

October 15, 2010

# Transportation Case Studies



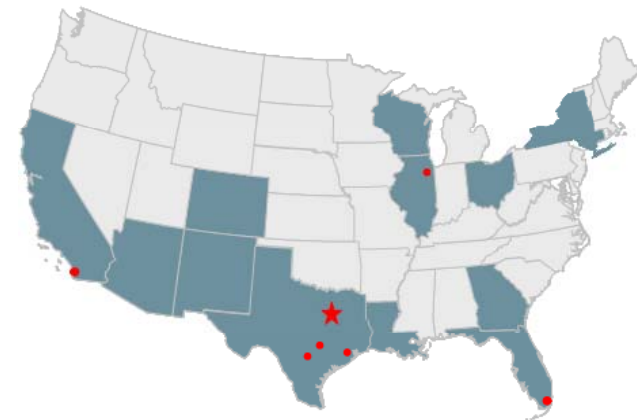
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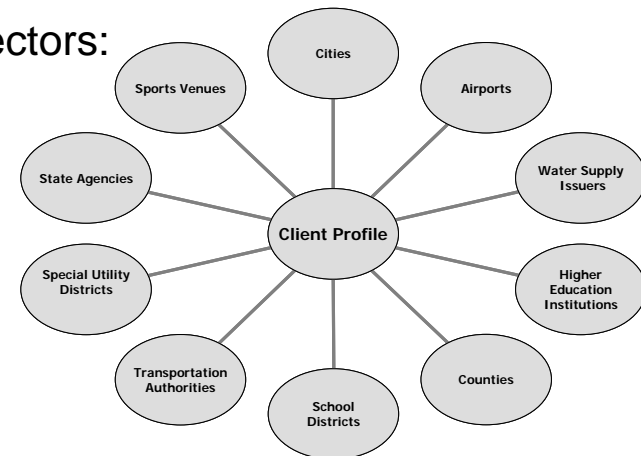
# Estrada Hinojosa & Company, Inc.

- Established in 1992 as Estrada Hinojosa & Company, Inc.
- We serve clients through our strategically located offices in Dallas, Austin, Chicago, Houston, Miami, San Antonio, and San Diego.
- Through the September of 2010, the firm provided financial advisory services on 1,067 financings totaling over \$58.4 billion, and served as underwriter on 1,911 financings totaling \$161.6 billion.
- The firm also provides investment advisory services and has reached \$1.3 billion in assets under management.

## National Presence



- Services: Financial Advisory, Bond Underwriting, and Investment Advisory
- Sectors:



# Overview of the Cameron County Regional Mobility Authority

- Formed in 2004, the Cameron County Regional Mobility Authority's mission is to accelerate needed transportation projects in Cameron County and the surrounding Lower Rio Grande Valley.
- Overseen by a seven member Board of Directors. David E. Alex, the Chairman of the Authority, was appointed by Governor Rick Perry. The County appoints the other six board members.
- The Authority works closely with the Texas Department of Transportation ("TXDOT") on on-going projects in the County.
- Current projects:
  - State Highway 550
  - Interstate 69
  - U.S. Highway 281
  - South Padre Island 2<sup>nd</sup> Access
  - The East Loop
  - The West Rail relocation
  - The North Rail / Olmito Switchyard
  - The Outer Parkway
  - The General Brandt Road
  - West Parkway project in Brownsville



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## CCRMA Series 2010A-B Transaction Summary

- CCRMA receives revenue from a \$10 motor vehicle registration fee that Cameron County must remit to the RMA by statute
- Bonds secured by a gross (first) lien on the pledged revenues (VRF revenues)
- First Vehicle Registration Fee bond sale in the state of Texas
- \$26.0 million in project funds for expenditures related to a number of CCRMA projects
- Transportation Project and Pledge Agreement
  - The County will continuously impose, collect and remit the Pledged Vehicle Fee as long as the Bonds and any Parity Bonds remain outstanding
  - The County will pay to the Authority 100% of the Pledged Vehicle Fee Revenues it collects
- Additional bonds can be issued after meeting additional bonds test (ABT) of 1.50X coverage

# Cameron County Vehicle Registration and Vehicle Registration Fee History

Calendar Year	Population <sup>(1)</sup>	Total # of Vehicles Registered <sup>(2)</sup>	Fee <sup>(2)</sup>	VRF Revenue <sup>(2)</sup>
2000	336,562	187,249	\$ -	\$ -
2001	342,684	191,202	-	-
2002	350,407	202,085	-	-
2003	358,366	211,078	-	-
2004	365,815	216,378	-	-
2005	372,703	227,603	-	-
2006	379,708	241,968	-	-
2007	387,210	253,695	-	-
2008	392,736	257,648	5.00	1,167,545 <sup>(3)</sup>
2009	400,000	259,967	10.00	2,434,801 <sup>(3)</sup>

