

**APRIL 27, 2011 CTRMA BOARD OF DIRECTORS MEETING
Summary Sheet**

AGENDA ITEM # 3

Conduct a public hearing to receive comments and questions on Financial and other information on the Manor Expressway (290 East Toll Project) and the approved contract with Central Texas Mobility Constructors to design and build the Manor Expressway, as required by Section 371.151 of the Texas Transportation Code.

Department: Law, Engineering, and Finance

Associated Costs: See attached information sheet.

Funding Source: Bond Sale Funds

Board Action Required: Conduct a public hearing;

Description of Matter:

Before CTRMA may enter into the contract with Central Texas Mobility Constructors to develop the Manor Expressway, state law requires CTRMA to publish specific information relating to the proposed toll project. Those requirements are in Section 371.151 of the Transportation Code, a copy of which is included in this backup for your convenience as Attachment 1. The text published in the Austin American-Statesman, the Daily Texan, and the Oak Hill Gazette is also attached for your reference, as Attachment 2.

CTRMA must conduct a public hearing on the published information, and the hearing must include a formal presentation and a mechanism for the agency to respond to comments and questions. Responses to questions and comments will be prepared and posted on CTRMA's website.

This item is the required public hearing. The published information (reformatted) will be provided as a handout to those who are present for the public hearing. A copy of that handout is attached as Attachment 3.

Attached documentation for reference:

- 1. Statutory Requirements for Disclosure and Public Hearing**
- 2. Notice of Public Hearing Published in Newspapers**
- 3. Information Concerning The Manor Expressway Project**

Contact for further information:

Andrew Martin, General Counsel

SEC. 371.151 – SEC. 371.154, TRANSPORTATION CODE

§ 371.151. DISCLOSURE OF FINANCIAL INFORMATION.

(a) Before a toll project entity enters into a contract for the construction of a toll project, the entity shall publish in the manner provided by Section 371.152 information regarding:

- (1) project financing, including:
 - (A) the total amount of debt that has been and will be assumed to acquire, design, construct, operate, and maintain the toll project;
 - (B) a description of how the debt will be repaid, including a projected timeline for repaying the debt; and
 - (C) the projected amount of interest that will be paid on the debt;
- (2) whether the toll project will continue to be tolled after the debt has been repaid;
- (3) a description of the method that will be used to set toll rates;
- (4) a description of any terms in the contract relating to competing facilities, including any penalties associated with the construction of a competing facility;
- (5) a description of any terms in the contract relating to a termination for convenience provision, including any information regarding how the value of the project will be calculated for the purposes of making termination payments;
- (6) the initial toll rates, the methodology for increasing toll rates, and the projected toll rates at the end of the term of the contract; and
- (7) the projected total amount of concession payments.

(b) A toll project entity may not enter into a contract for the construction of a toll project before the 30th day after the date the

information is first published under Section 371.152.

§ 371.152. DISCLOSURE BY PUBLICATION.

(a) Information under Section 371.151 must be published in a newspaper published in the county in which the toll project is to be constructed once a week for at least two weeks before the time set for entering into the contract and in two other newspapers that the toll project entity may designate.

(b) Instead of the notice required by Subsection (a), if the toll project entity estimates that the contract involves an amount less than \$300,000, the information may be published in two successive issues of a newspaper published in the county in which the project is to be constructed.

(c) If a newspaper is not published in the county in which the toll project is to be constructed, notice shall be published in a newspaper published in the county:

- (1) nearest the county seat of the county in which the improvement is to be made; and
- (2) in which a newspaper is published.

§ 371.153. HEARING.

(a) A toll project entity shall hold a public hearing on the information published under Section 371.152 not later than the 10th day after the date the information is first published and not less than 10 days before the entity enters into the contract.

(b) A hearing under this section must be held in the county seat of the county in which the toll project is located.

(c) A hearing under this section must include a formal presentation and a mechanism for responding to comments and questions.

Notice As Published

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY NOTICE OF PUBLIC HEARING The Central Texas Regional Mobility Authority ("CTRMA") provides this NOTICE OF INTENT to enter into a contract with Central Texas Mobility Constructors for the design and construction of the 290 East Toll Project (the "Manor Expressway" or the "Project") in Travis County, Texas. The Manor Expressway is an approximately 6.2 mile toll project located along the existing U.S. 290 corridor, extending eastward from existing U.S. 290 at the U.S. 183 interchange to east of SH 130. CTRMA will own, operate, and maintain the Project after the construction is completed in accordance with the terms of the contract. CTRMA's contract with Central Texas Mobility Constructors to construct the Manor Expressway Project is a design/build comprehensive development agreement (the "Contract"), and no concession in the Project is granted to Central Texas Mobility Constructors. There are no concession payments made in connection with this Project. Because the contract is not a concession agreement, it contains no provision for a "termination for convenience." When the construction of the Project is completed and the Project is accepted by CTRMA, the contract with Central Texas Mobility Constructors will terminate, except for warranty obligations. CTRMA, a political subdivision of the State of Texas, will be the sole owner and operator of the Manor Expressway Project. The expected initial toll rates for the Project will be \$0.15-\$0.20 per lane mile traveled on the tolled main lanes of the Manor Expressway, and a toll of \$0.25-\$0.50 to use the new direct connectors between US 183 and tolled main lanes of the Manor Expressway, before adjusting these rates for inflation since 2007. Toll rates projected at the end of the contract with Central Texas Mobility Constructors will be the projected initial toll rates, as may be adjusted under the method described in the following paragraph. Projected toll rates for the Project have been established by a market valuation agreement procedure under state law conducted by CTRMA and the Texas Department of Transportation. Market valuation business terms were approved by the Capitol Area Metropolitan Planning Organization on December 1, 2008. Toll rates established by the market valuation agreement will be increased annually under a formula based on the percentage of increase in either the Texas State Gross Domestic Product per capita or the Consumer Price Index for the year preceding the adjustment. The total amount of debt that has been and will be assumed to acquire, design, construct, operate, and maintain the Project is approximately \$359 million in the form of senior and subordinate lien revenue bonds issued by CTRMA. The senior lien bonds will be structured as 30 year bonds, with amortization from 2021 through 2041. Subordinate lien bonds are structured with a 23 year term, with amortization from 2023 through 2034. Total projected interest for the senior lien bonds is \$497 million and \$110 million for subordinate lien bonds. All, or a substantial portion, of the accumulated debt for the Project will be repaid from the proceeds of revenue bonds to be issued by CTRMA. Repayment of those revenue bonds will be secured by tolls and associated fees paid by those who use the Manor Expressway and other revenues from the CTRMA system. To ensure a revenue source for providing replacement reserves and paying the continuing expenses of maintaining and operating the Project, CTRMA assumes at this time that it will collect tolls from users of the Project even after the debt has been repaid. CTRMA anticipates agreeing, in connection with its bond financing,

