

KABATA received TIFIA rejection for the FIFTH time in Sept 2012, and was told that if they ever do qualify for a loan, it would be for 33% of project cost, not the 49% that \$500 million (m) represents. At best, that's \$200 m missing from their financial plan.

SOURCES AND USES

SOURCES	GOV PURPOSE	PRIVATE ACTIVITY BONDS	SHORT-TERM FINANCING	TIFIA (1)	EQUITY	TOTAL PRIVATE FINANCING	PUBLIC INVESTMENT	TOTAL
Current Interest Bonds	-	153,435,000	-	-	-	153,435,000	-	153,435,000
Capital Accretion Bonds	-	-	-	-	-	-	-	-
Short-Term Financing	-	-	-	-	-	-	-	-
TIFIA	-	-	-	500,473,670	-	500,473,670	-	500,473,670
Equity	-	-	-	-	72,787,288	72,787,288	-	72,787,288
Premium / Original Issue Discount	-	-	-	-	-	-	-	-
Public Funds Available	-	-	-	-	-	-	-	-
1) Federal	-	-	-	-	-	-	112,572,342	112,572,342
2) State Match	-	-	-	-	-	-	17,324,917	17,324,917
3) State Grant (Milestone Payment)	-	-	-	-	-	-	-	-
4) State Grant (Reserve Fund)	-	-	-	-	-	-	150,000,000	150,000,000
5) State Commerce Grant	-	-	-	-	-	-	15,000,000	15,000,000
6) TIGER-TIFIA Grant	-	-	-	-	-	-	-	-
Total	-	153,435,000	-	500,473,670	72,787,288	726,695,959	294,897,259	1,021,593,218

USES

Deposit to Construction Fund	-	109,357,485	-	499,723,670	70,494,245	679,575,400	25,419,013	704,994,413
Right of Way	-	-	-	-	-	-	15,250,000	15,250,000
KABATA PPA Oversight	-	-	-	-	-	-	11,826,000	11,826,000
Deposit for Port MacKenzie Road Upgrade	-	-	-	-	-	-	15,000,000	15,000,000
Deposit for KABATA Development Costs	-	-	-	-	-	-	77,402,246	77,402,246
Deposit to State Reserve Fund	-	-	-	-	-	-	150,000,000	150,000,000
Repay Short-Term Financing	-	-	-	-	-	-	-	-
TIFIA Credit Subsidy (2)	-	-	-	-	-	-	-	-
Deposit to Capitalized Interest Fund	-	25,051,575	-	-	-	25,051,575	-	25,051,575
Deposit to Prepaid Interest Fund	-	-	-	-	-	-	-	-
Debt Service Reserve Fund	-	15,343,500	-	-	-	15,343,500	-	15,343,500
Bond Insurance Premium	-	-	-	-	-	-	-	-
Cost of Issuance	-	2,301,525	-	750,000	-	3,051,525	-	3,051,525
Underwriter's Discount	-	767,175	-	-	-	767,175	-	767,175
KABATA FA Success Fee	-	613,740	-	-	2,293,044	2,906,784	-	2,906,784
Concession (Shortfall)/Surplus	-	-	-	-	-	-	-	-
Total	-	153,435,000	-	500,473,670	72,787,288	726,695,959	294,897,259	1,021,593,218

Equity Contribution (12% IRR)	72,787,288
Construction Fund Surplus / (Shortfall)	8,416
Equity as % of Financing, Including Public Funds	7.125%
Equity as % of Financing, Excluding Public Funds	10.016%

Delivery Date	12/1/13
Rates as of	2/1/12

Cap I Date	12/1/2016	12/1/2016
Cap I Earnings Rate	0.50%	0.50%

Bond Yield	-	5.846%	-	-
Arbitrage Yield	-	5.846%	2.850%	3.386%
True Interest Cost	-	5.895%	2.850%	3.393%

Minimum Coverage	2.09x	1.33x
Average Coverage	2.90x	1.47x
Final Maturity	12/1/2034	12/1/2046

Total Qualified Project Costs	1,021,374,837
TIFIA 49% Limitation	500,473,670

(1) TIFIA rate assumed at 4.00% (current market + 140bps)
 (2) For subsidy cost of credit assistance

It is not appropriate for a State agency, like KABATA to give themselves a "Success Fee". This needs to be explained.

\$72.8 million is Private Equity Contribution from P3 Contractor, See Page 4

With half their projected funds coming from the TIFIA 3% federal loan, the overall rate is 5.846%. Without the \$500 M from TIFIA the average loan rate is 8.6%. KABATA needs to provide a new Pro-Forma!