Compound annual growth rate (CAGR) of population 2000-2009: 1.94%

Compound annual growth rate (CAGR) of registered vehicles 2000-2009: 3.71%

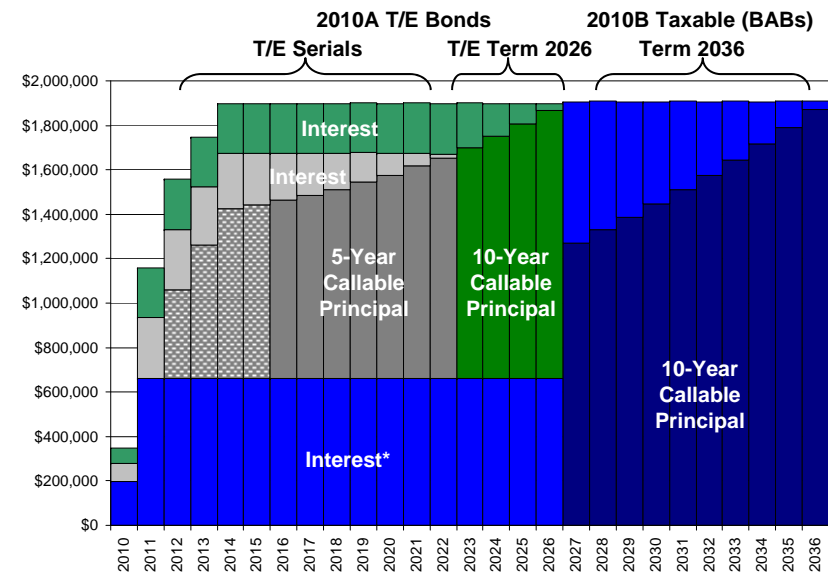
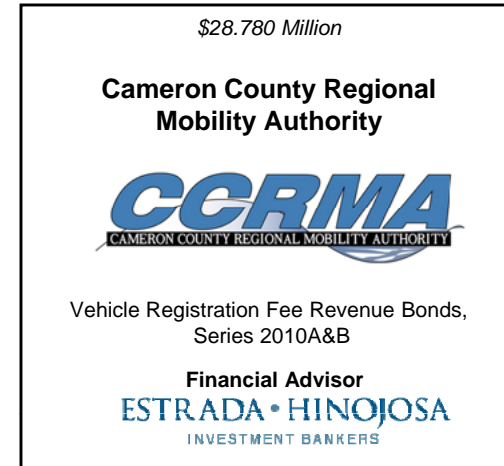
<sup>(1)</sup> U.S. Census and Cameron County estimates

<sup>(2)</sup> Source: Cameron County

<sup>(3)</sup> Pledged Vehicle Fee Revenue is remitted monthly after approximately 3-6 weeks of processing.

# CCRMA Vehicle Registration Fee Revenue Bonds, Series 2010A and Taxable Series 2010B (BABs)

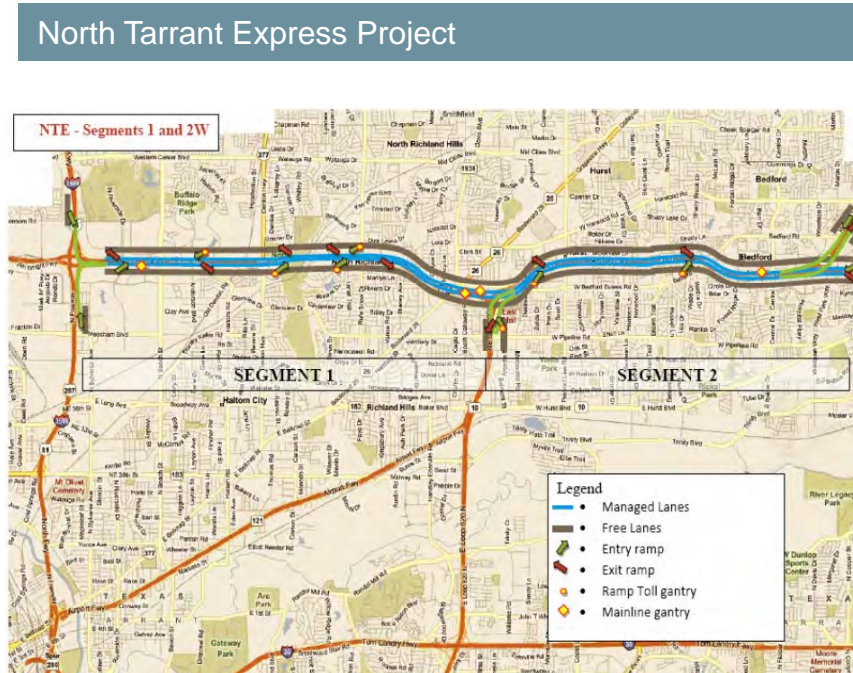
- Priced April 7, 2010
- 4.26% True Interest Cost including 35% federal subsidy
- Bonds rated AA- by S&P
- 2010A Bonds are tax-exempt bonds
  - Serial Maturities from 2012-2022 (\$8.765 million)
    - 5-year par call
  - Term Bond maturing 2026 (\$4.480 million)
    - Sinking fund 2023-2026
    - 10-year par call
- 2010B Bonds are taxable BABs
  - 35% Direct Payment Federal Subsidy
  - Priced at T + 180
  - Term Bond maturing 2036 (\$15.535 million)
    - Sinking fund 2027-2036
    - 10-year par call
    - Extraordinary call at T + 100



