Financing Plan

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Introduction

Executive Summary

This Financing Plan (the "Financing Plan") has been prepared in conjunction with the Proposal developed by LBJ Mobility Group (the "Proposer") in respect of the IH 635 Managed Lanes Project (the "Project"). The Financing Plan was prepared to comply with the requirements and guidelines outlined in Exhibit C of the Instructions to Proposers (Addendum # 13).

The Financing Plan presented herein has the following key characteristics:

- A robust financial structure based on a conservative set of operating assumptions, including traffic and revenue projections, capex, operating cost and maintenance assumptions;
- A significant equity commitment by ACS Infrastructure Development, Inc. ("ACS", or the "Sponsor") in the form of paid-in equity and contingent equity, whose aggregate equity commitments exceed the aggregate senior debt amount. The Sponsor's equity commitment is supported by Iridium Concesiones de Infraestructuras and ACS Servicios y Concesiones, S.L, the parent companies of the Sponsor;
- A strong Lenders Base Case featuring a conservative Debt-to-Equity Ratio, robust Debt Service Coverage Ratios and Loan Life Coverage Ratio, which makes the lenders confident that that the financing structure has significant built-in contingencies mitigating the risk of Project's underperformance and financial stress;
- Commitments from a group of senior lenders and the US Department of Transportation ("USDOT") for an aggregate amount of $1,492.8 million who have performed extensive due diligence, multiple severe stress tests and thorough review of the Project's risks and mitigants.
- An investment grade credit rating (Baa3) assigned by Moody's Investors' Service to the senior debt following a meticulous due diligence and stress analysis of the Project;

In the development of the Financing Plan, the Sponsor reviewed the Project with and received feedback from numerous financial institutions, including rating agencies, municipal market makers, major global infrastructure and project finance banks, the USDOT and their advisors, law firms and various consultants specializing in transportation and infrastructure planning, forecasting and financing. Our Financing Plan is well developed and presents a realistic and attractive financing structure, which minimizes the risk of execution of the Financing Plan and makes us certain that the financial close could be achieved in a timely manner.

The Financing Plan features a robust risk mitigation matrix. The lenders performing due diligence and committing to the transaction found sufficient comfort in the mitigation strategies proposed by the Sponsor for the traffic and revenue risk, operating risk, and in particular, the construction risk. The Project is one of the most complex construction endeavours ever undertaken: the construction of below-grade lanes in a highly congested urban corridor is a complex and challenging development only the best construction teams in industry can implement. Our design and build team consisting of Kiewit, Dragados, Zachry and Granite is such a team, and the lenders found comfort in having faith in their capabilities to deliver the Project on schedule and on budget.

Furthermore, a timely and efficient execution of the Financing Plan is further warranted by the exceptional experience and track record of the Sponsor - one of the world leaders in infrastructure development and financing. ACS's experience, exceeding 40 years and more than 60 financial closings, which utilized all types of financial structures, as well as three years working with different Departments of Transportation's and Public Toll Agencies in the United States is a guarantee of success. ACS's understanding of the process to achieve the financial close of the Project, its global capabilities, and its paramount relationships with the financial markets, put the IH 635 Project in a privileged situation.

Some of the notable recent transactions, which demonstrate ACS's relevant experience include:

the Port of Miami Tunnel, Pennsylvania Turnpike, I69 TTC and I-595 in Florida. Both IH 635 in Texas and I-595 in Florida include the use of TIFIA financing. In these procurements, ACS has followed a continuous interaction with the USDOT and is intimately familiar with various TIFIA financing requirements and policy issues. In addition, ACS has been very successful in raising bond financing for such projects as Central Highway in Chile ($753 million), Americo Vespucio Norte Highway in Chile ($610 million), Rutas del Pacifico project in Chile ($427 million), among others. ACS' recent bank financing experience includes the CAD1.2 billion bank financing raised for the A-30 project in Canada in Q3 2008, the $2.13 billion debt financing raised for the Central Greece project, the $904 million for the R3/R5 Radial Connector and the $649 million M50 project in Spain.

The global vision of a developer is further and broader than that of a financial investor or a simple construction team, as it brings a positive perception to the financial markets and the committed financing is a result of this reliance from financial institutions, which have trust in ACS' capabilities to achieve financial close despite the current financial market's conditions.

Finally, our Financing Plan is built on a solid foundation of financial commitments for the entire debt financing extended by the financing industry leaders in infrastructure and project finance, whose overall financial performance remains strong despite the global financial markets turmoil. But more importantly, the financing structure approved by the senior lenders and TIFIA provides for a significant flexibility allowing the Sponsor to choose between a traditional project finance bank financing structure and tax-exempt financing options using either variable or fixed rate, without the need to enter into major negotiations with the lenders, if the market conditions would support such a switch.

