

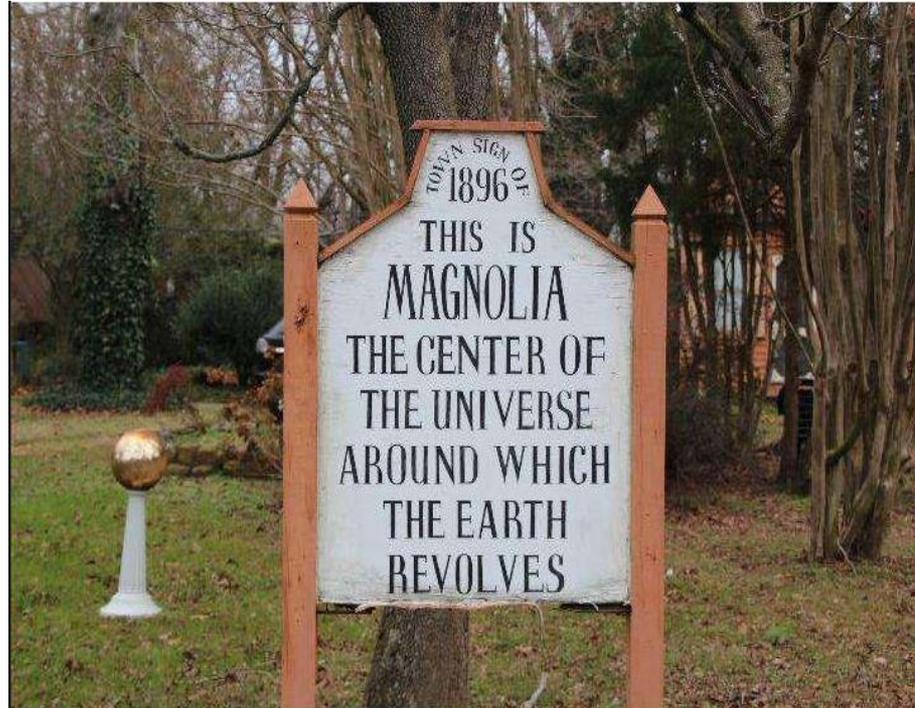




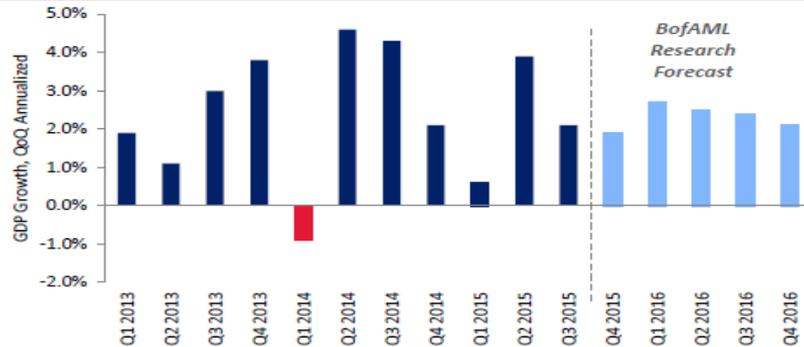
Let Us Show You the Money!

Financial Update

2016 Winter Workshop



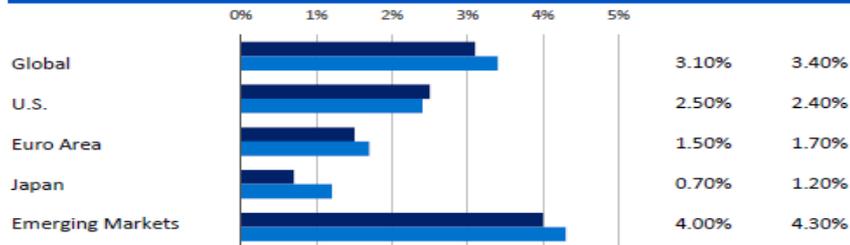
U.S. GDP growth remains uneven but is expected to improve into 2016



BofAML Global Research Key Forecasts

■ 2015 E ■ 2016 E

Global Annual GDP Forecasts

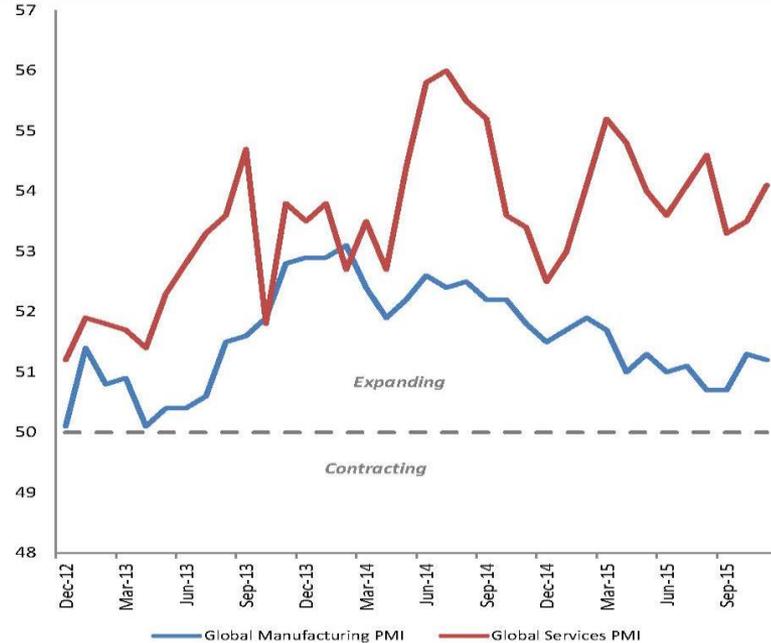


Source: BofAML Global Research. Data as of December 31, 2015. See Appendix for index definitions. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.

Global growth will likely be supported by consumer spending, while manufacturing remains weak

MACRO

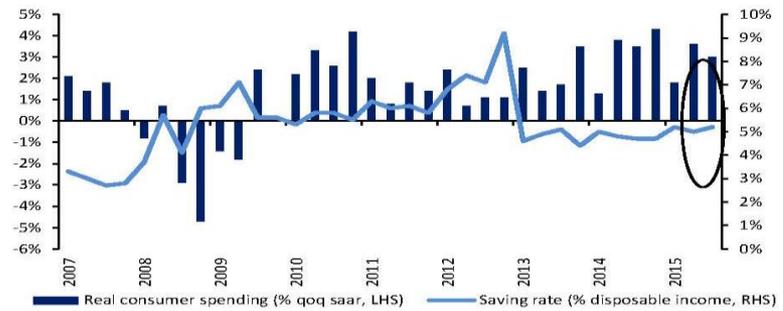
There is a divergence persisting between manufacturing and services



Capital expenditures by companies has been weak



Meanwhile, U.S. consumer spending remains robust

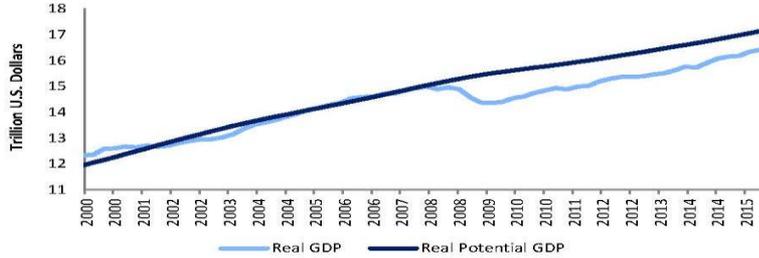


Source: (Left, Top Right, Bottom Right) Bloomberg. Data as of December 31, 2015.

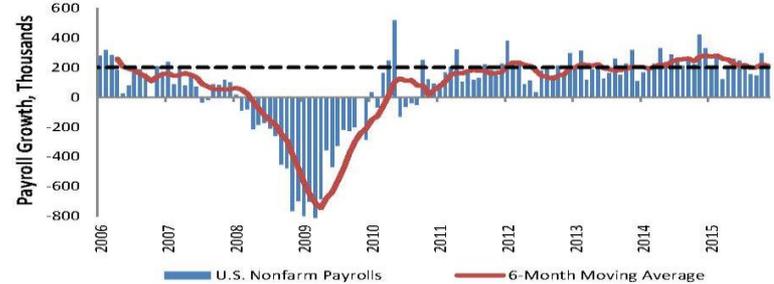
U.S. labor market continues improving by adding jobs despite underlying structural shifts

MACRO

Economic activity has been running below potential, but is catching up



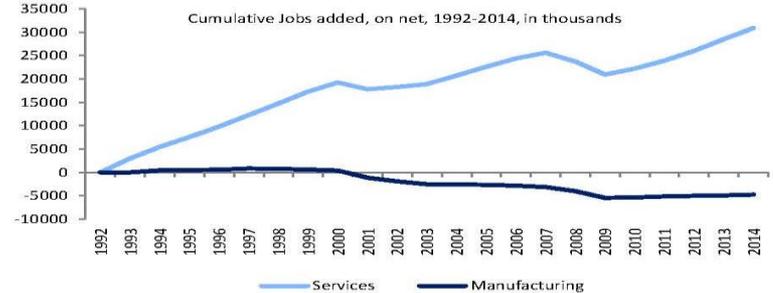
The labor market overall is robust, averaging 200,000 new jobs a month



Labor participation rate has been steadily falling since 1999...



...stemming from the loss of manufacturing jobs during past two decades due to high labor costs and automation

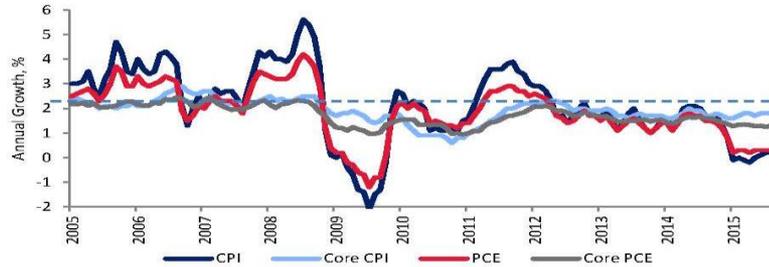


Source: (Top Left) Congressional Budget Office, Bloomberg. Data as of December 31, 2015. Unemployment rate is seasonally adjusted. Real Potential GDP as calculated by the Congressional Budget Office, using chained 2009 dollars. (Top Right) Bloomberg. Data as of December 31, 2015. (Bottom Left) BLS. Data as of December 2015. (Bottom Right) BLS. Data as of Oct 15, 2015.

