



**Financial Advisory Services -
Capital Plan**

August 18, 2011

Key Capital Plan Financial Assumptions

- Revenue projections based on revenue increases and traffic volumes provided by traffic engineers
- Expenses increase 4 percent annually
- Interest rates of 6 percent on senior lien bonds
- The financing plan includes a balance of current revenue and bond funding
- Maintains key metric such as 2.0x coverage to preserve ratings and keep financing costs low



Columbia Capital

Purpose: Assist Tollway management in reviewing options and recommendations for funding the capital needs of the Tollway in preparation of the capital plan

- Develop financial model of Tollway operations, assets and liabilities to project future financial outcomes
- Firm retained to assist with additional cash flow modeling and capital financing analysis through October 2011
- Other assignments as requested



Financial Model

Developed financial model of Tollway operations, assets and liabilities to project future financial outcomes

- Actual results from 2008, 2009 and 2010 provide basis for future projections
- Incorporates proposed capital plan expenditures and impacts of future bond issues
- Measures various outcomes
 - Capacity to fund projected operating and capital expenditures
 - Ongoing cash balances
 - Metrics assessed by rating agencies



Columbia Capital - Summary of Review

- Bond capacity for new plan
 - ❑ \$4.5 billion to \$5.0 billion of senior lien bonds between 2012 to 2020
 - ❑ Satisfy debt service coverage objectives of 2.0x

- Additional capacity at higher cost of financing
 - ❑ \$2.0 billion to \$2.5 billion of subordinate debt
 - ❑ Combined coverage ratio at or above 1.5x
 - ❑ Cash available for capital plan reduced significantly

- Capital Appreciation Bonds (CABS)
 - ❑ No impact on current debt service
 - ❑ Relatively limited market
 - ❑ Higher interest rates than current interest bonds

- Key rating agency ratios maintained at typical levels for AA rated toll road issuers





THANK YOU