



Project NEON

Delivery Method

Transportation Board

August 18, 2014





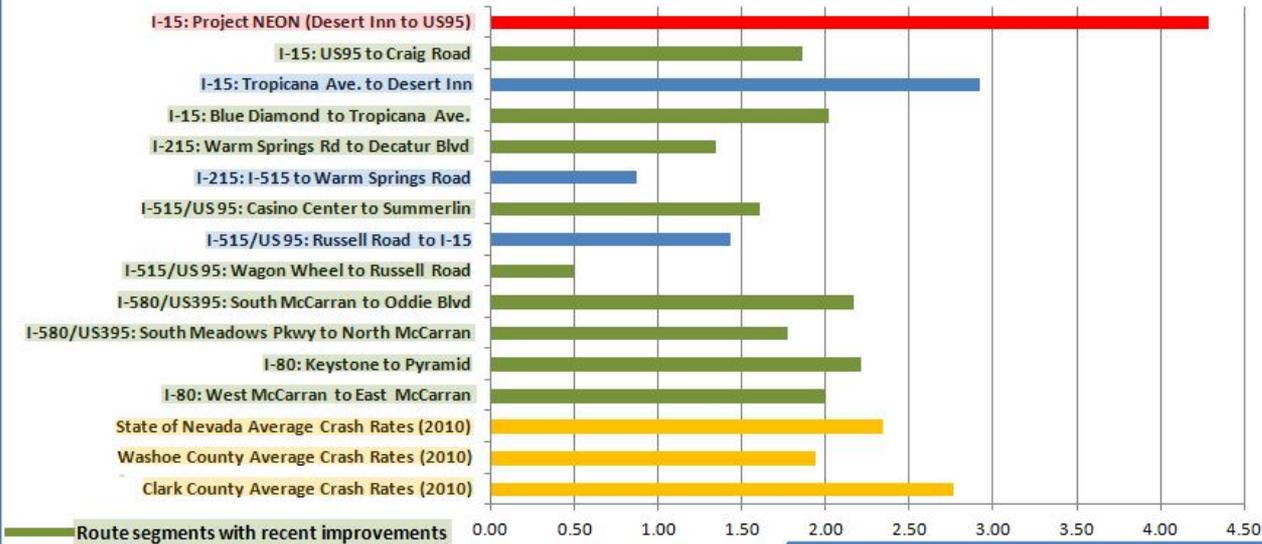
Project Benefits

- Safety & Congestion – 1,000 crashes per year!
- Connectivity /Mobility for City Redevelopment Efforts
- Congestion: Improves Freight Mobility & Economy
- Creates 5,000 Jobs in Hard-hit Employment Sector
- Southern NV needs 21st century transportation system
- Benefit / Cost Ratio = 5.8 (exponential improvement!)



Statewide Comparison

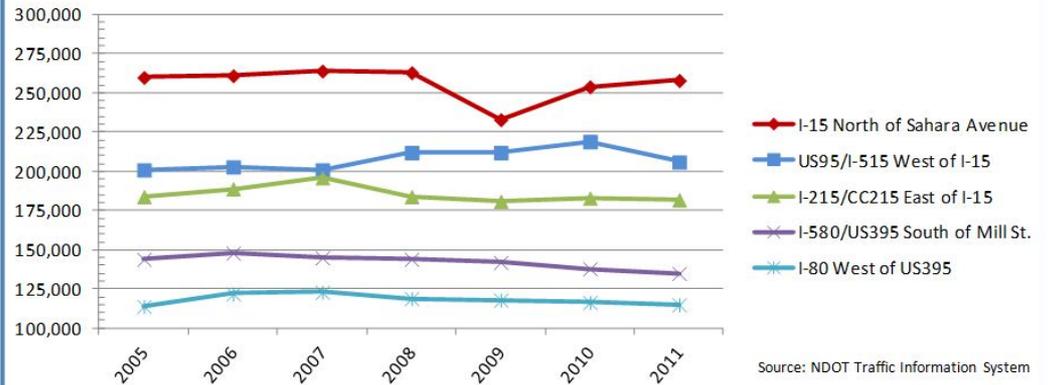
Crash Rate Comparisons of Urban Freeways in Nevada
Total Crash Rates - June 2007 to July 2012



Note: Crash Rates in crashes per million miles
 Sources: NDOT Safety Engineering and NDOT Traffic Information System

