



The Story of a Toll Road or Maybe Two

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In the beginning there was a Project

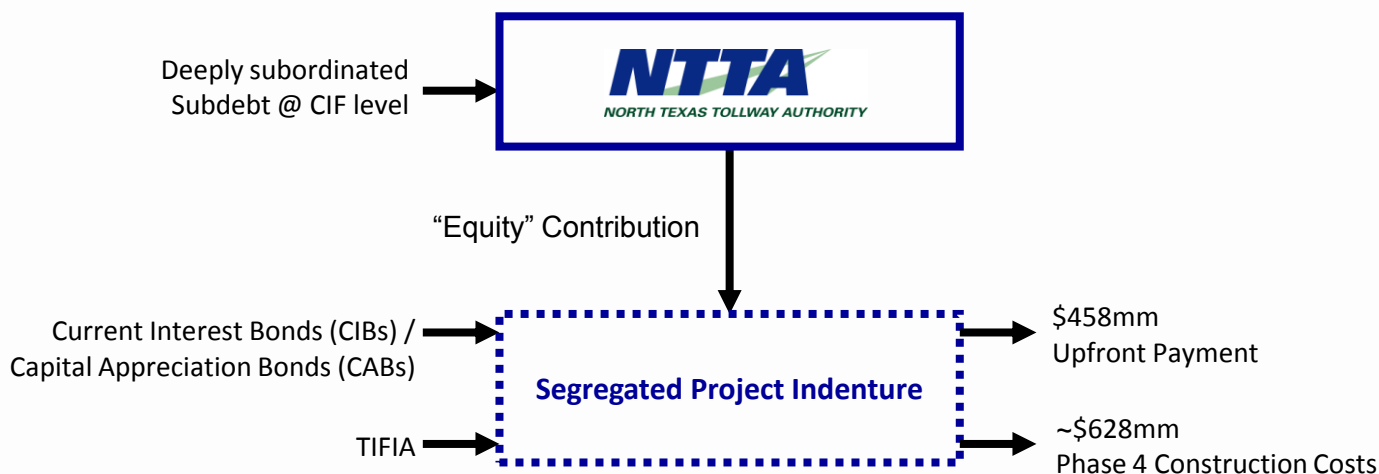
- Comprised of 11.5 miles of limited access tollway between IH 20 and SH 183 in Dallas County
- SH 161 is a natural extension of NTTA's President George Bush Turnpike, which is a heavily congested corridor
- Project is comprised of four phases:
 - Phase 1: SH 183 Interchange (complete) – 0.9 miles in length; Frontage Roads from IH 20 to just north of IH 30 (complete)
 - Phase 2 & 3: SH 183 to just north of IH 30 – 4.1 miles in length (completed by TxDOT)
 - Phase 4: IH 30 to IH 20 (NTTA: 2012) – 6.5 miles in length (approximately 40% complete)

SH 161 Project Map



Overview of Structure

- Given current commitments and potential future projects, we preferred to finance SH 161 on a stand-alone project finance basis
- The initial proposed capital structure for a stand-alone project financing included a combination of: (i) senior project debt, consisting of tax-exempt Current Interest Bonds (“CIBs”) and tax-exempt Capital Appreciation Bonds (“CABs”); (ii) subordinated project debt, consisting of a TIFIA loan; and (iii) an “equity” contribution funded through the issuance of deeply subordinated NTTA System debt (“CIF Sub-Debt”)



Initial NTTA Finance Plan

- Based on preliminary revenue and cost estimates by NTTA staff and consultants
- Preliminary debt consideration
 - Senior lien debt BBB- rating
 - Maximize current interest bonds (“CIBs”)
- Address construction period and ramp-up using
 - Capitalized interest
 - CABs to the extent available
 - TIFIA loan if available
- Equity contribution from NTTA System Capital Improvement Fund for remaining requirements

2008 Financing Environment

- CABs
 - Required insurance, which had limited availability
- While base interest rates had remained generally stable, credit spreads had widened
 - BBB- CIBs roughly AAA MMD + 190bps (vs. + XX bps 1 year ago)
- Preliminary discussions with TIFIA indicated
 - More applications than authorized to loan
 - Bias towards private sector equity
 - Potential delay in processing
- Rating agencies
 - Considerable public and regulatory pressure to be more conservative
 - Some delays in processing

Or Maybe Two

- Based on the unfavorable financing environment, the Authority and TxDOT discussed ways to deliver the road
- Use TxDOT's Fund 6 as a backstop in the event that revenues for 161 did not support debt service at some point in the future
- Discussions with TxDOT included combining 161 with others projects on the drawing board – Southwest Parkway and Chisholm Trail
- Even though Tarrant County had been a member county since the inception of the Authority, Southwest Parkway would be the first toll project in Tarrant County
- Chisholm Trail would expand the Authority into Johnson County

