



Contact:

Richard Ramirez

Managing Director

300 West 6<sup>th</sup> Street

Suite 1940

Austin, Texas 78701

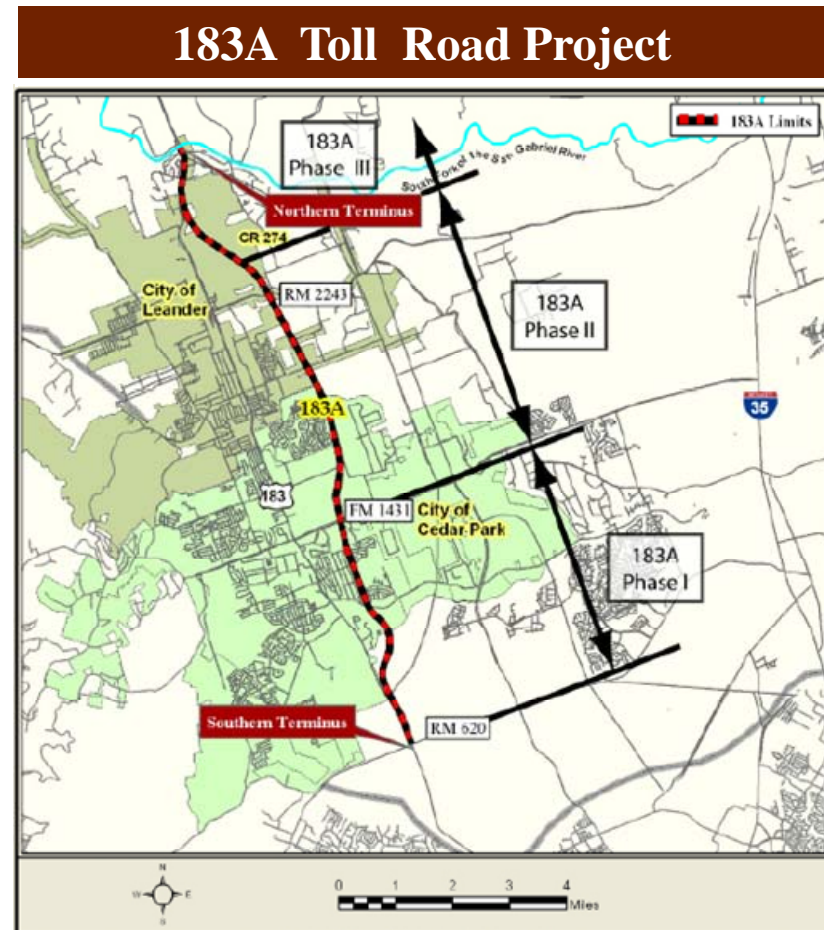
Description of CTRMA 183A Phase 2 Financing

