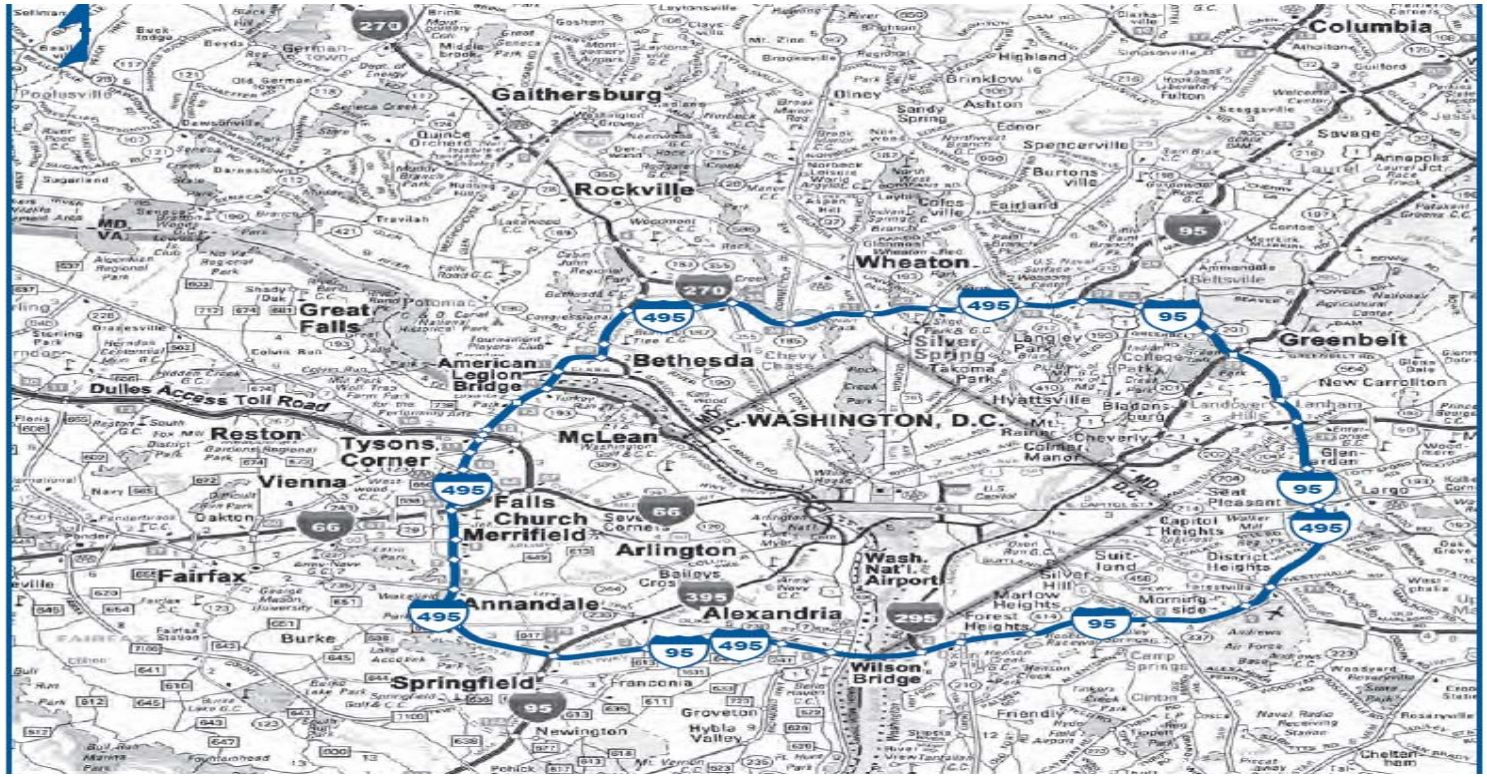
Capital Beltway HOT Lanes PPTA Project
In-Principle Business Terms



Barbara W. Reese, Deputy Secretary of Transportation

September 2007

Capital Beltway HOT Lane Project Background

- In 1997, the Major Investment Study (MIS) for the Capital Beltway was completed. The MIS found that the current roadway and interchanges could not safely and efficiently serve travel demand. (The last major improvements had been in 1977.)

