

**EXHIBIT C**

**CONCEPTUAL FINANCIAL PLAN**

## C. CONCEPTUAL FINANCIAL PLAN

### C.1 Conceptual Financial Plan

#### Introduction and Overview

NTE Mobility Partners is pleased to submit to TxDOT this Conceptual Financial Plan that supports a fast-track delivery of Segments 2-4 *without a request for additional State Funds*. The Plan was developed by a team with extensive experience in financing and developing similar infrastructure projects. Cintra, Meridiam, J.P. Morgan, Earth Tech and Maunsell are world leaders in their fields of expertise. These companies have combined forces to deliver a plan that efficiently combines debt and equity under an innovative financing scheme and allocates risk in a balanced way while maintaining internal consistency to other parts of the Master Financial Plan (MFP). NTE Mobility Partners understands that TxDOT is seeking a partner that can fast-track the construction of all the remaining Segments, maximize private participation and minimize the use of public funds. In this Conceptual Financial Plan, NTEMP presents a comprehensive financing and execution structure representing almost \$2.6 billion in capital expenditures, supported by a combination of senior bank debt, TIFIA loan and over \$829 million of private equity contributions.

NTEMP views this project as a long-term partnership with TxDOT, especially with respect to its development and financing objectives, namely:

- ⊙ maximizing competitive tension across all levels of debt structuring and procurement;
- ⊙ providing the lowest all-in cost of financing, resulting in the elimination of the public funding requirement;
- ⊙ streamlining project development, accelerating completion of all remaining Segments requested by TxDOT;
- ⊙ maximizing private commitment to the projects through the investment of substantial private equity;
- ⊙ ensuring achievement of financial close and minimizing exposure of the Project to market volatility while retaining the ability to maximize benefit to the public sector;
- ⊙ allocating risks to those best and most economically able to mitigate them to maximize value for money
- ⊙ providing flexibility of funding sources to react to market changes or changes in the Facilities; and
- ⊙ seeking the active participation of local stakeholders such as pension funds and local investors and local authorities in financing, development and operations of future Segments.

Based on preliminary corridor Traffic and Revenue analysis, capital investment requirements and operating and maintenance costs, NTE Mobility Partners has developed a conceptual financial plan that:

- ⊙ **Improves Facilities with No State Fund Contributions.** Through a combination of innovative technical solutions and a reliance on optimization of traffic flows developed by the initial CDA, this plan is fully feasible without further state funds contribution. This harmonized approach, by using a balanced

phasing of the facility Segments, progressively and unlimitedly enhances the original leverage of the already invested public funds. By delivering these improvements to the region at no cost to TxDOT or the State, NTEMP fully commits to supporting TxDOT's vision and enabling policymakers to shift funding to other necessary developments in the region. The anticipated means of finance have weathered the recent credit crunch that has roiled global markets.

- ⊙ **Utilizes Established Financing Structures:** The Conceptual Financial Plan utilizes creative and sound financing structures that are highly utilized in the project development / finance. The combination of senior debt, bank loans, TIFIA Loan and private equity are balanced and robust.
- ⊙ **Provides a Sound Strategy for Long-Term Implementation:** The CFP contemplates a project delivery strategy that extends from 2010 through 2025. While project costs will be solidified over time and financing vehicles will vary depending on the market, NTEMP is confident that it can execute this plan over a long timeframe and manage its commitments prudently.
- ⊙ **Reflects NTEMP's Industry Leading Financial Expertise:** The Cintra/Meridiam team and its partners bring unparalleled financing expertise that has delivered projects in Texas, around the U.S., and all over the world. Cintra and its affiliates are leading efforts for the Master Financial Plan for TTC-35 and constructing SH 130 Segments 5 and 6 in Texas. In addition to that, Cintra successfully closed the financing and currently operates the Chicago Skyway Bridge and the Indiana Toll Road. Meridiam is a leading infrastructure private equity firm with a footprint on two continents and a well-regarded management team. Assisting them are construction and engineering firms, financial institutions and other consultants that bring to bear leadership in public-private partnerships and their attendant financing structures.

