



SH 161 & SWP/CT

Overview of Toll Equity Loan Provisions
Commission Briefing

February 24, 2010

SH161 and SWP/CT

Commitments

❑ RTC

- Provide an extension of up to six months for payment of the \$258 million reimbursement for Segments 2 and 3 of SH 161, with interest
- Provide for payment of the remaining \$200 million to be made over time to coincide with funding requirements for other RTC projects, OR provide an extension of up to six months, with interest
- Commit \$91 million of Cat 2 funds to provide upfront cash to help fund construction
- Commit \$12 million of funds for UPRR Bridge improvements on SH161

❑ NTTA

- Contribute up to \$400 million of system equity for both projects
- Provide additional equity if necessary for construction cost overruns

❑ TxDOT

- Provide a toll equity loan for SH161 in an aggregate amount not to exceed approximately \$4.1 billion
- Increase the toll equity loan amount to an amount not to exceed approximately \$2.3 billion to include SWP/CT Scenario 1C
- Provide \$91 million of SHF bond proceeds to fund SWP/CT project costs, effectively advancing RTC's Cat2 funds allocated to the project from 2016 to 2010
- Provide funding to construct various elements of the SWP/CT project
- Pay costs associated with UPRR Bridge improvements on SH161 in excess of \$22 million

Risk Mitigation Reserves

- ❑ Capitalized interest fund
 - Funded with bond proceeds
 - Pays all debt service until one year after substantial completion

- ❑ Rate stabilization fund
 - Balance required to be equal to the next year's projected revenue (ie maximum amount NTTA may request under TELA)
 - Initial deposit equal to estimated revenues in the 3rd year of operation (approx \$65m)
 - Topped up with revenues each year beginning in the 3rd year of operation

Risk Mitigation

Tolls and Revenues

- ❑ Toll rate covenant
 - NTTA is required to update traffic and revenue projections and its financial model every two years
 - If the financial model shows there are no funds in the General Fund in any of the next 5 years, NTTA must engage traffic and revenue engineers to recommend changes to the toll rate schedule to increase revenue collections

- ❑ SH161 has a high degree of toll elasticity
 - Initial toll rate is 14.5 cents per mile
 - Maximum toll rate could be increased before revenues would begin to decline