The Red boxed comments of this document were created by Jamie Kenworthy and Bob French. This Annotated version is available at http://knikbridgefacts.org/wp-content/uploads/2013/02/KnikArmCrossingProFormaModel_000-Annotated.pdf
 KABATA's original of this document available at: http://www.knikarmbridge.com/documents/KnikArmCrossingProFormaModel_000.pdf

Knik Arm Bridge and Toll Authority
Base Case: Normal Traffic Projections- TIFIA at 49%
Private Model - Availability Payment Structure

Phase I

ASSUMPTIONS

Derivation of DSRF Requirement

Gov. Purpose		
10% of Par	-	
Maximum Annual Debt Service	-	
125% of Average Annual Debt Service	-	
Minimum of 3 tests	-	
PABs		
10% of Par	15,343,500	
Maximum Annual Debt Service	25,507,352	
125% of Average Annual Debt Service	17,907,483	
Deposit	<u>15,343,500</u>	

TIFIA Eligible Costs

Project Costs	705,526,033
Right of Way	15,250,000
KABATA PPA Oversight	11,826,000
KABATA Debt Service Reserve Fund Deposit	15,343,500
KABATA Capitalized Interest Deposit	25,051,575
Bond Insurance	-
Cost of Issuance	2,301,525
Development Phase: Public Investment (1)	92,402,246
Underwriter's Discount	767,175
Upfront Payment	2,906,784
State Funded Reserve Fund	150,000,000
Total Eligible TIFIA Costs	<u>1,021,374,837</u>
Maximum Capacity Constraint	500,473,670
Actual TIFIA Loan Amount Used	500,473,670

Percentage for proration of indirect costs	
Urban	42.4%
Rural	57.6%
Total	<u>100.0%</u>

2017 Initial Toll Rate	\$5.00
2011 Initial Toll Rate (PV @ 2.50%)	\$4.53
Annual Toll Rate Increase After 2016	2.500%

Costs of Issuance	
Bonds	1.500%
TIFIA	750,000

Underwriter's Discount	
Bonds	0.500%

Insurance (% of Total DS)	0.000%
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(1) Includes \$15 million commerce grant for Pt Mackenzie Rd upgrade

NOTE: Both the September 25, 2012 and December 11, 2012 letters to KABATA from the Federal FHWA DOT regarding KABATA's 2012 TIFIA Letter of Interest indicate that IF KABATA does get a TIFIA loan, KABATA will NOT receive more than 33% of project cost. Because KABATA has no TIFIA funds, that \$500 m should not be included in their Financial Plan, or if TIFIA is included, the State should be listed as the alternate source of that \$500 million.

The Federal TIFIA program is highly popular and typically gets "letters of Interest" requesting 10 times more money than what is available.

KABATA has now been turned down FIVE times in their TIFIA applications, and despite KABATA's assertions, it is not a first-come, first-served program.

Refer to http://www.knikarmbridge.com/documents/Knik_Arm_LOI_Response_9-25-12.pdf and http://www.knikarmbridge.com/documents/Knik_Arm_Response_from_USDOT-12-11-12.pdf

Toll Revenue is not shown here, possibly because they don't want to directly compare revenue with the "Availability Payments" that the State is guaranteeing. See pg. 6.