ACS has developed different financing solutions throughout the procurement process, which will allow us to implement the best solution for the Project when the time of financial close arrives. ACS is a flexible developer, who will ensure a high level of close coordination of the financing process with the financial markets and TxDOT to bring the best value to the process based on financial solution.

The Financing Plan

The details of the committed Senior Debt financing are provided in the relevant sections below, the attached Senior Debt Term Sheet and commitment letters executed by the relevant senior lenders (the "Senior Lenders"). The commitment of the USDOT credit assistance is conditioned on the terms set forth in the Conditional Term Sheet dated January 20, 2009 and attached in Financial Volume, Section B.3], and the completion of the environmental approval process required to execute an Alternative Technical Concept (the "ATC").

In process of the development of the Financing Plan, the Proposer evaluated multiple financing strategies for Senior Debt financing. In particular, the Proposer evaluated the following structures:

- The issuance of the Fixed Rate Private Activity Bonds ("PABs") backed by a long-term monoline guarantee;
- The issuance of the Variable Rate Demand PABs backed with a bank letter of credit with a term of 10 years;
- The issuance of the Bond Anticipation Notes to bridge the more expensive sources of financing during the construction period;
- A 10-year bank loan financing.

All these Senior Debt structures under consideration were expected to be used in conjunction with a TIFIA Loan. The financing strategies would maximize Project's leverage, minimize cost of the debt and reduce the reliance on Public Funds for the funding of the Project.

In pursuit of these alternatives, the Proposer made applications and received an authorization from the USDOT for the issuance of the PABs in a maximum amount of $2.4 billion; a investment grade (Baa3) indicative credit rating from Moody's Investors Service ("Moody's"), a conditional commitment from USDOT in respect of the TIFIA financing, and commitments from a number of bank lenders.

Over the past several months, the financial markets have undergone tectonic changes, as a result of which some of the financing strategies became unfeasible. The demise of the monoline insurers and a tumult in the municipal finance markets has limited the spectrum of the financing solutions available to the Proposer for this procurement.

As a result of these developments, the Proposer narrowed the scope of the financing alternatives to two structures: (i) a senior bank loan used in conjunction with a subordinate TIFIA loan (the "Primary Financing Plan"), and (ii) tax-exempt Private Activity Bonds ("PABs") backed by a bank letter credit providing credit enhancement and liquidity support to the PABs (the "Optional Financing Plan").

The Optional Financing Plan represents a financing structure, which could be used to replace or complement the Primary Financing Plan. The Optional Financing Plan does not represent an Alternative Financing Concept, as this term is defined in the CDA. While the Optional Financing Plan is well-developed, the Proposer prepared its Proposal based on the Primary Financing Plan. If the Proposer chooses to implement the Optional Financing Plan, certain benefits derived therefrom would be shared with TxDOT.

A summary of the Primary Financing Plan is provided in the tables below.

Table 1. Primary Financing Plan (No IH 35 Capacity Improvement)

	Type	Amount at Service Commencement ($ million)	Maturity
Senior Debt	Construction and Term Bank Loan	700.0	10 years
Subordinated Debt	TIFIA Subordinated Loan	792.8	35 years after completion
Paid-in Equity		543.5	
Public Funds (Nominal $)		1,823.5	

The Baa3 indicative credit rating assigned to the Project's senior debt by Moody's, strong credit metrics of the Project's debt and attractive commercial conditions offered to the Senior Lenders further validate the certainty of success in bringing more lenders on a committed basis if necessary. However, the Senior Debt financing in either Primary of Optional Financing Plan will not be subject to syndication risk and an increased cost of the debt arising therefrom. The lenders underwrite the financing on the take and hold basis, no market flex or other conditions of this nature exposing this debt to the risk of a higher cost of the debt will apply.

The Proposer would use its best efforts to achieve the execution of financing documents in respect of the Senior Debt financing ("Senior Debt Documents Execution") in an expeditious manner, subject to satisfactory review after the conditional award of the market conditions and status of the NEPA process. While the Senior Debt Documents Execution will not meet the conditions for achieving the Financial Close, as this term is defined in the CDA, the achieving of closing in respect of the Senior Debt would further ensure a smooth and timely execution of the overall financing, including the TIFIA Loan when all conditions precedent to funding, including the receipt of NEPA approval and the appropriation of the TIFIA funding by Congress, will be obtained. This approach would allow the Proposer to keep the lenders' commitments in place and not risk their expiration due to a lack of NEPA approval or the fulfilment of other conditions.