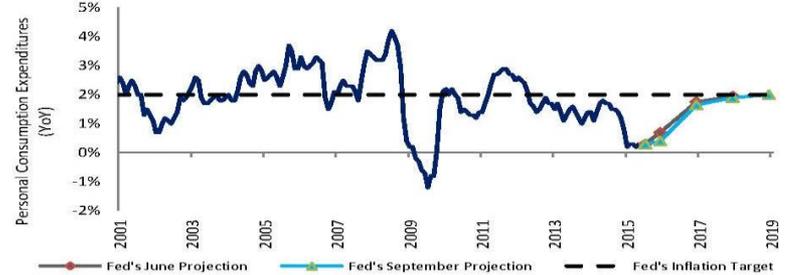
Weak inflation should keep rates lower for longer and the dollar strong

MACRO

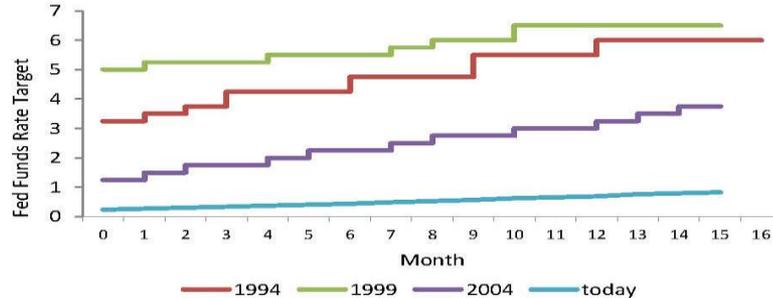
Broad measures of inflation remain below the Fed's 2% target



The Fed's new projection suggests inflation will not reach 2% until 2018



The market is pricing in a relatively gradual rate hiking cycle this time



Dollar strength should resume as the Fed gears up to continue to tighten

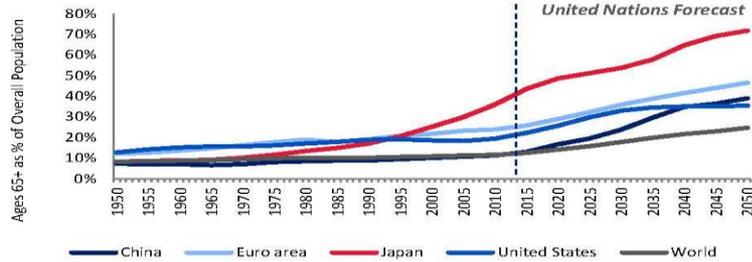


Source: (Top Left) Bloomberg. Data as of Dec 31 2015. CPI – Consumer Price Inflation, PCE – Personal Consumption Expenditure. Core inflation measures (CPI and PCE) exclude food and energy prices. (Top Right) Bloomberg. Data as of Dec 31 2015. The Fed's projections represent the mid-point of central tendencies. (Bottom Left) BofAML Global Research. The chart plots the fed funds rate target after the first hike. Overnight Index Swap (OIS) rate has been used for the upcoming hiking cycle. (Bottom Right) Bloomberg. Data as of Dec 31 2015. *Weighted interest rate spread calculated as U.S. five-year Treasury yield minus weighted five-year government bond yields of Europe, Japan, U.K., Canada, Sweden and Switzerland. Respective weights are the same as those in the DXY Index. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved. Past performance is no guarantee of future results.

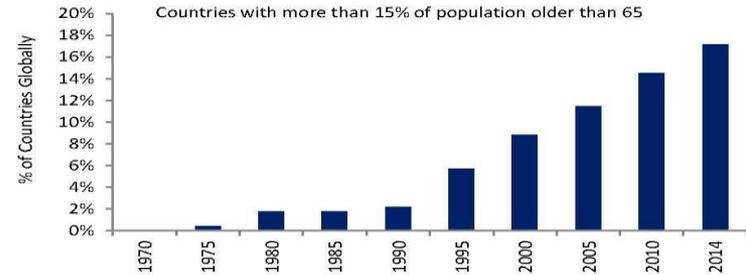
The Longevity Revolution: An aging global population should create opportunities in health care, travel and financials

A TRANSFORMING WORLD

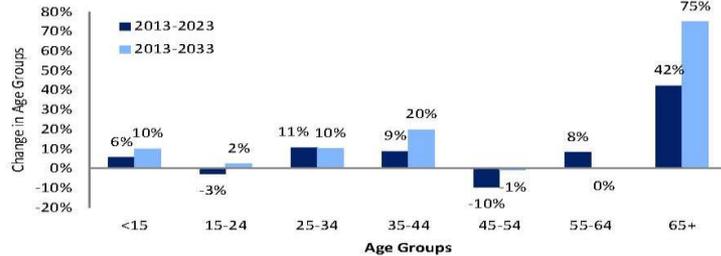
The Elderly-Dependency Ratio is forecast to rise globally



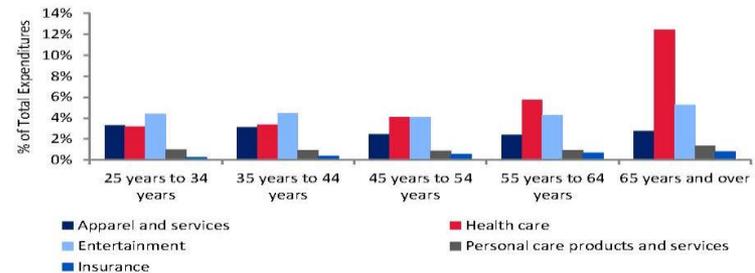
Longevity has increased rapidly in the last two decades



U.S. Population growth is expected to be concentrated among the elderly



Consumer spending habits shift with age

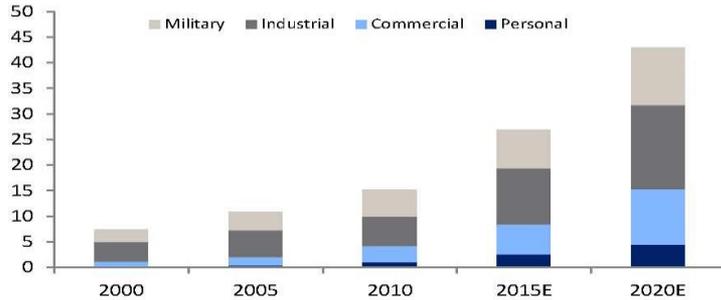


Source: (Top Left) United Nations. Data as of December 31, 2015. (Bottom Left) U.S. Census Bureau. Data as of June 2014. (Top Right) World Bank. Data as of December 31, 2015. (Bottom Right) AgeWave. Data as of May 2013. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.

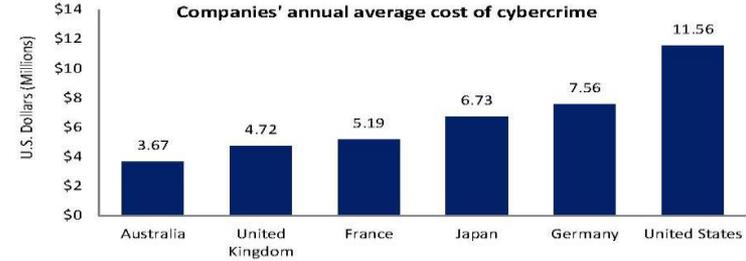
Disruptive technologies are creating new growth opportunities

A TRANSFORMING WORLD

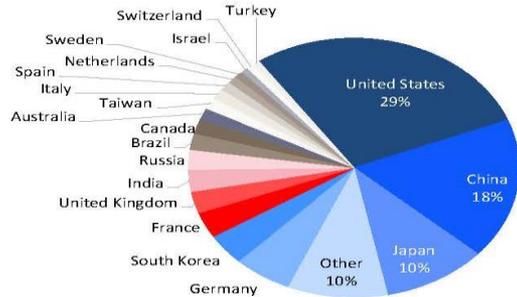
Growth in robotics exist across many segments of global economy



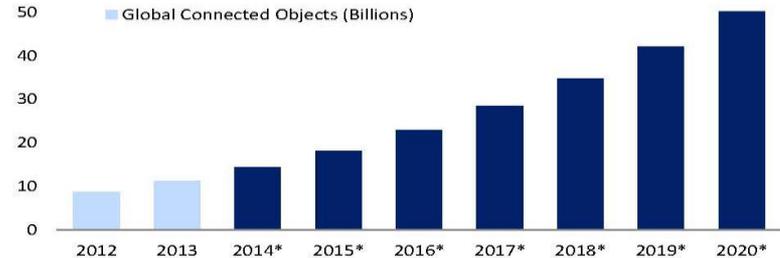
The dark side of innovation: Cybercrime is on the rise