- In March 2002, a Draft Environmental Impact Statement was approved by the Federal Highway Administration and public comments were solicited.

  - Based on the large number of concerns with the physical impacts of the proposed improvements, modifications to reduce the size of the facility, particularly the interchanges were pursued as well as the effectiveness of High Occupancy Toll (HOT) lanes

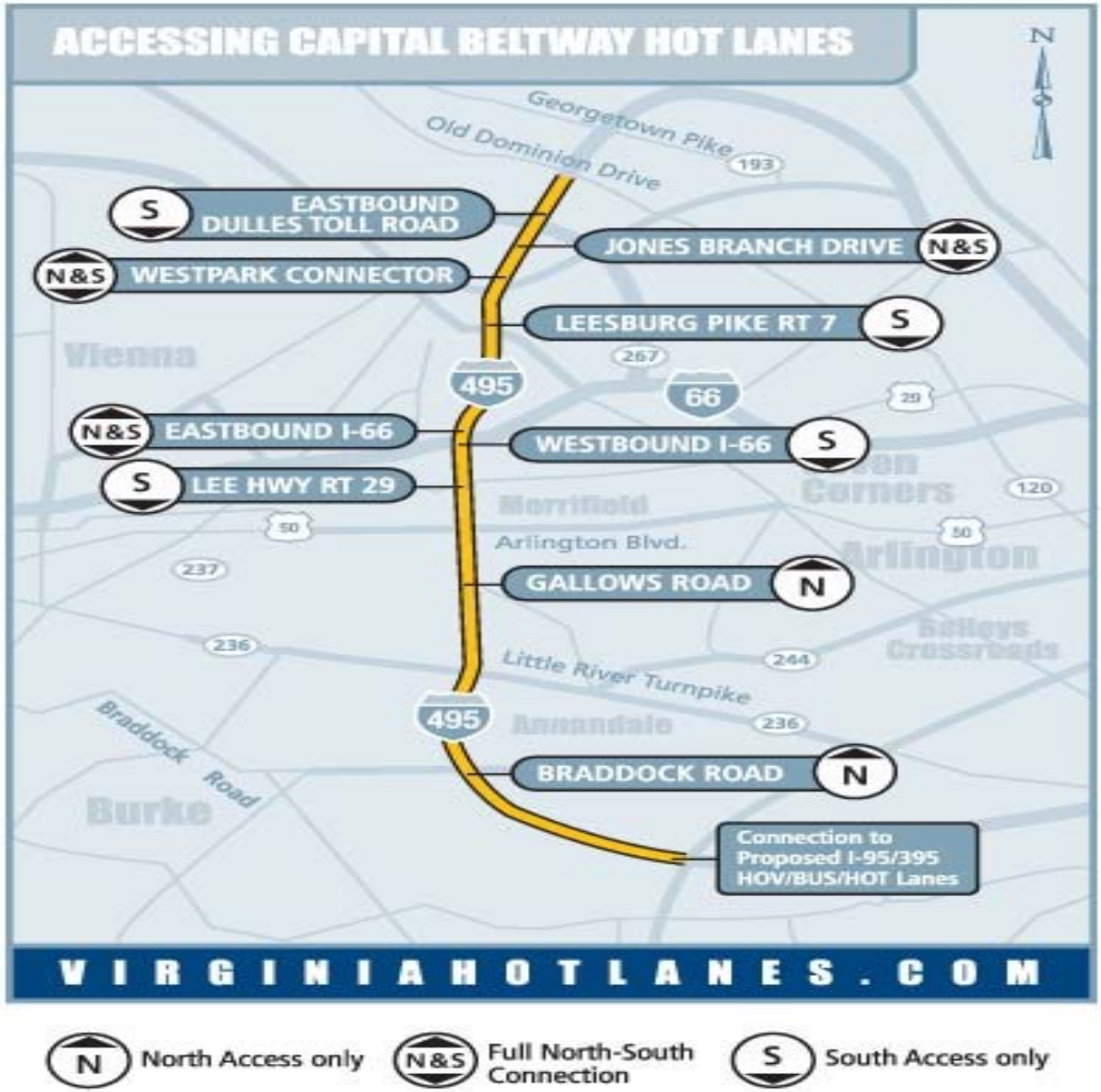
- In January 2005, the CTB approved a 12-lane HOT lane concept as the preferred alternative.

