



P3/Public Private Partnerships

Indiana's Road Funding Solution:

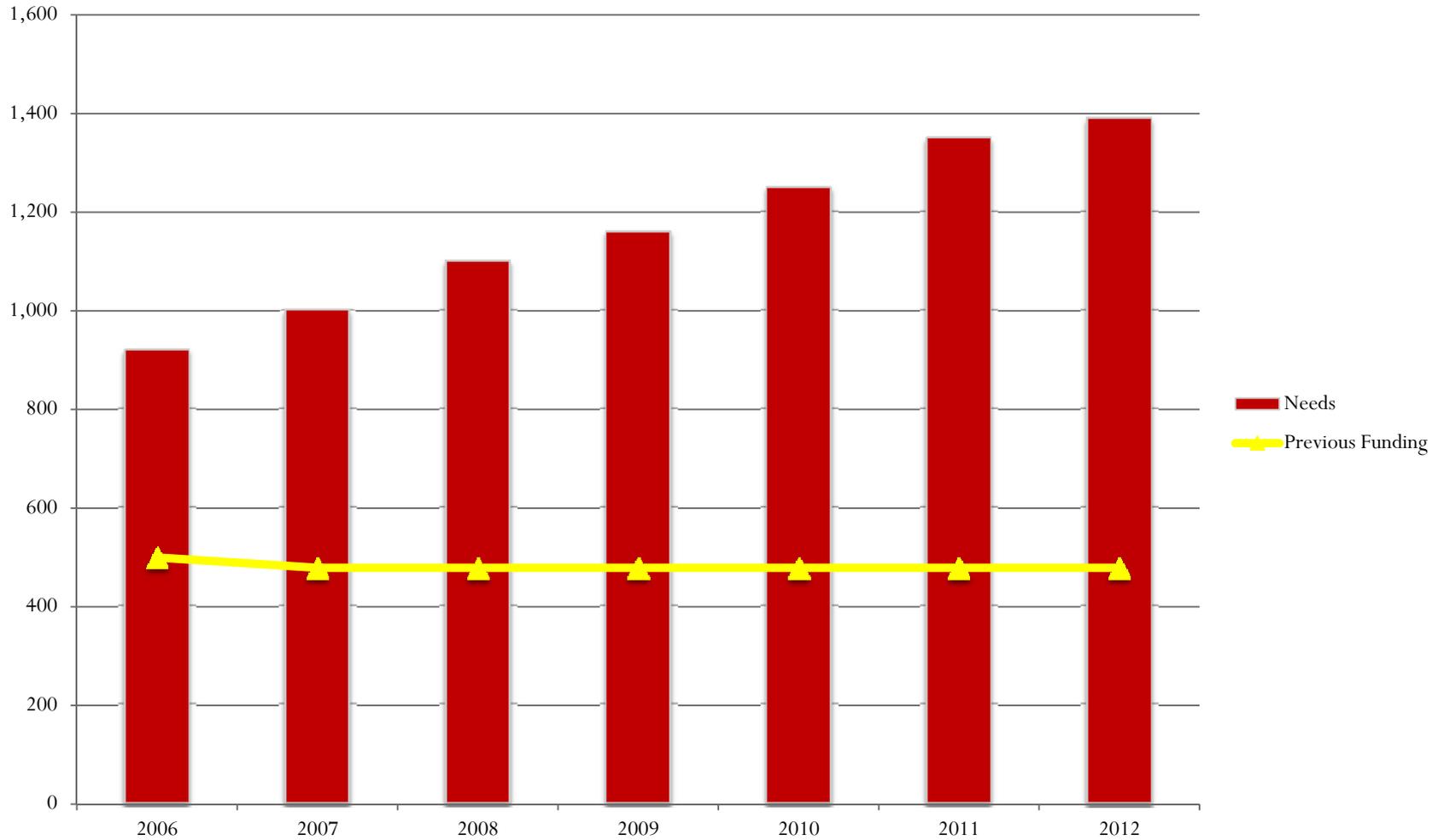
Long Term Lease of the Indiana Toll Road

