

Summary Report

Preliminary Toll Feasibility Assessment

For

INNOVATIVE FINANCING PROGRAM FOR TOLL HIGHWAYS IN ARKANSAS

Prepared For
ARKANSAS STATE HIGHWAY AND
TRANSPORTATION DEPARTMENT

Prepared by



Wilbur Smith Associates

50 Years

June 2002



Wilbur Smith Associates

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Dear Mr. Teague:

The project team headed by Wilbur Smith Associates (WSA), which includes HNTB Corporation (HNTB), Garver Engineering (GE) and Salomon Smith Barney (SSB), is pleased to submit this Summary Report summarizing the various financing strategies associated with the Innovative Financing Program for tolled highways in Arkansas. This Summary provides a financial feasibility assessment for each facility under the five (5) stages which comprised the Innovative Financing Program process. These five stages included the following:

- Congressionally Designated High Priority Corridor;
- Major Corridor Projects;
- Segmentation Projects;
- Initial System Financing; and
- Refined System Financing.

Included in this Summary are narrative descriptions of each project as configured under the five various stages of the study process. Also presented are the financial feasibility assessments developed under the five stages of the Innovative Financing Program analysis.

Detailed technical memoranda were provided under separate cover to The Arkansas State Highway and Transportation Department (AHTD) presenting a comprehensive analysis for each facility under the first three stages of the Innovative Financing Program process. These technical memoranda include the Congressionally Designated High Priority Corridors Technical Memorandum (TM) dated January 31, 2001, Major Corridor Projects TM dated May 31, 2001 and the Segmentation Projects TM dated December 7, 2001. These TM's included a detailed traffic and toll revenue analysis, estimates of capital and operational/maintenance costs and a financial feasibility assessment for each facility.

STUDY OBJECTIVE

The study objectives associated with the Innovative Financing Program initially examined 13 improvement corridors throughout the State of Arkansas. These included five (5) under the Congressionally Designated High Priority Corridors analysis and eight (8) under the Major Corridor Projects analysis as shown below.

CONGRESSIONALLY DESIGNATED HIGH PRIORITY CORRIDORS

- Proposed Highway 71 Improvement Corridor;
- Proposed Highway 412 Improvement Corridor;
- Proposed Highway 63 Improvement Corridor;
- Proposed I-69 Improvement Corridor; and
- Proposed I-530 Extension Improvement Corridor.

MAJOR CORRIDOR PROJECTS

- Proposed Highway 49;
- Proposed Highway 65 North;
- Proposed Highway 65/82;
- Proposed Highway 67;
- Proposed Highway 79;
- Proposed Highway 167;
- Proposed North Belt; and
- Proposed Hot Springs Bypass.

Subsequent to these study analyses various segments of the projects identified above were designated for further analyses. These included the following:

SEGMENTATION PROJECTS

- Proposed Highway 71 Corridor
 - Bella Vista Bypass;
 - Interstate 40 to DeQueen;
 - Interstate 40 to Interstate 30;
 - Witcherville to Ashdown;
 - Fort Smith Bypass; and
 - Interstate 30 to Louisiana State Line.
- Proposed Highway 412 Corridor
 - Springdale Bypass;
 - Springdale Bypass West; and
 - Mountain Home to Walnut Ridge.
- Proposed Mississippi River Crossings
 - Proposed Highway 49;
 - Proposed Highway 79;
 - Proposed Highway 82; and
 - Proposed Great River Bridge (I-69).
- Proposed Alternative Projects
 - Proposed North Belt – U.S. 67/167 to I-40 West;
 - Proposed Highway 65N – U.S. 412 to Missouri State Line;
 - Proposed Highway 67 – Newport to Hoxie; and
 - Proposed I-530 Extension – Pine Bluff to U.S. 278.

The above project configurations were evaluated on a stand-alone basis without any phasing or variation in opening dates. The High Priority and Major Corridor projects were evaluated under an open and closed barrier system of toll collection. The Segmentation Projects were examined under a closed-barrier system toll collection system only.

Subsequent to segmentation analysis six (6) projects were identified for further analysis under an Initial System Financing scenario. (Base Case Projects). These base case projects were identified due to their ability to support financial feasibility on a stand-alone basis or their high potential to do so. These base case projects included the following:

BASE CASE PROJECTS

- Proposed Highway 63;
- Proposed North Belt (Full Project);
- Proposed Highway 71 – Bella Vista Segment;
- Proposed Highway 71 – Fort Smith Segment;
- Proposed Highway 49 River Crossing; and
- Proposed Highway 82 River Crossing.

The final stage of the Innovative Financing Program took the base case projects and refined them further. These further refinements are identified as Cases 1A and 1B and Case 2 as indicated below:

CASES 1A AND 1B

- Proposed North Belt (Full Project);
- Proposed Highway 71 Bella Vista Segment (4 lanes); and
- Proposed Highway 71 Fort Smith Segment (4 lanes).

CASE 2

- Proposed North Belt (Full Project); and
- Proposed Highway 71 Bella Vista Segment (4 lanes).

The difference between Cases 1A and 1B is how operating and maintenance expenses are addressed during the first ten years of system financing.

STUDY METHODOLOGY

This section describes the two-prong methodological approach used to forecast travel demand for each of the High Priority Major Corridors and Segmentation Projects. A computer traffic simulation model was utilized to forecast traffic volumes under a toll-free scenario for the proposed I-69/I-530 project corridor and under toll-free and tolled scenarios for the proposed North Belt Freeway. The other projects utilized a manual assignment process for the demand analysis.