Feasibility of the Financing Plan

The Proposer believes that the Financing Plan presents a feasible financing solution. The feasibility of the Financing Plan is warranted by the following key factors:

- A realistic financing solution reflecting the current market conditions not exposed to market and price volatility;
- Senior commitments received from 5 major financial institutions for an aggregate amount of $712.5 million;
- A strong group of core underwriting banks;
- A club approach to underwriting fully mitigating the risk of increased debt costs as a result of a market flex;

- An attractive pricing levels and mechanisms of the Senior Debt;
- An investment grade indicative credit rating (Baa3) received from Moody's in respect of the Project's Senior Debt;
- Commitment from TIFIA to provide a subordinated loan for an initial amount of up to $850 million (subject to certain limitations), and in any case, for an initial amount equal to the Senior Debt amount;
- A significant contributed and contingent equity commitment by the Sponsors in an amount exceeding that of the Senior Debt;
- A conservative financing structure featuring a total debt to total capital ratio of 70:30 and cash positive debt service coverage ratios from the onset of operations;
- Robust construction arrangements with the best construction team in industry.

Enclosure: Documents List

Document	Relevant Section
Letter of Credit Certification	Financial Volume Section B1
Senior Debt Commitment Letters	Financial Volume Section B3
Senior Debt Term Sheet	Financial Volume Section B3
TIFIA Term Sheet	Financial Volume Section B3
Financial Advisor Letter	Financial Volume Section B5
Moody's Rating Letter	Financial Volume Section B3
Bank of Americas Securities Highly Confident Letter	Financial Volume Section B3
Bond Counsel Opinion	Financial Volume Section B3
USDOT PABs Authorization Letter	Financial Volume Section B3

1. Identity of Financial Institution

JP Morgan Chase Bank (S&P: AA-/Neg) will issue irrevocable standby letters of credit required to be provided pursuant to the ITP Exhibit B, section 3.3.2, and ITP Exhibit C, section 5.1.

Pursuant to the ITP Exhibit B, section 3.3.2, the letter of credit will be issued in the amount of $35 million $35 million. In the event a conditional award is made by TxDOT in respect of the Proposal, the letter of credit amount will be increased to $50 million.

In the event, the Proposer exercises the option to extend the Financial Close deadline, a second letter of credit will be posted as a Financial Close Security in the amount of $50 million. The relevant letter certified by the Chief Financial Officer of ACS Infrastructure Development, Inc. is provided in Financial Volume Section B1.

2. Range of Financing Sources – Primary Financing Plan

2.1.1 Sources and Uses of Funds

The Primary Financing Plan is based on a committed senior debt financing (the "Senior Debt") and a subordinated loan committed by the United States Department of Transportation ("USDOT"), pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA"), Transportation Equity Act for the 21st Century, as amended by sections 1601-02 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU, Public Law 109-59) (the "TIFIA Loan"). The debt financing will be non-recourse to the Sponsor.

The total Project cost including the development costs, capital expenditures, operating expenses during construction, interest and financing fees during construction and other construction-related costs is $3,882.6 million. The Project cost is based on a Project configuration excluding the IH 35 Capacity Improvement. A summary of the Project Sources and Uses for the Primary Financing Plan is provided in the table below.

Table 2. Sources and Uses of Funds (no IH 35 Capacity Improvement)

Sources of Funds as of December 31, 2015	$ million	% of total cost	Uses of Funds as of December 31, 2015	$ million	% of total cost
Revenue during construction	18.9	0.5%	Capex	3,080.2	79.3%
TIFIA	796.7	20.5%	Capitalized Development Fees	24.0	0.6%
Senior Debt	700.0	18.0%	Construction Insurance	27.0	0.7%
Paid-in Equity	543.5	14.0%	Opex	187.2	4.8%
Public Funds	1,823.5	47.0%	Major Maintenance	126.1	3.2%
			Debt Service Reserve	44.6	1.1%
			Major Maintenance Reserve	20.0	0.5%
			Debt Interest and Fees	364.7	9.4%
			Net Change in Cash	8.8	0.2%
Total Sources	*3,882.6*	*100%*	*Total Uses*	*3,882.6*	*100%*
Total Sources			*Total Uses*		

2.1.2 Construction and Term Loan

The Senior Debt financing will consist of a $700 million construction and term loan (the "Miniperm") to be provided by a group of lenders defined below. The key terms and conditions of the Miniperm are as provided in the Table below.