Table C-1 summarizes all the Segments detailing the financing and delivery method, construction start date, initial construction costs and equity investment to be made.

**Table C-1: Facility Financing and Delivery Methods**

Facility	Facility Financing	Delivery Method	Self-perform	Initial Construction Date	Initial Construction Costs	Equity Investment	Public Funds
Segment 2E	\$ 527.5	CDA	Yes	1/1/2011	\$ 586.1	\$ 212.1	\$ 0
Segments 3AB and 4	\$ 1,427.3	CDA	Yes	1/1/2013	\$ 1,574.2	\$ 398.1	\$ 0
Segment 3C	\$ 415.3	CDA	Yes	1/1/2015	\$ 516.3	\$ 219.2	\$ 0
<b>Total</b>	<b>\$ 2,370.1</b>				<b>\$ 2,676.6</b>	<b>\$ 829.4</b>	<b>\$ 0</b>
Segment 3A	\$ 644.3	CDA	YES	1/1/2013	\$ 819.1	\$ 330.3	NA

Segment 3B	\$ 206.4	CDA	Yes	1/1/2014	\$ 228.8	\$ 120.6	\$ 0
Segment 4	\$ 0.0*	CDA	YES	1/1/2020	\$ 526.4	\$ 550.9	NA

Note: Segments 3A, 3B and 4 are shown individual for reference only. CFP is to combine them as shown above.

\* Segment 4 does not support financing as a stand alone project, though it has to be combined as propose to achieve financial sustainability.

### C.1.1 Anticipated Funding for Segment 2-4 Facilities

NTEMP anticipates the funding plans for the Segments 2-4 Facilities to be similar to that developed for and the Concession Facility. The base funding plan includes a combination of Senior Bank Debt with cash-funded Debt Service Reserve Funds (“DSRF”) or Liquidity Facility, Subordinated TIFIA Loan, and Concessionaire Equity. Table C-2 summarizes the anticipated funding mix detailed by Segment.

Table C-2: Funding Mix by Segment

Facility	Total Initial Facility Cost	Senior Bank Debt (\$ MM)	TIFIA Loan (\$ MM)	Concessionaire Equity (\$ MM)	Public Funds (\$ MM)
Segment 2E	\$ 586.1	\$ 273.0	\$ 238.0	\$ 212.1	\$ 0
Segments 3A, 3B and 4	\$ 1,574.2	\$ 986.3	\$ 411.0	\$ 398.1	\$ 0
Segment 3C	\$ 516.3	\$ 200.0	\$ 200.0	\$ 219.2	\$ 0
<b>Total</b>	<b>\$ 2,676.6</b>	<b>\$ 1,459.3</b>	<b>\$ 849.0</b>	<b>\$ 829.4</b>	<b>\$ 0</b>
Segment 3A	\$ 819.1	\$ 310.0	\$ 310.0	\$ 330.3	NA
Segment 3B	\$ 228.8	\$ 100.0	\$ 100.0	\$ 120.6	\$ 0
Segment 4	\$ 526.4	\$ 0.0	\$ 0.0	\$ 550.9	NA

Note: Segments 3A, 3B and 4 are shown individual for reference only. CFP is to combine them as shown above.

**C.1.2 Rationale for Use of Funding Sources**

**Senior Bank Debt with Cash-funded Debt Service Reserve Funds or Liquidity Facilities**

NTEMP is working with a group of commercial banks to provide direct bank financing for the NTE Financing Plan. These banks have extensive experience working on public-private partnerships of this nature, and have worked closely with team members of NTEMP in the past. It is assumed that these banks will also participate in the projects outlined in the CDP. Senior Bank Debt will be provided by international commercial banks, secured solely by a lien on net project revenues. General Bank Debt characteristics include:

- ⊙ Bullet Term Maturity subject to negotiated cash sweeps during operations;
- ⊙ Debt Service Reserve Fund or Liquidity Facility available during operations to cover operating shortfalls including Senior Bank Debt interest;
- ⊙ Major Maintenance Reserve Account of CAPEX Facility available during construction and early operations to meet capital expenditure;
- ⊙ Floating or Fixed interest rate options
- ⊙ Taxable interest rates
- ⊙ Prepayment / refinancing flexibility at any time

Table C-3 summarizes the assumed market terms for Senior Bank Debt Facility utilized for the Conceptual Financing Plan.

