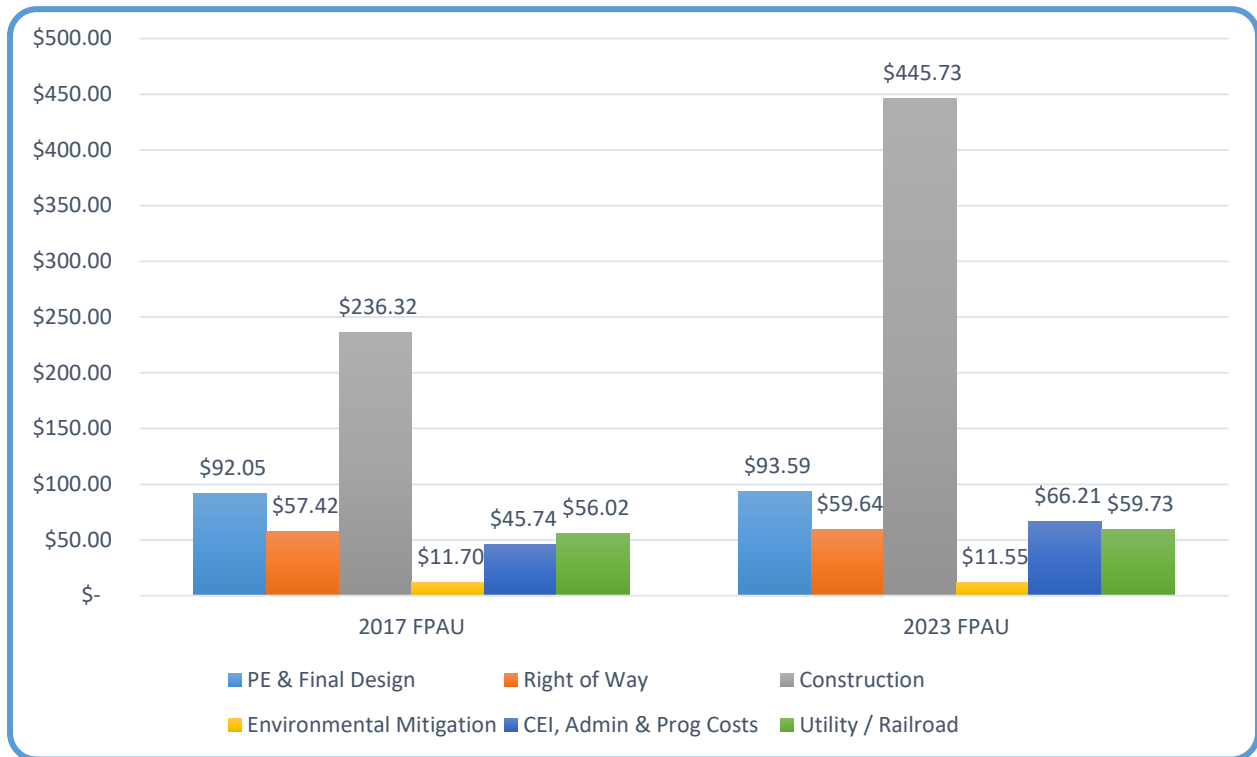
CHAPTER 10. SUMMARY OF COST CHANGES SINCE LAST YEAR'S FINANCIAL PLAN

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.

Figure 10-1 below provides an overview of current Project costs, broken down by work phase, compared to the 2017 FPAU. The rationale for these changes is explained further below and includes figures associated with the HRRB in PE, CN, Utilities, and CEI.

Figure 10-1 Project Cost Estimate by Project Phase (in \$ millions)



The following illustrates the Project cost changes since the 2017 FPAU:

- PE and Environmental Mitigation: the PE costs have increased \$1.54 million to manage ongoing environmental mitigation monitoring \$1.2 million and ongoing legal services to address tort claims \$190 thousand. Overall environmental mitigation costs have increased by \$130 thousand from the prior Update and represents the net of successful mitigation sites running under budget plus additional services.
- Utilities, Railroad, and RW: Utility relocations and railroad coordination realized an increase of \$3.7 million from the 2017 FPAU from claims settlement (not settled during the GSA) and finalization of agreements. RW costs also increased by \$2.22 million from ongoing condemnation settlements.