Southwest Parkway and Chisholm Trail



- North segment (Tarrant County)
 - Limits: IH 30 to Altamesa Blvd.
 - Length: 8.74 miles
 - Six lane
- South segment (Tarrant County)
 - Limits: Altamesa Blvd. to FM 1187
 - Length: 5.82 miles
 - Four lane
- Chisholm Trail (Johnson County)
 - Limits: FM 1187 to U.S. 67
 - Length: 13.01 miles
 - Two lane (initial construction)

TxDOT and NTTA Goals

- Enhance SH 161 project delivery
 - Financing mechanism that benefits from, but did not require, TIFIA
 - Increase efficiency of financing execution
 - Higher credit rating
 - Lower interest cost
 - Ability to issue CABs
 - Minimize equity contribution from NTTA System
- Enhance NTTA delivery of Southwest Parkway
 - Increase feasibility by combining Southwest Parkway with Chisholm Trail
 - Found additional sources for closing funding gaps
 - Commit funding from regional partners

But the projects still had issues



SH 161 Base Case

- Required a TIFIA Loan
 - TIFIA status is uncertain
 - TIFIA is the only available source for interest deferral through ramp-up

- Assumed acquisition payment made up-front and construction completed by 2012

- Assumed full TxDOT interest rate protection, but only until first financial close

- Maximized current interest bonds at BBB-funding costs
 - Credit spreads continue to widen

- Opportunity cost of using NTTA Equity

SH 161 Base Case Uses & Sources¹

Uses

Construction ²	\$640,000,000
Acquisition Payment	458,000,000
Capitalized Interest	239,000,000
Financing and Other Costs	20,000,000
Total	\$1,357,000,000

Sources

Current Interest Bonds	\$618,000,000
NTTA Equity	302,000,000
TIFIA Loan	437,000,000
Total	\$1,357,000,000

Southwest Parkway & Chisholm Trail

- Southwest Parkway had a significant funding gap under the Inter Local Agreement
- Combining Southwest Parkway with Chisholm Trail reduced, but did not eliminate, the funding gap
- Funding below ILA commitments of TxDOT and Ft. Worth increased the funding gap
- Preliminary debt structure requires a significant level of capital appreciation bonds

SWP-CT Uses & Sources

Uses

Total Project Costs	\$1,862,000,000
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Sources

NTTA Revenue Bonds ²	\$1,042,000,000
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TxDOT Contribution	254,000,000
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City of Ft. Worth Contribution	40,000,000
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Total	\$1,336,000,000
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Funding Gap	(526,000,000)
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TxDOT's Offer

- Toll Equity Loan from Fund 006 monies as a back-stop for SH 161 credit
 - Aggregate amount sized to cover all eligible project costs
 - Annual amount not to exceed 100% of projected gross revenues over the life of the financing
- Used by NTTA if annual gross revenues fall short of projections by drawing on the loan in an amount up to the annual gross revenue shortfall
- NTTA System Capital Improvement Fund responsible for O&M, Major Maintenance, and Capital Expenditures in excess of SH 161 projections
- Elimination of interest rate protection for SH 161