The U.S. leads globally in R&D expenditures



The number of global connected devices is expected to grow over the coming years



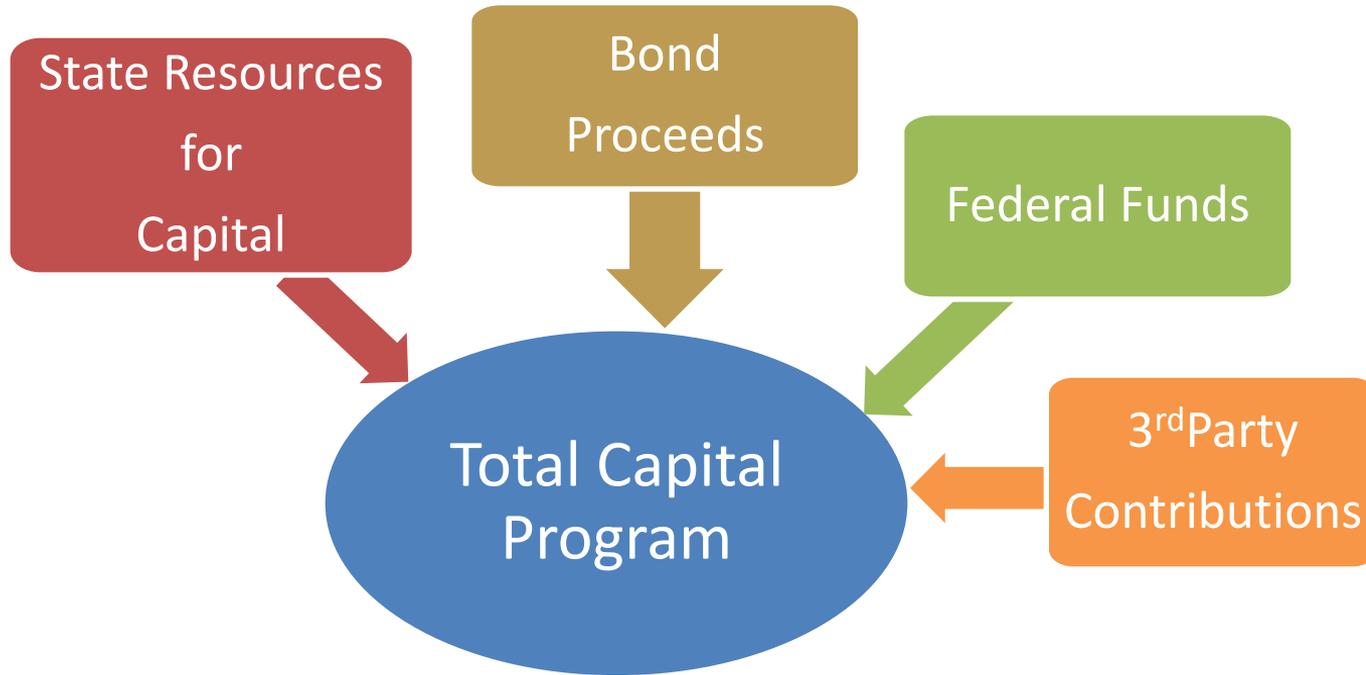
Source: (Top Left) BofAML Global Research, Nov 2015 (Bottom Left) Battelle, Data as of December 2013. (Top Right & Bottom Right) BofAML Global Research, Data as of June 30, 2015. *Intel forecasts. The economic and market forecasts presented are for informational purposes as of the date of this report. There can be no assurance that the forecasts will be achieved.

Transportation Trust Fund (TTF)

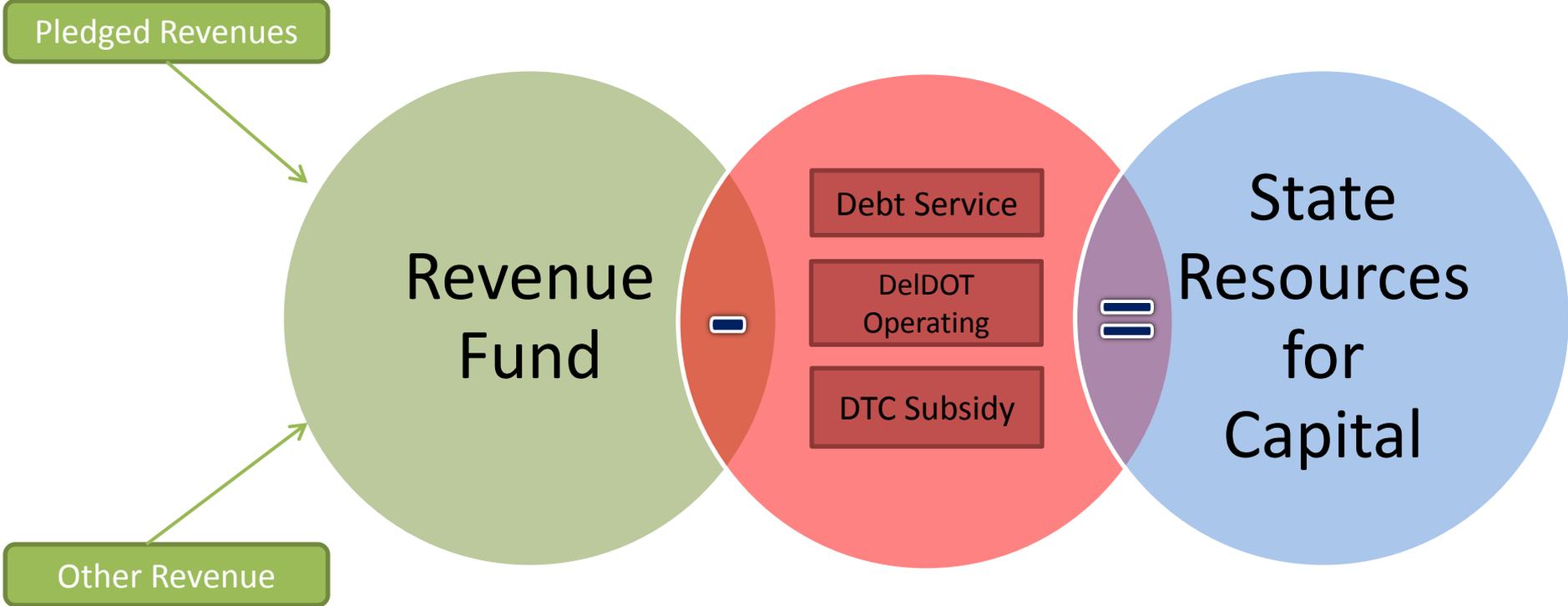
In 1987 the Transportation Trust Fund (TTF) was created within the Delaware Transportation Authority (DTA)

- Purpose
 - Facilitate a unified transportation system in the State
 - To take advantage of broad financing powers
 - Consolidate and dedicate transportation related revenue to transportation projects
- TTF is the State's financing vehicle for all transportation expenses
- Self Supporting, does not rely on GF support