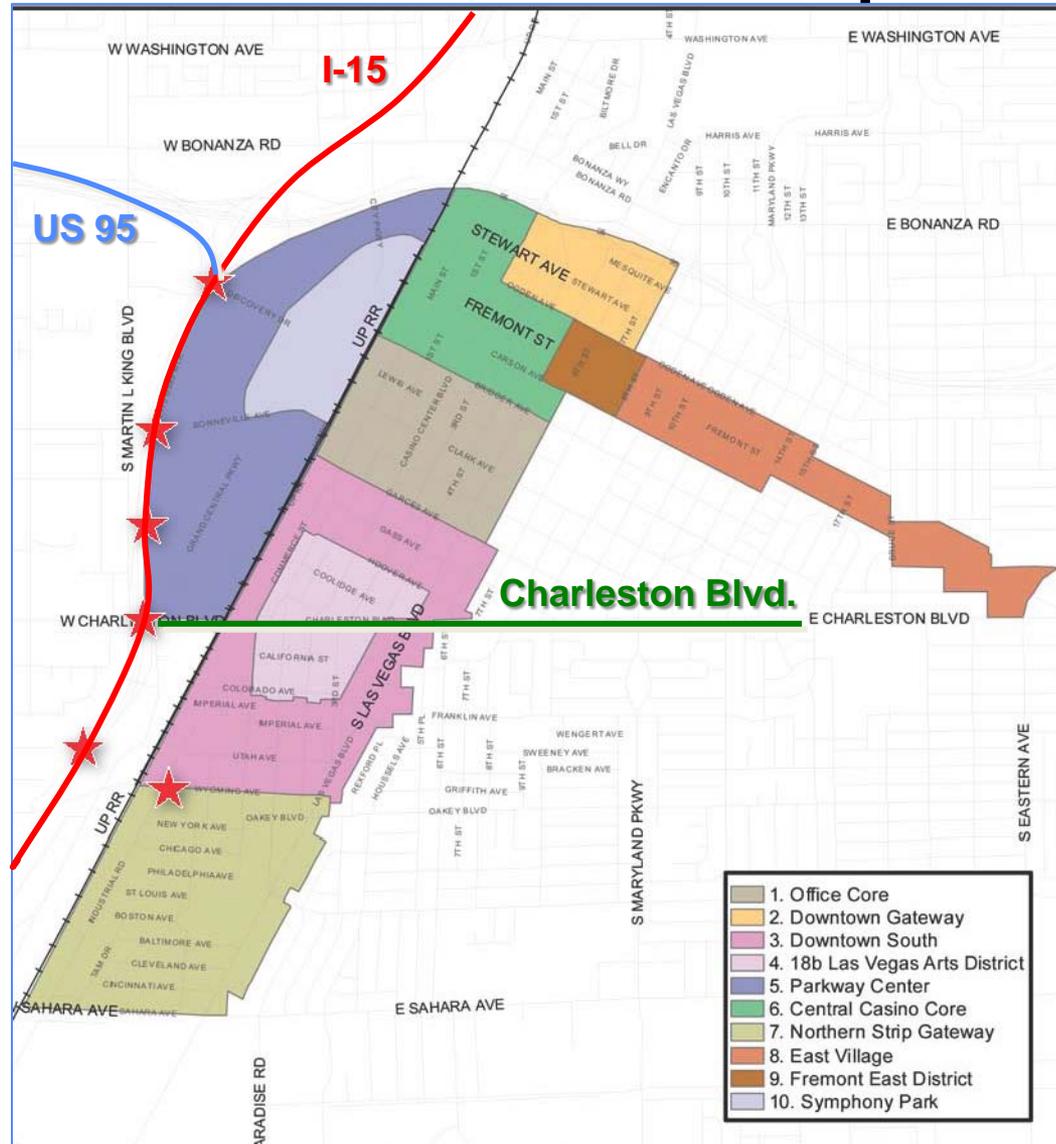


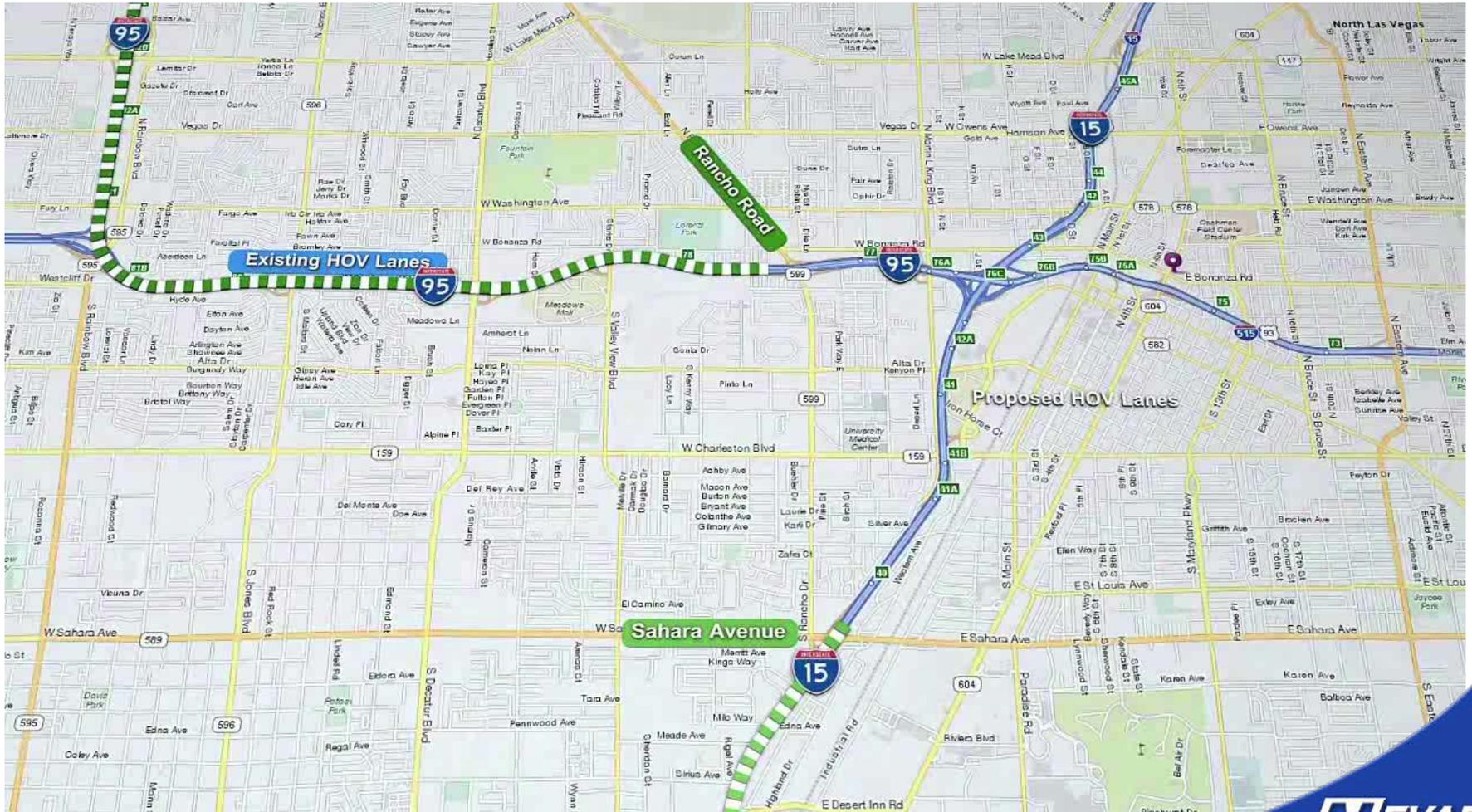
Traffic Volume Comparisons of Urban Nevada Freeways
Highest Annual Average Daily Traffic (AADT) Volumes