Dennis Faulkenberg

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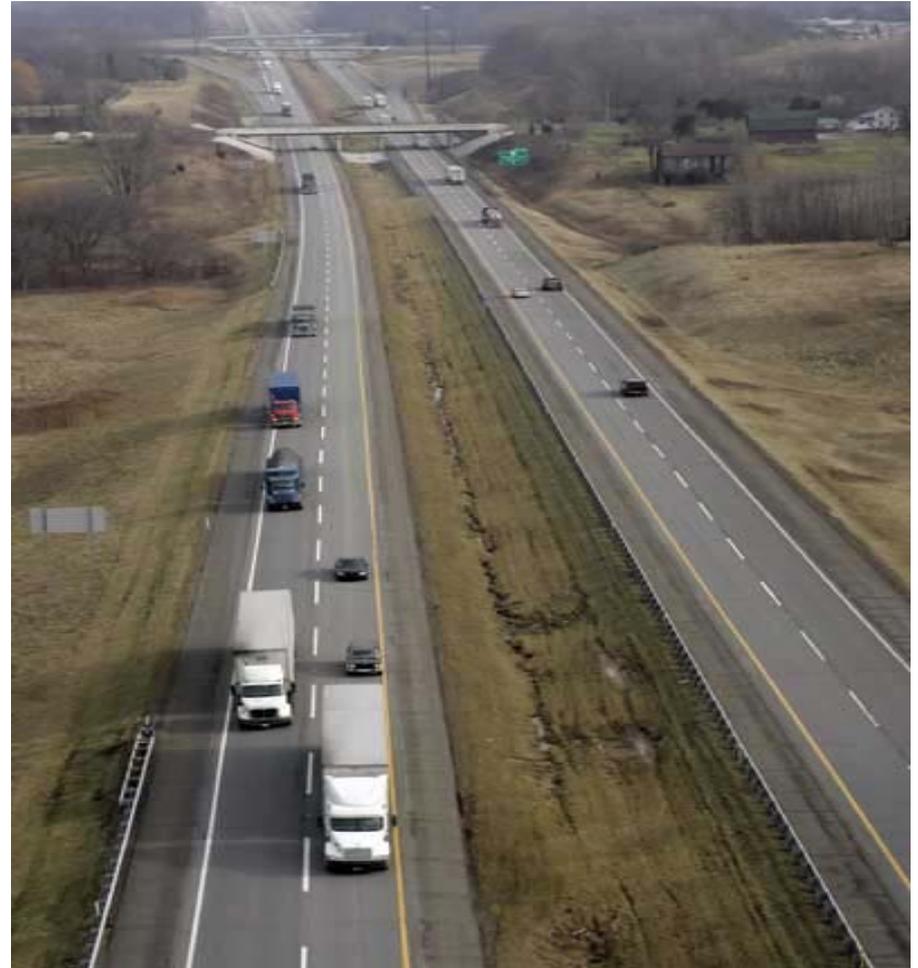
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CONSTRUCTION OUTLOOK PRE-MAJOR MOVES