**Table C-3: Assumed Market Terms for Senior Bank Debt Facility**

Instrument	Senior Bank Debt
Gearing	Maximum (70%)
Final Maturity	10 Years
Principal Grace Period	Up to five years after Construction Completion
Mandatory Repayment Profile	Principal repayment to produce level debt service in years 11 through 20 after initial loan term
Front-end fee to Arrangers:	1.5% of loan amount
Commitment Fee:	40% of applicable margin of daily amount of then available commitments under Multi-Purpose Facility, Capex Facility, and Liquidity Loan Facility
Interest Rate basis:	Floating LIBOR (swapped by commercial banks) SWAP margin: 0.10%

Instrument	Senior Bank Debt
Margin (p.a.):	Construction Period 2.0% Years 8-9: 2.25% Year 10: 2.5% The applicable margin for a Liquidity Loan will be the same as the Construction Loan
Availability Period:	Multi-Purpose Facility will be available to be drawn from Financial Close until one year following the last Service Commencement Date. Capex Facility (if needed) will be available to be drawn on a revolving basis from Financial Close until the ten-year anniversary of Financial Close. A Liquidity Loan Facility (if needed) will be available to be drawn on a revolving basis from Substantial Completion until the ten-year anniversary of Financial Close.
Capitalization Period	100% of interests capitalized during the Construction Period
Debt Service Reserve Facility	A reasonable cash funded reserve will be required in lieu of a Liquidity Facility. Reasonable reserve assumed to be one year of debt service on both senior and subordinate (TIFIA) debt.
Maintenance Reserve Account	Funded from cash flow to smooth capital expenditure post-completion
Restricted Payments	No distribution to Equity Participants while ADSCR below 1.30x
Mandatory Cash-Sweep	From the sixth year of the Operating Period, 100% of the Free Cash Flow available after mandatory TIFIA repayments will be applied to prepay Senior Loans
Annual Debt Service Cover Ratio	Minimum: 1.3
Loan Life Cover Ratio	Minimum: 2.0
Drawdown Schedule	Pari passu
Repayment Profile	In full at maturity
Security Required	Senior pledge of net project operating revenues

**TIFIA Loan**

The Transportation Infrastructure Financing and Innovation Act of 1998 (TIFIA) established a federal credit program under which the U.S. Department of Transportation (USDOT) may provide credit assistance to major transportation investment of critical or national significance such as intermodal facilities, border crossing infrastructure, highway trade corridors and transit and passenger rail facilities with regional and national benefit. The TIFIA program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital and credit rather than grants.

The TIFIA debt bears interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity as published on the execution date of the TIFIA debt in the U.S. Treasury Bureau of Public Debt’s daily rate table for the State and Local Government Series (SLGS) securities.

Actual TIFIA loan terms are subject to negotiations with USDOT on a project-by-project basis. While there is the possibility for variances in the final terms of any TIFIA loan, Table C-4 summarizes what the Proposer believes are reasonable assumptions for TIFIA loan terms. These assumptions are based upon the Proposer’s extensive experience in negotiating and securing TIFIA loans through USDOT.

**Table C-4: TIFIA Credit Assistance Terms**

TIFIA Credit Assistance	Terms
Purpose	Provide funds to cover up to 33% of Eligible Project Costs under TIFIA rules
Capitalized Interest Period	From financial close up to the fifth year of Operations
Availability Period	From financial close up to the end of the Construction Period
Maturity	Up to a maximum of 35 years post-construction completion
Base Rate	Rate of securities of a similar maturity as published on the execution date of the TIFIA debt in the United States Treasury Bureau of Public Debt’s daily rate table for the State and Local Government Series (SLGS) securities.
Margin	0.01% per annum
Repayment Profile	100% of interest in years 6 through 20. In years 21 through 25, 100% of Interest and \$2 million principal per year. In years 26 through 35, principal repayments structured to produce level debt service payments through year 35.
Minimum ADSCR	Minimum Total ADSCR of 1.10x of all Senior and Subordinated Debt assuming scheduled TIFIA debt service payments.
Debt Service Reserve Facility	A reasonable cash funded reserve will be required in lieu of a Liquidity Facility. Reasonable reserve assumed to be 1 year of debt service on both senior and subordinate debt.
Drawdown Schedule	Pari passu
Restricted Payments	Permitted without restrictions after the capitalized interest period has ended and so long as Total ADSCR greater than 1.20x.