Downtown Redevelopment



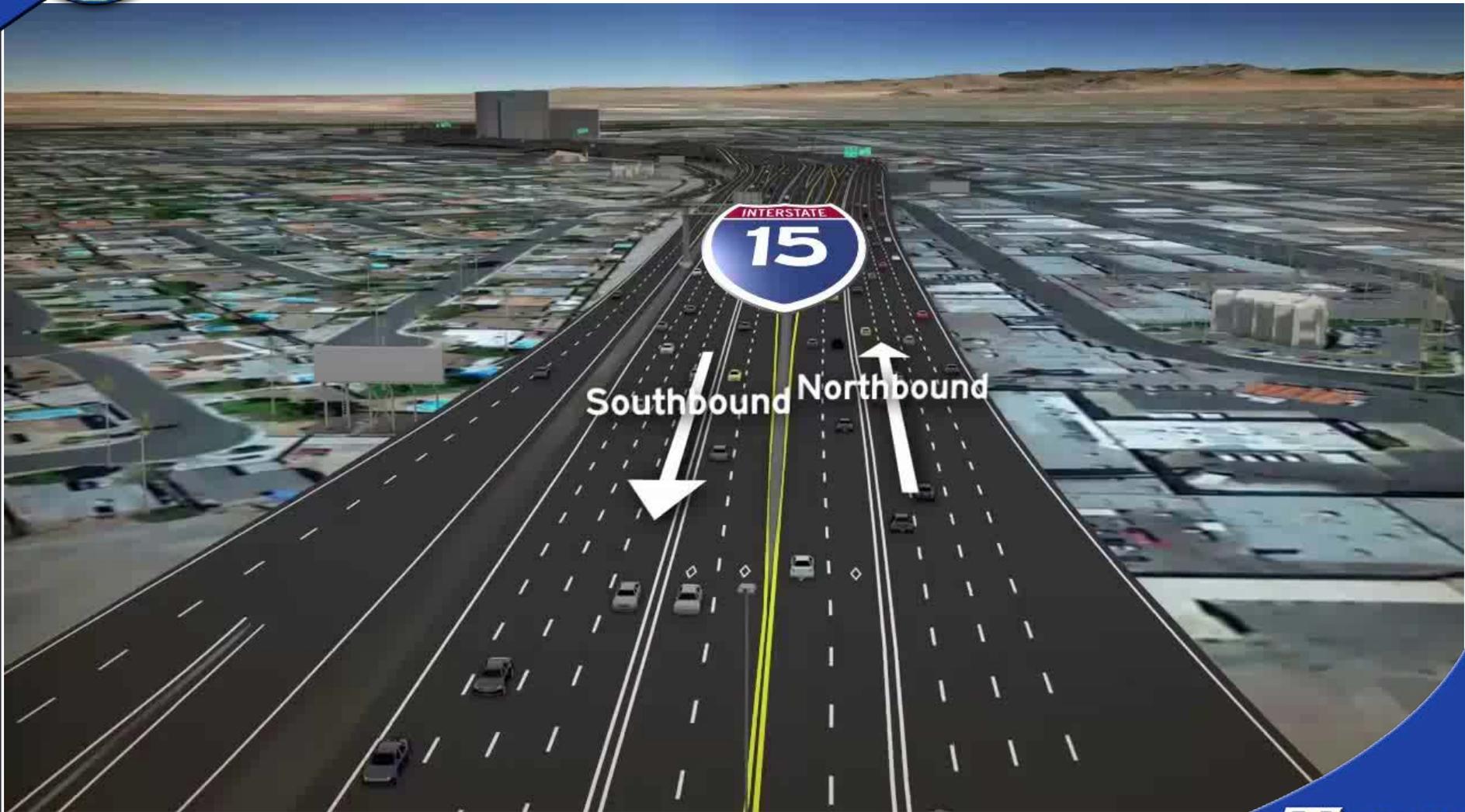




Local Connectivity

Project Neon P3 East/West Connections





nevadadot.com



Can We Afford NEON?

- Maintain a minimum of \$90M in Highway Fund
 - Helps bridge potential gaps in federal funding
- Do not exceed Historical Annual Debt Service Payments
 - \$100 Million per year maximum
 - Under \$89 Million per year maintains AAA rating with S&P
- Maintain the same Statewide Capital Program
 - No decrease in funding for other statewide projects



What's Changed?

- Reanalyzed delivery method due to federal funding uncertainty caused by federal highway bill debate
- Continuous monitoring of interest rates and market variability/quantitative easing
- Bonding payments eligible for up to 95% federal reimbursement vs. 64.9% with P3



Due Diligence

- Sale of \$100M ROW Bonds
 - High demand for bonds
 - AAA Rating + 16 bidders = lower interest rate for state
- Working with Treasurer's Office
 - Sale conducted by Public Financial Management, Inc. (PFM)
 - PFM Provided Independent third party analysis of future bond sales



Why Bond instead of P3?