EBITDA				2.50%	2.50%	2.50%	
Date	Toll Revenue	Availability Payment	Interest Income Earnings	O&M	Tolling Operations	Renewal CapEx	Cash Available for Debt Service
Total	-	2,332,602,885	23,628,990	(122,228,256)	(196,731,032)	(112,054,849)	1,925,217,738
12/1/14	-	-	-	-	-	-	-
12/1/15	-	-	-	-	-	-	-
12/1/16	-	-	-	-	-	-	-
12/1/17	-	24,729,500	460,305	(1,908,268)	(1,746,600)	(889,193)	20,645,744
12/1/18	-	28,118,680	460,305	(2,219,973)	(1,952,625)	(890,084)	23,516,304
12/1/19	-	33,563,427	460,305	(2,070,627)	(2,143,275)	(898,535)	28,911,296
12/1/20	-	35,065,964	460,305	(2,198,735)	(2,319,575)	(900,343)	30,107,617
12/1/21	-	40,628,603	460,305	(2,159,774)	(2,472,300)	(901,316)	35,555,517
12/1/22	-	42,253,747	460,305	(2,457,230)	(2,616,825)	(1,216,140)	36,423,856
12/1/23	-	43,943,897	460,305	(2,330,510)	(2,766,475)	(1,217,173)	38,090,044
12/1/24	-	45,701,653	460,305	(2,630,133)	(2,924,325)	(2,464,241)	38,143,259
12/1/25	-	47,529,719	460,305	(2,472,437)	(3,089,350)	(2,464,473)	39,963,763
12/1/26	-	49,430,908	460,305	(2,774,865)	(3,289,225)	(2,465,602)	41,361,521
12/1/27	-	51,408,144	460,305	(2,623,009)	(3,496,275)	(2,458,082)	43,291,083
12/1/28	-	53,464,470	460,305	(2,840,533)	(3,713,575)	(2,459,279)	44,911,387
12/1/29	-	55,603,048	460,305	(2,782,750)	(3,940,100)	(1,206,974)	48,133,529
12/1/30	-	57,827,170	460,305	(3,223,756)	(4,178,925)	(1,208,244)	49,676,550
12/1/31	-	60,140,257	460,305	(2,848,581)	(4,407,500)	(1,209,552)	52,134,929
12/1/32	-	62,545,867	460,305	(3,197,045)	(4,634,025)	(1,962,682)	53,212,421
12/1/33	-	65,047,702	460,305	(3,132,011)	(4,870,800)	(1,964,070)	55,541,127
12/1/34	-	67,649,610	15,803,805	(3,628,366)	(5,119,875)	(1,965,499)	72,739,675
12/1/35	-	70,355,595	-	(3,322,750)	(5,379,200)	(2,055,333)	59,598,312
12/1/36	-	72,114,485	-	(3,478,155)	(5,685,675)	(3,844,095)	59,106,560
12/1/37	-	73,917,347	-	(3,525,104)	(5,955,250)	(4,944,285)	59,492,708
12/1/38	-	75,765,280	-	(4,083,758)	(6,238,150)	(4,945,894)	60,497,479
12/1/39	-	77,659,412	-	(3,739,783)	(6,534,375)	(4,947,551)	62,437,703
12/1/40	-	79,600,898	-	(4,049,921)	(6,841,875)	(4,860,896)	63,848,206
12/1/41	-	81,590,920	-	(3,828,253)	(7,165,944)	(3,075,409)	67,521,314
12/1/42	-	83,630,693	-	(4,596,306)	(7,505,363)	(2,226,345)	69,302,679
12/1/43	-	85,721,460	-	(4,209,159)	(7,860,859)	(2,340,144)	71,311,299
12/1/44	-	87,864,497	-	(4,558,221)	(8,233,192)	(2,342,065)	72,731,018
12/1/45	-	90,061,109	-	(4,465,497)	(8,623,162)	(2,344,044)	74,628,407
12/1/46	-	92,312,637	-	(5,011,714)	(9,031,603)	(2,346,082)	75,923,238
12/1/47	-	94,620,453	-	(4,737,446)	(9,459,390)	(6,626,429)	73,797,188
12/1/48	-	96,985,964	-	(5,130,318)	(9,907,439)	(9,064,843)	72,883,365
12/1/49	-	99,410,613	-	(5,025,956)	(10,376,710)	(9,067,070)	74,940,878
12/1/50	-	101,895,879	-	(5,822,461)	(10,868,208)	(9,069,363)	76,135,846
12/1/51	-	104,443,276	-	(5,144,852)	(11,382,987)	(9,213,520)	78,701,917
12/1/52	-	-	-	-	-	-	-

Note that Availability Payments are Balloon Payments, most successful P3's have Flat Availability Payments

The \$2,332,602,885 in "Availability Payment" is what KABATA predicts will be established by the P3 contract, and will be paid to the P3 over the life of the project. However with half the toll revenue and higher interest Private Activity Bonds rather than TIFIA loans, these State Guaranteed payments are what Jeff Stark of the AG's office said the state will need to pay into the unlimited "Reserve Fund" in the proposed HB 23 / S 13, regardless of how much toll revenue is received.

Knik Arm Bridge and Toll Authority
Base Case: Normal Traffic Projections-TIFIA at 49%
Private Model - Availability Payment Structure

Phase I

\$72.8 M, or 7% of project cost is what the P3 partner is "investing"

