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Austin, August 24, 2006

Strictly Confidential

Texas Department of Transportation
125 East 11th Street, Fifth Floor
Austin, Texas 78701-2483
Attn.: Mr. Ric Williamson, Chairman

Re: TTC-35 High Priority Corridor
Dallas-Fort Worth Southern Loop Project,
Ready for Development Request

Dear Chairman Williamson:

This letter is issued pursuant to the Comprehensive Development Agreement dated March 11, 2005 (the "CDA") by and between the Texas Department of Transportation ("TxDOT") and Cintra Zachry, LP (the "Developer"). All capitalized terms used but not defined herein have the meanings given in the CDA.

The Developer has determined that four potentially connecting roadway projects are Ready for Development as Near-Term Facilities under the TTC 35 CDA. Both Facilities would form part of the Dallas-Fort Worth "Southern Loop Project." The Developer believes the Facilities, which are in the initial Corridor Study Area, will serve connectivity and financing purposes for the TTC-35 Corridor and therefore are each an eligible Facility under the CDA. The Facilities would be new toll roads forming a loop around the southern half perimeter of Dallas and Fort Worth. The eastern element comprised of two Facilities would extend north into Rockwall County. The western element comprised of the other two Facilities would extend into southern Denton County.

As preliminarily envisioned, these Facilities would fall within the TxDOT Recommended Preferred Corridor Alternative and the Modal Transition Zones as defined and identified in the Trans-Texas Corridor-35 (TTC-35) Oklahoma-Mexico/Gulf Coast Element Tier One Draft Environmental Impact Statement. As contemplated by the CDA, TxDOT would continue to carry out its responsibilities as lead State agency under NEPA. The Developer will not be performing services that violate conflict of interest rules under NEPA.