1. Market demand for bonds and competitive pricing makes bonding even more affordable than originally projected
2. Right-of-way acquisitions may affect schedule
3. P3 teams concerned about appropriation risk and are now requesting progress payment(s)
4. Project can be completed within similar timeframe by bonding as with P3 resulting in no realized efficiency savings
5. NDOT maintains control of future O&M program and funding

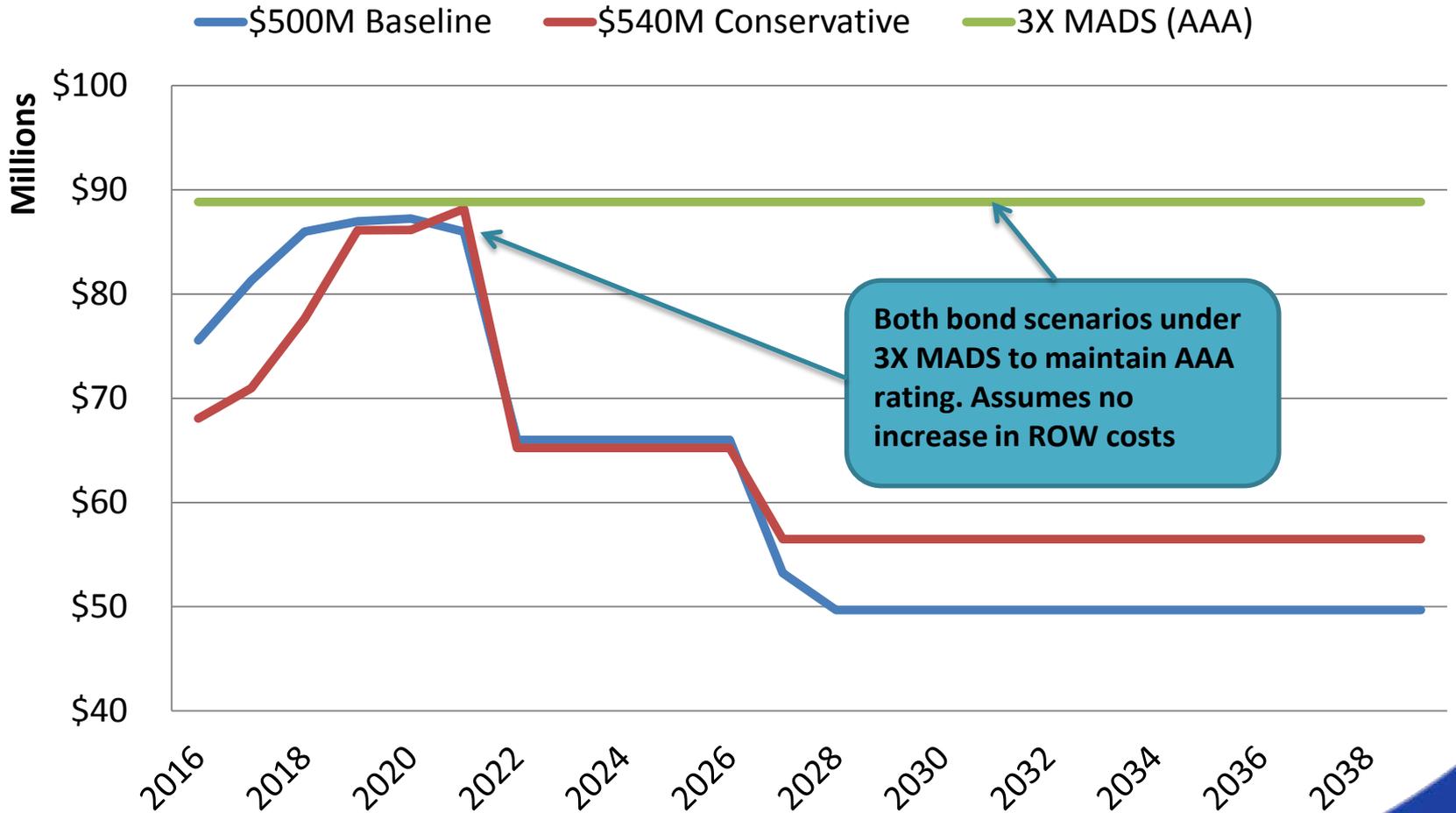


Recommend Bonding

- NDOT has good experience with DB method
- Ability to structure bond sales more closely around ROW acquisition schedule
- NEON paid off by 2039 providing an average annual capacity of \$47M (after paying O&M and lifecycle costs) for new projects starting in 2040
- Continue to realize savings of \$250M from doing 4 phases together



Construction Bond Debt





Affordability Concerns

Concern: Can NDOT afford NEON if project costs are substantially greater than projected?