COVERAGE

Date	Cash Available for Debt Service	PABs Debt Service	Senior PABs Lien Coverage	TIFIA DS	Total Coverage	Total Coverage (inc. O&M)	Net Cashflow	PV of Net Cash Flow 12.0%
Total	1,925,217,738	(274,193,572)		(913,116,806)			737,907,360	72,787,288
12/1/14	-	-	-	-	-	-	-	-
12/1/15	-	-	-	-	-	-	-	-
12/1/16	-	-	-	-	-	-	-	-
12/1/17	20,645,744	(8,884,049)	2.32x	-	2.32x	2.32x	11,761,695	7,379,433
12/1/18	23,516,304	(8,884,049)	2.65x	-	2.65x	2.65x	14,632,255	8,170,575
12/1/19	28,911,296	(8,884,049)	3.25x	-	3.25x	3.25x	20,027,247	9,952,928
12/1/20	30,107,617	(14,434,049)	2.09x	(8,120,768)	1.33x	1.33x	7,552,800	3,340,611
12/1/21	35,555,517	(10,500,984)	3.39x	(16,127,688)	1.34x	1.34x	8,926,845	3,514,019
12/1/22	36,423,856	(11,162,677)	3.26x	(16,124,840)	1.33x	1.33x	9,136,340	3,200,860
12/1/23	38,090,044	(12,409,621)	3.07x	(16,121,992)	1.34x	1.34x	9,558,432	2,980,364
12/1/24	38,143,259	(12,453,395)	3.06x	(16,119,144)	1.33x	1.33x	9,570,721	2,655,924
12/1/25	39,963,763	(13,814,220)	2.89x	(16,116,296)	1.34x	1.34x	10,033,248	2,477,997
12/1/26	41,361,521	(14,870,392)	2.78x	(16,113,448)	1.33x	1.33x	10,377,682	2,281,119
12/1/27	43,291,083	(16,315,907)	2.65x	(16,110,600)	1.34x	1.34x	10,864,577	2,125,439
12/1/28	44,911,387	(17,536,893)	2.56x	(16,107,751)	1.33x	1.33x	11,266,743	1,961,654
12/1/29	48,133,529	(19,951,179)	2.41x	(16,104,903)	1.33x	1.33x	12,077,447	1,871,490
12/1/30	49,676,550	(21,105,435)	2.35x	(16,102,055)	1.34x	1.34x	12,469,060	1,719,627
12/1/31	52,134,929	(22,956,606)	2.27x	(16,099,207)	1.33x	1.33x	13,079,116	1,605,341
12/1/32	53,212,421	(23,761,622)	2.24x	(16,096,359)	1.34x	1.34x	13,354,440	1,458,824
12/1/33	55,541,127	(25,507,352)	2.18x	(16,093,511)	1.34x	1.34x	13,940,264	1,355,303
12/1/34	72,739,675	(10,761,099)	6.76x	(43,725,955)	1.33x	1.33x	18,252,621	1,579,352
12/1/35	59,598,312	-	-	(44,642,930)	1.34x	1.34x	14,955,382	1,151,700
12/1/36	59,106,560	-	-	(44,274,576)	1.34x	1.34x	14,831,983	1,016,552
12/1/37	59,492,708	-	-	(44,563,826)	1.34x	1.34x	14,928,882	910,638
12/1/38	60,497,479	-	-	(45,316,463)	1.34x	1.34x	15,181,015	824,152
12/1/39	62,437,703	-	-	(46,769,815)	1.34x	1.34x	15,667,888	757,017
12/1/40	63,848,206	-	-	(47,826,371)	1.34x	1.34x	16,021,834	688,962
12/1/41	67,521,314	-	-	(50,577,763)	1.34x	1.34x	16,943,551	648,449
12/1/42	69,302,679	-	-	(51,912,119)	1.34x	1.34x	17,390,560	592,343
12/1/43	71,311,299	-	-	(53,416,703)	1.34x	1.34x	17,894,596	542,463
12/1/44	72,731,018	-	-	(54,480,163)	1.34x	1.34x	18,250,855	492,402
12/1/45	74,628,407	-	-	(55,901,428)	1.34x	1.34x	18,726,979	449,668
12/1/46	75,923,238	-	-	(56,871,340)	1.34x	1.34x	19,051,899	407,147
12/1/47	73,797,188	-	-	(55,278,790)	1.34x	1.34x	18,518,398	352,212
12/1/48	72,883,365	-	-	-	-	-	72,883,365	1,233,724
12/1/49	74,940,878	-	-	-	-	-	74,940,878	1,129,007
12/1/50	76,135,846	-	-	-	-	-	76,135,846	1,020,834
12/1/51	78,701,917	-	-	-	-	-	78,701,917	939,160

P3 Contractor receives net cashflow

The \$737 M shows what a great deal this public private "partnership" is for the contractor, not so much for the state. Subtracting the contractor's \$73 M equity from the contractor's \$737 M net cash flow gives a Profit of \$664 Million.

Why should a AAA credit state that can borrow long term at 3%, guarantee a contract that promises 12% cumulative interest? The "Real Cost" paper uses "only" a 10% return, because that is the one cost that we think KABATA underestimated.