Table 3. Bank Debt Summary

Miniperm	
Type	Senior Secured Construction and Term Bank Loan
Purpose	To finance the development and construction of the IH 635 Managed Lanes project
Amount	Up to $700,000,000
Senior Debt Documents Execution	April 28, 2009
Availability Period	May , 2010 – March 2016
Tenor	10 years
Maturity	April 30, 2019
Repayment Schedule	Bullet at Maturity
Base Rate (20-year USD Libor Swap)	2.698%
Swap Margin	0.42%

All-in Base Rate	3.10
Margin during Construction	2.90%
Margin during Operations (yr 1-3)	3.25%
Margin during Operations (yr 4+)	3.50%
Senior Upfront Fee	2.75%
Commitment Fee	50% of the Applicable Margin
Agency Fee (annual)	$100,000

Drawdown

The date on which the Miniperm will become available ("Initial Funding Date") is currently scheduled in May 2010, when the necessary permits and environmental approvals are assumed to be in place, and the TIFIA Loan is available, which is anticipated to occur on September 30, 2009. Loans will be drawn under the Miniperm during the Availability period, which begins after the Initial Funding Date and ends on the Scheduled Service Commencement Date. The drawdowns under the Miniperm will be made pro rata with the TIFIA Loan.

Repayment

The Miniperm matures ten years after the Financial Close and will be repaid as a bullet repayment. At maturity, the Miniperm will be refinanced with a capital markets issuance. In case the refinancing does not take place, the Senior Debt will be repaid pursuant to an accelerated repayment schedule (the "Term-Out Schedule"). The Term-Out Schedule has a 20 year final maturity date and has a mortgage-style amortization profile. The Term-Out Schedule is provided in the back of the Senior Debt Term Sheet provided in Financial Volume, section B3 hereto.

2.1.3 Identity of the Lead Arrangers / Underwriting Banks

The Senior Debt will be provided by a number of financial institutions on a Club basis. The Proposer has received commitments from five (5) financial institutions for a total senior Debt Service amount of $712.5 million.

In the table below we provide information on the identities of the financial institutions, the respective amounts of underwriting, the basis of underwriting, and syndication strategy.

Table 4. Identities of Financial Institutions

Financial Institution	Underwritten Amount	Underwriting Position
Banesto	$75,000	Take and Hold
Caja Madrid	$100,000,000	Take and Hold
Espirito Santo Investment	$100,000,000	Take and Hold
ING	$197,500,000	Take and Hold of $125,000,000, Syndication of $75,000, not subject to market flex
La Caixa	$240,000,000	Take and Hold
Total Commitments:	$712,500,000	

All lenders except ING will to take and hold their commitments. While ING intends to syndicate $75 million of its $197.5 million underwriting, this syndication will not be subject to a market flex.

2.1.4 Interest Rates and Hedging Arrangements

The Borrower will enter into a 20-year USD Libor swap covering 98% of its interest rate obligations. The duration of the swap protects the Borrower from interest rate risk at the maturity of the Miniperm. To the extent that the Miniperm will have to be repaid under the Term-Out Schedule as a result of a failed refinancing, the interest rate risk protections will remain in place. Under the Lenders' Base Case, the Miniperm will be repaid by year 2019 while the hedge still will remain in place.

The current benchmark rates are at historic lows. To the extent that the interest rate swap will be terminated at maturity of the Miniperm, the swap will likely be in the money reflecting an increased interest rate environment, and the Borrower will receive a termination premium. The termination premium will be used to offset the possible increased debt costs as a result of a higher benchmark rate applicable at the time.

2.1.5 Senior Debt Upfront Fees

The Senior Debt commitments will be valid for different time periods varying from 3 months to 6 months. To preserve the commitments, the Proposer intends using its best efforts to achieve the Senior Debt Documents Execution in short order. As a condition to achieve the Senior Debt Documents Execution, the Senior Lenders require that the first 50% of the Upfront Fee be paid on the Date of the Senior Debt Documents Execution, and the remaining 50% six (6) months thereafter. The aggregate Senior Debt upfront fee amount based on the total Senior Debt of $700 million is $19.25 million calculated as 2.75% of the aggregate debt amount. The Proposer intends to make this payment with equity. In the event the CDA is terminated due to a lack of NEPA Approval, the Proposer expects this amount to be reimbursed along with other equity funds the Proposer would have spent by the date of termination.

2.1.6 The TIFIA Loan

The terms of the subordinated TIFIA Loan are summarized in the table below. A detailed overview of the facility, including terms and conditions, is provided in the executed TIFIA Term Sheet, dated January 16, 2009 (the "TIFIA Term Sheet"). The TIFIA Term Sheet was executed following extensive due diligence and negotiations of the key terms and conditions pertinent to the TIFIA Loan, as well as the Senior Debt.