The Lease: Indiana Toll Road

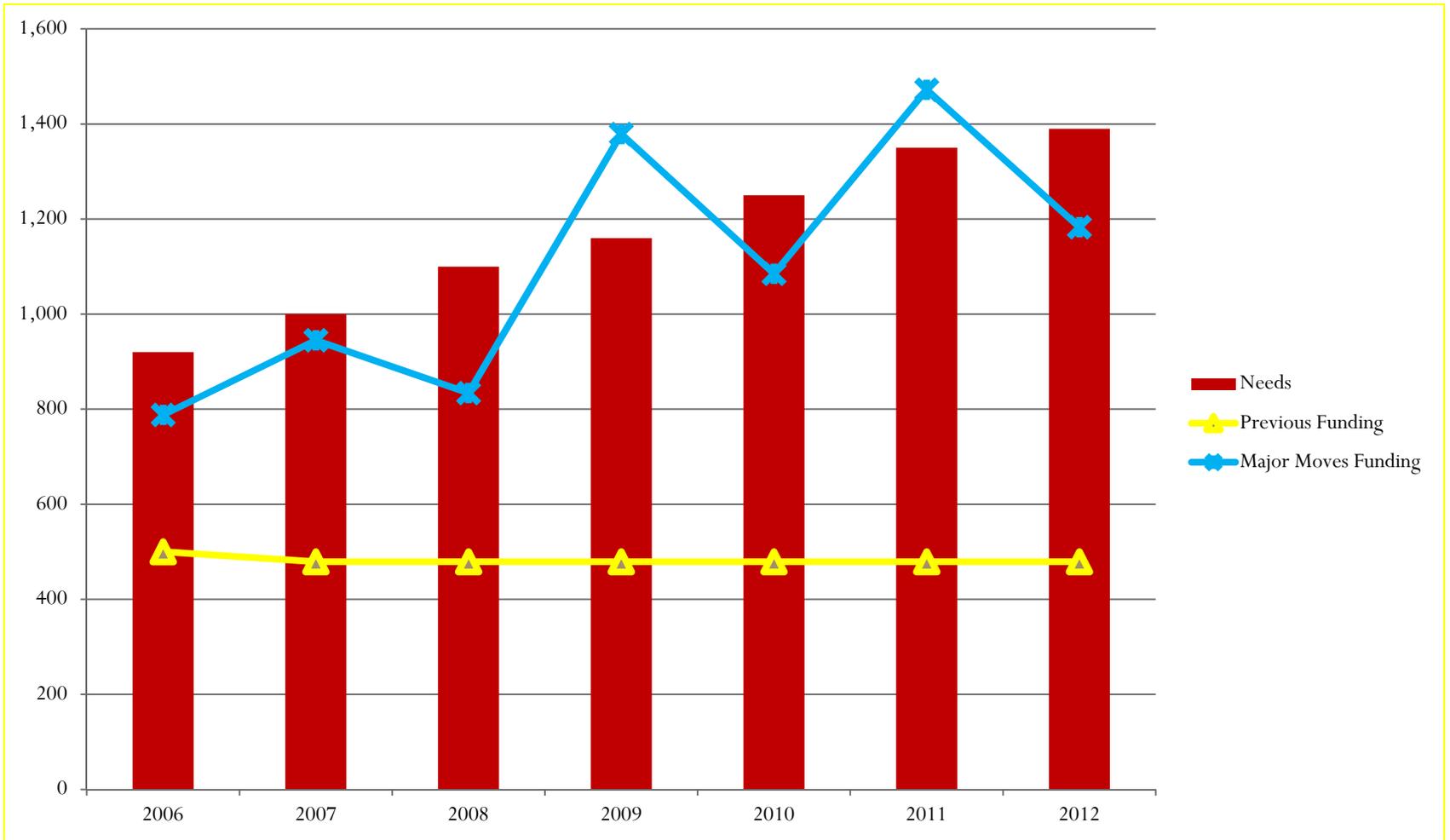
- September, 2005: RFP for lease published
- January, 2006: Winning bid announced
 - ITR Concession Company
 - \$3.85 billion bid
- March, 2006: Lessee officially accepted
- June 29, 2006: Closing occurred