TIFIA Credit Assistance	Terms
Security required	<p>A second priority security interest in project revenues and liens and security interests in other project assets subordinate only to the lien of the Senior Obligations (including hedge obligations).</p> <p>A first priority security interest in Pledged Revenues (but no other project assets) on parity with the lien of the Senior Debt Obligations (including hedge obligations) upon the occurrence of a Bankruptcy-Related Event.</p>

As mentioned above, the TIFIA Debt will elevate from subordinated status to pari passu with Senior Debt upon the occurrence of a "Bankruptcy-Related Event." However, it is important to note that non-payment of the TIFIA Debt will not be considered in itself to be a Bankruptcy-Related Event. However, the Intercreditor Agreement establishes a series of restrictions on the actions to be taken by USDOT (or the "TIFIA Lender") with respect to collateral and other matters prior to, and following, a bankruptcy-related event. It is also important to note that if the TIFIA Lender sells, assigns or transfers any TIFIA obligation, the assignee loses this pari passu entitlement. The Conceptual Financial Plan does assume that the TIFIA funding is available and that the Act is continually renewed.

**Concessionaire Equity**

NTEMP contemplates the use of private equity in this Conceptual Financial Plan. This funding source provides the highest level of risk for the Concessionaire; however, it also incentivizes NTEMP to complete and manage the project as efficiently as possible.

All Concessionaire Equity funding will be contributed during the funding period per parri pasu with the debt during the funding period. This structure provides the least expensive form of funding. Shareholder equity contributions are delayed as much as permitted by market standards so that the average cost of capital during the funding period is as low as possible, offering TxDOT the best economics.

**C.1.3 Assumptions - Changes in Transportation Network**

NTE Segments 2-4 will ultimately serve the population growth occurring throughout the Dallas / Fort Worth region. There are several factors that will enhance the financial viability of Segments 2-4. The Project is bound near its eastern and northern limits by two special traffic generators: DFW International Airport (DFW Airport) and the AllianceTexas Development at SH 170. While DFW Airport provides the greatest overall traffic, the AllianceTexas Development provides the most significant growth potential to add to the already steadily rising traffic associated with IH 35W.

Section B.6 of the Conceptual Development Plan provides a list of transportation improvement projects identified in DFW regional plans (NCTCOG Mobility 2030 and the TxDOT TIP) that may affect NTE Segments 2-4. As described in that section, the vast majority of projects listed are expected to enhance the attractiveness of Segments 2-4 to varying degrees. The NTEMP proposal-level Segment traffic and

revenue forecasts upon which this financial plan is based anticipate that these projects will be implemented as scheduled. However, changes will be inevitable. As the listed projects are of considerably different size, scope and distance from the NTE Segments, changes to the plan cannot yet be directly quantified. NTEMP believes that, while the Master Financial Plan is executed in the near-term, changes to these additional projects will not adversely affect its financial feasibility.

The financial plan outlined in this proposal **will not** be contingent on the aforementioned adjacent projects in terms of funding sources. Segments 2-4 will be configurationally optimized to be funded without public subsidy. It is assumed that nearby projects will be almost entirely funded using traditional roadway funding mechanisms. The facilities are simply are not competing for the same resources.

