

CTRMA Responses to Questions and Comments Related to Statutory Scope of Public Hearing

Note: The following comments and questions are the comments and questions received from (1) written material provided to CTRMA by those present and speaking at the April 27, 2011 public hearing, and (2) comments and questions raised by a speaker at the public hearing, as taken from the tape recording of made of the public hearing at the CTRMA Board meeting. Responses to comments and questions unrelated to the statutory purpose of the public hearing under Sections 371.151 through 371.153, Transportation Code, will be provided directly to the individuals who provided the comment or question.

Identical or related questions that address a particular topic have been grouped together for a single response. All comments and questions related to the purpose of the public hearing, including identical comments and questions submitted by two or more people, are set out below, followed by CTRMA's response.

1. QUESTION/COMMENT:

Who are your underwriters?

CTRMA RESPONSE:

Underwriters for the pending bond sale to finance construction of the Manor Expressway are the members of the Financing Syndicate, composed of:

Senior Manager:	JP Morgan Securities Inc.
Co-Senior Managers:	Goldman Sachs & Co Bank of America Merrill Lynch Morgan Keegan & Company, Inc.
Co-Managers:	Barclays Capital Fidelity Capital markets Services Siebert, Brandford, Shank & Co., LLC Jefferies & Company, Inc. RBC Capital Markets Coastal Securities Estrada Hinojosa & Company, Inc.

2. QUESTION/COMMENT:

Why do you plan this Toll project without a projected deadline for when the road cost requirements be satisfied?

Why do you plan this Toll project without a projected deadline for when the road will be paid off?

Why do you plan to toll this project without a projected deadline for when the road is paid off? Where does the money go after the road is paid off?

What date will the Toll Booths, stations be removed after satisfying building costs?

When will the toll booths be removed?

Once the roads are paid for will they remove the toll booths, or is this a revenue producer?

Where will the revenue be placed after the Road costs are met?

Where does the revenue placed after the road costs are met?

CTRMA RESPONSE:

As was stated in the [published notice](#), in the [handout](#) provided at the public hearing, and in the staff presentation preceding the public hearing:

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.

The toll project thus includes projected bond repayment dates of 2041 for the senior lien bonds and 2034 for the subordinate lien bonds.

When the bonds are fully paid in 2041, CTRMA assumes that the CTRMA Board serving thirty years from now will continue to collect tolls to provide a source of revenue to pay the continuing expenses of maintaining and operating the Manor Expressway and the CTRMA Turnpike System. Here is the statement that was provided in the published notice, the handout, and the staff presentation preceding the public hearing:

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.

The Manor Expressway will not have toll collection booths. CTRMA does not collect cash tolls or have toll booths on any of its toll roads. Tolls are paid electronically, either through a transponder linked to a TxTag or similar account, or by mail, with the toll bill delivered to the registered owner of the vehicle determined by a digital photo of the license plate. Assuming that tolls

will still be collected in 2041 and thereafter, CTRMA assumes that the equipment and means used to collect tolls in 2041 will remain in place after the bond debt is repaid.

3. QUESTION/COMMENT:

If CTRMA will own the Project, could CTRMA lose title to the Project if CTRMA defaulted on its debt obligations?

If CTRMA defaulted, could CTRMA lose the right to set and collect tolls?

CTRMA RESPONSE:

The debt obligations are not a mortgage, and CTRMA will not lose title to the Project if it were to default on those debt obligations.

If CTRMA were to default on its debt obligations, the Trustee appointed under the financing documents would have the power to seek remedial measures, including the adjustment of toll rates, if the CTRMA Board of Directors failed to take adequate steps to remedy the default.

4. QUESTION/COMMENT:

A CTRMA staff member testified at the legislative hearings last week that the 290E project was under budget. My recollection is that in the NEPA hearing CTRMA stated that the project would be built for \$459 million, and yet the project now stands at over \$600 million. Is that what CTRMA thinks is under budget?