Table 5. TIFIA Loan Summary

TIFIA Loan	
Type of the Facility	Subordinate Loan Facility secured on a second-lien basis
Purpose	To finance 33% of the Eligible Project costs
Initial Amount	$700,000,000
Amount including capitalized interest at the Service Commencement of the last Project segment	$792,795,749
Availability Period	May 2010 – March 2016
Term	35 years after Service Commencement
Maturity	December 31, 2049, or no later than 35 years after service commencement of the last Project segment
Repayment Schedule	Mandatory Debt Service and Scheduled Debt Service in accordance with the description below and in the TIFIA Term Sheet
Base Rate (US Treasury Rate of comparable maturity)	2.95%
Margin	0.01%
Share of Subsidy payable by the Borrower (upfront)	$35,000,000
Servicing Fee (annual)	$11,919

Facility Size

The maximum size of the TIFIA Loan is determined by the lesser of: (i) 33% of Eligible Project Costs (defined below) and (ii) 100% of Senior Debt. Eligible Project Costs consist of construction costs, construction insurance costs, concession payment and interest during construction. As the 33% of the Eligible Project Costs is exceeding 100% of the Senior Debt amount, the initial amount of the TIFIA Loan is determined by the Senior Debt amount.

Drawdowns

The TIFIA Loan is expected to be available starting in October 2009, but not before the NEPA approval has been granted. The drawdowns will be made pro rata with the Miniperm as of the NTP2. A detailed drawdown schedule is contained in Escrowed Financial Proposal, Section D2-Assumptions Book

Debt Service Payment

The TIFIA loan will be serviced pursuant to the following Debt Service Schedules:

- ***TIFIA Mandatory Debt Service:*** During the construction period and in the first five years after Service Commencement, the Borrower will be allowed to defer interest payments. Interest will be accrued during this period. Starting in year six (6) until year twenty-six (26) following the Service Commencement Date, part of the current interest payments will become mandatory, stepping up from 5% in year 6 to 50% in year 25 after the Service Commencement Date. Beginning in year twenty-six (26) after the Service Commencement Date, all current interest and level principal repayments will become mandatory. A schedule is provided in the TIFIA Term Sheet contained in Financial Volume Section B.3
- ***TIFIA Scheduled Debt Service:*** means the total debt service, including TIFIA Mandatory Debt Service. The non-mandatory portion of Scheduled Debt Service will be paid only to the extent that net project revenues are available. In years six (6) to seventeen (17), TIFIA Scheduled Debt Service consists of current interest only. As of year seventeen (17), principal repayments will be included in the TIFIA Scheduled Debt Service.

2.1.7 Reserves

The Borrower will create and maintain the following reserve accounts:

- Senior Debt Service Reserve Account ("DSRA"):
  - DSRA will be equal to 12 months of Senior Debt Service. The initial DSRA balance will be funded from the Project sources of funds. Following the Service Commencement Date, the DSRA will be funded to its required balance from the Project's cash flow. As of the Service Commencement date the DSRA will be funded with the Project sources of funds to have a balance equal to $44.6 million.
- Major Maintenance Reserve Account ("MMRA"):
  - As of the Service Commencement date, the MMRA will be funded with the Project sources of funds to have a balance equal to $20 million.
  - Following the Service Commencement Date, the MMRA will be funded from the Project cash flow based on a 4-year rolling schedule.
  - The detailed MMRA contribution schedule is provided in the Senior Term Sheet.
- TIFIA Debt Service Reserve Account ("TIFIA DSRA"):
  - The Borrower will maintain TIFIA DSRA account equal to 12 months TIFIA Mandatory Schedule.

2.1.8 Steps to reaching the Financial Close

The Proposer will use its best efforts to achieve the Senior Debt Documents Execution in short order. However, this objective should not be viewed by TxDOT as an obligation or commitment by the Proposer. Until the Financial Close (as this term is defined in the CDA) in respect of the overall debt financing has been achieved, all TxDOT arrangements for that period, including the guaranteed benchmark rates should remain in place.

The schedule to reaching the final Commercial and Financial Close on the Project is provided in Financial Volume, Section B.6

2.1.9 Equity Investment

Paid-in Equity

ACS Infrastructure Development, Inc. will act as the Equity Investor contributing $543.5 million of equity. ACS Infrastructure Development is a wholly owned subsidiary of ACS Servicios y Concesiones, S.L, of Spain, which in turn is wholly owned by Iridium Concesiones de Infraestructuras, a member of the ACS Group.