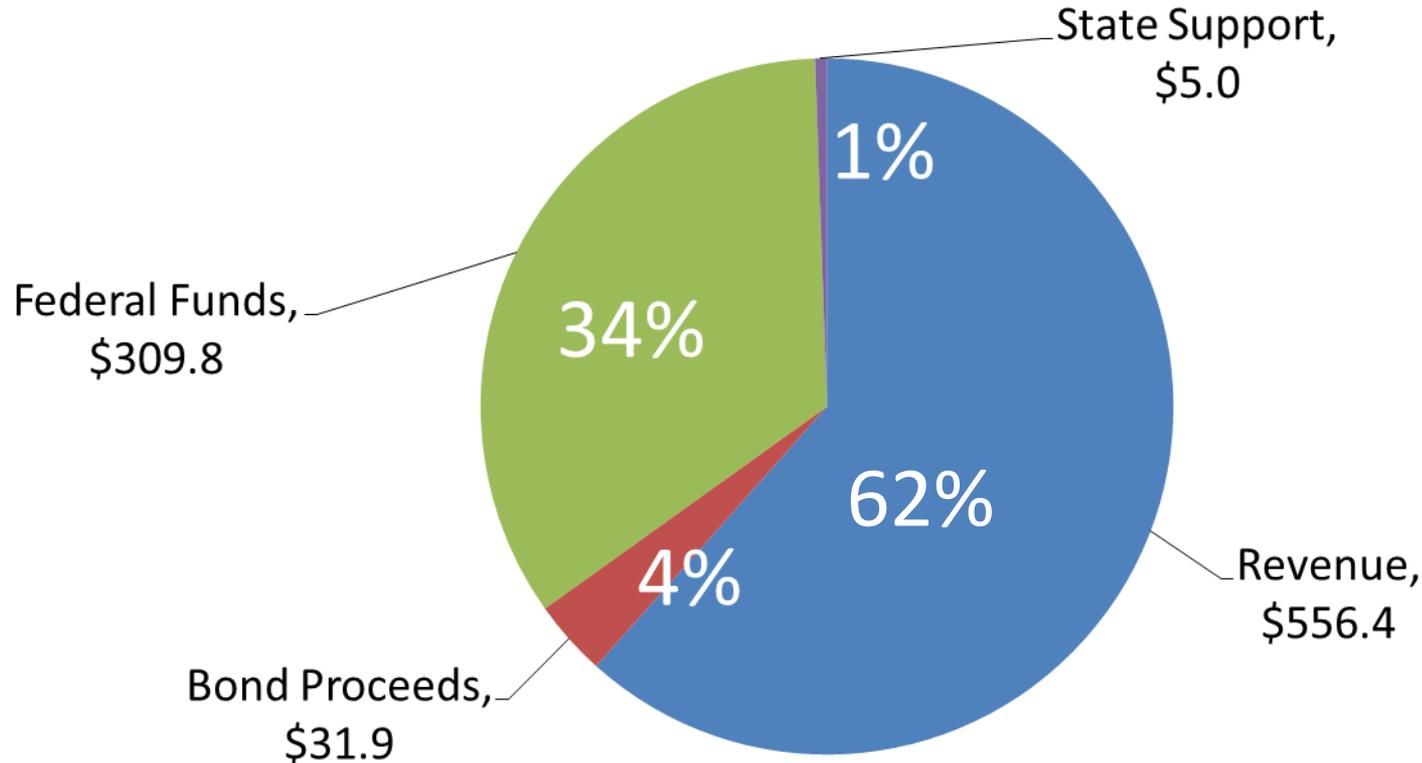
Components of the Capital Program



Flow of Funds

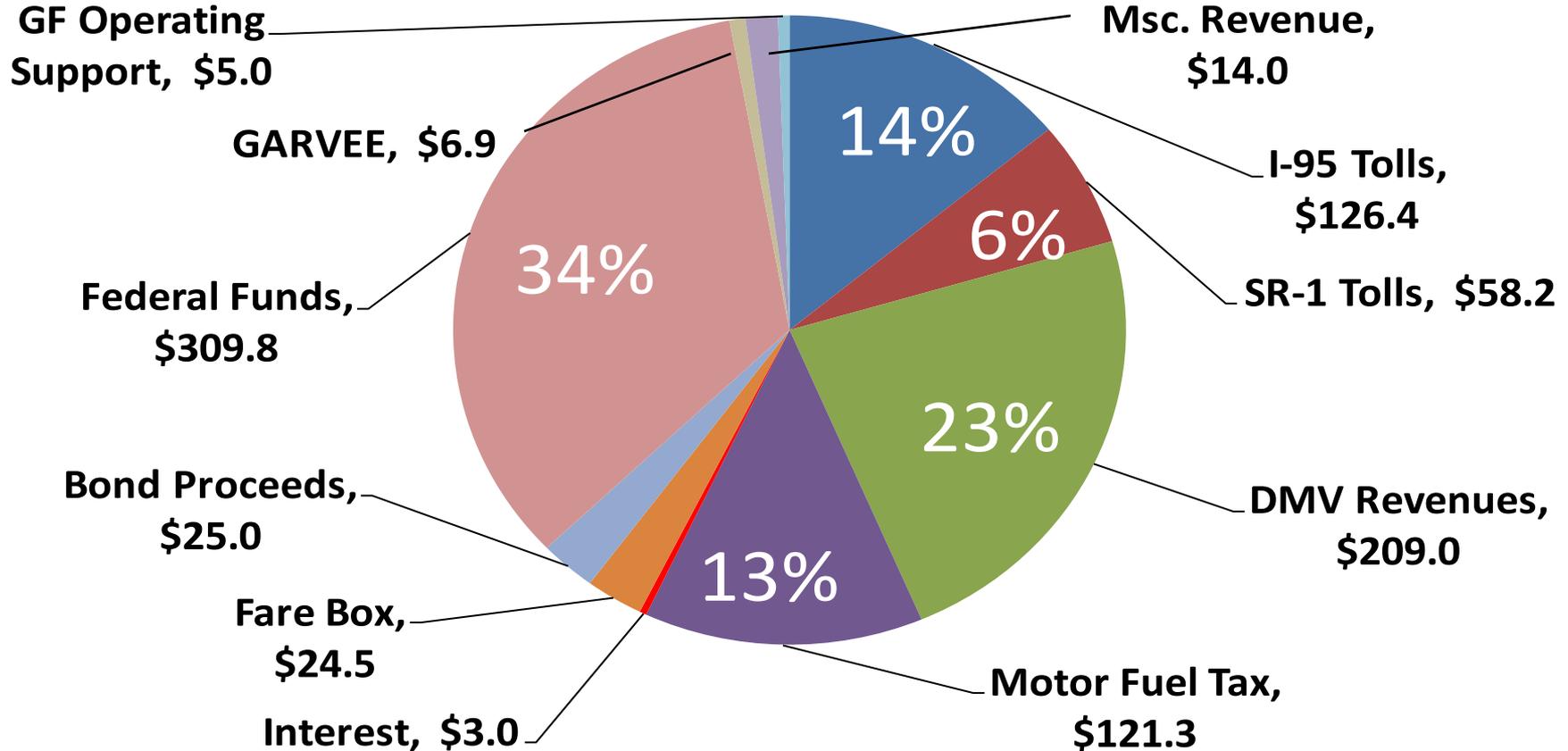


FY17 Sources By Category- \$903.1M



FY2017 - Sources of Funds - \$903.1M

(in millions)



TTF Revenues – Pledged

Pledged to the Bond Holders as security to ensure bond repayment

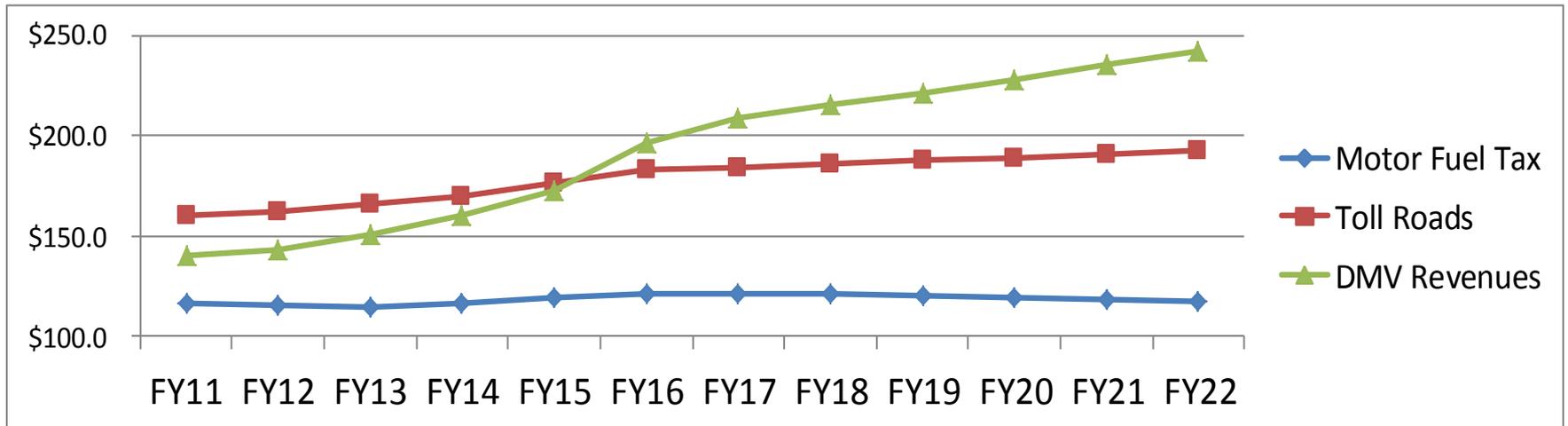
- I-95 Tolls and Concession Revenue Sharing
- Motor Fuel Tax Administration Revenue
 - Gasoline tax \$0.23/gallon
 - Special Fuels (Diesel) \$0.22/gallon
 - IFTA Revenue
- Department of Motor Vehicle Revenues
 - Document Fees (4.25%)
 - Registration Fees
 - Miscellaneous DMV Fees (License, Title, Driving Records, ect.)
- Investment Earnings

TTF Revenues – Not Pledged

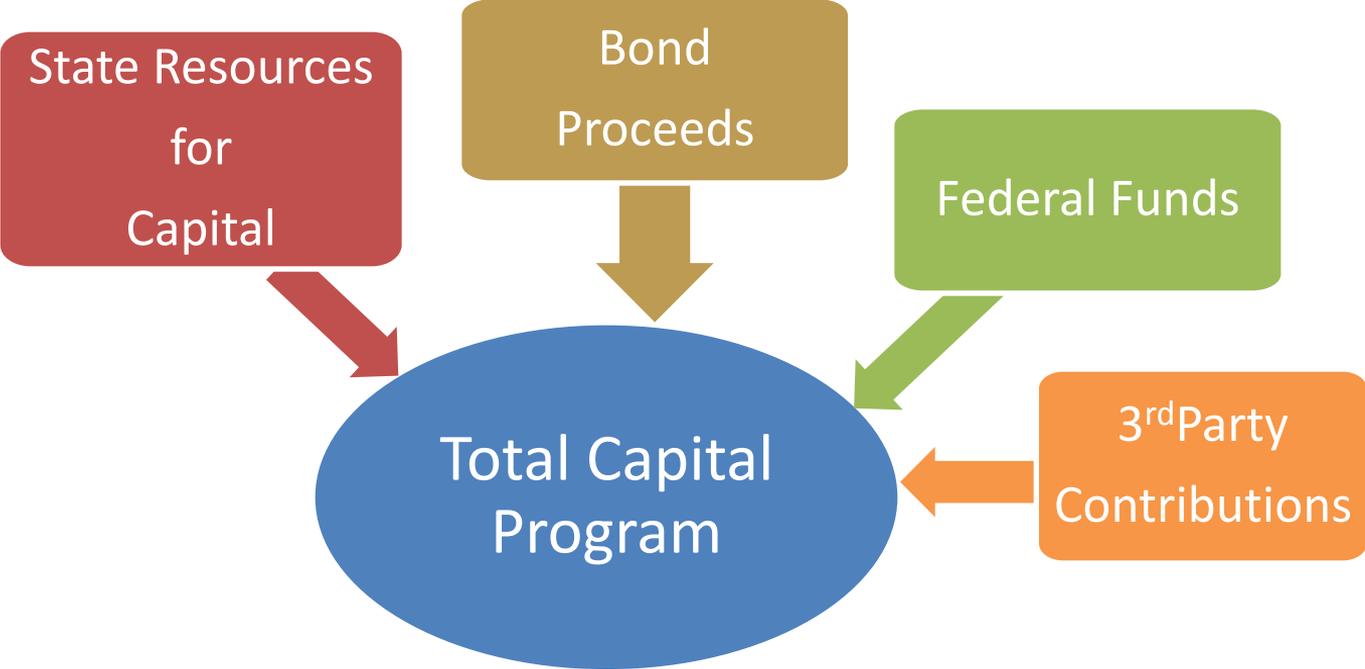
- SR-1 Tolls
- General Fund Contributions, if any
- Port of Wilmington Loan Repayment
- Build America Bond Subsidy
- Miscellaneous Transportation Revenue
 - Red Light Violation Revenue
 - Title-21 Surcharge Revenue
 - Auto Dealer Lease and License Revenue
 - Shellpot Bridge Revenue

Trust Fund Revenues

Revenues	Forecasted											
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Motor Fuel Tax	116.6	115.9	115.0	116.9	119.6	121.3	121.3	121.3	120.3	119.3	118.3	117.4
Toll Roads	160.3	162.0	166.3	170.0	176.1	183.1	184.6	186.1	187.6	189.2	190.7	192.3
DMV Revenues	140.1	142.7	150.5	160.3	171.0	196.5	209.0	215.3	221.7	228.3	235.2	242.2
Other Revenues	15.4	14.5	13.4	13.9	15.5	16.8	17.0	17.1	17.2	17.8	17.8	17.7
	432.4	435.1	445.2	461.1	483.6	517.7	531.9	539.8	546.8	554.6	562.0	569.6