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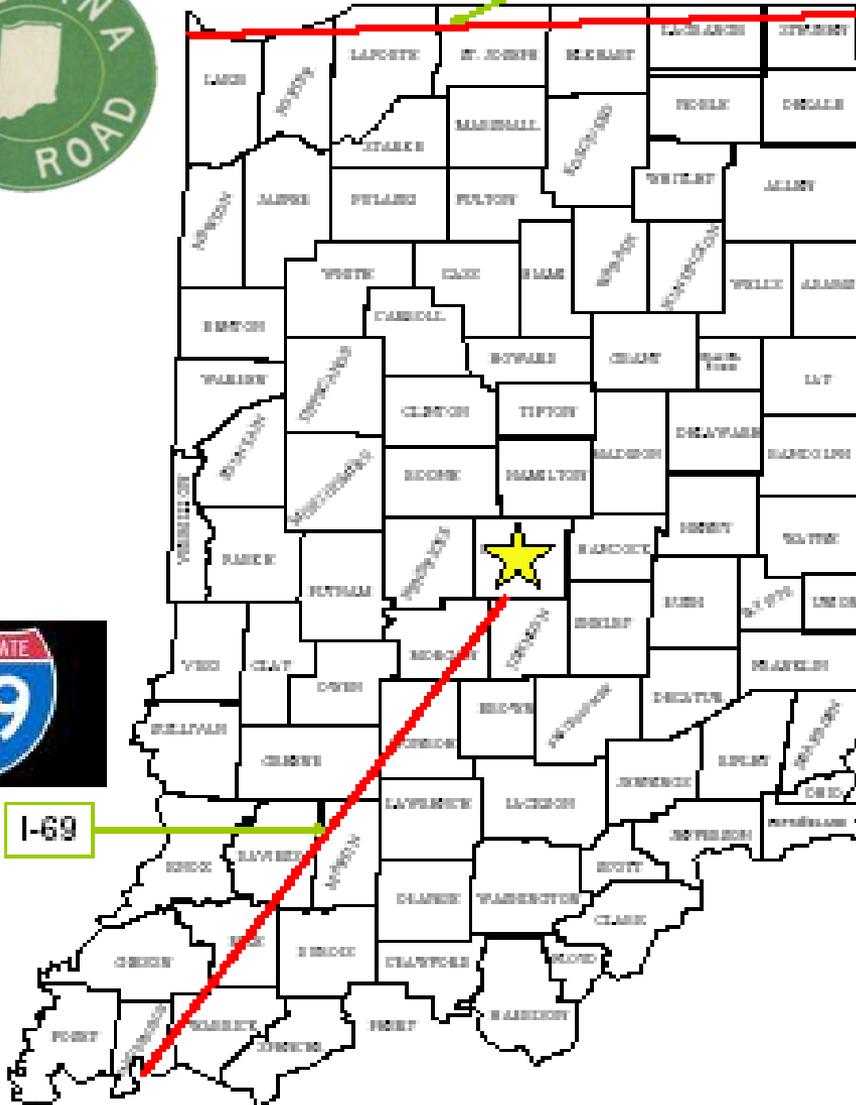
CONSTRUCTION OUTLOOK POST-MAJOR MOVES



The Law



Indiana Toll Road



Two components of the introduced bill:

- The lease of the Indiana Toll Road
- The authorization of an I-69 PPP

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The Law: Indiana Toll Road



- 75 year lease
- Toll revenue to operator
- Operator pays the State of Indiana a predetermined amount
- Sets up process to fund state and local highway projects

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The Law: Indiana Toll Road

- The proceeds from the lease were deposited into the Toll Road Fund
- The Toll Road Fund pays for:
 - Retirement of existing bonds
 - Administrative costs of the lease
 - Next Generation Fund
- The Next Generation Fund provides a \$500 M trust

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type:
Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in this style type. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.
Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1008

AN ACT to amend the Indiana Code concerning transportation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-4-10.9-1.2, AS ADDED BY P.L.235-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.2. "Affected statutes" means all statutes that grant a power to or impose a duty on the authority, including but not limited to IC 4-4-11, IC 4-4-11.4, IC 4-4-21, IC 4-13.5, IC 8-1-33, IC 8-9.5, IC 8-14.5, IC 8-15, IC 8-15.5, IC 8-16, IC 13-18-13, IC 13-18-21, IC 13-19-5, IC 14-14, and IC 15-7-5.

SECTION 2. IC 4-22-2-37.1, AS AMENDED BY P.L.235-2005, SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking action resulting in any of the following rules:

- (1) An order adopted by the commissioner of the Indiana department of transportation under IC 9-20-1-3(d) or IC 9-21-4-7(a) and designated by the commissioner as an emergency rule.
- (2) An action taken by the director of the department of natural resources under IC 14-22-2-6(d) or IC 14-22-6-13.
- (3) An emergency temporary standard adopted by the occupational safety standards commission under IC 22-8-1.1-16.1.
- (4) An emergency rule adopted by the solid waste management board under IC 13-22-2-3 and classifying a waste as hazardous.