This \$46,421,197 being taken out by the P3 Contractor BEFORE the first payment of Federal TIFIA loans is not allowed by present TIFIA guidelines KABATA claims that they are "grandfathered". In the Real World, no one is allowed to take out equity before the creditors start to be repaid.

ANNUAL DEBT SERVICE

Date	GP	GP	GP Capi Interest Draws	Total	PABS	Capl Interest Draws	Prepaid Interest Draws	PABS Annual DS	TIFIA Annual DS	Net Annual DS
	Tax-Exempt CIB Annual DS	Tax-Exempt CAB Annual DS		GP Tax-Exempt Annual DS	Tax-Exempt CIB Annual DS					
Total	-	-	-	-	300,845,719	(26,652,147)	-	274,193,572	913,116,806	1,187,310,378
12/1/14	-	-	-	-	8,884,049	(8,884,049)	-	-	-	-
12/1/15	-	-	-	-	8,884,049	(8,884,049)	-	-	-	-
12/1/16	-	-	-	-	8,884,049	(8,884,049)	-	-	-	-
12/1/17	-	-	-	-	8,884,049	-	-	8,884,049	-	8,884,049
12/1/18	-	-	-	-	8,884,049	-	-	8,884,049	-	8,884,049
12/1/19	-	-	-	-	8,884,049	-	-	8,884,049	-	8,884,049
12/1/20	-	-	-	-	14,434,049	-	-	14,434,049	8,120,768	22,554,817
12/1/21	-	-	-	-	10,500,984	-	-	10,500,984	16,127,688	26,628,672
12/1/22	-	-	-	-	11,162,677	-	-	11,162,677	16,124,840	27,287,516
12/1/23	-	-	-	-	12,409,621	-	-	12,409,621	16,121,992	28,531,612
12/1/24	-	-	-	-	12,453,395	-	-	12,453,395	16,119,144	28,572,538
12/1/25	-	-	-	-	13,814,220	-	-	13,814,220	16,116,296	29,930,515
12/1/26	-	-	-	-	14,870,392	-	-	14,870,392	16,113,448	30,983,839
12/1/27	-	-	-	-	16,315,907	-	-	16,315,907	16,110,600	32,426,506
12/1/28	-	-	-	-	17,536,893	-	-	17,536,893	16,107,751	33,644,644
12/1/29	-	-	-	-	19,951,179	-	-	19,951,179	16,104,903	36,056,082
12/1/30	-	-	-	-	21,105,435	-	-	21,105,435	16,102,055	37,207,490
12/1/31	-	-	-	-	22,956,606	-	-	22,956,606	16,099,207	39,055,813
12/1/32	-	-	-	-	23,761,622	-	-	23,761,622	16,096,359	39,857,981
12/1/33	-	-	-	-	25,507,352	-	-	25,507,352	16,093,511	41,600,863
12/1/34	-	-	-	-	10,761,099	-	-	10,761,099	43,725,955	54,487,054
12/1/35	-	-	-	-	-	-	-	-	44,642,930	44,642,930
12/1/36	-	-	-	-	-	-	-	-	44,274,576	44,274,576
12/1/37	-	-	-	-	-	-	-	-	44,563,826	44,563,826
12/1/38	-	-	-	-	-	-	-	-	45,316,463	45,316,463
12/1/39	-	-	-	-	-	-	-	-	46,769,815	46,769,815
12/1/40	-	-	-	-	-	-	-	-	47,826,371	47,826,371
12/1/41	-	-	-	-	-	-	-	-	50,577,763	50,577,763
12/1/42	-	-	-	-	-	-	-	-	51,912,119	51,912,119
12/1/43	-	-	-	-	-	-	-	-	53,416,703	53,416,703
12/1/44	-	-	-	-	-	-	-	-	54,480,163	54,480,163
12/1/45	-	-	-	-	-	-	-	-	55,901,428	55,901,428
12/1/46	-	-	-	-	-	-	-	-	56,871,340	56,871,340
12/1/47	-	-	-	-	-	-	-	-	55,278,790	55,278,790
12/1/48	-	-	-	-	-	-	-	-	-	-
12/1/49	-	-	-	-	-	-	-	-	-	-
12/1/50	-	-	-	-	-	-	-	-	-	-
12/1/51	-	-	-	-	-	-	-	-	-	-
12/1/52	-	-	-	-	-	-	-	-	-	-
12/1/53	-	-	-	-	-	-	-	-	-	-
12/1/54	-	-	-	-	-	-	-	-	-	-
12/1/55	-	-	-	-	-	-	-	-	-	-
12/1/56	-	-	-	-	-	-	-	-	-	-
12/1/57	-	-	-	-	-	-	-	-	-	-
12/1/58	-	-	-	-	-	-	-	-	-	-
12/1/59	-	-	-	-	-	-	-	-	-	-
12/1/60	-	-	-	-	-	-	-	-	-	-
12/1/61	-	-	-	-	-	-	-	-	-	-
12/1/62	-	-	-	-	-	-	-	-	-	-