Components of the Capital Program



Transportation Trust Fund Rating

State GF
TTF
US301



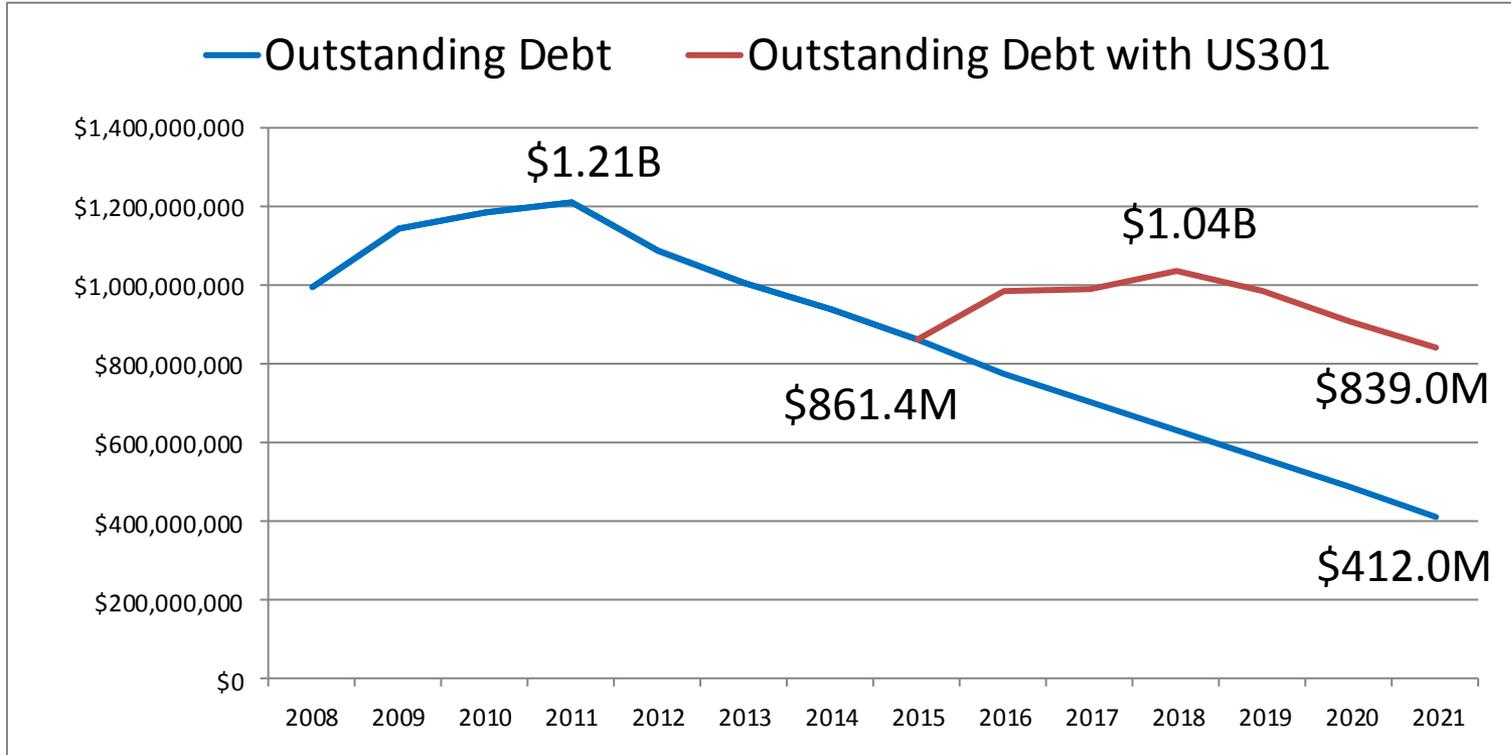
Moody's	S&P	
Aaa	AAA	Prime
Aa1	AA+	High grade
Aa2	AA	
Aa3	AA-	
A1	A+	Upper medium grade
A2	A	
A3	A-	
Baa1	BBB+	Lower medium grade
Baa2	BBB	
Baa3	BBB-	
Ba1	BB+	Non-investment grade
Ba2	BB	speculative
Ba3	BB-	
B1	B+	Highly speculative
B2	B	
B3	B-	
Caa1	CCC+	Substantial risks
Caa2	CCC	Extremely speculative
Caa3	CCC-	Default imminent with little prospect for recovery
Ca	CC C	
C / /	D	In default

Investment
Grade

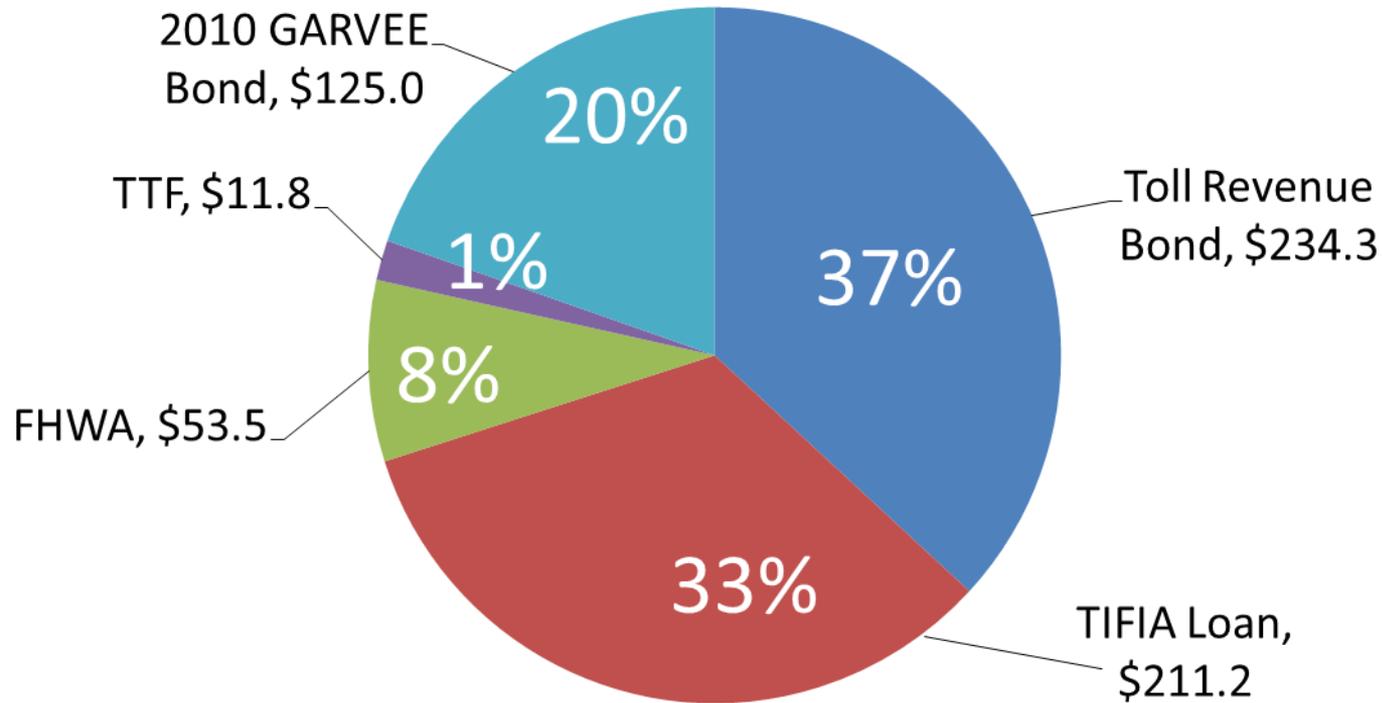
Credit Strength

- Credit quality of DTA bonds remains strong
 - Diverse mix of transportation revenues pledged to bond holders
 - Operating expenses well managed with limited growth
 - Capital program prioritizes state of good repair and at least 50% funded pay-as-you-go
 - Debt-reduction (no borrowing FY12 through FY16)
 - Strong Debt Service Coverage. Minimum of 4.5x
 - Parity Debt Service Reserve funded at 50% of Maximum Aggregate Annual Debt Service [\$62 Million]
 - Delaware Economic & Financial Advisory Council (DEFAC)

