



TEXAS DEPARTMENT OF TRANSPORTATION SH 183 MANAGED LANES PROJECT DISCLOSURE OF FINANCIAL INFORMATION

Disclosure of Financial Information: Pursuant to the authority granted under Texas Transportation Code, Chapter 223, the Texas Department of Transportation (TxDOT) has solicited proposals and recommended selection of a proposer for award of a development agreement (DA) to develop, design, construct, finance and maintain all or a portion of the 27.8-mile sections of State Highway (SH) 183, SH 114 and Loop 12 (the "SH183 Managed Lanes Project") including the reconstruction of existing facilities and the addition of tolled managed lanes. The project limits are along SH 183 from SH 121 in Tarrant County to I-35E in Dallas County, SH 114 from International Parkway to Loop 12 in Dallas County, and Loop 12 from SH 183 to I-35E in Dallas County. Pursuant to the DA, only the managed lanes will be tolled. The managed lanes will be tolled by TxDOT.

On May 29, 2014, in Minute Order 113941, the Texas Transportation Commission determined that the proposal submitted by SouthGate Mobility Partners, a Texas joint venture led by Kiewit Development Company, provides the apparent best value to TxDOT and authorized TxDOT to commence and complete negotiations necessary to finalize the DA. Under the DA, construction work will begin in late 2014/early 2015 and is scheduled to be completed 2018. Commencing upon completion of construction, capital maintenance services for the SH 183 managed Lanes Project will begin for up to twenty-five consecutive years. TxDOT owns and will continue to own the project.

Pursuant to Transportation Code, Chapter 371, subchapter D, TxDOT is publishing financial information regarding the project and providing notice of a public hearing that will be held regarding the financial disclosure.

Project Financing: TxDOT intends to fund \$847.6 million of the \$847.6 million total project costs for the SH183 Managed Lanes Project with federal, state and local funding sources. TxDOT does not currently intend to issue debt to fund any portion of the total project costs. Under the DA, the \$847.6 million design and construction (D&C) price is payable pursuant to the maximum D&C payment schedule, which makes \$600 million of the D&C price available to Developer to be paid as progress payments for work performed. The remaining \$247.6 million is payable in five annual installments after the proposed date for substantial completion of the Project (the first four payments for \$50 million each and the last payment for \$47.6 million). Developer is responsible for all carrying costs related to these deferred D&C payments, which amounts are included in the total D&C price.

Duration of Tolling: TxDOT will collect tolls on the SH 183 Managed Lanes Project to offset maintenance and debt costs. Tolling will continue after the term of the Development Agreement.



Method for Setting Toll Rates: The initial toll rates will be set by the Texas Transportation Commission (Commission) in accordance with the managed lanes policy established by the Regional Transportation Council (RTC). The policy provides for fixed schedule pricing during the first six months and dynamic pricing thereafter. Pursuant to the managed lane policy, tolls for the initial 180-day period will be no greater than the maximum toll rate described below. After that initial period, the toll rates will be based on user demand, as described below. The toll rate will be established to maintain a minimum average managed lanes speed of 50 mph.

Competing Facilities: TxDOT has the right to build any facilities at any time. There are no terms in the DA related to competing facilities and there are no penalties associated with their construction.

Termination for Convenience: TxDOT has the right to terminate the DA at any time without cause. If TxDOT elects to exercise this right, (i) during the construction period, TxDOT must pay Developer a negotiated settlement amount not to exceed the D&C price, plus settlement costs and net charges and premiums for early payment of the deferred D&C payments (if any), less D&C payments previously made and portions of the D&C price related to D&C work not terminated and (ii) during the operations and maintenance (O&M) period, TxDOT must pay Developer a negotiated settlement amount not to exceed the sum of the O&M payment for the year of termination, the total payment per bridge (based on actual work done on such bridge) and the payment for pavement work actually completed not to exceed the amount available for payment of such work through the second year after termination, plus settlement costs, net charges and premiums for early payment of the deferred D&C payments (if any) and any amounts not previously paid for D&C work already performed under the DA(if any), less O&M payments previously made for the applicable work and portions of the O&M price related to O&M work that is not terminated. Additionally, starting five years after substantial completion for the Project, if TxDOT elects to exercise this right, TxDOT must pay Developer an amount equal to 6% of the annual O&M payment for the next five years after the year of termination.

Toll Rates: Based on demand projections and subject to Transportation Commission adoption, it is estimated that the toll rates charged will be as follows:

Price per Mile	2019 (in today's \$)	2043 (in today's \$)
High	\$0.46	\$0.57
Low	\$0.05	\$0.06

Methodology for increasing toll rates: Pursuant to the managed lanes policy, the initial maximum toll rate is \$0.75 per mile. The established rate will be evaluated and adjusted, if warranted, with RTC approval. This maximum toll rate cannot be exceeded during the first 180 days after traffic operations commence on the managed lanes. After



the first 180 days, dynamic pricing goes into effect, as required by the RTC managed lane policy, which means that, after the first 180 days:

- If demand is low, such as during off-peak hours, a lower toll rate will be charged;
- If demand is high, such as during peak commute times, a higher toll rate will apply.

Concession Payments: There will be no concession payments.

Public Hearings: TxDOT will hold two public hearings concerning this disclosure of financial information for the SH183 Managed Lanes Project. A hearing will be held on Tuesday, June 24, 2014 from 6:00 p.m. – 8:00 p.m. at the Holiday Inn, 14320 Centre Station Drive, Fort Worth, TX 76155. A second hearing will be held on Tuesday, June 24, 2014 from 6:00 p.m. – 8:00 p.m. at the Methodist Dallas Medical Center's HITT Auditorium located at 1441 N. Beckley Ave, Dallas, TX 75203. Parking for Methodist Dallas Medical Center is located off Colorado at Bishop Avenue. Questions and comments concerning the financial information will be accepted by TxDOT at the public hearings. Questions and comments may also be submitted to TxDOT by U.S. mail addressed to Randall Redmond, P.E., Texas Department of Transportation, 4777 Highway 80 East, Mesquite, Texas 75150; or e-mail as set forth on the SH 183 Project Managed Lanes web page. These comments will be accepted until 5 p.m., July 7, 2014. Copies of the DA will be made available for viewing at the public hearings and at TxDOT's Dallas District office at 4777 Highway 80 East, Mesquite, TX 75150, and can be accessed online at <http://www.txdot.gov/government/partnerships/current-cda/sh183.html>. Copies of the DA also may be purchased from TxDOT's Dallas District office at the cost of reproduction. TxDOT will consider all properly submitted questions and comments and will prepare a summary and analysis of the comments received. The summary and analysis will be posted on TxDOT's website and made available upon request. Persons interested in attending the hearing(s) who have special communication or accommodation needs are encouraged to contact the Dallas District at 214-320-4404. Requests should be made at least 72 hours prior to the public hearing. Because the public hearings will be conducted in English, any requests for language interpreters or other special communication needs should also be made at least 72 hours prior to the public hearing. TxDOT will make every reasonable effort to accommodate these needs.