Capital Beltway HOT Lane Project Background, cont'd

- The 2006 Record of Decision (ROD) (and 2007 ROD re-evaluation) recommended the HOT/HOV configuration because it achieves the primary goals of completion of the regional HOV network along with more efficient and safer travel.
  - Based on the ROD, congestion will be reduced by 30% and throughput increased by 20% in comparison to no improvements to the Corridor – these results also exceed the projected impact of HOV only
  - The lanes will be the first HOV lanes on the Capital Beltway
- Beginning in mid-2002, at the same time as the independent environmental process was underway, the PPTA process began.
  - As a PPTA, the project was posted for competition, underwent numerous public reviews and comments, evaluated by an independent Advisory Panel review, governed by a 2005 "interim" comprehensive agreement, and now nearing completion of a "final" comprehensive agreement.

Capital Beltway HOT Lane PPTA Project

- The Capital Beltway High Occupancy Toll PPTA Project will add two new HOV lanes in each direction between the Springfield Interchange to just north of the Dulles Toll Road (a total of 56 lane miles). The project includes:
  - HOV-3 lanes in which passenger cars with 3 or more passengers, vans, motorcycles, buses and emergency vehicles will be free
  - Construction of Phase VIII of the Springfield Interchange – a HOV to HOV/HOT lane connection between the Beltway and I-395/I-95
  - Three new entrances from the Beltway into Tyson's Corner – the region's employment hub
  - Significant reconstruction or upgrading of interchanges, bridges, and existing pavement along the Corridor, substantially extending their service lives


ACCESSING CAPITAL BELTWAY HOT LANES
N
Georgetown Pike
193
Old Dominion Drive
S EASTBOUND DULLES TOLL ROAD
JONES BRANCH DRIVE N&S
N&S WESTPARK CONNECTOR
LEESBURG PIKE RT 7 S
267
Vienna
495
66
29
N&S EASTBOUND I-66
WESTBOUND I-66 S
S LEE HWY RT 29
Merrifield
120
50
50
Arlington Blvd.
237
GALLOWS ROAD N
236
244
Little River Turnpike
495
236
Braddock Road
BRADDOCK ROAD N
Burke
Connection to Proposed I-95/395 HOV/BUS/HOT Lanes
VIRGINIAHOTLANES.COM
N North Access only
N&S Full North-South Connection
S South Access only

Key In-Principle Business Terms

- The Concessionaire is a joint venture of Fluor-Transurban – both private partners have an equity commitment to the Project.
  - Fluor-Lane LLC will be the design-build contractor
- The term of the Operating Agreement will be 75 years with an assumed 5-year construction period (80 years total); the agreement term begins at financial close.
  - The term is appropriate based on the design/service life of the construction and reconstruction and the uncertainty of HOV traffic volume
- The total Project's maximum design-build cost is $1.4 billion, with about $350 million in additional start-up, financing and reserves – a total Project cost of $1.7-$1.8 billion.