HEA 1008 — CC 1+



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The Law: Indiana Toll Road

- Remaining funds went to the Major Moves Construction Fund:
 - \$150 M to local governments statewide
 - \$120 M to Northwest Indiana
 - \$240 M to counties located along Toll Road
 - Toll freeze for passenger cars
 - Early retirement for Toll Road Employees
 - INDOT highway construction projects

The Law: Indiana Toll Road

- Local funding:
 - \$75 M a year for two years
 - To all Indiana counties, cities and towns based existing formulas:
 - Population
 - Road mileage
 - Vehicle registrations
 - May be used on highway dept., construction, maintenance, equipment

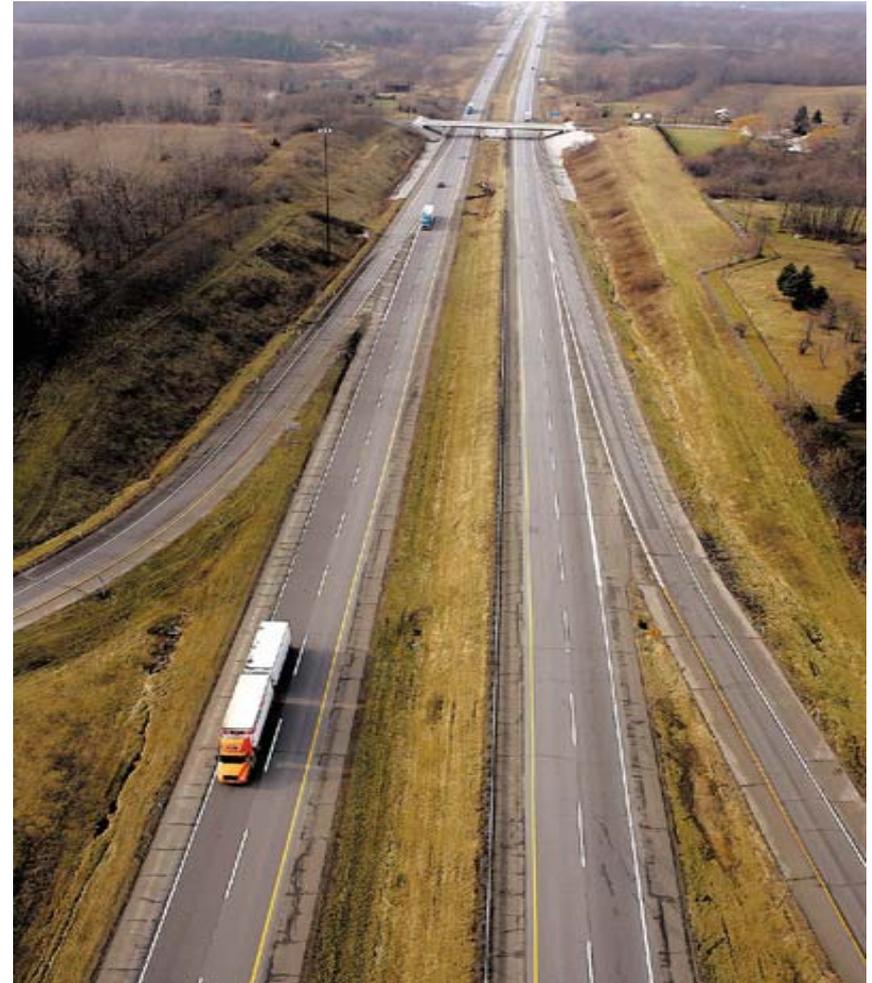
The Law: Indiana Toll Road

- Toll Road County funding
 - \$40 M to each county, except RDA counties
 - Distributed within a county to its cities and towns based on existing formula
 - May be used on
 - Highways, roads and bridges
 - Economic development projects
 - Matching federal or RDA funding