CTRMA RESPONSE:

The current projected cost for the Manor Expressway Project is \$426.4 million.

5. QUESTION/COMMENT:

You state that the toll for using a flyover will be "25 cents to 50 cents". Nobody would buy a car if the dealer said "The price will be between \$25k and \$50k, just sign on the dotted line." Why use this deceptive language when CTRMA announced in 2009 that the toll would be 50 cents? If you don't know what the rate will be after spending millions of dollars over 5 years on Traffic & Revenue studies, you are not competent to do this project.

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You state that the toll for using a flyover will be "25 cents to 50 cents," Since nobody would buy a car if the dealer said "The price will be between \$25k and \$50k, just sign on the dotted line," then why use this deceptive language when CTRMA announced in 2009 that the toll would be 50 cents? Is there a higher public office that you must go to in order to get permission to raise toll rates in the future?

If you don't know, or cannot give us now, what the rate will be after spending millions of dollars over 5 years on Traffic & Revenue Studies, how can the public find your documents and data to back up your projected plans, or will the plans remain arbitrary, randomly changing to fit new conditions that might arise in the future?

Please explain the following CTRMA statement: 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.

I don't understand this part of the CTRMA statement: 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. What rates would I be paying if the initial rate went into effect today?

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CTRMA RESPONSE:

The toll rates that will be charged to users of the Manor Expressway when it opens for traffic will be established by the CTRMA Board of Directors. Toll rates for the Manor Expressway have not been adopted by the CTRMA Board at this time.

The range of possible toll rates cited in the above comments and questions was set out in the 2008 [Market Valuation Agreement](#) for the 290 East Toll Project. Note that the toll rates set out in Paragraph 2 of Attachment A to that agreement are in “2007\$,” and that Paragraph 3 of Attachment A establishes a “Toll Escalation Rate” that provides for an annual adjustment of the projected rate based on increases in the Texas State Gross Domestic Product per capita or the Consumer Price Index. CTRMA toll policies to implement the toll escalation will use the Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment (the “CPI”) published by the U.S. Department of Labor Bureau of Labor Statistics.

After adjusting for inflation since 2007 using the [Consumer Price Index inflation calculator](#), the \$0.50 estimated in 2007 dollars is \$0.54 in today’s (2011) dollars. The \$0.20 per mile rate in 2007 dollars is \$0.22 per mile in 2011 dollars.

The board of directors of CTRMA has the exclusive power to establish and revise toll rates charged for CTRMA toll facilities, subject only to the procedures and requirements established by CTRMA bond covenants.

Documents and data relating to toll charges and the Manor Expressway Project are and will be available on CTRMA’s website or at CTRMA’s offices.

6. QUESTION/COMMENT:

Tell me your best guess at when the CTMC contract will end, and what the maximum possible toll rates would be on that day if the intervening years have CPI and GDP similar to the last 5 years.

I was never good at math. Help me understand this: 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. Tell me your best guess at when the CTMC contract will end, and what the maximum possible toll rates would be on that day if the intervening years have CPI and GDP similar to the last 5 years.

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CTRMA RESPONSE:

The Central Texas Mobility Constructors contract is expected to be fully completed in 2014.

The Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment (the "CPI") published by the U.S. Department of Labor Bureau of Labor Statistics shows the following annual percentage increases over the past five years for which data is available:

<u>Year</u>	<u>Annual CPI Increase</u>
2006	3.2%
2007	2.8%
2008	3.8%
2009	-0.4%
2010	1.6%
Average Increase:	2.2%

Using an average annual CPI inflation rate of 2.2% from 2007 until 2014, the projected toll rates of \$0.20 per mile in 2007 would grow to \$0.23 per mile in 2014. The projected maximum toll rate for using a flyover would grow from \$0.50 in 2007 to \$0.58 in 2014.