Risk Mitigation

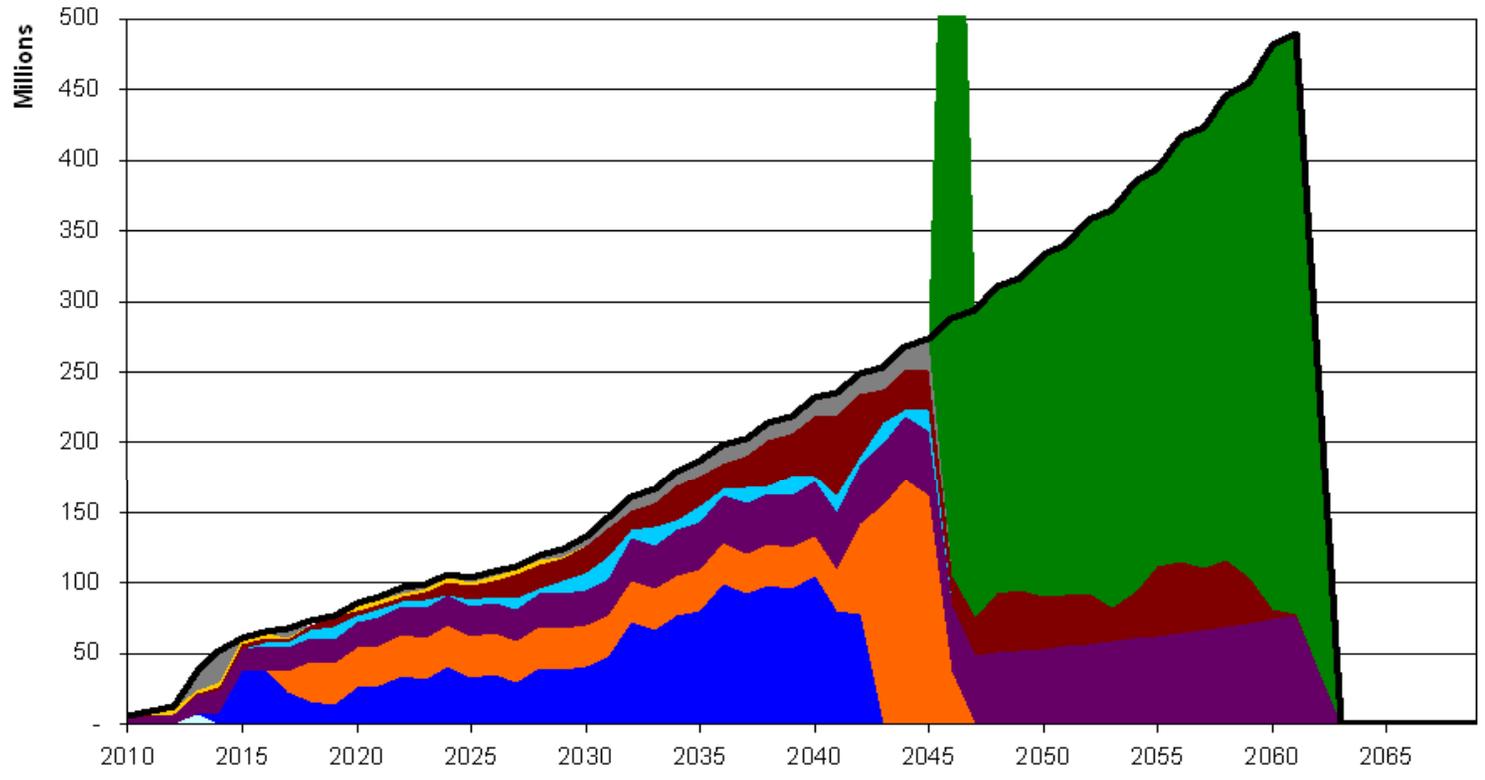
Finance Plan

- ❑ NTTA's current finance plan provides approximately 10% cushion between revenues and the sum of debt service and operating and maintenance expenses
- ❑ NTTA's finance plan indicates that revenues could be 14% below projections every year and a draw against the TELA would not be required
- ❑ Additional debt is prohibited, *except for*
 - Funding the cost of the approved Capacity Improvements for SH161 but only to the extent project revenues are insufficient and up to a maximum amount
 - Refinancing for interest rate savings but only with TxDOT's approval and with no extension of the term of the TELA
 - To finance the Project Budget costs for the construction of the SWP/CT (Scenario 1C only), if the project is added to the TELA