October 15, 2010

**TeamTX October 2010 Meeting**

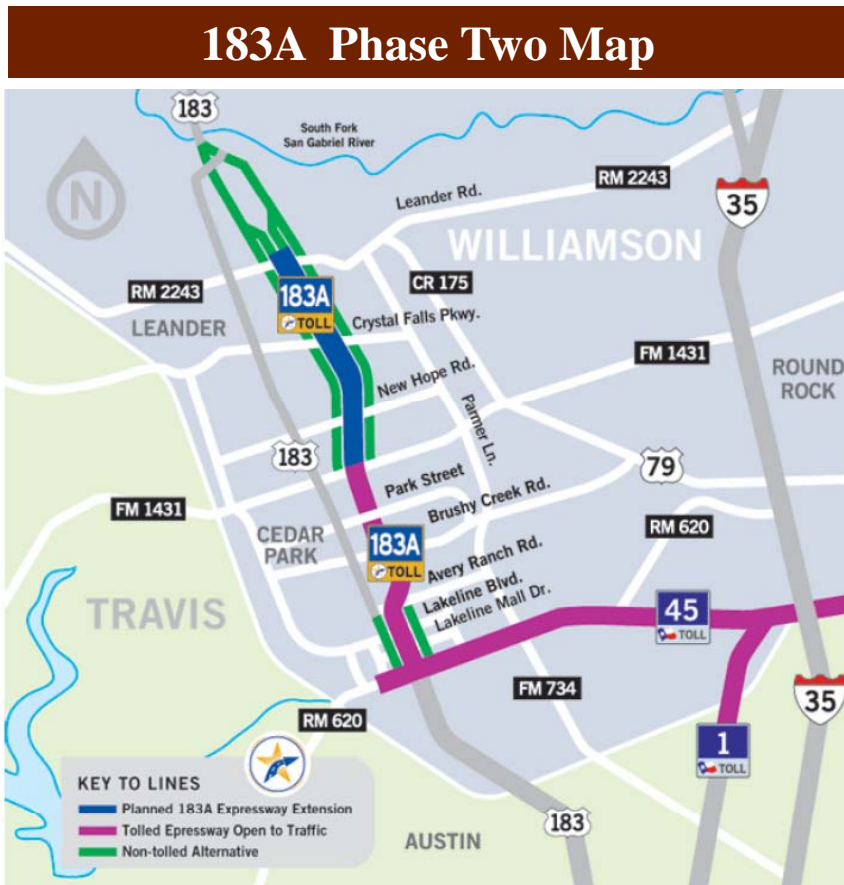
# Overview of Central Texas Regional Mobility Authority (“CTRMA”)

- First Regional Mobility Authority in Texas.  
Formed in 2003 to improve transportation in Williamson and Travis Counties
- Overseen by seven-member Board of Directors. The Chairman is appointed by the Governor, while each county appoints three board members
- Administered by 14 full-time employees
  - Mike Heiligenstein, Executive Director
  - Bill Chapman, CFO
- First project was 183A Toll Road Phase One
  - Bonds Issued in 2005
  - \$355 million project size
  - 4.1 mile toll lanes
  - 7.5 mile frontage lanes
  - Opened in 2007
  - Transactions and revenue well above initial T&R study



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# Phase Two Project Overview



- Phase Two Project Description
  - 5.1 mile six lane toll facility, extending from FM 1431 (current terminus of Phase One) to RM 2243
  - Construction Cost: \$79.2MM
  - Total Project Cost: \$96.3MM
  - Total Financing Cost: \$143.1MM
  - Electronic Toll Collection (“ETC”) and Pay-by-Mail Tolling
- Bidding Process
  - Received 6 proposals
  - Guaranteed maximum price
  - W. W. Webber, LLC was winning bidder

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## Poor Financing Environment in 2009

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The municipal bond market in 2009 was marked by after effects of the Global Financial crisis, which irrevocably changed the market landscape and are still being felt today:

- **Limited bond insurance:** Commoditization of muni credits ended as all but one major monoline bond insurers exited the municipal primary bond insurance market
- **Widened credit spreads:** The credit spread of Baa to Aaa credits widened from 51 bps in March 2005 (first CTRMA transaction) to 258 bps in January 2009, before settling at 161 bps when the Phase 2 Project bonds were priced
- **Concession Moratorium:** SB 792 limited the ability for Regional Mobility Authorities, with few exceptions, to enter into Comprehensive Development Agreements with private parties, such as concessions
- **No TIFIA or SIB Subordinate Lien Financing:** Due to limited resources, TIFIA or SIB financing was not available for subordinate lien financing.