The Law: I-69 PPP

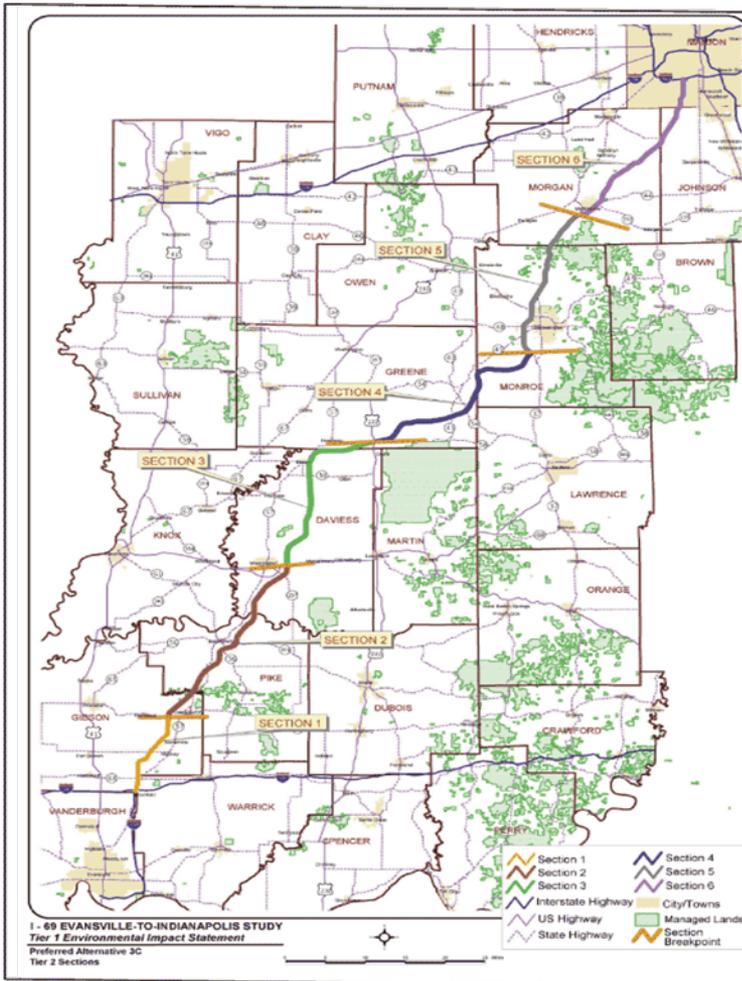
- Similar to authorization given to Indiana Toll Road:
 - 75 year lease term
 - Standards compliant with INDOT procedures
 - Financing may be provided by the State
 - Property tax exemptions
 - Political contribution prohibitions



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The Law: I-69



- Significant differences, however:
 - State authority given to INDOT, not state bonding agency
 - Increased legislative oversight
 - Legislative restrictions on route, funding
 - Funds deposited into MMCF, the State Highway Fund, or given to debt reduction

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The Votes

- Very controversial
- Passed the House (the first time) 52-47
- Passed the Senate (the first time) 29-20
- Final House vote 51-48
- Final Senate vote 31-19
- Signed by the Governor on March 15

