

North Tarrant Express
Segments 3A and 3B

Updated Submittal

July 20, 2010



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**Description of the
Updated Submittal**

Description of the Updated Submittal

NTEMP2-4 is pleased to deliver this Updated Submittal relating to the development of certain additional segments of the North Tarrant Express project (the “NTE project”). This Updated Submittal has been prepared pursuant to the discussions that followed our Original Submittal dated May 19, 2010. In the preparation of the same, we have endeavored to provide TxDOT and the region with a highly aggressive and innovative solution that maximizes the delivery of much needed additional capacity along the IH 35W corridor while optimizing the leverage of public funds. Additional benefits of this solution have been identified and are included in greater detail later in this document.

The Updated Submittal consists of the following items:

- Items provided in hardcopy:
 - Description of the Updated Submittal
 - Updated Facility Financial Plan
 - Updated Schematics

- Items provided electronically in data room (NTEMP2-4 will update TxDOT when each item becomes available in the data room):
 - Updated Financial Model
 - Updated Traffic and Revenue Executive Summary and Report
 - Updated List of Assumptions
 - Updated Back-up Information Related to Construction Price

Items provided in the Updated Submittal supersede previous versions of the same provided in the May 2010 Submittal. There are portions of the May 2010 Submittal for which updates have not been provided in this Updated Submittal. In these cases, the previously submitted version of the item remains in effect.

This Updated Submittal refers to Segments 3A and 3B of the NTE project, and includes, in the Base Case, the design and construction of the Managed Lane components of the interchange between IH 35W and IH 820 that will result in the construction of the Managed Lanes through the interchange (north-south and east-west) and its direct connections to/from the Managed

Lanes on Segment 1B (this segment is being developed under a separate CDA by an affiliate of NTEMP2-4).

The aforementioned improvements will increase capacity and decrease congestion as NTEMP2-4's proposed configuration increases the IH 35W northbound and southbound through lane capacity across IH 820 by 100% (four through lanes per direction compared to the current two lanes per direction).

Detailed Scope of work for IH 35W / IH 820 Interchange:

- Construct northbound and southbound IH 35W Managed Lanes.
- Construct the IH 820 westbound to IH 35W southbound Managed Lane-to-Managed Lane Direct Connector
- Construct the IH 820 westbound to IH 35W northbound Managed Lane-to-Managed Lane Direct Connector
- Construct the necessary infrastructure to allow construction of the aforementioned IH 35W Managed Lanes, and geometrically adequate transitions to NTE Segments 3A and 3B.
- Construct the necessary infrastructure to allow construction of the westbound IH 820 to northbound and southbound IH 35W Managed Lane-to-Managed Lane Connectors.

The updated schematics for this technical solution are included as part of this Updated Submittal.

This Updated Submittal assumes that NTEMP2-4 or an affiliate will self-perform the design, construction, financing, operations and maintenance under a Facility Agreement, substantially similar to the Comprehensive Development Agreement executed between TxDOT and an affiliate of NTEMP2-4 for the implementation of Segments 1 and 2W (hereinafter referred to as the "Concession CDA").

The amount of public funds required for this scenario (Base Case – Updated Submittal) is \$199.9 M. This amount is significantly lower than the binding price provided by NTE Mobility Partners, LLC ("NTEMP") during the negotiations that occurred following the competitive bidding process for the North Tarrant Express project, solely for the construction of the interchange between IH 35W and IH 820 (\$301 M). TxDOT still has the option to request NTEMP build such interchange for that price until June 23, 2011. Additionally, TxDOT can consider the Base Case as per the Submittal dated May 19, 2010 (Base Case – Original Submittal), and direct the Developer to carry out the project as defined thereof until the earlier of January 1, 2012 or the actual date of Financial Close.

The different scenarios and their respective results are shown in Table 1.