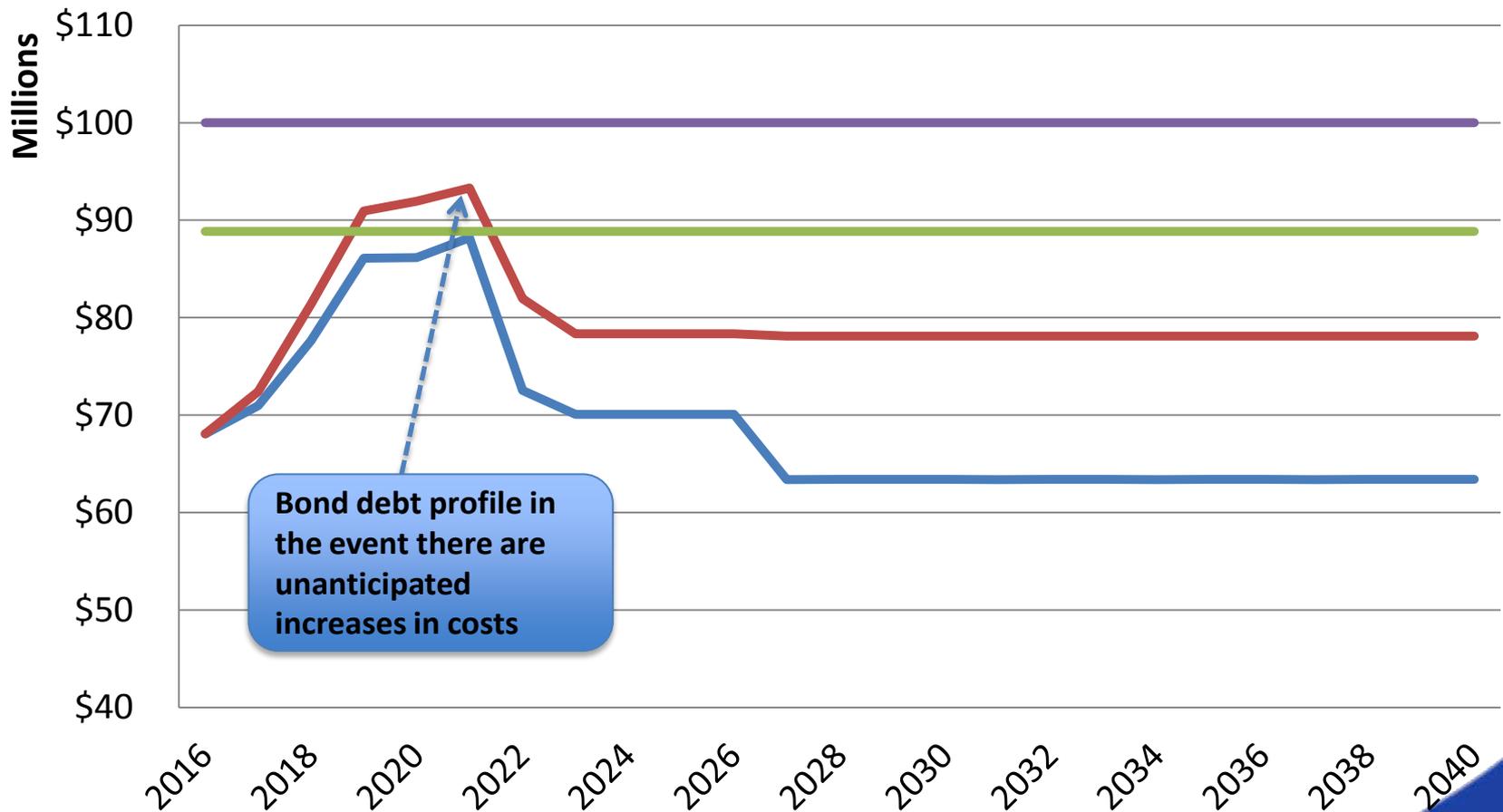
Answer: Yes! Even with a worst case scenario, NDOT can still afford NEON and can still fund needed projects through out Clark County and other parts of the State.