7. QUESTION/COMMENT:

I have a question about this statement below; Are you going to use nominal Texas GDP or real GDP adjusted for inflation? What public office is in place to oversee your decisions that you plan to put in place on these rates? 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.

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CTRMA RESPONSE:

Toll rates are determined and adopted solely by the CTRMA Board of Directors subject only to the procedures and requirements established by CTRMA bond covenants. There is no public office with jurisdiction to directly oversee toll rates established by the CTRMA Board. The seven members of the CTRMA board are appointed by the Travis County Commissioners Court (three members), the Williamson County Commissioners Court (three members), and the Texas Governor (who appoints one member who serves as the presiding officer).

The initial toll rates for the Manor Expressway will be set in accordance with the project Terms and Conditions approved by CAMPO. Those toll rates were identified as a range, and were expressed in 2007 dollars. The initial toll rates to be established by CTRMA will be consistent with those 2007 estimates, adjusted from 2007 dollars to account for inflation between 2007 and when tolls begin to be collected from users of the Manor Expressway.

Toll rates charged by CTRMA for users of the CTRMA Turnpike System are adjusted annually based on changes in Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment (the “CPI”) published by the U.S. Department of Labor Bureau of Labor Statistics.

8. QUESTION/COMMENT:

I would like to know how much truckers will pay. If a toll booth on 290E charges \$1 for 2-axle vehicles, how much will you charge a 5-axle 18 wheeler?
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CTRMA RESPONSE:

The formula for calculating the toll owed by vehicles with more than two axles is $N-1$ (where N represents the number of axles) times the two-axle (passenger vehicle) toll rate.

To use the hypothetical in this question, if the toll rate for a two-axle vehicle is \$1.00, the toll rate for a 5-axle 18 wheeler would be \$4.00: 5 axles minus 1 axle = 4, multiplied by the \$1.00 toll rate for a 2 axles vehicle, equals \$4.00.

9. QUESTION/COMMENT:

What total debt load does CTRMA expect to bear when the Ultimate Design is complete?

CTRMA RESPONSE:

On February 9, 2014, the scheduled completion date for Phase 2 of the Manor Expressway Project, CTRMA is projected to have a total debt load for the 183A Turnpike and the Manor Expressway of approximately \$768.3 million.

Approximately \$322.4 million of that total debt will be attributable to development of the Manor Expressway Project.

10. QUESTION/COMMENT:

What are your prospects for paying back your bond in the future?

CTRMA RESPONSE:

[The Manor Expressway Toll Road Project Investment Grade Traffic and Toll Revenue Study Final Report](#) projects that the CTRMA Turnpike System will generate sufficient revenue for CTRMA to pay its bond repayment obligations.

11. QUESTION/COMMENT:

The CTRMA statement says that: “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.” Please give a list of accumulated Project debts, when they were acquired, and to whom they are owed.

CTRMA RESPONSE:

CTRMA has a \$32 million loan from the State Infrastructure Bank (SIB) that will be repaid with proceeds from the bond sale. The SIB loan was completed on December 2, 2009. The money must be repaid to TxDOT. Details about the SIB loan can be found in the [Mobility Authority's 2010 Audited Financial Statements](#).

On August 1, 2010, CTRMA issued \$60 million in Revenue Notes, Taxable Series 2010. The net proceeds of this issuance has been used to pay project costs for the Manor Expressway. This debt will also be repaid with proceeds from the bond sale.

12. QUESTION/COMMENT:

Paragraph 3 of the CTRMA statement says: “There are no concession payments made in connection with this Project.” I understand a concession payment as being money or some other valuable thing given as an inducement to sign a contract. I also understand that the quoted sentence means that CTMC has not given any concession payment. Has any other party given you something of value to induce you to sign the CTMC contract?

CTRMA RESPONSE:

No.

13. QUESTION/COMMENT:

TxDOT puts \$153 million into the project. Did that payment have the effect of inducing you to enter the contract?