\* Net of 35% federal subsidy

# Texas Private Activity Bond Surface Transportation Corporation Tax-Exempt Sr Lien Rev Bonds, Series 2009 (NTE Mobility Partners LLC North Tarrant Express Managed Lanes Project)

- \$400 Million Tax-Exempt Private Activity Bonds
  - Ratings: Baa2/NR/BBB-
  - Current Interest Bonds amortized from 2030 – 2039
  - 10 year Par Call
  - Yields ranged from 6.78% to 7.00%
- JPMorgan was the book running senior manager with Estrada Hinojosa & Company and Merrill Lynch as co-managers
- Was the first use of the new Private Activity Bond allotments for funding private surface transportation projects
- Total Project Budget is \$2.0 Billion
  - \$400 MM Senior Lien Revenue Bonds
  - \$700 MM Subordinate Lien TIFIA Loan
  - \$570 MM Public Equity
  - \$430 MM Private Equity



		Segment 1 (6.4 miles)	Segment 2 (6.9 miles)
<b>Existing</b>	GP Lanes	2	3
	Frontage Lanes	2 disc 1	2 disc
<b>Interim Configuration (2015-2029)</b>	GP Lanes	2	3
	Managed Lanes	2	2
	Frontage Lanes	2	2

# NTE Mobility Partners LLC North Tarrant Express Managed Lanes Project

## NTE Comprehensive Development Agreement

- Establishes the contractual framework between TxDOT and NTE Mobility Partners LLC
- Grants the Company the exclusive right to plan, develop, design and construct the Project
- In addition, confers upon the Company the exclusive right to operate, maintain, repair and collect tolls from, the Managed Lanes
- Although subject to potential early termination, the term is 52 years (ending on June 23, 2061), at which point the Company will hand back the facility to TxDOT
- TxDOT is obligated, subject to appropriation of funds by the Texas legislature, to pay to the Company funds in an aggregate amount not to exceed \$570mm, in respect of its construction related obligations



- Motorists will be provided with a choice of driving in non-tolled general purpose lanes (most of which currently exist) or paying a toll to bypass such general purpose lanes
- Additional lanes will be operated under a dynamic tolling regime for an improved level of service (contemplated speeds >50mph at all times)
  - Open Road Tolling System (no toll booths) with dynamic pricing and electronic tolling
  - Tolls can be modified to control speeds on the new lane
- Physically separated from the General Purpose lanes and have controlled access



# Base case T&R Toll Rate analysis for NTE Project

## Average Toll Rates (Segments 1 and 2W)

Eastbound			Westbound		
Time Segment	2014	2030	Time Segment	2014	2030
06:00-07:00	\$ 0.30	0.48	06:00-07:00	0.14	0.25
07:00-09:00	0.40	0.69	07:00-09:00	0.25	0.41
09:00-16:00	0.23	0.46	09:00-16:00	0.30	0.53
16:00-17:00	0.27	0.51	16:00-17:00	0.46 max	0.75
17:00-19:00	0.19	0.39	17:00-19:00	0.37	0.60
19:00-20:00	0.23	0.46	19:00-20:00	0.30	0.53
20:00-22:00	0.11	0.15	20:00-22:00	0.15	0.24
22:00-06:00	0.09	0.09	22:00-06:00	0.09 min	0.09

Eastbound in the morning and Westbound in the evening results in the highest toll rates per mile

- Capture Rates:
  - The Project is expected to provide significant congestion relief (60-100% additional corridor capacity) in heavily congested areas, including the top 3 congestion hotspots in the region, and carry almost 200,000 vehicles per day
  - The Project is forecast to capture between 20-30% of corridor traffic
- Conservative Maximum Toll rates charged in 2015: \$~0.46/mile; SR-91 is currently charging up to \$0.99/mile in the peak hour of the week

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