

[TxDOT LETTERHEAD]

February 19, 2008

Mr. Jack Bennett
U.S. Department of Transportation
Office of the Assistant Secretary for Transportation Policy
P-20, Room 10305 E
400 7th Street SW
Washington, DC 20590

Re: Submission of Request for Allocation of Private Activity Bonds—North Tarrant Express Project

Dear Mr. Bennett:

The Texas Department of Transportation (“TxDOT”) is pleased to submit the enclosed request for an allocation of \$58,091,000 of private activity bonds (“PABs”) available for qualified transportation facilities under Internal Revenue Code Section 142(m) for the North Tarrant Express Project (“Project”). This application is TxDOT’s third under its Comprehensive Development (“CDA”) Program, and follows the PABs application for the IH 635 Managed Lanes Project. TxDOT’s CDA Program provides for the competitive procurement of a private developer to design, finance, construct and operate the Project and collect tolls from users of the Project.

The Project is of vital significance to the Dallas-Fort Worth metropolitan region which has experienced rapid growth in population and job opportunities. Completion of the Project will provide considerable congestion relief in North Tarrant County, which is one of the more rapidly growing areas in the region.

As described in the application, TxDOT intends to award a CDA for the design, construction, financing, operation and maintenance of an initial Segment of the Project (a “concession CDA”), and a CDA that includes preliminary design activities (a “second CDA”) and potentially design, construction, financing, operation and maintenance for the other Project segments, to a private developer following the receipt and evaluation of proposals. The developer will have the right to levy tolls within preset parameters which will be pledged to repayment of the private activity bonds.

As for the IH 635 Managed Lanes Project, TxDOT is acting as the initial applicant for the allocation, with the winning proposer the ultimate borrower of the bond proceeds. This application requests the allocation of PABs for the financing of development of Segment 1 of the Project only. As such, project information relating to project costs in this application only addresses Segment 1. These project costs are based on estimates prepared by TxDOT and its advisors. The plan of finance is based on these estimated costs, as well as the latest available traffic and revenue information and assumptions about the structure of the financing that will be presented by the proposers in their finance plans.

We look forward to meeting with you to discuss the application and answer any questions you may have. Please feel free to contact Barney Allison, 213-612-7847, with any questions you may have prior to our meeting.

Sincerely,

James Bass
Chief Financial Officer