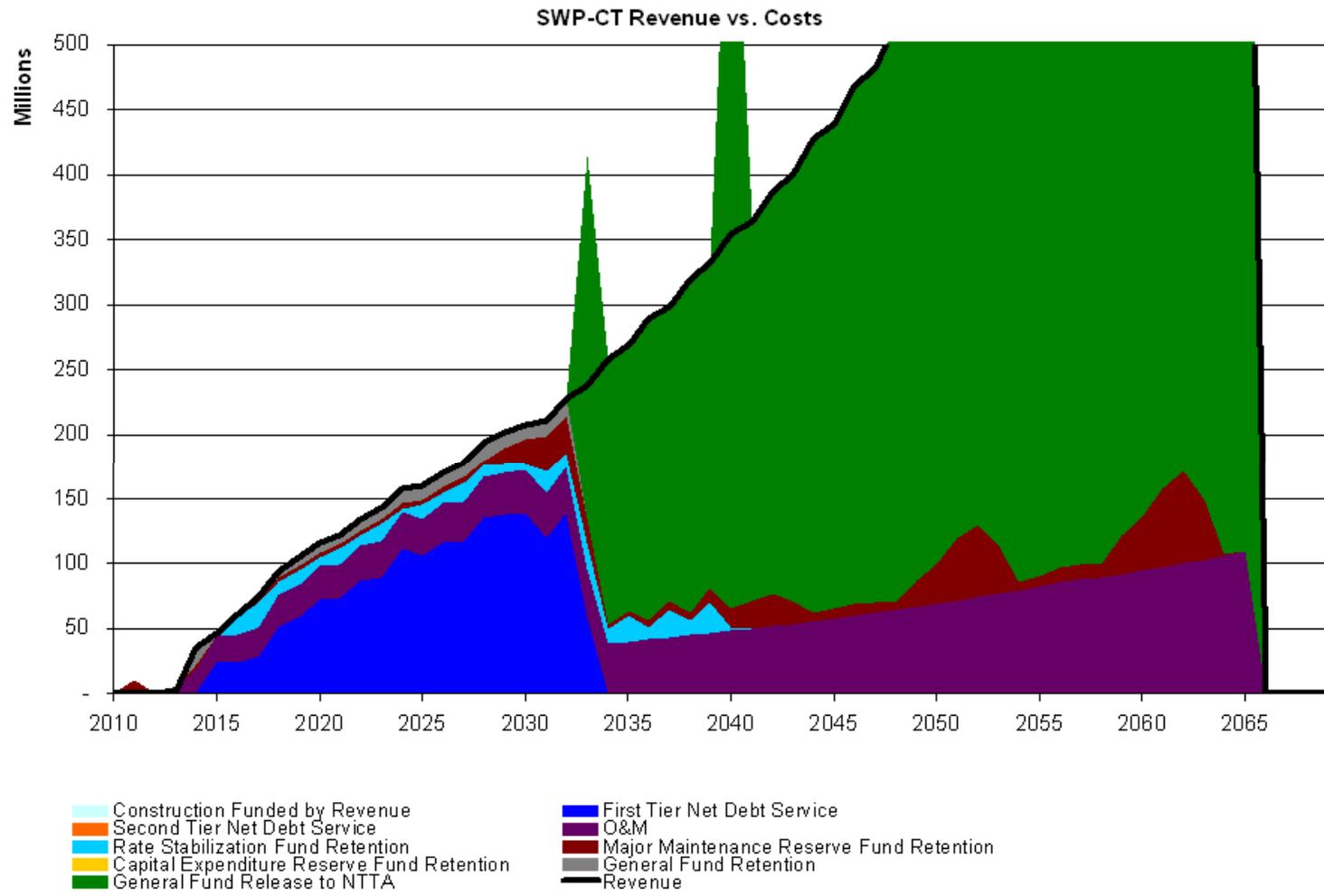
Revenue Sharing

- ❑ 3% of the maximum amount that may be requested by NTTA in any year (slightly less than the revenue line)
- ❑ Is payable beginning in the first fiscal year after the 10th anniversary of the effective date of the TELA, so long as TELA has not been terminated before then
- ❑ Annual average is approximately \$4.3 million (SH161 only)
- ❑ Total estimated is approximately \$112 million (SH161 only) assuming TELA is not terminated early
- ❑ Payable from available revenues in the General Fund
- ❑ Unpaid annual fees accrue without interest and are payable on full upon termination of the TELA

SH 161 - Revenue vs. Costs



- Construction Funded by Revenue
- Second Tier Net Debt Service
- Rate Stabilization Fund Retention
- Capital Expenditure Reserve Fund Retention
- General Fund Release to NTTA
- First Tier Net Debt Service
- O&M
- Major Maintenance Reserve Fund Retention
- General Fund Retention
- Revenue



SWP/CT

Actions Required to Incorporate SWP/CT Into TELA

- ❑ TxDOT and NTTA have drafted an Agreement to Supplement the SH161 TELA if NTTA elects to undertake the SWP/CT project (Scenario 1C)
- ❑ If approved by the Commission, the TELA will be supplemented at financial close of the debt issued to finance the SWP/CT project
- ❑ Maximum aggregate amount of TELA would be increased by \$2.3 billion for the SWP/CT
- ❑ Maximum annual available TELA amounts will be increased to include the agreed upon revenue projections for SWP/CT

SWP/CT

Summary of Key Proposed TELA Changes

- ❑ NTTA must contribute all of its \$400 million available equity for both projects
- ❑ The two projects combine to form a new system with a single revenue fund, reserve funds and operating funds
- ❑ Expansions of the SWP/CT project cannot be financed with project revenues while the TELA is outstanding, however subordinate revenue debt may be issued
- ❑ Excess bond proceeds or NTTA equity not needed on one project must go towards initial construction costs for the other project if necessary, if not, used to fund reserves or other costs of the new system
- ❑ The TELA may not be partially terminated in order to take out one project

SWP/CT

Conditions Precedent to Supplementing SH161 TELA

- ❑ NEPA finality has been achieved (ie the legal challenge period has elapsed)
- ❑ The Commission has approved the Supplement to the TELA to increase the amount of the loan commitment
- ❑ An updated financial model incorporating SWP/CT into a system finance plan demonstrating
 - The combined projects are self supporting
 - A TELA draw is not expected in any year
- ❑ All reserves will be fully funded after the issuance of debt to finance SWP/CT