## New developments in 2009 that stimulated the market

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Despite the challenging financing environment, there were several new developments that stimulated the municipal marketplace:

- **Build America Bonds:** The introduction of BABs introduced municipal credits to the global taxable market by providing a 35% tax credit to the Issuer on bond interest. This has created favorable borrowing rates especially on the long-end of the yield curve
- **Lower construction prices:** The run up in commodity prices in 2008 due to high global fuel prices and Asian demand was reversed in 2009, as prices of key items such as steel and concrete fell dramatically. This led to contractors bidding much lower on projects, especially for road construction. The low bid for 183A phase 2 was for \$79.2 million, 33% below original construction estimate

## Plan of Finance

### ▪ Senior Lien Structure

- Uninsured Tax Exempt Bonds
- Ratings: Baa3/BBB- (Moody's/S&P)
- \$59.9 million CIBs
  - Years: 2015, 2017-2025
  - 10 year par call
  - Average credit spread: 267bp
- \$35 million CABs
  - Years: 2025-2040
  - Noncallable
  - Average credit spread: 377bp
- All-In TIC: 7.06%

### ▪ Subordinate Lien Structure

- Unrated Build America Bonds
- \$35 million Fixed Rate CIBs
- \$10 million CPI linked CIBs

Sources			
Element	Senior Lien	Sub Lien	Total
Par Amount	\$ 94,880	\$ 45,000	\$ 139,880
OID/OIP	239	-	239
Other	3,000	-	3,000
<b>Total Sources</b>	<b>\$ 98,119</b>	<b>\$ 45,000</b>	<b>\$ 143,119</b>

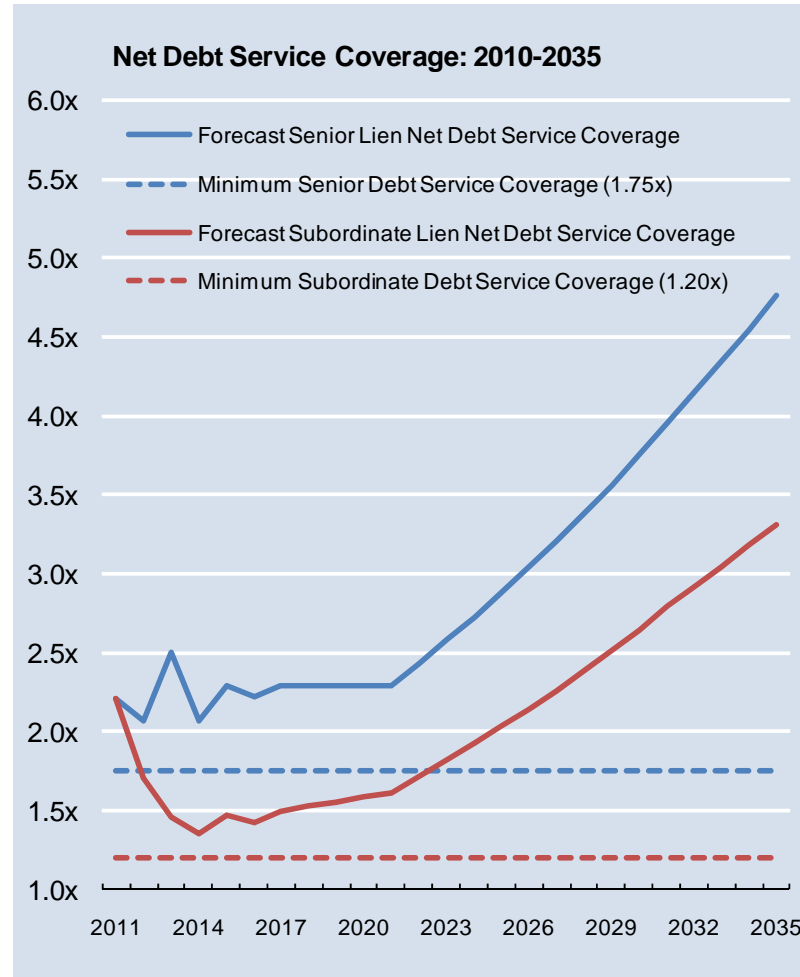
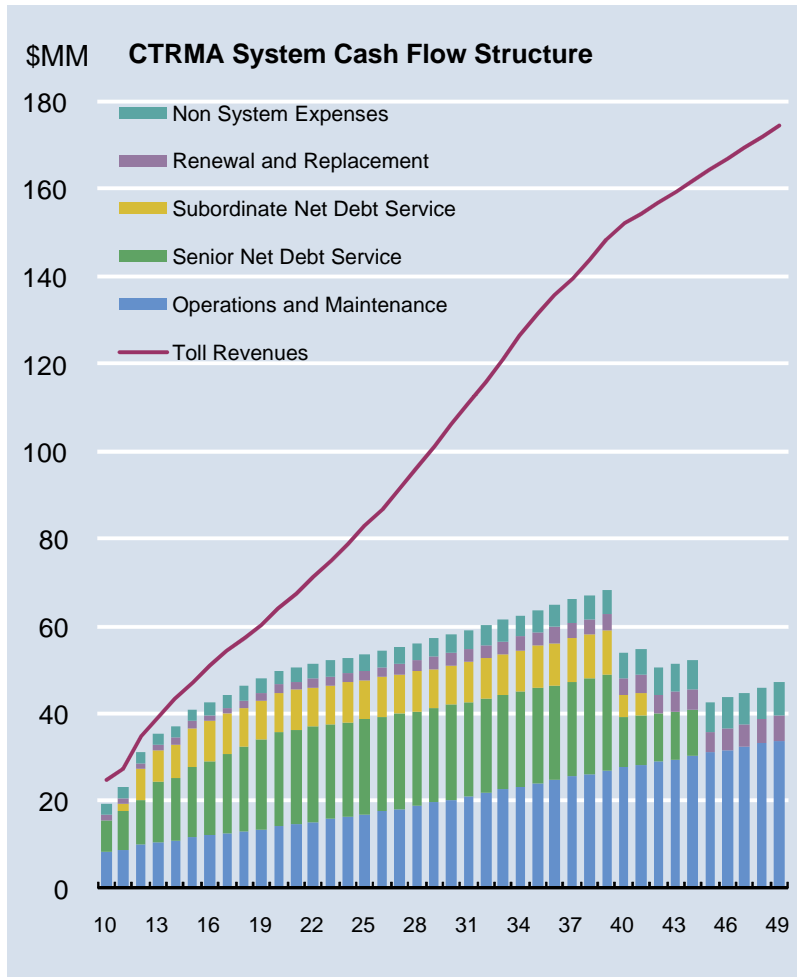
Uses			
Element	Senior Lien	Sub Lien	Total
Project Fund	\$ 62,194	\$ 33,422	\$ 95,615
Loan Takeout	15,012		15,012
Debt Service Reserve	9,488	4,500	13,988
Capitalized Interest	9,522	6,181	15,703
Financing Costs	1,903	897	2,801
<b>Total Uses</b>	<b>\$ 98,119</b>	<b>\$ 45,000</b>	<b>\$ 143,119</b>