ACS will maintain its equity position in the Project Company pursuant to the Change of Control restrictions contained in the CDA and the debt financing Term Sheets. The Change of Control provisions pursuant to the Senior Debt are contained in Section Q 5 of the Senior Debt Term Sheet.

Drawdowns

100% of the Sponsor equity will be committed at financial close and will be backed by an irrevocable letter of credit ("LC") issued by a financial institution with a senior debt credit rating of at least AA-/Aa3. If the LC-issuing bank's credit rating is downgraded, the Sponsors will be required to replace such institution with another LC issuer meeting the minimum credit rating requirement of AA-, or contribute cash equity.

During the first year of the Construction Period, following the issuance of NTP1, but before the issuance of NTP2, 100% of the Project Costs will be paid by equity investment. After achieving the Financial Close on the entire Project debt, equity will be drawn in accordance with a schedule contained in Escrowed Financial Proposal, Section D2-Assumptions Book to the Senior Debt Term Sheet.

Equity IRR and Dividends

Pursuant to the traffic and revenue projections contained in the Sponsor traffic report issued by Steer Davis Gleave on November 2008, and the capital and operating cost assumptions, the Project is expected to generate an equity internal rate of return ("IRR") of 13%. Dividend distributions will be subject to available cash and distribution restrictions. Pursuant to the terms of the Senior Debt and the TIFIA loan, dividend distributions will be permitted subject to satisfying the following conditions:

1. No amounts outstanding under the Miniperm and the Liquidity;
2. The Project is current on the TIFIA Scheduled Debt Service;
3. The Reserve Accounts are fully funded;
4. The Debt Service Coverage ratio lock-up test is satisfied (defined below);
5. No event of default has occurred and is continuing.

Lock-up Test

Pursuant to the Senior Debt financing documents, dividend distributions are not allowed during the life of the Miniperm. Following the refinancing in Year 10 after the Senior Debt Documents Execution, dividend distributions will be allowed subject to the Project satisfying the lock-up test. The lock-up test requires the Borrower to meet a Total Debt Service Coverage Ratio of 1.20x in the 12 months preceding the test and on a 12-months look-forward basis. The Total Debt Service Coverage Ratio is a ratio calculated based on net cash flow available for debt service to total debt service obligations including senior debt and Scheduled TIFIA debt service. As such, dividend distributions will be back-loaded commencing in year-end 2020 under the Sponsors Base Case.

2.1.10 Contingent Equity / Ramp-Up Reserve

In addition to the paid-in equity contribution, the Sponsor will make available contingent equity in the aggregate amount of $245 million. This contingent equity to be used as a Ramp-Up Reserve is to provide liquidity support and will be available as of the Service Commencement Date. The aggregate contingent equity amount will be provide in two tranches: (i) $125 million Ramp-Up reserve (the "Ramp-Up Reserve") backed by a letter of credit issued by an institution with a credit rating of at least AA-/Aa3, and (ii) $120 million additional contingent equity backed by a corporate guarantee to be issued by ACS Servicios y Concesiones, S.L. In the event there is a liquidity need, the Ramp-up Reserve will be used first. If additional liquidity support is required after the full depletion of the Ramp-up Reserve, the additional contingent equity will be used to satisfy liquidity needs of the Project.

2.1.11 Indicative Credit Rating

Moody's assigned to the Project's Senior Debt an indicative investment-grade credit rating of Baa3. The indicative rating is of a preliminary nature and will be confirmed by Moody's as condition precedent to the Senior Debt Documents Execution. The indicative rating will be reaffirmed by Moody's after the conditional award. The original indicative rating letter is contained in Financial Volume Section B3

2.1.12 Public Funds Request

Approximately $1,823 million of public funds (the "Public Funds") would be required to bridge the gap between the available sources of financing and the total Project's capital cost. This amount represents an NPV of $1,441 million discounted to year-end 2008 at 5% discount rate.

The following table presents a Public Finds drawdown schedule.