- CN and CEI/Admin costs: an increase of \$209.41 million CN and \$20.46 million CEI/Admin costs are recognized as a result of termination of the PPA and INDOT completing the Project.

The breakdown of the benefit INDOT received from reimbursing the bond holders for the [PABs](#) is based on the DP's cost layout provided to the SOI totaling \$232.9 million. This results in an estimated 12% to cover PE and design, 66% for CN, 6% for utilities, and 16% for CEI. These percentages applied to the \$176.24 of [HRRBs](#) issued to defease the [PABs](#) results in values of \$20.43 million, \$116.91 million, \$10.59 million, and \$28.3 million respectively.

The actions taken to monitor and control cost growth include the termination of the PPA, vetting all requested changes internally between the Project team and the respective Department. Items considered are cost, added value, short and long-term maintenance impacts, impacts to Project schedule, and ability to be implemented. The Project team looked for duplications of efforts and items to control cost growth. All consulting agreements and amendments are negotiated by INDOT's Professional Services Department in accordance with the 2022 specs.

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.

Since the IFP, the Project has realized a \$329.98 million increase, 81.1% of the IFP presented costs estimates, as shown below in Table 11-1, in costs and funding. The general trend has been cost growth but has stabilized after the SOI terminated the PPA. These changes are reflected below in Table 11-1. The notable reasons for this are due to initially not capturing all of the relevant Project costs in the IFP (\$49.95 million), then in the 2017 Update was the INDOT directive to DP to winterize for safety including the funding (\$19.8 million) as well as associated PE and CEI increases (\$2.6 million), and lastly \$237.47 million more in this Update for the INDOT to complete the Project.

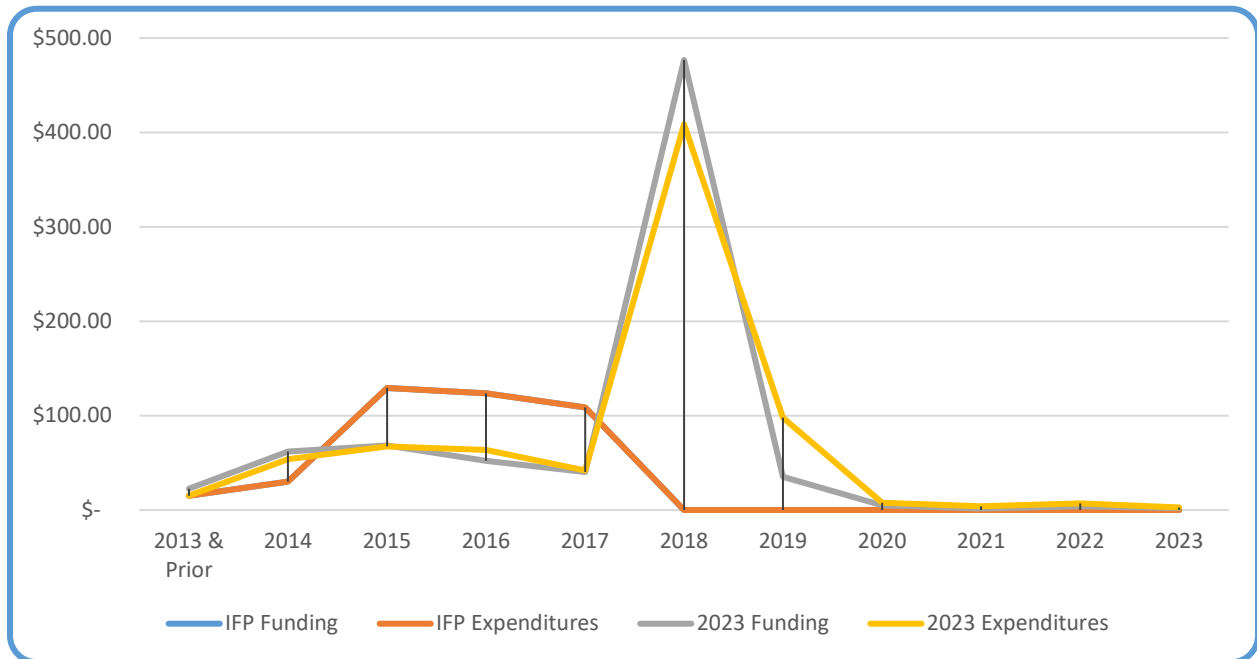
Table 11-1 Project Expenditures & Cost Estimate Comparison by SFY (in \$ millions)