Facilities for the Southern Loop

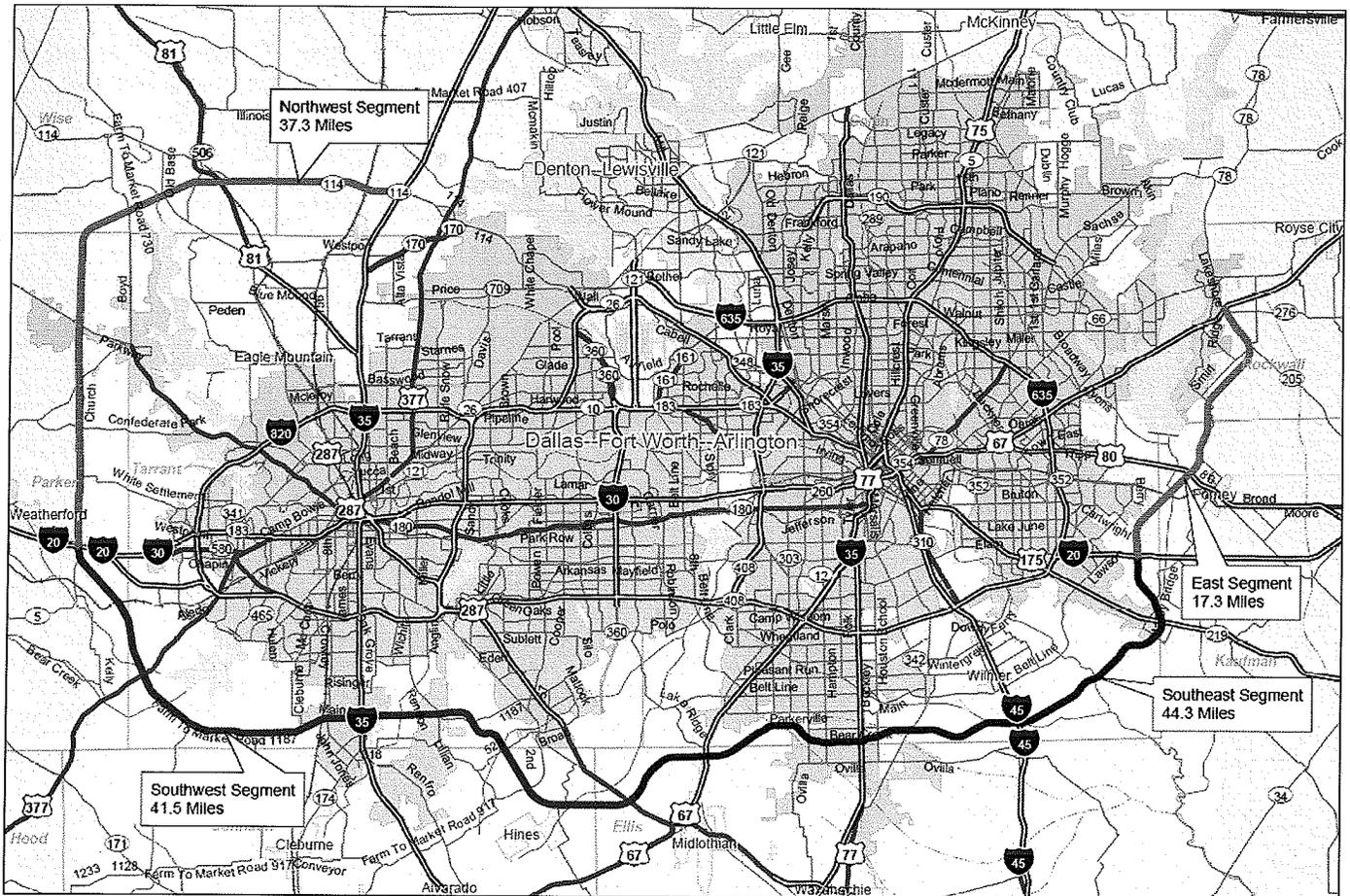


Figure 1: Preliminary Loop 9 Route

The Developer recognizes and understands the concerted and diligent efforts by local elected representatives and business leaders in the Dallas and Fort Worth areas to pull the TTC-35 corridor closer to the Metroplex. Those efforts appear to have encouraged state officials to embrace that vision. For its part, the Developer reviewed various preliminary studies, including traffic and revenue, technical, and financial, as well as current publicly available TxDOT materials, in support of the "Southern Loop" concept that accommodates the ideas championed by local leaders. This concept would fall under what is generally known as Loop 9 in planning documents. The approximate limits of the western element are: Northwest Facility, extending from I-35W to I-20 and Southwest Facility extending from I-20 west of Fort Worth to US 287 in southern Tarrant County. The approximate limits of the eastern element are: Southeast Facility extending from US 287 to I-20 east of Dallas and East Facility extending from I-20 to I-30. The total length of the four Facilities is on the order of 140 miles.

The Southeast Facility (US 287 to I-20 east of Dallas) would be developed first due to the more advance status of its environmental process current being progressed by TxDOT under NEPA studies occurring concurrent with the Tier 1 for TTC 35. Developer understands that this project would give connectivity to the Corridor and the other identified Facilities. Developer also understands that TxDOT has not initiated and will need to undertake the environmental assessment process for the western element of Loop 9 into Tarrant County and the remaining section of the eastern element up to I-30. The in-service schedule for the western element and the East Facility will be subject to TxDOT's program for the NEPA process. Developer acknowledges that by including these segments under TTC 35, delivery of the Facilities will be accelerated by years.

Innovative Features

The "Southern Loop" concept will accelerate the financing and delivery of an urgently needed traffic relief solution to Tarrant and Dallas counties to an earlier timeframe than otherwise possible under conventional delivery processes. The Facilities can be put in service as long-term concessions using private financing without TxDOT or local contributions of funding for financing, maintenance, or operation, equally important for state and local officials. If allowed by federal and state law (using tools like SEP-15), the Developer would be able to advance funds to TxDOT to support and accelerate the required studies to bring these Facilities to a financing stage.

The Southern Loop will be developed and financed as a system. And as a system, the Developer believes and suggests that the toll revenues will be sufficient to not only to fund the high traffic segments in the Loop, but could generate a supplemental financing source to help kick-start and support those segments where traffic volumes may be less than needed.