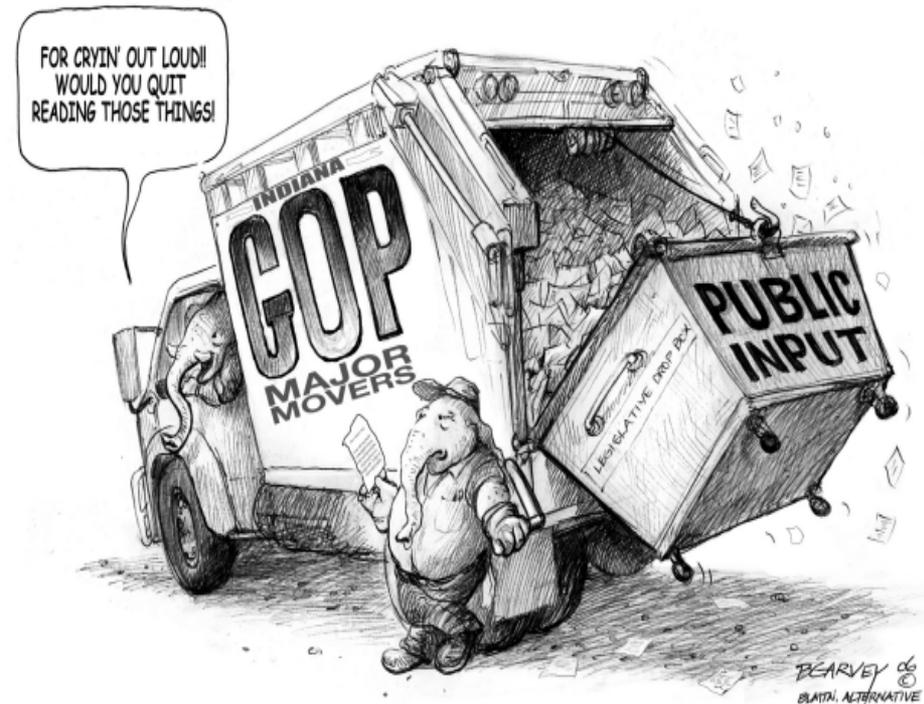


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The Issues

- “Sale” of Indiana highway
- Length of lease
- Value of bid
- Interest of “foreigners” in deal
- I-69
- Why not just bond?



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The Supporters

Indiana Chamber of Commerce
Teamsters Joint Council – 69
Bestway Express, Inc.
Teamsters Local Union – 135
Indiana Motor Truck Association
Operating Engineers, Local 150
Indiana Association of Realtors
US 31 Coalition
Indiana Manufacturers Association
Hoosier Voices for I-69
Tech Point
Vectren
Indiana Constructors, Inc.
Indiana Equipment Distributors
Indiana Builders Association
Rolls Royce
Hoosier Heartland Corridor
Precision Rings, Inc. (Indpls.)
Indiana-Kentucky Regional Council of Carpenters

Hagerman Construction Corporation American
Concrete Pavement Association of IN
Greater Indianapolis Chamber of Commerce
Build Indiana Council
Greater Fort Wayne Chamber of Commerce
Operating Engineers, Local 103
Operating Engineers, Local 841
Indiana Association of County Commissioners
Associated General Contractors of IN
Terre Haute Chamber of Commerce
Indiana Economic Development Association
Indiana Manufactured Housing Association
North East Indiana Chamber Coalition
Indiana Fort to Port Task Force
Metropolitan Evansville Chamber of Commerce
Indiana Mineral Aggregates Association
Indiana Ready Mixed Concrete Association
Indiana Coal Council
Asphalt Pavement Association of IN
Southern Indiana Chamber of Commerce
Greater Northwest Indiana Association of REALTORS®
American Council of Engineering Companies of IN

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And the journey continues...

- P3's have been discussed in every subsequent legislative session
- One project (Indiana Commerce Connector) was proposed but then pulled due to local objection
- Authorization for two additional projects were added to statute in 2010
 - Illiana Expressway
 - Bridges between Indiana and Kentucky
- Full P3 authorization was added in 2011, except for
 - I-69 in Perry Township
 - Tolls on I-69
 - Tolls on any road in existence/under construction
- Budget Committee review within 90 days when P3 involves tolls and after the offerer is determined

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And the journey continues...

- Additional local input requirements have been added
 - A Feasibility Study and an Economic Impact study must be completed if tolls involved
 - Before the studies begin, a local hearing must be held
 - The studies examine impacts of toll road on:
 - Employment
 - Future development
 - County revenue
 - Government service demands
 - Study results are presented in a local public hearing
 - The results are also given to the State Budget Committee for review within 90 days

And the journey continues...



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Bridges along Ohio River
between Indiana and
Kentucky

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Future Challenges

- Battling the disbursement of bad information
- Spending the proceeds wisely
- Taking care of future highway budgets
- Balancing tolling versus other P3 types

For more information

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