Table 1: Alternative Scenarios for Development of Segments 3A, 3B and IH 35W / IH 820 Interchange

Scenario	Public Funds
Proposal bundled with Segments 1 and 2W - Dec 2008: - IH 35W / IH 820 Interchange only (full configuration)	\$301 M
Base Case – Updated Submittal: - Segment 3A (including connectivity improvements to/from IH 30) - Segment 3B (including the connection to US 287) - IH 35W / IH 820 Interchange (Managed Lanes portion)	\$199.9 M
Base Case – Original Submittal (May 19, 2010) - Segment 3A (including connectivity improvement to/from IH 30) - Segment 3B (including the connection to US 287) - IH 35W / IH 820 Interchange (full configuration optimized)	\$287.5 M

It is important to mention that none of these scenarios contemplate the potential payment of a commitment fee to TIFIA (TIFIA Subsidy Cost) as part of the allocation of funds from the Federal program. In the event that this fee has to be paid as part of the process to secure the financing for this project, the amount of Public Funds will have to be increased to cover such cost.

Based on our experience with the previous three projects in Texas (SH 130, Segments 5 and 6; NTE Segments 1 and 2; and the LBJ Express), this TIFIA subsidy cost can vary from \$0 to \$60 million, as noted previously. Depending on the final amount to be paid, if any, the public funds amount will need to be adjusted accordingly.

Conditions Precedent

This Updated Submittal is subject to certain conditions listed below:

- All conditions under the Comprehensive Development Agreement for North Tarrant Express Segments 2 through 4 have been satisfied.
- All environmental approvals have been obtained, or contractual arrangements are in place, that are sufficient to protect Concessionaire from the lack thereof.
- Commitment of USDOT to provide TIFIA credit assistance in an amount sufficient to close finance and in the terms and conditions assumed in the Facility Financial Plan included herein.
- Private Activity Bonds being available and approved by USDOT in the terms and conditions assumed in the Facility Financial Plan included herein.
- Public funds being available in an amount sufficient to cover the payment profile included in the Facility Financial Plan.
- Project being rated as investment grade.
- No change in law has occurred that materially affects the Project.
- No market change has occurred that would materially and adversely affect Developer's ability to comply with this Submittal.
- An agreement is reached in terms that are satisfactory to both parties based on the Concession CDA.
- This Submittal is based on the Updated Proposal Schematic Plan Sets included herein.
- The following milestones are assumed for the purposes of this Submittal. The definitions for NTP1 and NTP2 as used below are assumed to be the same as in the Concession CDA.
 - Commercial Close (NTP1) Deadline: December 31, 2010
 - Final NEPA Approval Deadline: March 31, 2011
 - Financial Close (NTP2) Deadline: December 31, 2011
 - Service Commencement Deadline: 66 months after Financial Close
- This Submittal assumes that the period between the execution of a Facility Agreement and Financial Close could be up to 18 months.
- This Submittal assumes that the initial ROW acquisition will clear all parcels required for the interim configuration, as shown in the Proposal Schematics. The parcels required only for the ultimate configuration will be acquired prior to construction of this configuration, as part of the cost of implementation. Right of Way Limits are as shown in the Updated Proposal Schematic Plan Sets.

Additional Benefits of the Development of the Managed Lanes Network

The Dallas-Fort Worth Metroplex is the fourth largest metropolitan area in the U.S. and continues to grow in population and land area. In 2009, Fort Worth was the country's 11th fastest-growing large city in terms of population. The Metroplex is served by two transit agencies, the Dallas Area Rapid Transit Authority (DART) and the Fort Worth Transportation Authority (The T). The draw between Fort Worth and Dallas is immense, with many individuals commuting between the two cities. Major generators of traffic demand in the area are the downtown areas of Dallas and Fort Worth, DFW Airport, more than 20 colleges and universities and several major sports venues.

As of 2005, the DFW Metroplex had a 0.7 % transit share and ranked 33rd in transit trips per capita among U.S. urban areas. The addition of the DART Rail System in the Dallas area has increased the use of transit by individuals traveling between the Dallas suburbs and downtown Dallas. Among the range of possible transit options, high-speed options such as rail and express buses typically generate the highest levels of demand. Transit users prefer these routes because they provide a shorter or more reliable travel time with fewer stops and more dependability in appointed route scheduling. Thus, many Texas cities, such as Austin, Houston, Dallas, and Fort Worth, as well as cities outside of Texas, are increasing their number of express bus routes. Express routes run at higher frequencies during peak traffic periods with the goal of capturing the demand of commuters and other peak-hour users. These routes are for individuals who will typically have only one destination during their workday and have little use for a car during work hours.