Refer to the \$4,232,333,723 Toll Revenue shown in the 2nd column of the next page, page 6. KABATA's "Pro-Forma" in their 2011 TIGER grant application (available at <http://www.knikarmbridge.com/2011TIGER/ExhibitD.pdf>) showed a forecasted Toll Revenue of \$4.8 billion. This 2012 Pro-Forma shows \$4.2 billion, a drop of nearly \$600 million. That is 4 times the \$150 million that KABATA is requesting for the "Reserve Fund" that would be established by HB 23 / SB 13. This was because of lower traffic forecasts as well as other factors, but shows how "flexible" both the estimated Toll Revenues as well as construction and financing costs can be. While KABATA's various "Pro-Forma" over the years are inching closer to reality, we still think that toll revenues are still overestimated by at least a factor of 2. If different crystal balls, only a year apart, show revenue forecast differences of \$600 million, this "flexibility" should concern legislators, especially because the Toll Revenues that go into the "Reserve Fund are likely to be far less than the annual "Availability Payments". Through the "Reserve Fund" proposed in HB 23 / SB 13, the State would be guaranteeing all the funds necessary to meet the annual "Availability Payments". We expect that KABATA will annually be asking the State to "Replenish" the "Reserve Fund".

Knik Arm Bridge and Toll Authority
Base Case: Normal Traffic Projections-TIFIA at 49%
Private Model - Availability Payment Structure

Phase I

The P3 contractor is responsible for Toll Collection, O&M, etc.
 Why \$3 to \$7 million a year for KABATA to administer a contract?

Receipts predicted to exceed costs only after 9 years of operation, and this kind of "Negative Equity" or "Negative Amortization" loans are no longer made, at least in the Residential Housing Market.

AVAILABILITY PAYMENT SURPLUS (SHORTFALL)

See comment pg. 5

Date	Toll Revenue	Availability Payment	GP Total Annual DS	KABATA Administrative Costs	Net State Surplus (Shortfall)	PV @ 5.000%	Cumulative Deficit/Return
Total	4,232,444,723	(2,332,602,885)	-	(174,928,270)	1,724,913,568	436,668,726	
12/1/14	-	-	-	-	-	-	-
12/1/15	-	-	-	-	-	-	-
12/1/16	-	-	-	-	-	-	-
12/1/17	16,018,701	(24,729,500)	-	(3,019,041)	(11,729,840)	(9,627,226)	(11,729,840)
12/1/18	22,836,943	(28,118,680)	-	(3,103,849)	(8,385,586)	(6,550,806)	(20,115,426)
12/1/19	29,655,186	(33,563,427)	-	(3,191,057)	(7,099,299)	(5,278,725)	(27,214,725)
12/1/20	36,473,428	(35,065,964)	-	(3,280,734)	(1,873,270)	(1,325,764)	(29,087,995)
12/1/21	43,291,671	(40,628,603)	-	(3,372,949)	(709,881)	(478,194)	(29,797,876)
12/1/22	48,083,795	(42,253,747)	-	(3,467,776)	2,362,272	1,514,608	(27,435,604)
12/1/23	52,875,920	(43,943,897)	-	(3,565,289)	5,366,734	3,275,162	(22,068,870)
12/1/24	57,668,044	(45,701,653)	-	(3,665,563)	8,300,828	4,821,658	(13,768,041)
12/1/25	62,460,169	(47,529,719)	-	(3,768,680)	11,161,771	6,171,068	(2,606,271)
12/1/26	67,252,294	(49,430,908)	-	(3,874,718)	13,946,668	7,339,221	11,340,398
12/1/27	74,284,285	(51,408,144)	-	(3,983,762)	18,892,380	9,462,773	30,232,778
12/1/28	81,316,277	(53,464,470)	-	(4,095,897)	23,755,911	11,325,457	53,988,688
12/1/29	88,348,269	(55,603,048)	-	(4,211,212)	28,534,009	12,947,893	82,522,697
12/1/30	95,380,261	(57,827,170)	-	(4,329,797)	33,223,293	14,349,318	115,745,990
12/1/31	102,412,252	(60,140,257)	-	(4,451,746)	37,820,249	15,547,667	153,566,240
12/1/32	109,444,244	(62,545,867)	-	(4,577,155)	42,321,222	16,559,656	195,887,462
12/1/33	116,476,236	(65,047,702)	-	(4,706,122)	46,722,412	17,400,857	242,609,873
12/1/34	123,508,228	(67,649,610)	-	(4,838,750)	51,019,867	18,085,769	293,629,741
12/1/35	130,540,220	(70,355,595)	-	(4,975,143)	55,209,482	18,627,887	348,839,222
12/1/36	137,572,211	(72,114,485)	-	(5,115,408)	60,342,318	19,378,680	409,181,541
12/1/37	144,182,963	(73,917,347)	-	(5,259,657)	65,005,959	19,870,447	474,187,500
12/1/38	151,085,615	(75,765,280)	-	(5,408,003)	69,912,332	20,340,448	544,099,832
12/1/39	158,200,196	(77,659,412)	-	(5,560,563)	74,980,221	20,763,746	619,080,053
12/1/40	165,493,715	(79,600,898)	-	(5,717,458)	80,175,360	21,132,564	699,255,413
12/1/41	169,631,058	(81,590,920)	-	(5,878,811)	82,161,327	20,612,515	781,416,740
12/1/42	173,871,834	(83,630,693)	-	(6,025,781)	84,215,360	20,109,771	865,632,100
12/1/43	178,218,630	(85,721,460)	-	(6,176,426)	86,320,744	19,619,288	951,952,844
12/1/44	182,674,096	(87,864,497)	-	(6,330,837)	88,478,763	19,140,769	1,040,481,606
12/1/45	187,240,948	(90,061,109)	-	(6,489,108)	90,690,732	18,673,921	1,131,122,338
12/1/46	191,921,972	(92,312,637)	-	(6,651,335)	92,958,000	18,218,460	1,224,080,338
12/1/47	196,720,022	(94,620,453)	-	(6,817,619)	95,281,950	17,774,107	1,319,362,288
12/1/48	201,638,022	(96,985,964)	-	(6,988,059)	97,663,999	17,340,592	1,417,026,286
12/1/49	206,678,973	(99,410,613)	-	(7,162,761)	100,105,599	16,917,651	1,517,131,885
12/1/50	211,845,947	(101,895,879)	-	(7,341,830)	102,608,239	16,505,025	1,619,740,123
12/1/51	217,142,096	(104,443,276)	-	(7,525,375)	105,173,445	16,102,464	1,724,913,568
12/1/52							