## Plan of Finance – Subordinate Lien Bonds

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- Concurrently with the issuance of the Series 2010 Senior Lien Bonds, the CTRMA issued Subordinate Lien Revenue Bonds, Series 2010
  - The CTRMA sold the Series 2010 Subordinate Lien Bonds pursuant to a private placement.
  
- Series 2010 Subordinate Lien Bonds issued in an aggregate principal amount of \$45,000,000 and has the following terms:
  - Issued as taxable Build America Bonds
  - \$35,000,000 in principal amount issued as fixed rate obligations with a coupon of 11.625% (7.56% net of subsidy)
  - \$10,000,000 in principal amount issued as variable rate obligations (with the interest rate thereon priced at CPI+800 bps, with a floor of 8.28% (5.38% net of subsidy) and ceiling of 12.28% (7.98% net of subsidy). Current rate would be approximately 10.21% (7.15% net of subsidy)
  - Will mature in 2040 and will be subject to optional, extraordinary optional, and mandatory sinking fund redemption prior to maturity
  - 6 year par call
  
- The all-in expected cost is 11.336% (7.36% net of subsidy)
  
- In addition, the Subordinate Lien Build America Bonds Interest Subsidy is directly and solely dedicated to the repayment of the Series 2010 Subordinate Lien Bonds

# Series 2010 Debt Service Structure & Coverage



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