In the Houston area, the Harris County Toll Road Authority (HCTRA) operates the Katy Managed Lanes. The facility, which opened in 2009, consists of the addition of two managed lanes per direction to a 12-mile section of IH 10 consisting of three general purpose lanes and three frontage road lanes in each direction (and formerly containing a single reversible HOV lane). The managed lanes operate in a similar fashion to the future NTE Managed Lanes with the use of dynamic tolling to regulate the speed and capacity of the managed lanes. Thus, users of the managed lanes, including express buses, are guaranteed a minimum average speed and maximum travel time, which ensures dependable route scheduling (express buses ride for free). The express routes utilized the travel corridor prior to the opening of the Katy Managed Lanes. Consequently, this growth

in attractiveness of transit demand due to reliability reduces the number of single occupancy vehicles on the road.

Further, the number of buses in rotation in routes along the Katy Managed Lanes corridor has decreased. Previously, the HOV lanes operated as a reversible facility. The new Katy Managed Lanes allow for a guaranteed travel time in both directions, which has decreased the travel time for the buses recycling this route. Thus, the addition of the Managed Lanes has reduced the number of buses on the roadway while still providing the same level of service to transit users.

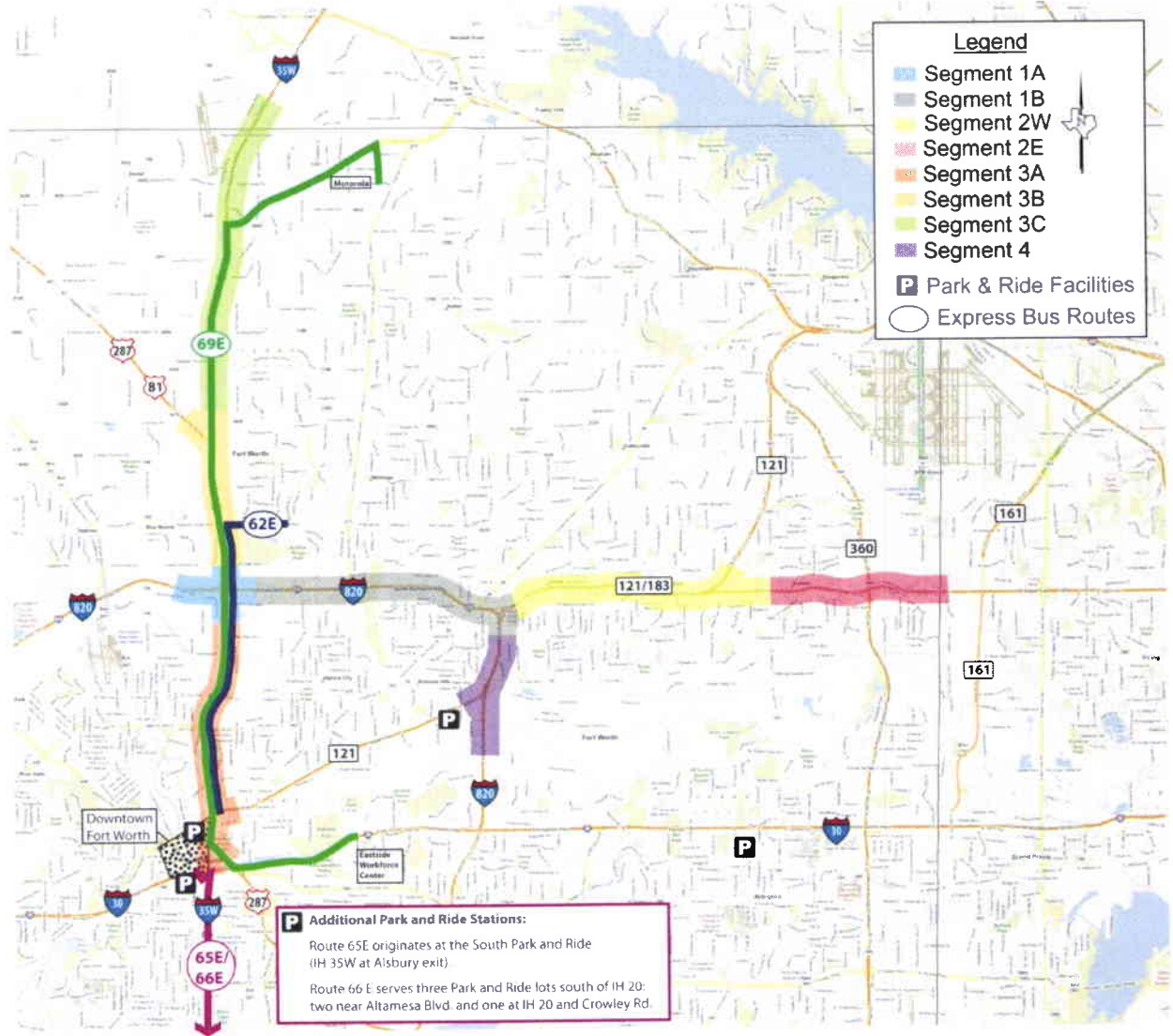
Similar to the Houston experience, Miami opened the I-95 Express Lanes in December 2008, adding two northbound managed lanes to the freeway. Two additional southbound managed lanes were added in January 2010. After the opening of the I-95 Express Lanes, Broward County Transit and Miami-Dade Transit began operating three new express, peak-period routes along the I-95 Express Lanes. These routes, which have adjoining park and ride facilities, are designed to capture peak period travelers, most likely commuters. Express bus ridership has reported a 30% year-on-year increase since the opening of the I-95 Express Lanes¹. As speeds in the managed lanes now average 39 mph faster than in the previous HOV lanes, this transit demand increase can be linked to the increased reliability and faster travel time provided by the dynamically managed lanes. Further, this growth is only expected to continue as Broward County Transit plans to increase and improve the bus stops along its I-95 express route due to the route's increasing popularity².