Max amount of revenue from a 2 lane bridge

2030 is when KABATA says they will build the 4 lane bridge

CDM Smith's forecast stops at 2040

These are basically the toll revenue number from CDM Smith's Aug. 23, 2012 revised Toll Estimate. Compared to 2011 TIGER grant application, the toll revenues are slightly lower for 2027 to 2031, and increased between 2032 and 2036. Note that KABATA Traffic & toll consultant, CDM Smith's, predictions stop at 2040 and the revenues shown here are apparently an extrapolation, without documented substantiation. **KABATA's Document available at:** <http://www.knikarmbridge.com/documents/MemoforAugust2012TandRforecastupdated8.23.2012.pdf>

As discussed on Table 1 of CDM Smith's Aug 23, 2012 revised Toll Estimate, between 2027 and 2030 KABATA is counting on getting the Toll Revenue from more than 22,500 Average Daily Trips traffic that will only fit on a 4 lane road and bridge, however, they are not predicting that the expansion from 2 lane to 4 lanes will occur until 2030 and do not show the costs of that expansion. That is "Impossibly Derived Revenue". Note also that KABATA is predicting that the 2 lane bridge will be "maxed out" just after their predicted revenue exceeds their costs!

Based on CDM Smith's track record, We believe the Toll Revenue amounts are at least double what actual revenue will be. See: <http://www.scribd.com/doc/79582705/RCA-Study-Wilbur-Smith-Traffic-amp-Revenue-Forecasts-012712>