SFY	IFP	2014 FPAU	2015 FPAU	2016 FPAU	2017 FPAU	2023 FPAU	\$ Change from IFP	% Change from IFP
2013 & Prior	\$ 15.13	\$ 15.09	\$ 15.09	\$ 15.09	\$ 15.09	\$ 15.09	\$ (0.04)	-0.3%
2014	\$ 30.12	\$ 53.72	\$ 53.72	\$ 53.72	\$ 53.72	\$ 53.72	\$ 23.60	78.3%
2015	\$ 129.30	\$ 128.00	\$ 123.91	\$ 123.91	\$ 123.91	\$ 67.51	\$ (61.79)	-47.8%
2016	\$ 123.60	\$ 160.10	\$ 184.12	\$ 168.05	\$ 168.05	\$ 63.65	\$ (59.95)	-48.5%
2017	\$ 108.60	\$ 108.90	\$ 95.43	\$ 116.15	\$ 138.49	\$ 41.86	\$ (66.74)	-61.5%
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375.81	\$ 375.81	-
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97.80	\$ 97.80	-
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.66	\$ 7.66	-
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3.90	\$ 3.90	-
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6.97	\$ 6.97	-
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.75	\$ 2.75	-
Total	\$ 406.75	\$ 465.80	\$ 472.27	\$ 476.91	\$ 499.26	\$ 736.73	\$ 329.98	81.1%

As previously discussed, the increased costs are due to INDOT takeover to complete the project as well as some additional scope added that was not part of the DP's bid. Additional scope includes additive items such as replacing small pipes throughout the corridor whereas the DP's plan was to leave in place.

Figure 11-1 shows the growth trend that has been realized on the Project since the IFP. The funding outlay and expenditures forecast in the IFP were the same. Therefore, in Figure 11-1 below, only the expenditures line is visible. The Project's funding and expenditures demonstrate CN activities did not keep pace as expected based on the DP schedule and subsequently funded. This illustrates that the DP was constantly playing catch-up to maintain the schedule completion date. However, this changed once the SOI terminated the PPA and the INDOT took over the Project. Once this occurred, the cost and funding trends became stable and more predictable.

Figure 11-1 Project Expenditures & Cost Estimate Comparison to the IFP (in \$ millions)



Cost changes related to the PPA have been removed as the PPA was terminated via the [GSA](#). Table 11-2 presents the contracts the INDOT entered into to complete the Project and each agreement’s final value. This contains consultant, contractor, and utility contracts. The sum totals \$270.93 million and represents the cost to the SOI to complete the Project.

Table 11-2 Executed Contracts to Complete Project (in \$ millions)