Key In-Principle Business Terms – Private Funding

- $1.3 billion in Project funding is committed by the private partners.
  - The mix is: private equity investment, TIFIA federal loan (bond) program, and private activity bonds issued by a 63-20 non-profit entity created for that sole purpose
  - The private funding mix will be known once financial terms are finalized by TIFIA, PABs, investment banks, and rating agencies but overall amount will not change dramatically
  - The CTB will be asked at its October meeting to adopt a resolution acknowledging the 63-20 non-profit entity's plan to issue tax-exempt bonds on behalf of the Project
  - The equity investment must be spent during Project construction on par with other sources
  - HOT lane tolls will repay private funding; average toll expected to be $5-$6 during rush hour for average commuter

Key In-Principle Business Terms – Public Funding

- $409 million in Project funding is being committed from Commonwealth sources:
  - $157 million from the $305 million in general funds appropriated for certain PPTA/design build projects as part of the 2007 Transportation Initiative
  - $252 million allocated in the FY 2008-2013 Six-Year Improvement Program (federal & state)
    - Phase VIII Springfield - $126 million
    - I-495 Pavement Rehab & Other Construction - $55 million
    - I-495/I-66 Interchange - $62 million
    - Regional Congestion Plan (project share) - $9 million
- Commonwealth is assuming some limited risk for potential future HOV and transit use that exceed projections.

Capital Beltway PPTA Project Benefits

- Fixed Commonwealth contribution of $409 million results in:
  - 1st HOV lanes on the Capital Beltway with dedicated HOV lanes linking the Beltway to I-395/I-95
  - Additional capacity within the same basic footprint as the existing facility – only 8 relocations – along with substantial upgrade to existing infrastructure
  - 3 new access points from Beltway into Tysons Corner
  - Assurance of quality performance and infrastructure condition
  - Gross revenue sharing of 5 to 30 percent if traffic and revenue exceeds projections and when project is refinanced; deposited to project enhancement account for programs and projects that benefit the users
  - Right to finance and construct additional capacity in corridor or adjoining routes (no non-compete clause)

Capital Beltway PPTA Project Benefits, continued

- Traditional Public Sector Risks Shifted to Concessionaire:
  - Design
  - Construction Schedule and Budget
  - Unknown Utilities
  - Differing Site Conditions
  - Traffic and Revenue
  - Financing and insurance
  - Operational Performance
  - Operations & Maintenance (except for Phase VIII)
  - Major Maintenance (except for Phase VIII after year 10)
  - HOV Enforcement Costs
  - Maintenance of Traffic
- Rights retained are audit, oversight, ownership of facility, design and operational changes

Capital Beltway PPTA Project Benefits, continued

- Concessionaire receives right to:
  - Enter into a design-build contract to construct the facility
  - Enter into an O&M contract to maintain the facility
  - Collect tolls based on levels of congestion, but with operations and maintenance paid for first out of project revenues
  - First right to construct additional tolled lanes when congestion requires additional highway capacity
  - Right to assign its rights 10 years after financial close; Commonwealth must approve assignment
  - No termination for public convenience