As in Houston and Miami, bus lines are currently operating along the portions of IH 35W making up the future corridor of NTE Segments 3A and 3B. Four of the five routes utilizing this corridor are express routes transporting individuals between the northern and southern areas of Fort Worth and downtown. Some of the express routes are linked to park and ride facilities to further support commuter usage. The current express routes and park and ride facilities within the corridor are displayed in Figure 1.

¹ Reason Foundation, *Surface Transportation Innovations* #73, <http://reason.org/news/show/surface-transportation-innovat-72>, Accessed June 2010.

² I-95 Express Lanes, *Bus Rapid Transit Information*, <http://www.95express.com/home/bustransit.shtm>, Accessed June 2010.

Figure 1: Express Bus Routes and Park and Ride Facilities Surrounding NTE Corridor



As the route schedule in Table 2 illustrates, many of these express routes target commuters by operating only on weekdays and only once or twice per commuter period. The number of users that are considered inscope demand (who actually have a viable choice of utilizing the travel option) decreases as the frequency of the route decreases.

Table 2: Express Bus Route Frequency Surrounding NTE Corridor

Route Number	Destination	Pickup and Drop-Off Times (first and last stops on route)
62E (Summerfields)	To Downtown	6:47 – 7:39 AM
62E (Summerfields)	From Downtown	5:10 – 6:02 PM
65E (South Park and Ride Express)	To Downtown	5:40 – 6:15 AM 6:20 – 7:00 AM 6:45 – 7:25 AM 7:05 – 7:45 AM
65E (South Park and Ride Express)	From Downtown	4:02 – 4:40 PM 4:42 – 5:20 PM 5:07 – 5:45 PM 6:02 – 6:40 PM
66E (Candleridge/Altamesa)	To Downtown	6:00 – 7:00 AM 6:45 – 7:45 AM
66E (Candleridge/Altamesa)	From Downtown	4:32 – 5:27 PM 5:07 – 6:00 PM
69E (Alliance)	Northbound	4:35 – 5:55 AM
69E (Alliance)	Southbound	6:25 – 7:25 PM

The construction of Managed Lanes in the NTE Corridor will guarantee users a maximum travel time and a minimum travel speed, providing users with a reliability that is currently lacking due to the high levels of demand creating excess congestion. The express buses operate during the morning and evening peak hours, the highest periods of demand, to target commuter users. With the addition of Managed Lanes to the existing NTE corridor, these buses will now have the option of utilizing the Managed Lanes for reliable travel times even during peak traffic periods.

This reliability will make the express buses more attractive to users, in turn drawing more users to transit. As transit becomes a more attractive option, the T would have an opportunity to plan for further expansions of its express bus system. The T has outlined plans to add additional Park and Ride locations along the NTE corridor. One of these new park and ride facilities will be located along Segment 3A, near IH 35W and US 287, and