Outstanding Debt



US301 Sources - \$635.8M

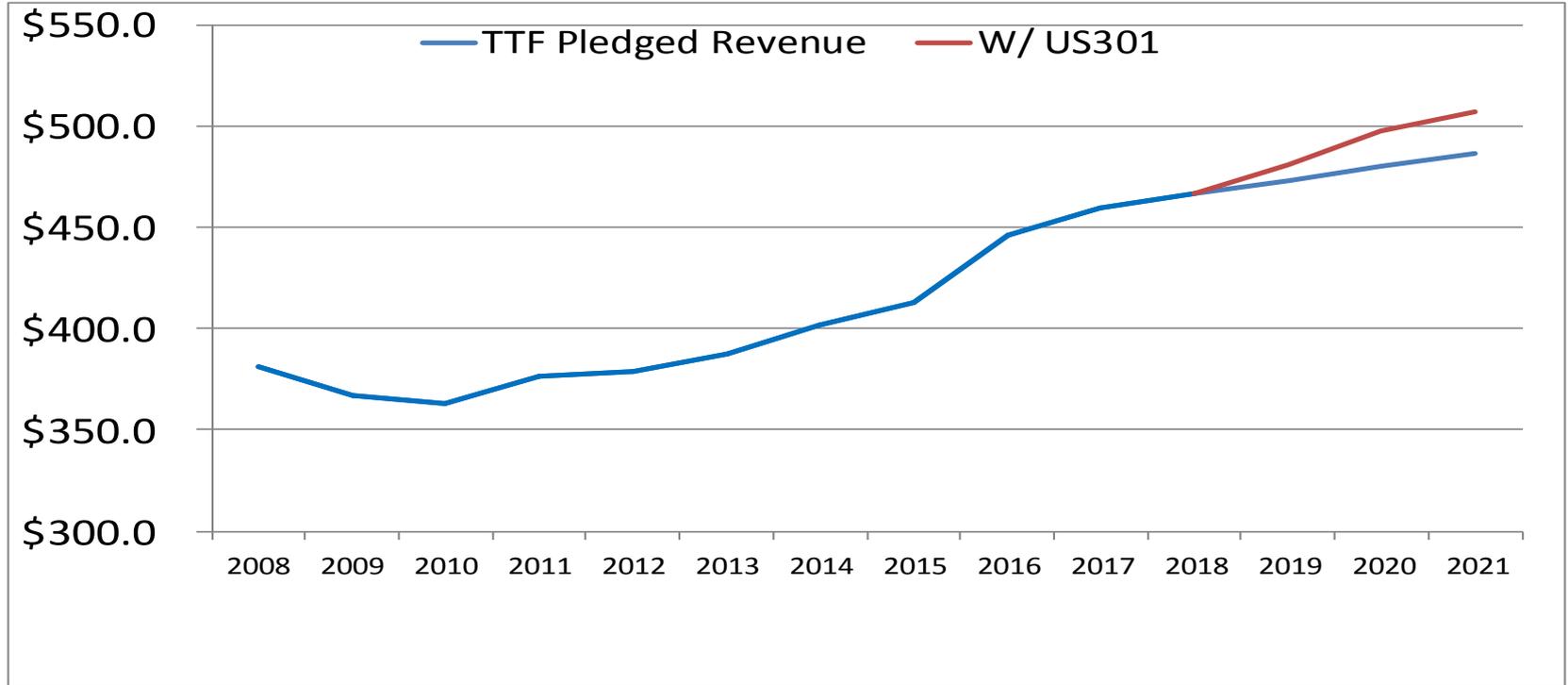


US301 Innovative Financial Plan

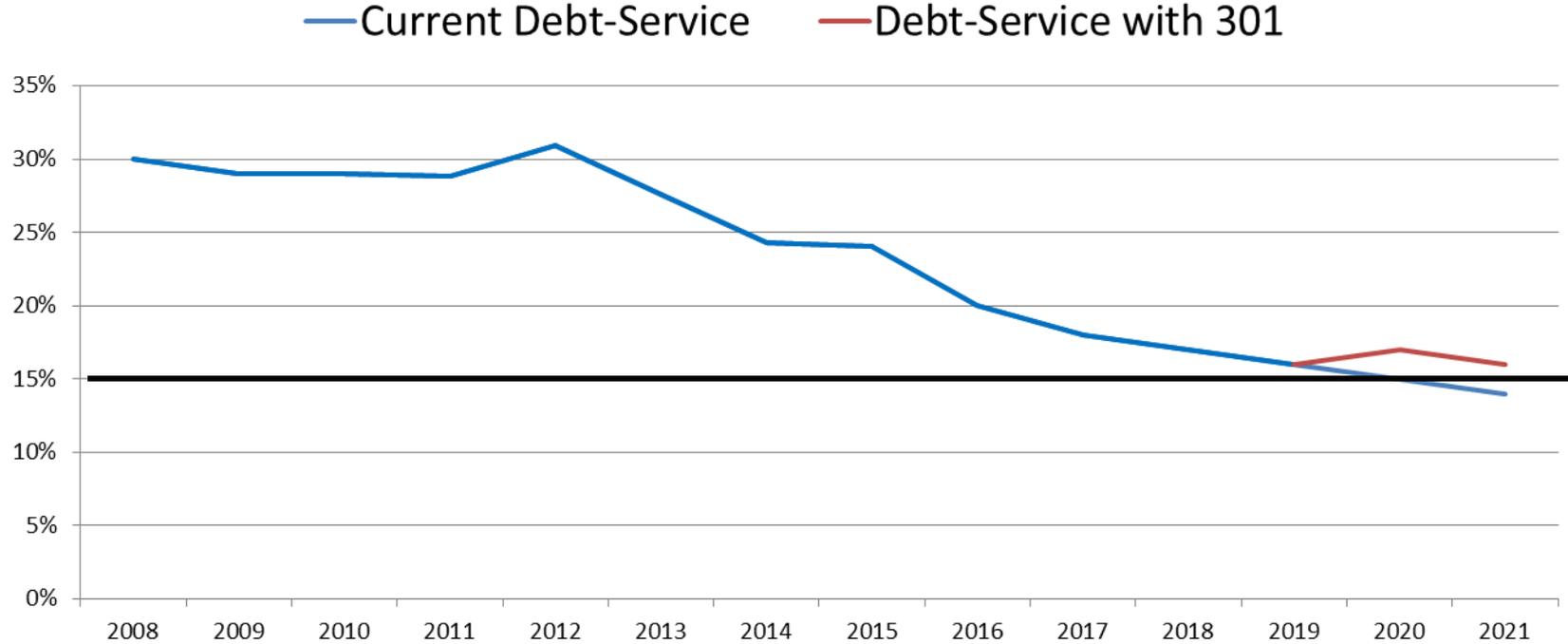
- GARVEE Bond - Debt-service paid through Federal Appropriations
- US301 Toll Revenue Bond – Debt-service structured to receipt of toll revenues
- TIFIA Loan – Government loan with desirable repayment terms
 - Principal and interest deferrals
 - Low interest
 - Interest accrual when funds are drawn
 - Extended Term
- Revenue Sharing - to pay down loan sooner and provide extra funds to the TTF
- Toll Stabilization Fund – to provide extra protection against TTF funding any shortfalls
- Revenue Funded OPEX and Repair & Replacement Accounts

TTF Revenue Growth

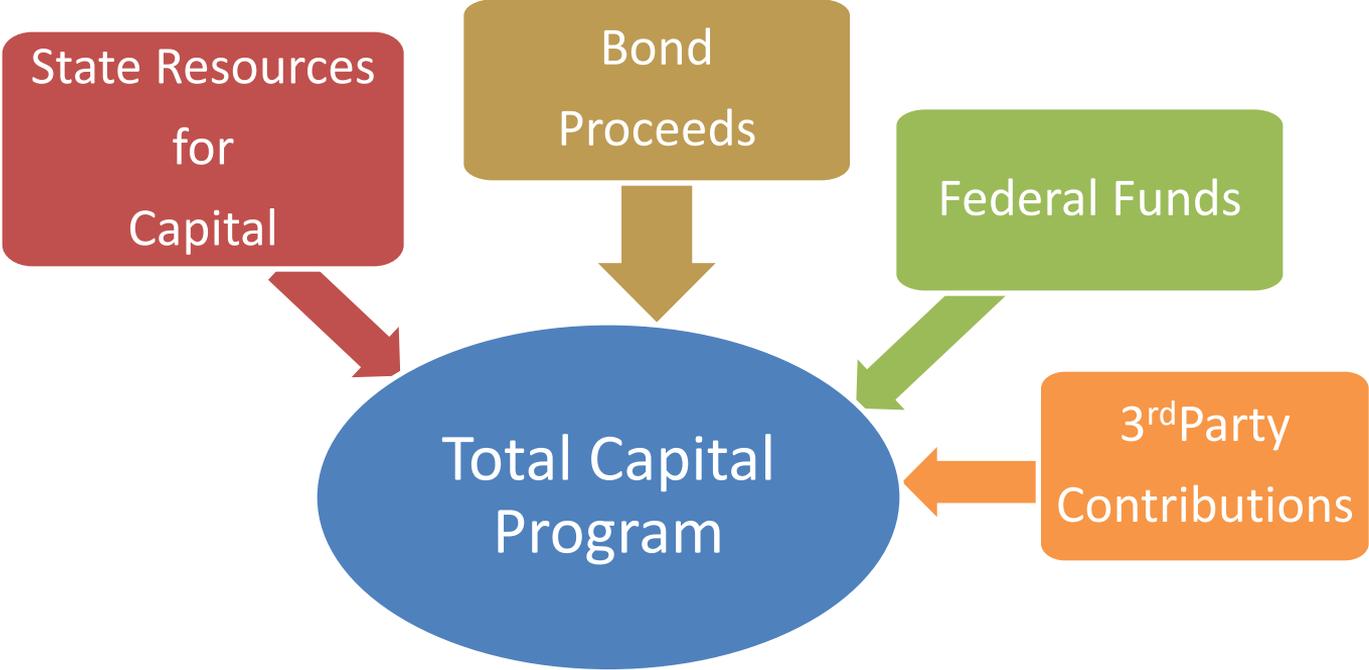
(in millions)