#### **C.1.4 Assumptions - Merger, Conversion or Split of Segments 2-4**

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The underlying assumption to this Conceptual Financial Plan is that the Concession Facility is efficiently developed and constructed under the Concession Facility Base Proposal, and open for traffic in 2015. Segment 2E has a commissioning date that falls in January 2016. The financing allowing this aggressive initial Segment date to occur is based on the revenue accrued from the managed lane system that will be in place on the Base Facility. Without this base traffic source, the financial assumptions made in this proposal will not be viable. Similarly, but to a lesser degree, the feasibility of the IH 35W facilities (Segments 3A, 3B) will be contingent on efficient movements through the interchange at the Concession Facility's western limits.

After analyzing all Segments on an individual basis, it was determined that a more optimal financing scheme could be produced by aggregating Segments 3A,B and 4 into one project CDA and financing. As summarized in Tables C-1 and C-2, by grouping the Segments in this manner, a Conceptual Financial Plan was developed that allows all five segments to be financed without need for public subsidy.

#### **C.1.5 Assumptions - Forecasted Project Economics**

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Project economics of Segments 2-4 hinge on optimization. The Segments will be advanced through the Facility Implementation and Development processes in a physical configuration and under financing terms that will optimize their effect on the public – measured both in overall regional benefit and in benefit to the individual driver. Initially, the measurement of benefit will be in the acceleration of roadway facilities that have not yet been allocated funds. A benefit of the acceleration itself will be better price certainty in construction bids and mitigated effects of widely escalating materials costs. To further facilitate Segment acceleration, all innovative finance techniques will be explored during the MDP and MFP.

Upon commissioning of the Segments, the primary benefit will be user travel speeds and volumes. NTEMP will manage each of the NTE Segments based on a detection system that will be fully integrated into the Electronic Toll Collection System. Tolls will be managed to maximize speeds, but volume must remain steady to maintain base toll rates. Yearly revenue effects have been built into the conceptual traffic and revenue models. A summary is provided in Section B.5.1.

Efficient day-to-day management will further optimize the user's interaction with the Segment. State-of-the-art systems for hazard identification and response will be a component of the Traffic Management System so that speeds and volumes are not impacted for a significant amount of time after an incident.

Furthermore, the Team's experience will allow efficiencies such as this to be built into the projected OPEX costs at the time of the Facility Agreement – lowering those overall costs and enhancing viability. For example, being able to share project facilities, such as administration and maintenance buildings, as well as benefiting from marginal additions to maintenance and operations crews can result in synergies with significant cost reductions on an annual basis.

**C.1.6 Anticipated Phasing**

Per Section B.8 of the Conceptual Development Plan, anticipated NTE Segments 2-4 opening dates are as follows:

- ⊙ Segment 2E – January 2016
- ⊙ Segments 3A and 3B – January 2018
- ⊙ Segment 3C – January 2020
- ⊙ Segment 4 – January 2025

Phasing has been conceptualized based on a perceived overall benefit-cost ratio and the results of the conceptual financial analysis. The pro-forma financial statement provided in Section C.1.8 provides the best indication of the effects to corridor phasing generated from the perceived revenue benefits measured against capital and operational expenditures.

For the Conceptual Financing Plan, the dates shown in Table C-5 were assumed for Financial Close, Beginning of Operations, and End of Concession.

**Table C-5: Key Segment Dates**

Facility	Financial Close	Beginning of Operations	End of Concession
Segment 2E	1/1/2011	1/1/2016	12/31/2062
Segments 3AB and 4	1/1/2013	1/1/2018 (Segment 4 begins construction in 2020 and is completed by 12/31/2024)	12/31/2064
Segment 3C	1/1/2015	1/1/2020	12/31/2066



### C.1.7 Potential Financial and Commercial Risks

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To enable smooth execution of the projects outlined in the Conceptual Financial Plan, NTEMP created a table of potential financial and commercial risks they may encounter, shown in Table C-6 and Table C-7 below. While this list is not exhaustive, it describes the major risks and provides mitigants to limit problems.