Table 6. Public Funds Request (no IH 35 Capacity Improvement)

	May 1, 2010									
	3 mos.	6 mos.	9 mos.	12 mos.	15 mos.	18 mos.	21 mos.	24 mos.	27 mos.	30 mos.
Public Funds Request	$0	$0	$0	$0	$0	$0	$0	$0	$170,531,203	$218,423,245
	33 mos.	36 mos.	39 mos.	42 mos.	45 mos.	48 mos.	51 mos.	54 mos.	57 mos.	60 mos.
Public Funds Request	$236,096,258	$227,204,156	$238,706,240	$202,083,778	$166,809,637	$132,097,792	$104,631,132	$126,954,781	$0	$0
Total	$1,823,538,223									

2.1.13 Refinancing

The Initial Senior Debt is expected to be refinanced twice during the life of the concession. The first refinancing is scheduled to occur at or before the maturity of the Miniperm, but no later than at maturity of the Miniperm in 2019. The refinancing will be in the form of a capital markets take-out, most likely in the form of a 144A bond. In all cases, the amount of senior debt raised as a result of the refinancing and the key credit metrics of the Project will conform to the Moody's investment grade methodology for existing toll roads.

The sections below provide more detail on the refinancing:

2.1.14 Bond Take-Out I

At maturity of the Senior Debt Facilities, a bond will be issued to repay the Miniperm and the Liquidity Facility. The terms and conditions that are assumed for this bond refinancing are provided in the Table below.

Table 7. Summary of Bond Take-Out I

Bond Take Out I	
Type	Capital Markets issuance (under Rule 144A)
Amount	$850,000,000
Financial Close	30 April 2019
Availability Period	30 April 2019
Term	40 years
Maturity	30 April 2059
Repayment method	Mortgage style, commencing in 2034
Base Rate	5.26%
Spread	2.20%
Upfront Fee	0.35%
Agency Fee	$75,000

Use of Proceeds

The proceeds of the Bond Take-Out I are used to repay the Miniperm, achieve recapitalization and partially prepay the TIFIA Loan. Subject to the terms and conditions of the TIFIA Loan, 50% of the incremental proceeds from the refinancing raised to distribute a dividend, must be applied to prepay TIFIA obligations. Out of the $850 million, $700 will be used to repay the Miniperm, with the remaining $150 million split 50x50 between TIFIA prepayment and dividend distributions. The anticipated credit metric of the Project following the refinancing are expected to fully meet credit rating requirements for an investment grade rating of the entire senior debt of the Project.

Repayment

The repayment of the Bond is based on a fixed annuity schedule, starting in 2034 and ending in 2059.

2.1.15 Bond Take-Out II

The Proposer intends to issue additional senior secured bonds in 2023. The main anticipated terms and conditions are provided in the Table below.

Table 8. Summary of Bond Take-Out II

Additional Bonds Issuance	
Type	Capital Markets issuance (under Rule 144A)
Amount	$440,000,000
Financial Close	April 30, 2023
Availability Period	April 30, 2023
Term	30 years
Maturity	April 30, 2053
Repayment method	Mortgage style, commencing in 2038
Base Rate	5.26%
Margin	2.20%
Upfront Fee	0.35% [make sure we have the same in the model]
Agency Fee	$75,000

Use of Proceeds

The Bond Take-Out II is expected to achieve further recapitalization of the Project. Subject to the terms and conditions of the TIFIA Loan, 50% of the incremental proceeds from the additional bonds issuance will be applied to prepay TIFIA obligations. Out of the $440 million, $215 will be used to pay a dividend to the equity holders, with the remaining $215 million to be applied to reduce the outstanding TIFIA Loan balance. The balance of the proceeds will be used to pay issuance fees.

Repayment

The repayment of the Bond is based on a fixed annuity schedule, starting in 2038 and ending in 2053.

Refinancing Rates Assumptions

The refinancing assumptions for both Bond Take-Out I and Bond Take out II rely on the 30-year US Treasury bond and an applicable margin for a “Baa3” fixed income bond tranche.

The benchmark 30-year treasury has averaged 5.26% over the past ten years. The time series is not continuous, however, as the Treasury had temporarily stopped issuance of the long bond in 2002, which resumed in 2006. For the period when the long bond was dormant, the Proposer interpolated the yield based on the 20-year treasury rate and the historical relationship between the two instruments and arrived at an estimate of 5.10% for the 10 year average. Historically, the 30-year bond has traded at 0.97 times the 20-year reflecting the liquidity benefit/preferential term in the market.

The fixed coupon applicable to the take out consists of the 30-year treasury yield explained previously and a spread reflecting the likely spread associated with a “Baa3” investment grade instrument from Moody’s. The credit spread is inferred from pricing on comparable corporate bonds plus a liquidity premium for the anticipated placement in the 144A market place. Over the last 10 years, the AAA corporate has yielded an average all in cost of funds of 6.16%, while the Baa has averaged 7.15%. The average spread between the two instruments is approximately 99 basis points. Compared to the comparable treasury, the AAA has yielded an additional 86 bps and the Baa 180 bps. The Proposer assumed an average spread for a Baa3 at 180 bps and then apply an additional 40 bps for 144A liquidity premium to arrive at an estimated spread of 220 bps. In year 2023, the Bond Take-Out II is assumed as a comparably priced tranche of senior debt in the amount of USD 440m.