that it will not support the development of other projects that would have a material adverse impact on its ability to comply with its bond covenants, provided that it may support projects necessary for safety reasons or to preserve the condition of existing non-tolled facilities. No contracts or agreements entered into in connection with the Project establish a prohibition or restriction on the power of any other governmental entity to construct or expand a competing transportation facility. CTRMA's Board of Directors will hold a public hearing to receive comments and questions concerning the information disclosed in this notice at 9:30 a.m. on Wednesday, April 27, 2011. The hearing will be held at 301 Congress Avenue, Suite 360, Austin, Texas. CTRMA will respond to comments and questions received at the public hearing, both written and oral, by posting a written response at the CTRMA website, www.ctrma.org. For more information about the Manor Expressway or CTRMA, please visit www.ctrma.org or call Steve Pustelnyk at 512-996-9778.

Published in the Austin American-Statesman:

First Date Published: 19-Apr-11

**INFORMATION CONCERNING THE MANOR EXPRESSWAY PROJECT
AND THE CONTRACT BETWEEN
CTRMA AND CENTRAL TEXAS MOBILITY CONSTRUCTORS**

The Manor Expressway is an approximately 6.2 mile toll project located along the existing U.S. 290 corridor, extending eastward from existing U.S. 290 at the U.S. 183 interchange to east of SH 130. CTRMA will own, operate, and maintain the Project after the construction is completed in accordance with the terms of the contract.

CTRMA's contract with Central Texas Mobility Constructors to construct the Manor Expressway Project is a design/build comprehensive development agreement (the "Contract"), and no concession in the Project is granted to Central Texas Mobility Constructors.

There are no concession payments made in connection with this Project. Because the contract is not a concession agreement, it contains no provision for a "termination for convenience."

When the construction of the Project is completed and the Project is accepted by CTRMA, the contract with Central Texas Mobility Constructors will terminate, except for warranty obligations. CTRMA, a political subdivision of the State of Texas, will be the sole owner and operator of the Manor Expressway Project.

The expected initial toll rates for the Project will be \$0.15-\$0.20 per lane mile traveled on the tolled main lanes of the Manor Expressway, and a toll of \$0.25-\$0.50 to use the new direct connectors between US 183 and tolled main lanes of the Manor Expressway, before adjusting these rates for inflation since 2007. Toll rates projected at the end of the contract with Central Texas Mobility Constructors will be the projected initial toll rates, as may be adjusted under the method described in the following paragraph.

Projected toll rates for the Project have been established by a market valuation agreement procedure under state law conducted by CTRMA and the Texas Department of Transportation. Market valuation business terms were approved by the Capitol Area Metropolitan Planning Organization on December 1, 2008. Toll rates established by the market valuation agreement will be increased annually under a formula based on the percentage of increase in either the Texas State Gross Domestic Product per capita or the Consumer Price Index for the year preceding the adjustment.

The total amount of debt that has been and will be assumed to acquire, design, construct, operate, and maintain the Project is approximately \$359 million in the form of senior and subordinate lien revenue bonds issued by CTRMA. The senior lien bonds will be structured as 30 year bonds, with amortization from 2021 through 2041. Subordinate lien bonds are structured with a 23 year term, with amortization from 2023 through 2034. Total projected interest for the senior lien bonds is \$497 million and \$110 million for subordinate lien bonds.

All, or a substantial portion, of the accumulated debt for the Project will be repaid from the proceeds of revenue bonds to be issued by CTRMA. Repayment of those revenue bonds will be secured by tolls and associated fees paid by those who use the Manor Expressway and other revenues from the CTRMA system.

To ensure a revenue source for providing replacement reserves and paying the continuing expenses of maintaining and operating the Project, CTRMA assumes at this time that it will collect tolls from users of the Project even after the debt has been repaid.

CTRMA anticipates agreeing, in connection with its bond financing, that it will not support the development of other projects that would have a material adverse impact on its ability to comply with its bond covenants, provided that it may support projects necessary for safety reasons or to preserve the condition of existing non-tolled facilities. No contracts or agreements entered into in connection with the Project establish a prohibition or restriction on the power of any other governmental entity to construct or expand a competing transportation facility.

CTRMA will respond to comments and questions received at the public hearing, both written and oral, by posting a written response at the CTRMA website, www.ctrma.org.