Table C-6: Preliminary Risk Registry - Financing

During/After Segment NTP	Risk Description	Potential Consequences	Likelihood	Risk Allocation	Risk Mitigation Strategy	Risk Sensitivity Analysis
<b>Financing Risks</b>						
During/After	Traffic projections are not realized	Loss of revenue	Medium	Developer	Investment grade traffic studies are prepared and audited by an independent specialist consultant to provide enough comfort to lenders	Analysis with different traffic assumptions
During/After	Competing Facilities built	Loss of revenue	Low	TxDOT/Developer	Clarity in concession agreements regarding what constitutes a competing Facility and measures to address in one is developed	Traffic and revenue forecasts defining competing facility scenarios
During/After	Inflation	Increased costs	Medium	Developer	Fixed lump sum is part of Back-to-back contract with contractor. Operational costs are indexed being mostly covered through indexation of toll rates	Analysis carried out with different CPI Forecasts
During	Interest rates (pre financial close)	Increased costs	Low	TxDOT/Developer	Public sector typically bears this risk. Developers might also be able to take this risk depending on time period between bid submission and financial close	N/A
After	Interest rates (post financial close)	Increased costs	Low	Developer	Hedging plan will be established in accordance with lenders' request. The Developer will conclude a fixed interest rate swap for all/part of the loan term. Alternatively the Developer can borrow the funds using fixed rate instruments.	Analysis carried out with different interest rates
During/After	Insufficient TIFIA Funds available	Increased costs of financing	Medium	Developer	Confirm and maintain interest on Capitol Hill for TIFIA funds needed for NTE	Analysis carried out with alternative financing structures
During/After	Capital Markets Appetite insufficient for issues	Increased costs of financing	Low	Developer	During Facility analysis assessments of capital markets appetite for issues to be considered. Underwriter to share risk of full subscription. European bank debt financing options to also be considered	Analysis carried out with alternative financial structures and interest rates
During/After	Insufficient PABs available or delays in introducing them	Additional cost of financing	Medium	Developer	Confirm and maintain interest on Capitol Hill for PAB funds needed for NTE	Analysis carried out on alternative financing structures

**Table C-7: Financing Risk Quantification**

Type of Risk	Probability	Impact	Rating
Traffic projections are not realized	2	2	4
Competing facilities built	1	2	2
Inflation	2	3	6
Interest rates (pre financial close)	3	2	6
Interest rates (post financial close)	3	2	6
Insufficient or no TIFIA funds available	2	3	6
Capital markets appetite insufficient for issues	1	3	3
Insufficient PABs available or delays in introducing them	2	2	4

**C.1.8 Pro-forma Annual Financial Statements**

A complete set of requested Pro-forma Annual Financial Statements for all Segments is included as Appendix E.4. The Financial Statements are prepared using the optimal three project financing scheme previously described (Segment 2E, Segments 3A, 3B and 4, and Segment 3C). Each report packet contains a Sources and Uses of Funds, Cash Flow Statement, Balance Sheet, and Income Statement. A summary of the Sources and Uses for the three project financings is presented in Table C-8.

Table C-8: Sources and Uses Summary (\$ millions)

	Segment 2E	Segments 3AB and 4 <sup>1</sup>	Segment 3	Totals	Segment 3A	Segment 3B	Segment 4
<b>Sources</b>							
Government Subsidy	-	-	-	-	-	-	-
Sr (Bank) Facility	273.00	986.31	200.00	1,459.31	310.0	100.0	-
TIFIA Facility Draws	238.00	411.00	200.00	849.00	310.0	100.0	0.0
TIFIA Interest Capitalized	16.46	29.97	15.29	61.72	24.3	6.4	0.0
Equity	212.11	398.12	219.21	829.44	330.3	120.6	550.9
<b>Total</b>	<b>739.57</b>	<b>1,825.40</b>	<b>634.50</b>	<b>3,199.47</b>	<b>974.7</b>	<b>327.1</b>	<b>550.9</b>
<b>Uses</b>							
Initial Construction	586.06	1,574.25	516.34	2,682.41	819.1	228.8	526.4
Sponsor Fee/Bid Cost	22.00	24.00	16.00	62.00	24.0	24.0	24.0
Total Capitalized Interest	43.20	76.65	36.75	156.60	59.8	15.9	0.0
Total Fin Fees & Expenses	13.30	43.00	10.41	60.95	14.6	5.2	0.5
DSRF	40.00	70.00	25.00	135.00	46.0	34.0	-
Major Maintenance Reserve	35.00	37.50	30.00	102.50	11.3	19.3	-

<sup>1</sup> Segment 3AB and 4 are modeled assuming Segments 3A and 3B are financed and completed during the initial construction period. Once Segments 3A and B begin operations, it is assumed Segment 4 is financed 100% with debt secured by the combined projects. The Senior Bank Facility, Initial Construction, and Finance Fees & Expenses include the future debt financing and expenditures for Segment 4.