2.1.16 IH 35 Capacity Improvement

The Primary Financing Plan is based on a Project configuration not including the IH 35 Capacity Improvement. Project’s capital costs for this configuration are estimated at $3,163.9 million.

Based on the summary of Sources and Uses for this configuration, the current lenders’ commitments would cover this capital cost amount.

A Sources and Uses summary for the configuration including the IH 35 Capacity Improvement is provided in the Table below. The Project scope has sufficient committed and additional uncommitted debt capacity, which could be out to use if TxDOT chooses to pursue the IH Capacity Improvement Project.

Table 9. Sources and Uses of Funds (with the IH 35 Capacity Improvement)

Sources of Funds as of December 31, 2015	$ million	% of total cost	Uses of Funds as of December 31, 2015	$ million	% of total cost
Revenue during construction	20.1	0.5%	Capex	3,163.9	79.6%
TIFIA	813.3	20.5%	Capitalized Development Fees	24.0	0.6%
Senior Debt	715.0	18.0%	Construction Insurance	27.0	0.7%
Paid-in Equity	555.0	14.0%	Opex	187.4	4.7%
Public Funds	1,871.0	47.1%	Major Maintenance	126.1	3.2%
			Debt Service Reserve	45.5	1.2%
			Major Maintenance Reserve	20.0	0.5%
			Debt Interest and Fees	370.7	9.3%
			Net Change in Cash	9.7	0.2%
Total Sources	*3,974.4*	*100%*	*Total Uses*	*3,974.4*	*100%*

The table providing the Public Funds Request for the Project configuration including the IH 35 Capacity Improvement.

Table 10. Public Funds Request (without IH 35 Capacity Improvement)

	May 1, 2010									
	3 mos.	6 mos.	9 mos.	12 mos.	15 mos.	18 mos.	21 mos.	24 mos.	27 mos.	30 mos.
Public Funds Request	$0	$0	$0	$0	$0	$0	$0	$0	$177,129,489	$225,459,933
	33 mos.	36 mos.	39 mos.	42 mos.	45 mos.	48 mos.	51 mos.	54 mos.	57 mos.	60 mos.
Public Funds Request	$236,325,557	$227,433,708	$238,935,791	$207,851,009	$171,052,958	$133,948,807	$112,070,809	$140,777,190	$0	$0
Total	$1,870,985,251									

This amount represents an NPV of $1,477 million discounted to year-end 2008 at 5% discount rate.

3. Range of Financing Sources – Optional Financing Plan

The Optional Financing Plan envisions the issuance of tax-exempt PABs. The PABs will be backed by several bank letters of credit and will be issued in the same number of series as the letters of credit provided. The Senior Debt Term Sheet and the TIFIA Term Sheet contain key structural parameters of the Optional Financing Plan. Furthermore, Moody's reviewed and approved the PABs structure contained in the Term Sheet. The PABs structure can be used in conjunction with the Miniperm.

USDOT has approved an allocation of $2.4 billion of the PABs. The authorization letter from USDOT is provided in Financial Volume, Section B3

Depending on the prevailing market conditions at the time of issuance, the PABs may be issued either as Variable Rate Demand Bonds ("VRDBs") or as fixed rate PABs. In the former case, the pricing of the PABs will be variable. In the event of a fixed rate issuance, the PABs will be priced of the MMD rate.

The Proposer has selected Banc of America Securities to act as the underwriter of the PABs and a remarketing agent. A highly confident letter from BAC is provided in Section Financial Volume, Section B3.The PABs structure has been reviewed by Nixon Peabody LLC acting as the Bond Counsel. The Bond Counsel opinion letter is provided in Financial Volume, Section B3

The Optional Financing Plan is optional and may be used by the Proposer if market conditions would support such approach. The Optional Financing Plan is not an "Alternative Financing Concept", as this term is interpreted in the CDA.

4. Details for Lenders and Lender Support Letters for Committed Financing

Senior Debt Financing

TIFIA Loan

The details for Lenders and Lenders Support Letters for Committed Financing are provided in this section. The firm Commitment Letters and a Senior Debt Term Sheet provides the relevant detail of the amounts, currency, type and purpose of the facility, Terms and Conditions and other pertinent information.

5. Details of Equity Source

The details of Equity Source are provided in this section.

6. Financial Advisor Letter

7. Schedule for Commercial and Financial Close

8. Financing Summary Form