Vendor	Description	Cost \$
Arexco, Inc.	Water & Sewer Installation	\$ 1.52
Associates Four Services	Landscaping / Tree Clearing	\$ 4.78
AT&T	Utility - Communication & Claim settlement	\$ 1.51
Badger Daylighting Corp.	Potholing / Utility Location	\$ 0.06
Blakley Corp.	Concrete Barrier Wall Repairs	\$ 0.06
Charbon Contracting, LLC	Milled HMA Shoulder Corrugations	\$ 0.03
City of Bloomington Utilities	Utility - Water & Sewer including Maintenance Facility	\$ 2.54
City of Martinsville	Utility - Water	\$ 0.14
Crider & Crider Inc.	Earthwork & Drainage Installation	\$ 70.13
Crimson Security LLC	Morgan & Monroe County Law Enforcement Assistance	\$ 0.19
C-Tech Corporation, Inc.	Guardrail & Fencing Removal / Installation	\$ 7.29
Denney Excavating	Rock Crushing	\$ 0.08
DLZ	Design	\$ 5.35
E & B Paving Inc.	HMA Milling / Paving, PCC Patching, Agg Base, Bridge	\$ 71.40
Earth Images, Inc.	Erosion Control	\$ 7.29
Force Construction Co, Inc.	Bridge Construction / Rehab	\$ 34.22
Indiana University	Utility - Fiber Optic	\$ 0.18
Inland Pipe Rehabilitation Holding Co.	Centrifugally Cast Concrete Pipe Liner in Structure #E41	\$ 0.29
Midwest Mole, Inc.	Steel Casing Boring	\$ 12.15
National Railroad Safety Services Inc.	Railroad Flagging	\$ 0.07

Vendor	Description	Cost \$
Professional Service Industries	Geotech Services	\$ 0.09
Reynolds Construction	CBU Pipe Relocation	\$ 0.51
Roadsafe Traffic Systems, Inc.	Traffic Control	\$ 7.82
South Central Indiana REMC	Utility - Electric	\$ 0.03
Specialties Company, LLC	Cable Barrier Installation	\$ 1.46
Sullivan Construction Inc.	Concrete & Asphalt Flatwork	\$ 0.89
The Hoosier Co, Inc.	Signing, Lighting, Signals	\$ 11.33
Vectren Energy Delivery of Indiana	Utility - Gas	\$ 0.07
Walsh Construction Co. II LLC	Construction Management	\$ 24.33
Washington Township Water Corp	Utility - Water	\$ 0.35
Weddle Bros Construction Co	Concrete Median Barrier 2A & Headwalls	\$ 1.14
Whitehead Construction Inc.	Concrete Flatwork	\$ 3.59
Zayo Group LLC	Utility - Fiber Optic	\$ 0.05
Total		\$ 270.93

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.

On July 4th, 2017, Grupo Isolux Corsán SA (parent company of the Project Design-Builder) filed for bankruptcy in Spain under rule 5b (sources: [Reuters](#), and [BNamericas](#)). On August 14, 2017, IFA and INDOT executed a [GSA](#) with the DP and all sub-contractors and consultants to terminate the PPA. The terms of the GSA required the DP to contribute their committed equity investment amount from the PPA held in escrow and to claim default with their sureties. Per the GSA, these funds were to pay outstanding claims to sub-contractors and consultants, to [defeas](#) [the PABs](#), Project CN costs, and insurance premiums and policies.

Since the prior Update, the SOI was successful in getting the Indiana legislative authority for the INDOT to complete the project using the General Contracting method. As the schedule shows in Chapter 2, the Project reached substantial completion in August of 2018 with open to traffic in November 2018. Post PPA termination, Project management and oversight is under INDOT to design, construct, and finance remaining work on the Project as well as operate and maintain portions thereof. Further, the IFA owns and manages the issued bonds and related repayments, although repayment funds are from the INDOT.

The actions taken to monitor and control schedule growth and scope changes are the SOI terminating the PPA for convenience via the GSA, and the critical path methodology (CPM) scheduling for contracts with bi-weekly review between the CN managing consultant and the INDOT.

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.

The DP's proposed schedule, as described in Chapter 2, was irrelevant once the GSA occurred. During the transition period, the INDOT collaborated with consultants and contractors and determined that the Project could be completed by the fall of 2018 (SFY19) at a price of approximately \$272 million. This occurred as the INDOT concurrently engaged contractors and consultants in direct contracts to complete the Project. Under the INDOT management and control, the schedule was met without financial impact.

As the Project is now substantially completed, there are no implications for the remainder of the Project. However, the impact of such large funding (all of the contracted amounts were fully funded in SFY18) could have caused other projects to be delayed or removed altogether. This did not occur and the INDOT was able to fund all project needs.