Note: Segments 3A, 3B and 4 are shown individual for reference only: CFP is to combine them as shown above.



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	Segment 2E	Segments 3AB and 4 <sup>1</sup>	Segment 3	Totals	Segment 3A	Segment 3B	Segment 4
<b>Total</b>	739.57	1,825.40	634.50	3,199.47	974.7	327.1	550.9

**C.1.9 Conceptual Financial Models Summary Table**

Table C-9 summarizes the requested information for each Segment assuming an independent analysis for each Segment.

**Table C-9: Conceptual Financial Models Summary Table<sup>2</sup>**

Facility	Assumed Financial Close	Public Funds Request	Equity Contribution	Debt Funded	Capital Costs	Targeted IRR
Segment 2E	1/1/2011	\$ 0	\$162.1	\$ 390.6	\$ 485.9	12.0%
Segments 3A, 3B and 4	1/1/2013	\$ 0	\$ 277.1	\$ 591.0	\$ 798.2	12.0%
Segment 3C	1/1/2015	\$ 0	\$ 138.9	\$ 253.5	\$ 358.7	12.0%
<b>Total</b>		<b>\$ 0</b>	<b>\$ 578.1</b>	<b>\$ 1,235.1</b>	<b>\$ 1,642.8</b>	
Segment 3A	1/1/2013	NA	\$ 231.3	\$ 434.1	\$ 627.6	12.0% (Result is less at 11.94%)
Segment 3B	1/1/2014	\$ 0	\$ 82.9	\$ 137.9	\$ 169.8	12.0% (Result is greater at \$15.3%)
Segment 4	1/1/2020	NA	\$ 276.3	\$ 0.0	\$ 286.9	12.0% (Result is negative)

Note: Segments 3A, 3B and 4 are shown individual for reference only. CFP is to combine them as shown above. The NPV is calculated using 12/1/2008 with a 5% discount rate.

**C.2 Conceptual Financial Models**

This section presents the financial structure, assumptions and performance of each of the remaining facilities (Segments 2E – 4) based on the available data and analysis. Financial model inputs for each of these facilities are found in Appendix E.3 – Draft Facilities Report following this document. Summations of

<sup>2</sup> This page was amended December 12, 2008 in response to a Request for Clarification from TxDOT. Table C-9 has been amended to include net present values calculated as of 12/1/08, using a 5% discount rate, as required under Section 4.2.1 of Exhibit D to the ITP.

the financial assumptions common to these Segments are provided below and available for review in the Appendix A.3 and other pertinent referenced appendices.

**C.2.1 Inputs/Assumptions:**

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**C.2.1.1 Economic Factors**

The capital costs, operating and maintenance costs, and revenue assumptions for each analysis were based in 2008 dollars. A 2.5% inflation factor was assumed uniformly for all inputs to generate nominal dollars.

**C.2.1.2 Annual Traffic and Revenue Projections**

Projections in 2008 dollars are provided in Appendix E.2 – Preliminary T&R Forecasts.

**C.2.1.3 Estimates of Pre-Development Costs**

Estimates of pre-development costs in 2008 dollars are described in Section B.5.2. Detailed summary sheets can be found in Appendix E.3 – Draft Facilities Report.

**C.2.1.4 Annual Estimates of Capital Expenditures**

Estimates of capital expenditures in 2008 dollars are described in Section B.5.2. Detailed summary sheets can be found in Appendix E.3 – Draft Facilities Report. The total capital expenditures per Segment are provided in Table C-10. This is the summary of all costs required for Segment development and construction. The summaries below contain an additional overhead cost component during the design-build period to approximate concessionaire overheads. This quantity is not present in Appendix E.3, but is accounted for in the pro-forma financial statements in Appendix E.4.