Developer intends that one or more Affiliates of Developer (each a "Concessionaire") will self-perform the Facilities under Design-Build-Finance-Operate-Maintain Concession Agreements. Details of this proposed structure shall be elaborated in the FIP Preparation Agreement.

Developer is mindful the substantial production capacity required to fulfill these delivery goals as well as the needs of the design and construction industries. Accordingly, Developer proposes to open to a competitive process the construction and design work associated to the Facilities. A substantial portion (and possibly all) of the design and construction of Facilities would be publicly and competitively procured and managed by the Concessionaire under an open bidding process in accordance with applicable state and federal laws. It would be performed in an objective manner and pursuant to a set of pre-agreed rules between TxDOT and the Developer in accordance with best practices, financeability, and quality control measures necessary for Public Private Partnership projects. This competitive process would result in uniform design and build contracts for each Facility. The competitive process provides opportunities to other companies to participate in the construction and design of the Facilities. This approach should result in an ample

distribution of the construction monies generated by these contracts across the contractor and engineering community of Texas thereby adding more value to TxDOT and the State of Texas.

The new toll roads would have a state-of-the-art open road toll collection system with no barriers, allowing future users to drive safely non-stop for more than 140 miles. Future truck-only lanes and freight rail will also be considered during the development when supported by traffic and market demand. Many miles would also have adjacent frontage roads to aid economic develop, localized access, and potential space for future utilities or other transportation-related facilities.

Benefits for TxDOT

Developer anticipates that the accelerated delivery of the Projects under the TTC 35 CDA would bring significant benefits to TxDOT and to the State of Texas. Some of these benefits are:

1. Early start of the DFW connecting loop

The idea of building an outer loop of Dallas to relieve traffic congestion in the southern part of the Dallas County or the northern side of Ellis County has been studied since 1962. The only alternative at this time is Interstate 20, the closest east-west freeway, but very distant to the north. Developer's approach could dramatically accelerate the construction of these urgently needed Facilities for both Dallas and Fort Worth through the self-performance concession concept.

2. Facilities entirely built with private funds and third-party financing (important reduction of TxDOT's \$86 billion funding gap)

Developer acknowledges that one of TxDOT's main goals is to reduce the \$86 billion funding gap to develop new infrastructure. Developer's proposal clearly helps TxDOT to achieve this goal as the proposed Facilities would be built with private funds and third-party financing. TxDOT would not have to inject any funding into the Facilities to bring them to reality and service.

3. Outstanding response to the Texas Transportation Challenge

The self-performance of the Facilities by Developer under the TTC-35 CDA agreement would be the best way to address the Texas Transportation Challenge and to achieve each and every goal foreseen by Governor Perry in his original TTC vision:

- Congestion relief: through the construction of these state-of-the art highways, the current traffic congestion in I-20 and the surrounding roads would be relieved and tomorrow's population growth issue would be resolved.
- Economic development: the new Facilities would expand the economic development in the south of the Tarrant and Dallas counties as well as the adjacent counties.
- Safety improvement: by safer and more environmentally-friendly highways, and by enabling the re-routing of hazardous materials away from the main urban areas

- Minimization of public funds: through the construction of one connectivity piece of one of the biggest transportation systems of the United States without the use of public funds.
- Maximization of private investment: by attracting private investment to completely fund the whole Southern Loop
- Improved air quality: by relieving congestion and improving traffic flow, regional air quality will be improved.

TxDOT has stated on numerous occasions and at diverse forums that its main goal in the TTC-35 is the development of an entirely new state-of-the art corridor in the shortest period of time through the maximization of private investment and without the use of public funds.

Once again, the Developer is ready to satisfy this goal with an unprecedented proposal using the self-performance concession model.

We hope TxDOT concurs with our approach and look forward to start working with you in this opportunity for TxDOT and the State of Texas.

Very truly yours,

CINTRA ZACHRY LP



José María López de Fuentes
CEO/ President



Klaus M. Brown
Vice-President

CC:

- Michael W. Behrens
- Amadeo Saenz
- Ed Pensock
- William L. Hale
- Maribel P Chavez