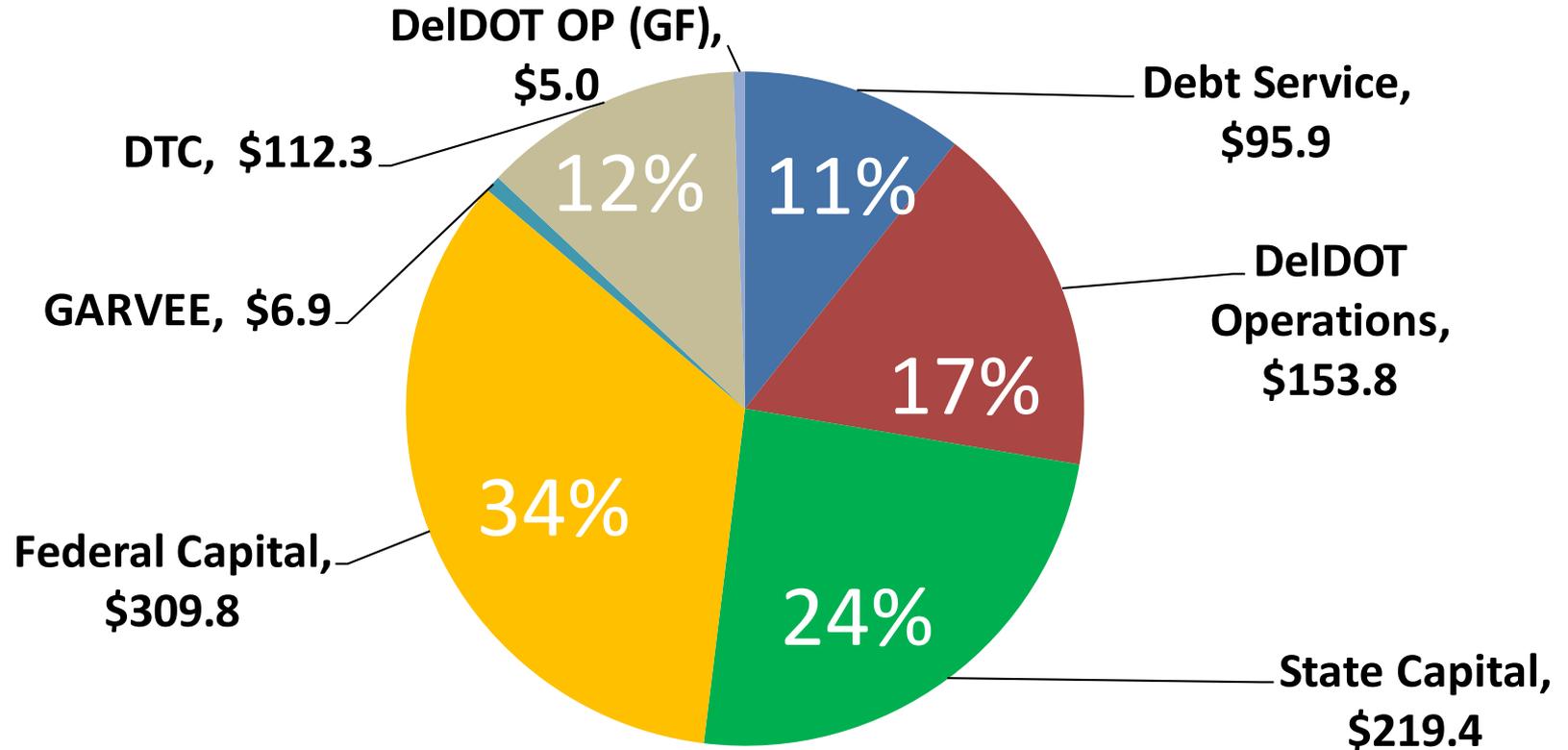
Debt-Service as a % of Revenue



Components of the Capital Program



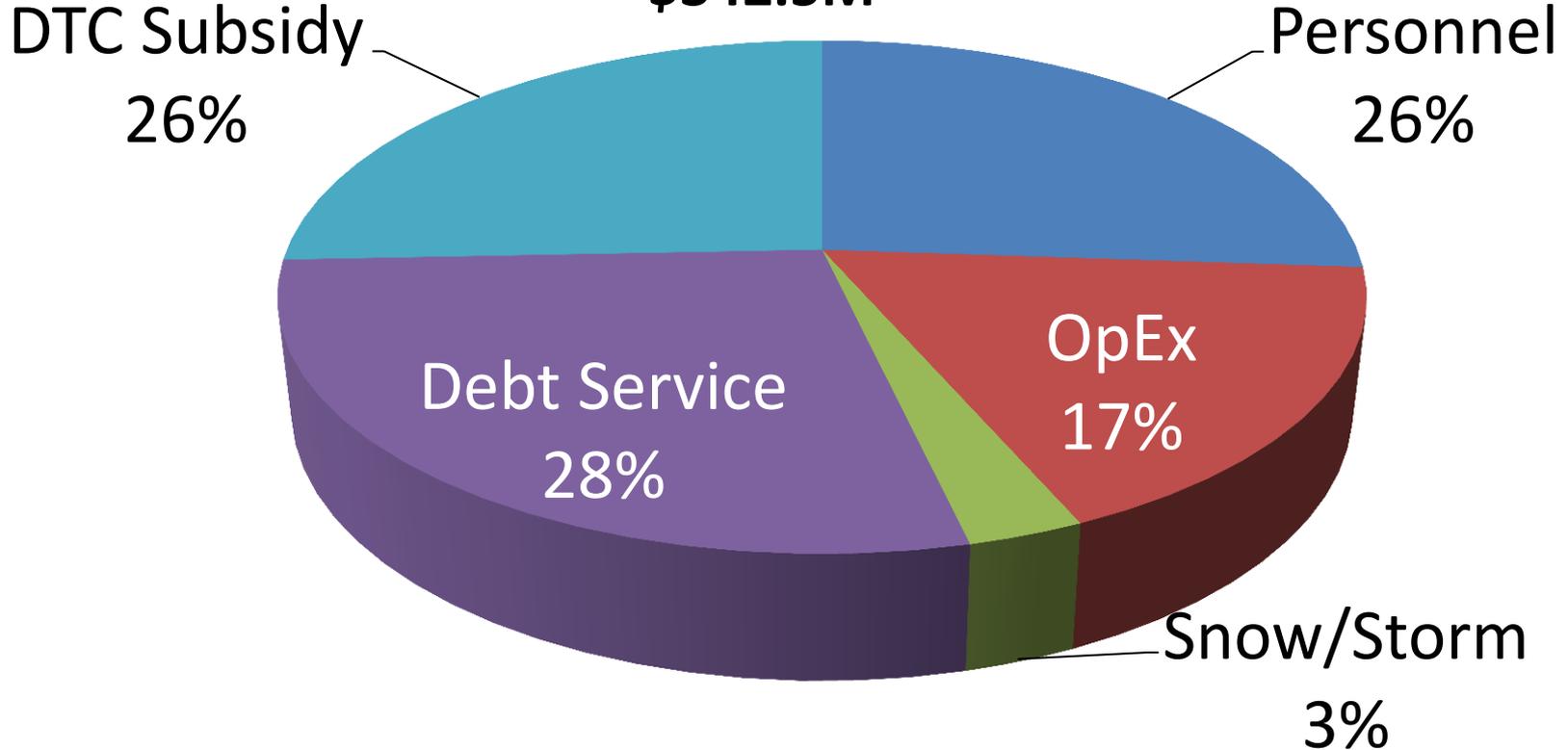
FY2017 - USES OF FUNDS - \$903.1M (IN MILLIONS)



Uses of Operating Funds

FY17 Governor Recommended

\$342.5M

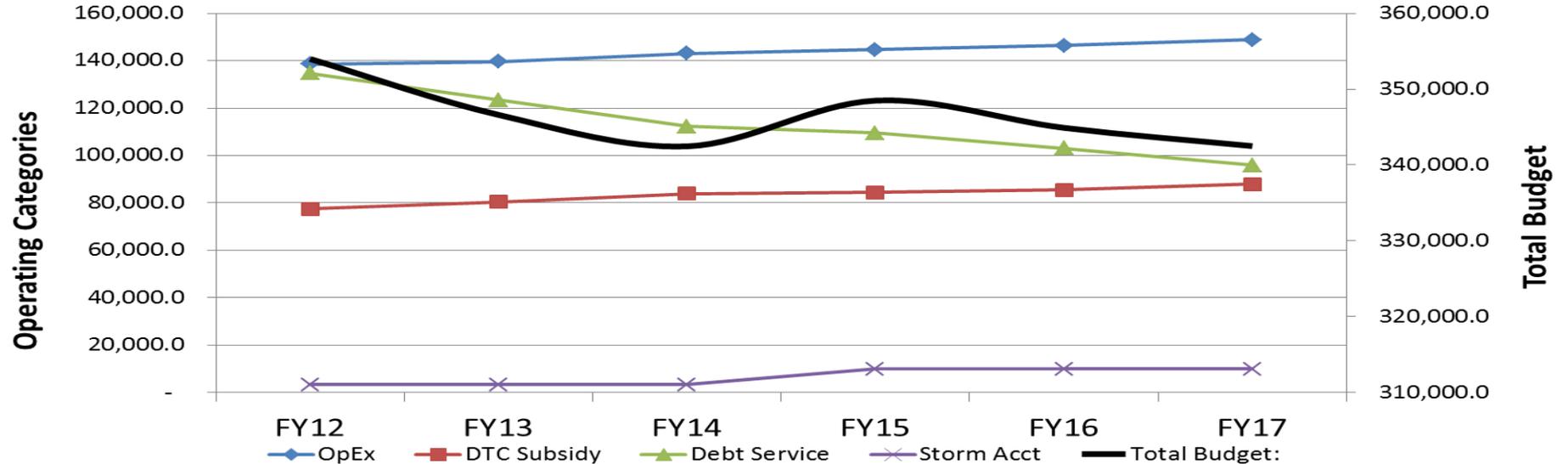


Operating Budget Trend

(\$'000)

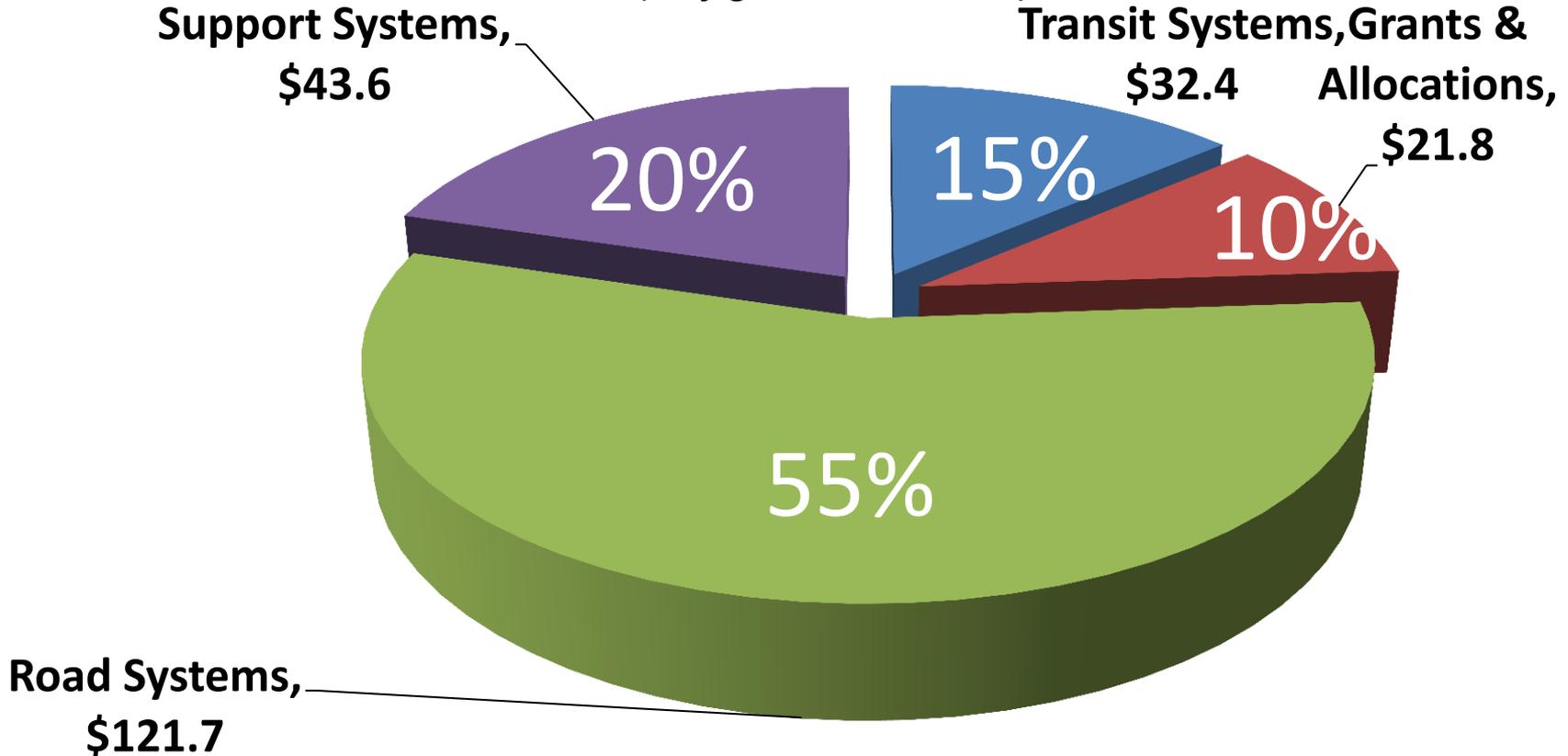
Budgeted	Requested					
	FY12	FY13	FY14	FY15	FY16	FY17
OpEx	138,540.6	139,514.5	143,005.4	144,605.5	146,369.6	148,749.0
DTC Subsidy	77,515.7	80,337.0	83,878.8	84,453.3	85,420.6	87,827.6
Debt Service	134,647.0	123,476.4	112,297.9	109,433.1	103,111.6	95,918.0
Storm Acct	3,277.4	3,277.4	3,277.4	10,000.0	10,000.0	10,000.0
Total Budget:	353,980.7	346,605.3	342,459.5	348,491.9	344,901.8	342,494.6
W/O Storm Acct:	350,703.3	343,327.9	339,182.1	338,491.9	334,901.8	332,494.6