**Table C-10: Capital Expenditures**

<b>Facility</b>	<b>Capital Expenditures (000s)</b>
Segment 2E	\$ 512,821
Segment 3A	\$ 685,284
Segment 3B	\$ 189,927
Segment 3C	\$ 411,135
Segment 4	\$ 370,623
<b>Total</b>	<b>\$ 2,169,790</b>

**C.2.1.5 Annual Estimates of Operating Expenses**

Estimates of pre-development costs in 2008 dollars are described and summarized in Section B.5.2. Detailed summary sheets can be found in Appendix E.3 – Draft Facilities Report. The totals per Segment are provided in Table C-11.

**Table C-11: Operating Expenses**

<b>Facility</b>	<b>Operating Expenses (000s)</b>
Segment 2E	\$ 273,214
Segment 3A	\$ 360,730
Segment 3B	\$ 189,544
Segment 3C	\$ 261,738
Segment 4	\$ 77,244
<b>Total</b>	<b>\$ 1,162,470</b>

**C.2.1.6 Annual Routine Maintenance and Life Cycle Cost Estimations**

Estimates of pre-development costs in 2008 dollars are described and summarized in Section B.5.2. Detailed summary sheets can be found in Appendix E.3 – Draft Facilities Report. The totals per Segment are provided in Table C-12.

Table C-12: Routine Maintenance and Life Cycle Costs

Facility	Routine Maintenance and Life Cycle Costs (000s)
Segment 2E	\$ 123,554
Segment 3A	\$ 127,924
Segment 3B	\$ 39,618
Segment 3C	\$ 86,419
Segment 4	\$ 74,426
<b>Total</b>	<b>\$ 451,941</b>

**C.2.1.7 Debt Financing Assumptions**

Debt financing assumptions for both the Senior Bank Facility and TIFIA loan are provided in Section C.1.2.

Base interest rate assumptions (excluding margins) for the Senior Bank Facility were 4.16% and 4.28% for TIFIA.

**C.2.1.8 Equity Financing Assumptions**

Equity funding for each Segment is assumed to be pari passu with the debt funding. The debt funding component was maximized based upon the previously detailed coverage ratio limitations. Equity was then sized targeting a 12% post tax IRR. Equity is redeemed through surplus project revenues once eligible for release to the equity sponsor per the assumed debt terms.

**C.2.1.9 Taxes**

Table C-13 summarizes the tax rate assumptions used in the model.

**Table C-13: Tax Rate Assumptions**

<b>Tax</b>	<b>Base</b>	<b>Tax Rate</b>
State Business Tax	70% of Gross Revenue	1%
Federal Corporate Income Tax	Net Income	35%
Dividend Tax	Net Income after equity redemptions	10%
Capital Gain Tax	Available cash flow in excess of Net Income after equity redemptions	0%

**C.2.1.10 Reserve Requirements**

The models assume the use of a cash funded Debt Service Reserve Fund in Lieu of a Liquidity Facility. The DSRF is sized in amount approximately equal to one full year of Debt Service on both Senior and Subordinate Debt.

**C.2.2 Pro-Forma Financial Statements**

A complete set of requested Pro-forma Annual Financial Statements for each of the three project financings is included as Appendix E.4 – Pro-forma Financial Statements. Each report packet contains a Sources and Uses of Funds, Cash Flow Statement, Balance Sheet, and Income Statement.

**C.2.3 Present Value of the Public Funds Request**

As previously mentioned, based upon the Conceptual Plan of Finance, there will be no request for Public Funds for any of the Projects.

**Table C-14: Present Value of Public Funds Request**

Facility	Present Value of Public Funds Request @ 5% as of 12/1/2008
Segment 2E	\$ 0
Segment 3A	\$ 0
Segment 3B	\$ 0
Segment 3C	\$ 0
Segment 4	\$ 0
<b>Total</b>	<b>\$ 0</b>