I note that CTRMA literature refers to the \$153 million TxDOT payment as a “grant.” Would you characterize the grant as an irrevocable gift or did it have strings attached? Did the CTRMA accept terms and conditions in exchange for the grant?

What terms and conditions did CTRMA agree to?

Could CTRMA be required to repay the \$153 million TxDOT grant, or perform some service to avoid repaying all or part of the grant money?

If CTRMA is required to pay the \$153 million TxDOT grant money, how would it be repaid? From new bonding, increased toll revenues, surplus revenues?

If CTRMA is in no way required to perform in return for acceptance of the grant money, has CTRMA contemplated entering into a contract or agreement with TxDOT at some future date to then encumber itself in regards to the grant money?

CTRMA RESPONSE:

In July, 2010, CTRMA applied for two financial assistance grants from the Texas Transportation Commission pursuant to its "Toll Equity Grant" program, for a total grant request of \$153.7 million dollars. One application requested \$126.7M for the costs of constructing the Manor Expressway Project, including right-of-way acquisition and utility relocations. The other application requested \$27M to assist with non-construction development costs for a number of identified CTRMA projects, including approximately \$2.2 M in for the Manor Expressway Project.

On September 30, 2010, the Commission approved both applications for financial assistance. The \$126.7M [Financial Assistance Agreement for the Manor Expressway Project](#) became effective on February 9, 2011. The \$27M [Financial Assistance Agreement for Multiple Projects](#) also was effective on February 9, 2011. These agreements will be referred to collectively as the "FAAs" and individually as the "Manor Expressway FAA" and the "Multiple Projects FAA," respectively.

The terms and conditions agreed to by CTRMA are set forth in each FAA. The Manor Expressway FAA provides that TxDOT and CTRMA "recognize that this funding commitment is an integral part of the overall plan of finance for the Manor Expressway and will be used to secure funding for project construction, and that contractors, rating agencies, capital markets and capital markets participants, and other third parties will act in reliance on the availability of the funds as reflected herein." The financial assistance provided by the FAAs along with other financing secured to pay for the Manor Expressway is a necessary prerequisite for CTRMA to sign the contract with CTMC.

Under Paragraph 5 of the Manor Expressway FAA, CTRMA does not have to repay the \$126M received in assistance so long as CTRMA agrees to use [surplus revenues](#) from the Manor Expressway in an amount equal to \$126M for costs of other CTRMA transportation projects. A similar provision in the Multiple Projects FAA provides that funds disbursed under that FAA are not subject to repayment to TxDOT.

14. QUESTION/COMMENT:

What is your power to prevent the ability of other competing roads, which are publicly funded, to be built? What about county roads?

CTRMA RESPONSE:

CTRMA has no power to prevent the state, a county, a city, or any other government entity from building a publicly-funded road that competes with the Manor Expressway.

TRANSPORTATION CODE
TITLE 6. ROADWAYS
SUBTITLE G. TURNPIKES AND TOLL PROJECTS
CHAPTER 371. COMPREHENSIVE DEVELOPMENT AGREEMENTS FOR HIGHWAY
TOLL PROJECTS

SUBCHAPTER A. GENERAL PROVISIONS

* * *

SUBCHAPTER D. DISCLOSURE OF INFORMATION

Sec. 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.

Added by Acts 2007, 80th Leg., R.S., Ch. [264](#), Sec. 11.01, eff. June 11, 2007.

Sec. 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.

Added by Acts 2007, 80th Leg., R.S., Ch. [264](#), Sec. 11.01, eff. June 11, 2007.

Sec. 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.

Added by Acts 2007, 80th Leg., R.S., Ch. [264](#), Sec. 11.01, eff. June 11, 2007.

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:

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**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.