% Change	Requested					
	FY12	FY13	FY14	FY15	FY16	FY17
OpEx	0.0%	0.7%	2.5%	1.1%	1.2%	1.6%
DTC Subsidy	5.4%	3.6%	4.4%	0.7%	1.1%	2.8%
Debt Service	3.9%	(8.3%)	(9.1%)	(2.6%)	(5.8%)	(7.0%)
Storm Acct	0.0%	0.0%	0.0%	205.1%	0.0%	0.0%
Total Budget:	2.6%	(2.1%)	(1.2%)	1.8%	(1.0%)	(0.7%)
W/O Storm Acct	2.7%	(2.1%)	(1.2%)	(0.2%)	(1.1%)	(0.7%)



FY2017 - Capital USES - \$219.4M

(all figures in millions)

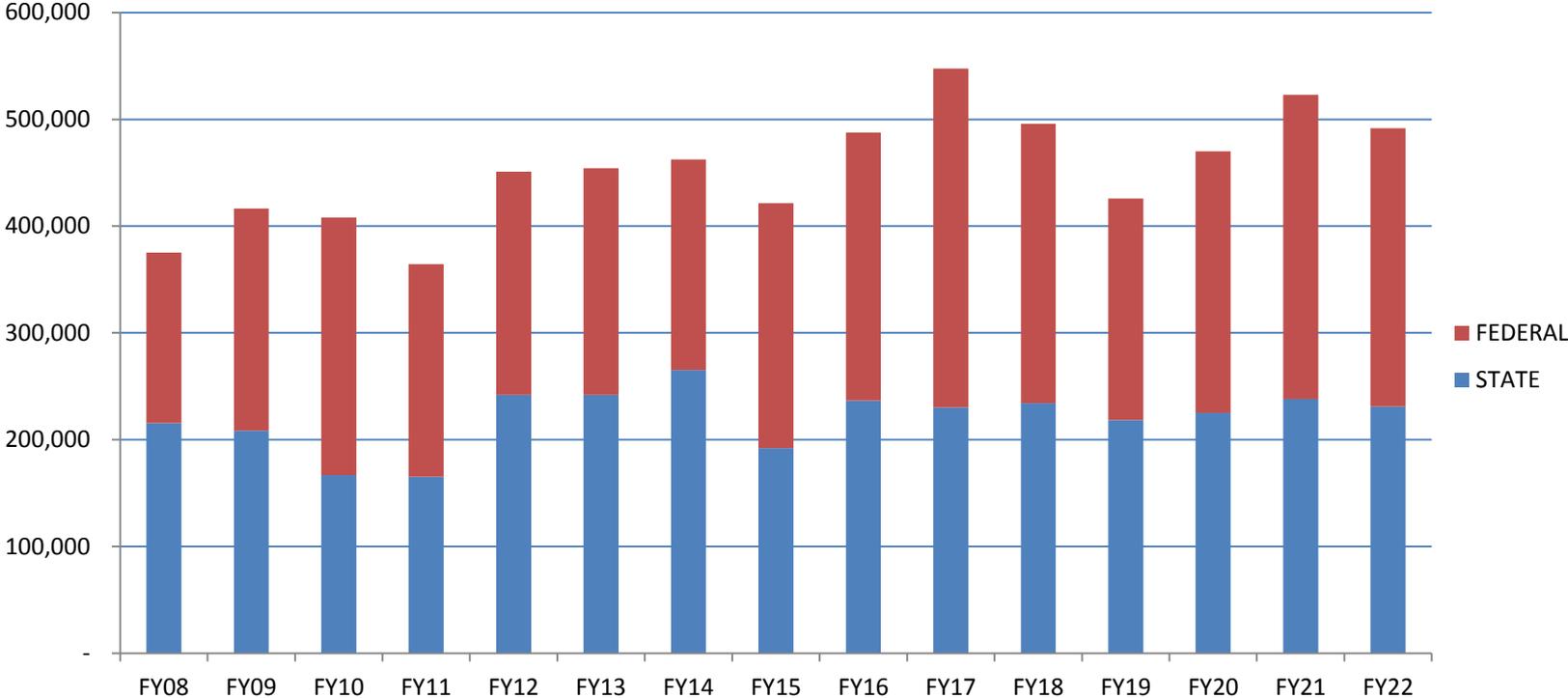


Capital Program

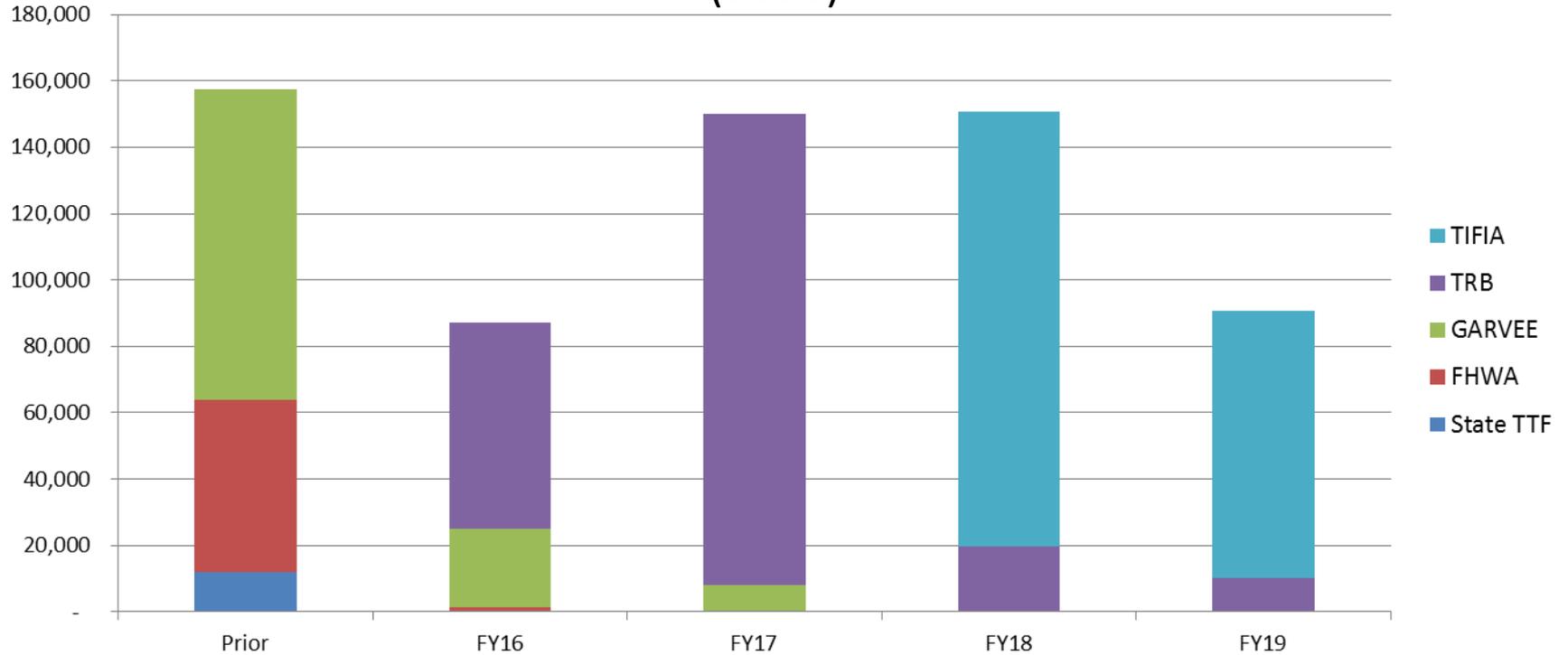
FY 2008 – FY2022

(000's)

Excludes US 301 project



US 301 Spend (000's)





Fixing America's Surface Transportation (FAST) Act

The FAST Act

Fixing America's Surface Transportation Act

- Five year transportation legislation, includes provisions to ensure bill is fully paid for
- Provides every state a 5.1% increased in formula funding in FY 2016
 - Increase of 5.1% from our FY 2016 Annual apportionment increases on average \$15 million per year (\$163M FY16 to \$187M FY20)
 - \$75M over 5 year bill

The FAST Act

Fixing America's Surface Transportation Act

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The FAST Act

Fixing America's Surface Transportation Act

- FAST Act continues the following programs:
 - National Highway Performance Program (NHPP)
 - Use of funding on non-NHS bridges
 - Surface Transportation
 - Congestion Mitigation & Air Quality (CMAQ)
 - Highway Safety Improvement Program (HSIP)
- FAST Act **new** initiatives:
 - National Freight Program
 - Nationally Significant Freight and Highway Projects Program

Questions??