



State of Indiana: Current status of Indiana PPPs and lessons learned

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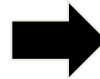
Agenda

- Who is IFA and how is IFA different from the State of Indiana
- P3's in Indiana
 - Monetization of Assets
 - Design, Build, Finance, Operate and Maintain (DBFOM)
 - Best Value
- Pros/Cons

Why IFA?

Toll Revenue Concession

Asset that Appeals to Private Industry, Upfront Payment, Long-Term O/M



Availability Payment*

Appropriation backed payments. Traffic Volumes that Can Support Construction Costs, State retains toll collection



Design-Build Best Value

Set contract amount, firms bid to achieve maximum project scope, no state borrowing



*I-69 Section 5 PPP was terminated and is currently under State of Indiana INDOT control

Asset Monetization: Indiana Toll Road

- Toll Monetization P3
 - State received \$3.8B in 2006 in upfront payment
 - Toll collection risk passed on to concessionaire until 2081 (75 Years)
 - State received additional \$1B over two years in 2018
 - Enact a one-time 35% increase on the toll rate
 - Increase better aligns with market rate
 - Only applies to Class-3 (3 axle) and above vehicles
- Ownership of the Indiana Toll Road retained by State of Indiana
- ITRCC responsibility:
 - Operations and maintenance
 - Upgrades
 - Toll and concession revenue collection

East End Crossing Project (Part of the Ohio River Projects):

The East End Crossing portion of the Ohio River Bridges Project is located in the eastern portion of the Louisville Metro area, connecting I-265/KY 841 (Gene Snyder Freeway) in Kentucky with S.R. 265 (Lee Hamilton Highway) in Indiana. This project includes a new bridge connecting Indiana and Kentucky over the Ohio River and a tunnel in Kentucky.

Project

- Cost: Significantly less expensive than internal INDOT plans
- Time: Project completed significantly earlier than INDOT estimates
- Complicated Project: Building new bridge over Ohio River and building tunnel brought challenges to INDOT

Structure

- Design, Build, Finance, Operate and Maintain (DBFOM): This includes a defined hand back condition after term of contract
- State Payments
 - Milestone Payments: Payments made during construction for completing milestones
 - AP's: Annual Payments made to developer for project, subject to available for use

Project continues as anticipated: Developer & IFA refunded PABS for savings to AP

I-69 Section 5:

Upgrading of approximately 21 miles of existing State Road 37 between Bloomington, Indiana and Martinsville, Indiana. Include 12 new bridges to allow for grade separated crossings, a waterway crossing and improvements to existing interchanges. Ultimate goal was to continue to build the broader I-69 Project between Evansville and Indianapolis.

Project

- Scoring models included both a financial and technical scoring
- Project reached financial close

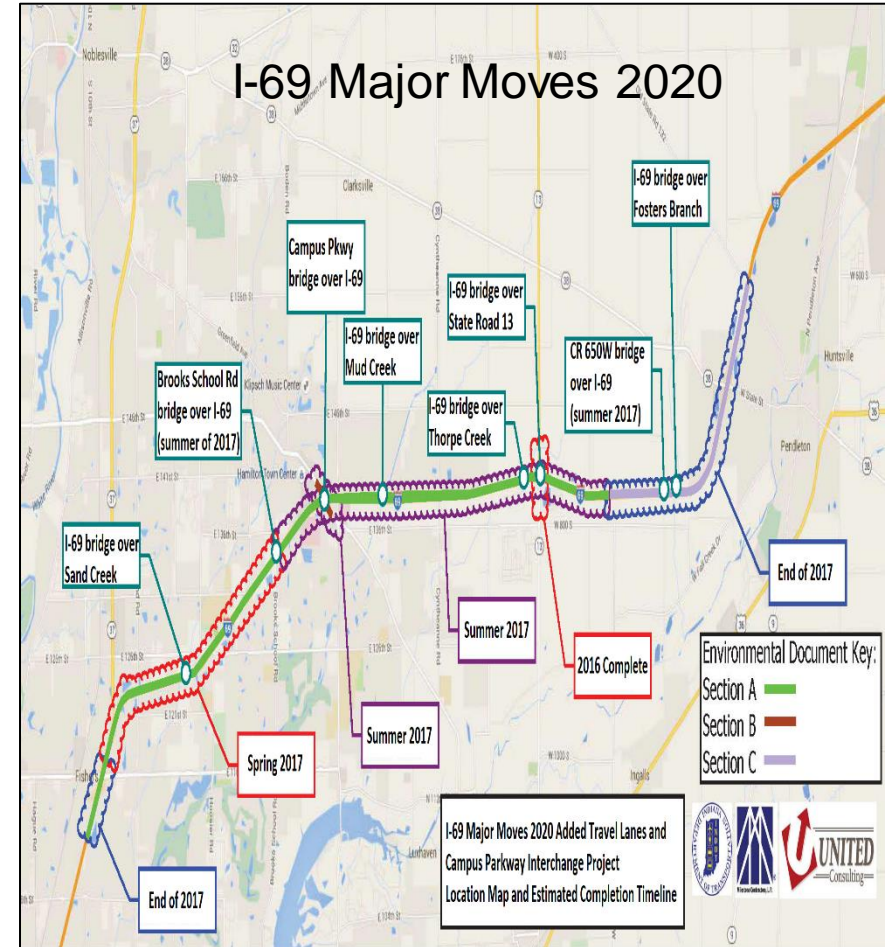
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P3 was terminated by the IFA and an agreement to transfer the project from the developer to the IFA was reached (including agreement with bondholders)

- **Design-Build Best Value**
 - Shifts responsibility to DB firm
 - Alternative to “low bid” contracting
 - Proposal selected based on quality of technical score and other project priorities (i.e. scope, schedule, price)

- **Results**
 - I-69 Major Moves 2020
 - Additional 4 years of pavement life
 - 18% savings compared to estimates
 - I-65 Northwest Indiana
 - 22% below original estimates
 - I-65 Southeast Indiana
 - Add 5 yrs of pavement life
 - Shorter construction timeframe



Positive

- Limited upfront outlay
 - Project moves forward faster
- Cost certainty
- Budget predictability
- Performance based payments
 - Milestone and AP's
- Monetization of asset- Cash received upfront
- Private Sector Expertise

Concerns

- No toll offset- AP's considered debt of the State (DBFOM)
- Private partner cost of capital higher
- P3 not "free money"
 - Profit, procurement costs, etc.
- Monetization of asset
 - Where is upfront cash going?
- Expensive and lengthy procurement process
- Is risk really transferred?
- Complicated!
- Politics- Is everyone on board?

State of Indiana Code: Public-Private Agreements

<https://iga.in.gov/laws/2023/ic/titles/8#8-15.5>

<https://iga.in.gov/laws/2023/ic/titles/8#8-15.7>

Questions?