MARKET VALUATION AGREEMENT FOR THE 290 EAST TOLL PROJECT

This Market Valuation Agreement (this “Agreement”) is made by and between the Texas Department of Transportation, an agency of the State of Texas (“TxDOT”), and the Central Texas Regional Mobility Authority, a political subdivision of the State (“CTRMA”), for the purpose of setting forth their mutual agreement concerning the development of a market valuation for the 290 East toll project (the “290E Project”).

RECITALS

The parties acknowledge the following:

- A. The CTRMA was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 43 Tex. Admin. Code § 26.01, *et. seq.*
- B. The CTRMA is charged with funding and developing transportation projects throughout the Central Texas region to provide innovative transportation solutions, promote economic development, and improve the quality of life for residents of the region.
- C. The CTRMA is governed by Chapter 370 of the Texas Transportation Code, which authorizes regional mobility authorities to study, evaluate, design, finance, acquire, construct, maintain, repair, and operate transportation projects, individually or as one or more systems, provided that the projects are included in a plan approved by the applicable metropolitan planning organization and that the projects are consistent with the statewide transportation plan and the statewide transportation improvement program.
- D. Senate Bill 792 (“SB 792”) enacted by the 80th Texas Legislature requires that a market valuation be determined for proposed toll projects, and that the valuation be determined based on terms and conditions agreed to by TxDOT and the “local toll project entity” within whose jurisdiction the project is located—in this case the CTRMA. The market valuation provisions of SB 792 were codified as Transportation Code, §228.0111.
- E. On June 14, 2007, the Texas Transportation Commission (the “Commission”) approved Minute Order Number 110964 (as amended by Minute Order Number 110974, dated June 28, 2007) in which it (i) approved a list of candidate projects for development, construction, and operation as toll projects; and (ii) authorized the initiation of the process for establishing terms and conditions for the development of market valuations for those projects. The 290E Project was included on the list of candidate projects approved by the Commission.
- F. TxDOT’s Austin District (the “District”) and the CTRMA agreed to begin discussions to develop a market valuation for the 290E Project. Robert B. Daigh, P.E., TxDOT-Austin District Engineer, was designated as the principal negotiator of market value terms for TxDOT, and Mike

Heiligenstein, Executive Director of the CTRMA, was designated as the principal negotiator of terms for the CTRMA.

G. The District and the CTRMA held an initial session in Austin for the market valuation discussions for the 290E Project on March 13, 2008. A subsequent negotiating session was held in Austin on April 24, 2008. All negotiating sessions concerning terms and conditions were videotaped.

H. On June 26, 2008, the Commission approved Minute Order 111410 in which it adopted certain policies regarding the market valuation process, including policies related to the agreement on the terms and conditions for the development, construction, and operation of a toll project, agreement on the valuation of a toll project, and the waiver of the development of a market valuation as authorized in Section 228.0111(f-1).

I. By letter dated June 12, 2008, the CTRMA set forth the proposed scope of the 290E Project as well as business terms and conditions ("Terms and Conditions") that would be agreeable to the CTRMA. The CTRMA further noted that if such Terms and Conditions were acceptable to TxDOT, that the waiver provisions of Section 228.0111(f-1) should be utilized to waive the development of a market valuation for the 290E Project. The proposed "Terms and Conditions" are attached hereto as Attachment "A".

J. TxDOT has evaluated the Terms and Conditions and determined that the development of a market valuation for the 290E Project should be waived. This determination was made in accordance with the provisions of Section 228.0111 and the policies adopted in Minute Order 111410, including consideration by TxDOT of whether the department's preliminary financial analysis evidences that the 290E Project is revenue negative and whether a greater value may be achieved through an agreement on negotiated value instead of market valuation.

K. Upon the formal waiver of development of a market valuation of the 290E Project by execution of this Agreement, the CTRMA will present the Terms and Conditions to the Capital Area Metropolitan Planning Organization ("CAMPO") for its consideration pursuant to Section 228.0111(g).