STATE RESERVE FUND

Date	Minimum Reserve Fund Requirement	Reserve Fund Release Requirement	Beginning Balance	Excess Revenues	Interest @ 3.000%	State Replenish (1)	Draws on Reserve (2)	General Surplus Withdrawals (3)	Ending Balance
Total				1,754,711,444	119,583,276	-	(29,797,876)	(1,994,496,844)	
12/1/14	-	-	150,000,000	-	4,500,000	-	-	-	154,500,000
12/1/15	-	-	154,500,000	-	4,635,000	-	-	-	159,135,000
12/1/16	-	-	159,135,000	-	4,774,050	-	-	-	163,909,050
12/1/17	38,290,222	47,862,778	163,909,050	-	4,917,272	-	(11,729,840)	-	157,096,481
12/1/18	26,510,784	37,143,155	157,096,481	-	4,712,894	-	(8,385,586)	-	153,423,790
12/1/19	24,804,151	36,714,424	153,423,790	-	4,602,714	-	(7,099,299)	-	150,927,205
12/1/20	21,572,724	34,379,701	150,927,205	-	4,527,816	-	(1,873,270)	-	153,581,751
12/1/21	18,419,476	32,142,702	153,581,751	-	4,607,453	-	(709,881)	-	157,479,322
12/1/22	13,747,499	28,007,292	157,479,322	2,362,272	4,724,380	-	-	-	164,565,974
12/1/23	11,186,125	26,003,605	164,565,974	5,366,734	4,936,979	-	-	-	174,869,688
12/1/24	8,712,576	24,109,700	174,869,688	8,300,828	5,246,091	-	-	-	188,416,606
12/1/25	6,330,327	22,329,920	188,416,606	11,161,771	5,652,498	-	-	-	205,230,875
12/1/26	4,042,990	20,668,780	205,230,875	13,946,668	6,156,926	-	-	-	225,334,470
12/1/27	1,854,319	19,130,972	225,334,470	18,892,380	6,760,034	-	-	-	250,986,884
12/1/28	-	15,481,512	250,986,884	23,755,911	7,529,607	-	-	-	282,272,401
12/1/29	-	11,965,338	282,272,401	28,534,009	8,468,172	-	-	-	319,274,582
12/1/30	-	8,587,727	319,274,582	33,223,293	9,578,237	-	-	-	362,076,113
12/1/31	-	5,354,164	362,076,113	37,820,249	10,862,283	-	-	-	410,758,646
12/1/32	-	2,270,351	410,758,646	42,321,222	12,322,759	-	-	(463,132,276)	2,270,351
12/1/33	-	-	2,270,351	46,722,412	68,111	-	-	(49,060,873)	-
12/1/34	-	-	-	51,019,867	-	-	-	(51,019,867)	-
12/1/35	-	-	-	55,209,482	-	-	-	(55,209,482)	-
12/1/36	-	-	-	60,342,318	-	-	-	(60,342,318)	-
12/1/37	-	-	-	65,005,959	-	-	-	(65,005,959)	-
12/1/38	-	-	-	69,912,332	-	-	-	(69,912,332)	-
12/1/39	-	-	-	74,980,221	-	-	-	(74,980,221)	-
12/1/40	-	-	-	80,175,360	-	-	-	(80,175,360)	-
12/1/41	-	-	-	82,161,327	-	-	-	(82,161,327)	-
12/1/42	-	-	-	84,215,360	-	-	-	(84,215,360)	-
12/1/43	-	-	-	86,320,744	-	-	-	(86,320,744)	-
12/1/44	-	-	-	88,478,763	-	-	-	(88,478,763)	-
12/1/45	-	-	-	90,690,732	-	-	-	(90,690,732)	-
12/1/46	-	-	-	92,958,000	-	-	-	(92,958,000)	-
12/1/47	-	-	-	95,281,950	-	-	-	(95,281,950)	-
12/1/48	-	-	-	97,663,999	-	-	-	(97,663,999)	-
12/1/49	-	-	-	100,105,599	-	-	-	(100,105,599)	-
12/1/50	-	-	-	102,608,239	-	-	-	(102,608,239)	-
12/1/51	-	-	-	105,173,445	-	-	-	(105,173,445)	-
12/1/52	-	-	-	-	-	-	-	-	-

1) General Surplus Withdrawals begin once all of Phase II has been financed.

This column shows KABATA's prediction that the \$150 Million appropriated to the "Reserve Fund" will eventually be paid back. Our estimate is that average annual deficits will be \$58 million per year between 2017 and 2035, and an average of \$94 million per year between 2036 and 2051 because of sharply rising annual "Availability Payments". With toll revenues likely to be no more than half of what KABATA predicts, we anticipate the "Reserve Fund" will require annual "replenishment" from the Legislature.

State Replenishment, that KABATA describes as a "Moral Obligation" to pay the P3 Contractor their annual "Availability Payments" is estimated by the "Real Costs" paper at \$2.6 Billion over the life of the contract.

The rest of the pages of the Pro-Forma were not annotated, but can be viewed from KABATA's website. See link on the first page. Pages 18 to 20 does show KABATA's estimate of Phase 2 costs to connect to Ingra/Gambell, but the costs to expand the bridge and approach roads from 2 lanes to 4 lanes need to be included in the Phase 1 "Pro-Forma" because \$1.9 billion in Toll Revenue is included in that Phase 1 Pro-Forma after 2026, when the 2-lane bridge is over capacity at 22,500 Average Daily Trips.