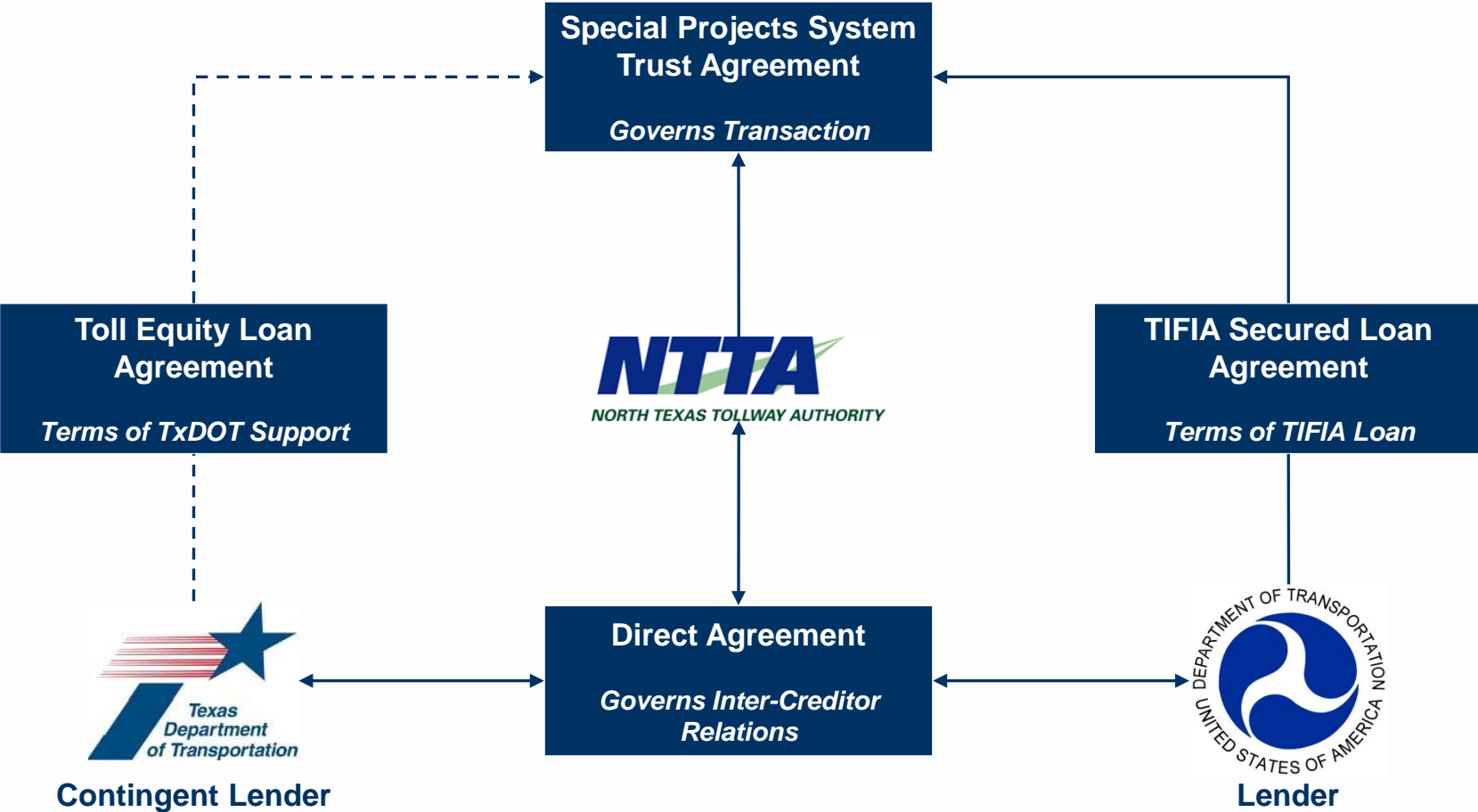
TxDOT's Offer

- The project will be expanded when traffic demands warrants, but only after the TxDOT Toll Equity Loan has been retired
- Project is expected to be fully self supporting and will provide the NTTA Systems with excess revenues upon the retirement of the TxDOT Toll Equity Loan
- Southwest Parkway Enhanced Feasibility
 - Formal commitment to combine Southwest Parkway and Chisholm Trail into one project
 - TxDOT commits to support \$254 million of RTC programmed funds for Southwest Parkway and Chisholm Trail
 - NTTA constructs interchanges

What TxDOT's Offer Meant

- Deliver SH 161 with or without TIFIA
 - Ability to issue CABs for the project
- Achieve more efficient execution of SH 161
 - Ratings as high as “AA” are achievable
 - Lower borrowing cost
- Lower the NTTA equity contribution for SH 161
 - More equity available for Southwest Parkway and Chisholm Trail
- Southwest Parkway and Chisholm Trail delivery
 - Improved feasibility of Southwest Parkway when combined with Chisholm Trail
 - Greater certainty around contribution of regional partners
 - Delivery of interchanges at lower cost
 - Equity not used on SH 161 to be used on Southwest Parkway and Chisholm Trail up to \$400 million total for SH 161 and the combined SWP-CT project

Financing Parties and Documents



PGBT-WE Financing Results

Successful pricing with significant investor demand drove down NTTA Equity requirement

- \$674 million proceeds from First Tier Bonds
- \$418 million proceeds from BANs to be taken out by a Second Tier TIFIA Loan
- \$72 million NTTA Equity funded through NTTA System CIF Subdebt
- Pricing took place over multiple days
 - March 31: \$70 million BANs for Rate Stabilization Fund
 - April 13: \$673 million Special Projects System Bonds
 - April 14: \$348 million BANs
 - April 15: \$418 million TIFIA Loan
- Bonds and BANs scheduled to close on Thurs, April 28

PGBT-WE Sources and Uses

Sources	
NTTA First Tier Current Interest Bonds	\$ 489,370,253
NTTA First Tier Convertible CABs	129,839,776
NTTA First Tier Capital Appreciation Bonds	55,103,673
NTTA Bond Anticipation Notes in anticipation of Second Tier TIFIA Loan	418,405,000
NTTA CIF Equity Contribution	72,471,089
RTC UPRR Funding	12,000,000
Revenue During Construction	7,219,191
Total	\$ 1,184,408,983

Uses	
Project Cost	\$ 546,598,381
Upfront Payment (Including Interest)	469,074,676
Capitalized Interest Fund	86,711,324
Rate Stabilization Fund	65,376,911
Major Maintenance Reserve Fund	4,002,391
Financing Fees and Costs	12,645,301
Total	\$ 1,184,408,983

Questions?