AGREEMENT

In light of the foregoing recitals the parties agree as follows:

1. The Terms and Conditions attached hereto as Attachment "A" reflect the terms and conditions agreed to by the parties for the market valuation for the 290E Project.
2. The parties hereby acknowledge that the preliminary valuation analysis of the 290E project resulted in a negative number, and that a greater value may be achieved through an agreement on a negotiated value. The parties hereby agree to waive the development of a market valuation for the 290E Project pursuant to Section 228.0111(f-1).

3. In the event the Terms and Conditions are approved by CAMPO, the CTRMA will formally consider its option to develop the 290E Project as provided by Section 228.0111(g) and the CTRMA Board of Directors will take appropriate action as required by Section 228.0111.

4. The parties acknowledge that the recitals set forth above are true and correct. The parties further agree that they have fully complied with the market valuation requirements of SB 792.

This Agreement shall be effective as of the 30 day of July, 2008.

TEXAS DEPARTMENT OF TRANSPORTATION

By: Amadeo Saenz
Amadeo Saenz, P.E., Executive Director

**THE CENTRAL TEXAS
REGIONAL MOBILITY AUTHORITY**

By: Mike Heiligenstein
Mike Heiligenstein

ATTACHMENT "A"

TERMS AND CONDITIONS FOR THE 290 EAST TOLL PROJECT

- 1) Project Information: The initial phase of the 290 East Toll Project ("Project") will extend approximately 6.2 miles from east of US 183 to east of FM 734 (Parmer Lane). The proposed typical section includes six tolled main lanes with at least the same number of non-tolled frontage road lanes as currently exists in the corridor. It will include six grade separated intersections and two proposed interchanges at SH 130 and US 183. The US 183 interchange will include four new direct connectors while the SH 130 intersection will include no new direct connectors.
- 2) Initial Toll Rate (2007\$): \$0.15-\$0.20 per main lane mile and \$0.25-\$0.50 per direct connector usage.
- 3) Toll Escalation Rate: An adjustment to be determined annually and within a range so that no annual increase may exceed the greater of the Texas State Gross Domestic Product per capita for the year immediately preceding the year of adjustment ("SGDP") or the Consumer Price Index for the year immediately preceding the year of adjustment ("CPI"); and no annual increase may be less than the lesser of the SGDP or the CPI. However, the adjustment may be less than the lesser of the SGDP or the CPI if it is certified that a lesser adjustment will not result in a violation of any applicable financial obligations or covenants related to or secured by the Project or its revenues. Such certification must be made by the applicable traffic consultant(s) under all applicable financing documentation.

TRANSPORTATION CODE
TITLE 6. ROADWAYS
SUBTITLE G. TURNPIKES AND TOLL PROJECTS
CHAPTER 370. REGIONAL MOBILITY AUTHORITIES
SUBCHAPTER A. GENERAL PROVISIONS

* * *

Sec. 370.003. DEFINITIONS. In this chapter:

* * *

(11) "Revenue" means fares, fees, rents, tolls, and other money received by an authority from the ownership or operation of a transportation project.

(12) "Surplus revenue" means revenue that exceeds:

(A) an authority's debt service requirements for a transportation project, including the redemption or purchase price of bonds subject to redemption or purchase as provided in the applicable bond proceedings;

(B) coverage requirements of a bond indenture for a transportation project;

(C) costs of operation and maintenance for a transportation project;

(D) cost of repair, expansion, or improvement of a transportation project;

(E) funds allocated for feasibility studies; and

(F) necessary reserves as determined by the authority.

* * *

Added by Acts 2003, 78th Leg., ch. 1325, Sec. 2.01, eff. June 21, 2003. Amended by Acts 2003, 78th Leg., 3rd C.S., ch. 8, Sec. 5.07, eff. Jan. 11, 2004.

Amended by:

Acts 2005, 79th Leg., Ch. [281](#), Sec. 2.62, eff. June 14, 2005.