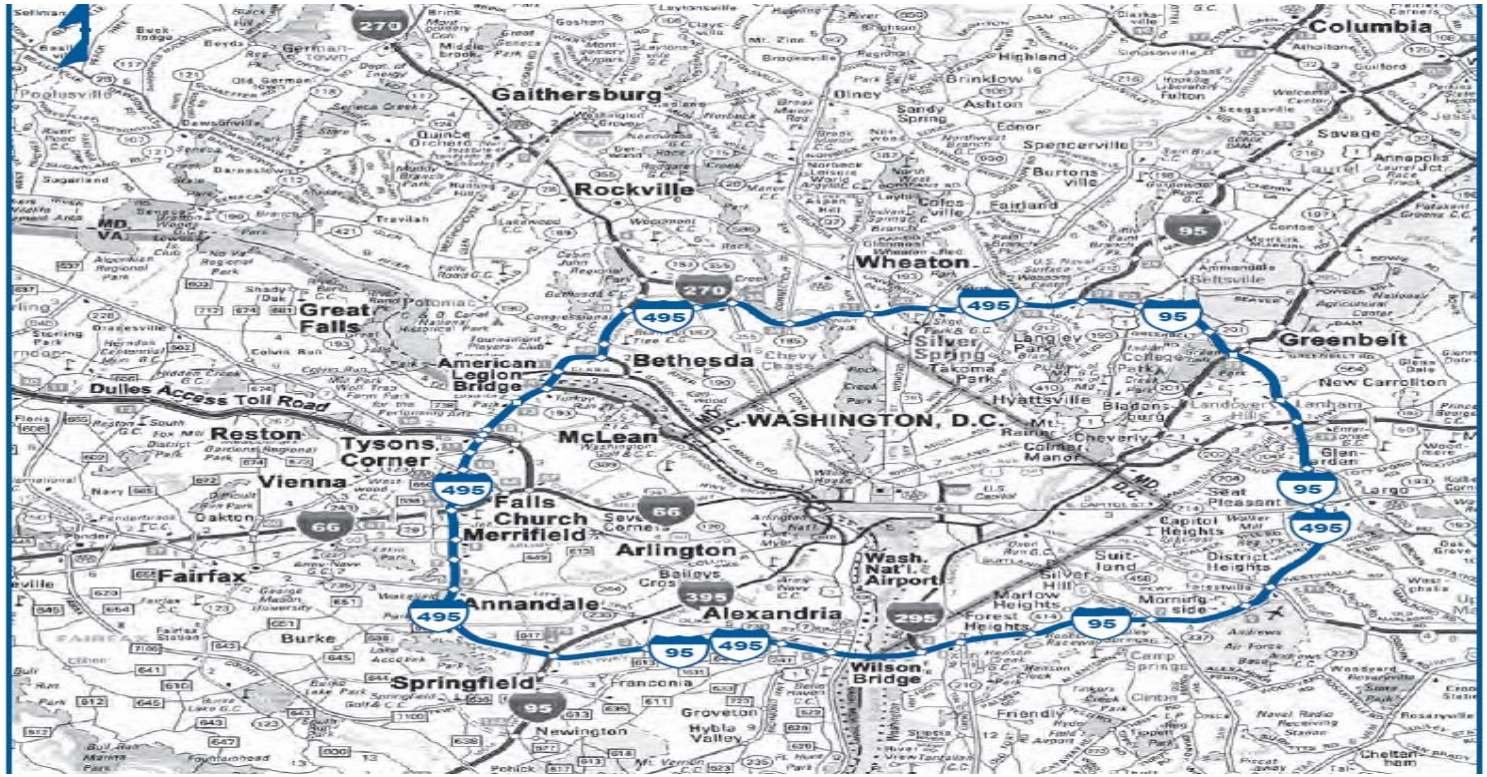
Capital Beltway PPTA Project Comparisons

	Term of Agreement (years)	Avg Peak Toll Rate (2 axle)
Capital Beltway (average trip 5 miles) (14 miles)	80 including construction	$6.00
Chicago Skyway (existing toll road) (7.8 miles)	99 from opening	$2.50
Indiana Toll road (existing toll road) (157 miles)	75 from opening	$4.15
SR 91 (HOT lanes) (10 miles – no interim access points) California	public	$9.50
Highway 407 (67 miles) Toronto	99 from opening	17.6 cents per km
SR 125 (8.6 miles) – open soon - California	35 from toll opening	$3.50
I-25 Denver (7 miles)	public	$3.25

Next Steps

- Negotiation team finalizes all documents and completes work; secure additional legal counsel for bond sales
- USDOT and FHWA are reviewing documents, estimates, and financing proposals along with rating agencies and financial institutions
- Validate that operationally the project addresses congestion – final verification is scheduled for mid-October
- Goal date for closing is October 31, 2007; outside date is December 31, 2007
- Final design and right of way acquisition begins immediately with construction beginning in early 2008

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