Mitigation: NDOT has engaged risk analysis and bonding experts to analyze risks: Bonding provides greatest flexibility against unknown outcomes



Bond Debt Service

— 50% Increase — 70% Increase — 3X MADS — \$100M Affordability Target

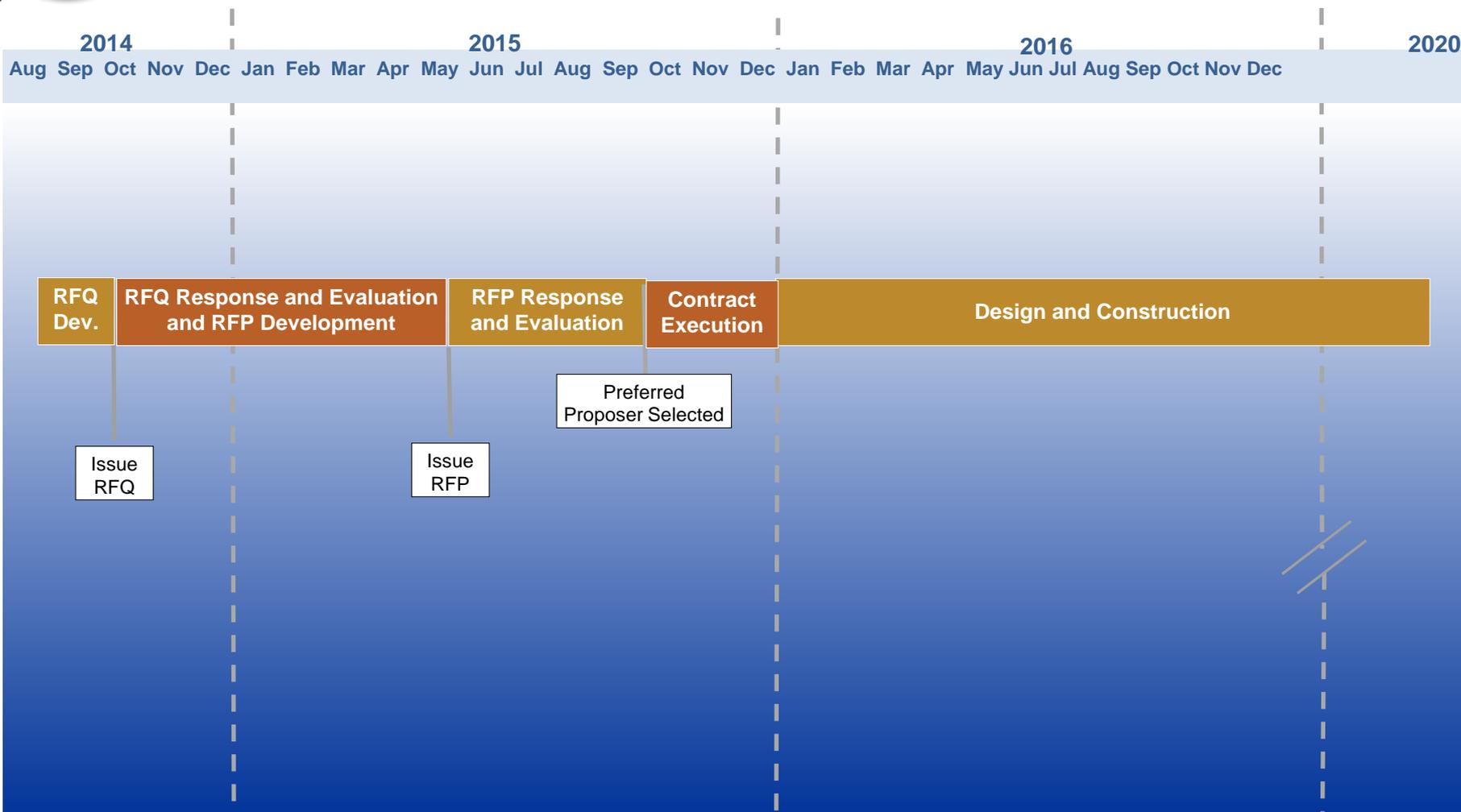


Bond debt profile in the event there are unanticipated increases in costs





Design Build Delivery





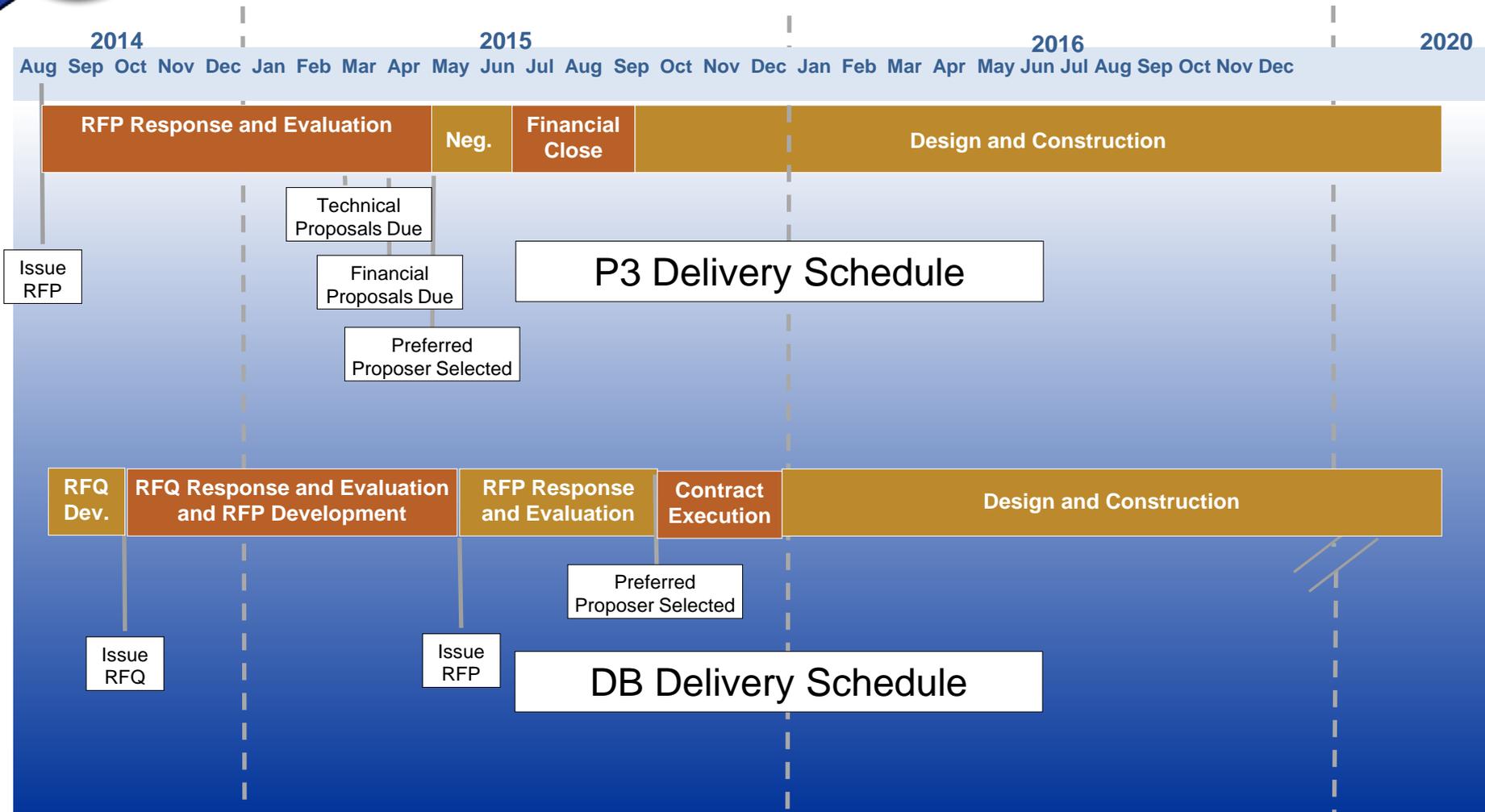
Request Approval to Bond

- NEON is largest project in Nevada history
- Bonding more affordable than projected
- Top benefits for P3 Procurement have eroded
- Bonding provides greatest flexibility to control
 - Right-of-way acquisition schedule
 - Timing bond sales and managing payments
 - O&M and lifecycle schedule
- Request Board approval for DB procurement





Delivery Timelines





Construction Costs

■ Construction ■ Design ■ Administration ■ Contingency