WSA is currently involved in the full 1,600-mile alignment study of I-69 (Corridor 18) extending from the Mexican border near McAllen/Brownsville, Texas, northeast to Port Huron, Michigan, and the border with Canada. As part of this study, WSA has developed a computer traffic simulation model which assumed the entire 1,600-mile alignment is constructed. Traffic simulation assignments were completed at 1995 and 2020 levels under a toll-free scenario assuming the full 1,600-mile project opened to traffic instantaneously. The basic analysis included the estimated impacts of commercial vehicle traffic as a result of the North American Free Trade Agreement (NAFTA). The traffic simulations also included the proposed I-530 Extension. The model simulations were used to develop the travel demand estimates for this corridor. Additionally, a select link assignment was done to aid in the identification of potential origins and destinations within Arkansas.

The computer traffic simulation model used to develop traffic estimates for a tolled North Belt facility was provided by the AHTD. For this study, WSA was provided with the latest traffic networks and trip tables for years 1990 and 2025, and via interpolation and extrapolation, WSA developed trip tables and made traffic assignments for years 1999, 2005, 2015 and 2035. Traffic assignments were made assuming a toll-free and a tolled project. Several toll rates were used in the model simulation for year 1999 to estimate the optimum toll rate. Once this was determined, traffic assignments for future years were completed using the optimum toll rate.

A manual toll diversion analysis was utilized to develop the traffic volume estimates for the remaining projects as tolled highway. The diversion analysis utilized for each of the project corridors estimates the potential number of trips that would use a proposed toll facility. The potential market of trips was identified by examining 1999 average daily traffic (ADT) volumes on the existing routes as well as other parallel routes in each of the project corridors which would serve as alternate roads to the proposed projects. The 1999 traffic volumes were supplied by the AHTD.

Major origins and destinations were identified along each project corridor, and the total potential universe of trips for each project was disaggregated into discrete movements between the identified origins and destinations. For each movement in a corridor, the cost of making the trip on the project was compared to the cost of making the trip via the alternative existing road network. These costs associated with trip making consist of three items: the distance traveled, the time it takes to make the trip, and any toll costs associated with the trip. All costs are expressed in dollars by applying a value of time and a cost per-mile to the travel-time and the distance, respectively. A percentage of trips on the alternate route are diverted onto the project based on a cost ratio that compares the cost of the trip on the project to the cost of the trip on the existing road.

Toll plazas on each of the facilities were located based on a review of 1999 ADT volumes, interchange spacing and optimum efficiency. Toll collection for the High Priority and Major Corridor projects were analyzed under two scenarios, a closed-barrier and an open-barrier system. The Segmentation projects were analyzed under a closed-barrier system of toll collection only. This approach was selected for the Segmentation projects because it generated optimum levels of gross toll revenue. Under the closed-barrier system, toll plazas are placed

along selected mainline segments and ramp locations resulting in all travel movements paying a toll, with few exceptions. Under an open-barrier system, movements are tolled only through mainline plazas. There are no ramp plazas. Under this system of toll collection, the construction costs are reduced with a proportionately smaller reduction in toll revenues.

A review was made of per-mile toll rates for passenger cars and commercial vehicles now charged on comparable turnpikes in neighboring Oklahoma and nearby Kansas. Several unique toll schedules were developed for each project ranging from \$0.04 to \$0.12 per-mile for passenger cars, with commercial vehicle rates proportionately higher ranging from \$0.09 to \$0.27 per-mile. A very cursory toll sensitivity test was conducted based on the alternate toll schedules. Based on the toll sensitivity analysis "optimum" per mile toll rates were determined at year 2005 levels for each of the projects. Subsequent to calculating these "optimum" per mile toll rates, toll increases at 10-year increments were implemented recognizing a 3 percent per year inflation rate.

Potential trips of any of the projects are partly dependent on the toll rates. Using the rates described above, assignments were made once the potential trips on each of the projects were identified at 1999 levels. Future traffic volumes were then developed at 2005 and 2025 levels. Growth rates were determined by analyzing historic traffic growth rates on various roads in each of the project corridors, and the economic potential for increased traffic growth. In addition, induced trips were then added to the project. These are trips that are not currently being made in the corridor, but are generated due to the influence of a significant roadway improvement that improves mobility in the area. Based on these growth rates, traffic estimates were developed for the forecast period (2005 through 2045).

The study methodology is presented in greater detail for individual projects in the comprehensive technical memoranda described previously.

CONGRESSIONALLY DEDICATED HIGH PRIORITY CORRIDORS

Presented below is a brief description of each of the projects which comprise the five (5) Congressionally Dedicated High Priority Corridors. Also provided is a location map indicating project locations in a regional setting. In addition tables summarizing the results of the financial analysis for these projects under a closed and open-barrier system of collection is also provided.

PROJECT DESCRIPTIONS

WSA personnel conducted an extensive route reconnaissance effort to familiarize themselves with each corridor. All relevant routes within the project corridors were driven. Information gathered on each of the projects included the number of lanes, signing, traffic control as well as roadside topography. This effort allowed a verification process to occur of data received from the files of AHTD for use as input to both the development of a synthetic highway network/model for Highways 71, 412 and 63, and the traffic simulation model used in preparing

the forecast estimates for I-69/I-530 Extension. The location of the five High Priority Corridors is depicted in Figure S-1. A brief description follows of the physical characteristics of each corridor, as well as an indication of potential interchange locations and toll collection facilities along each project.

PROPOSED HIGHWAY 71 IMPROVEMENT CORRIDOR

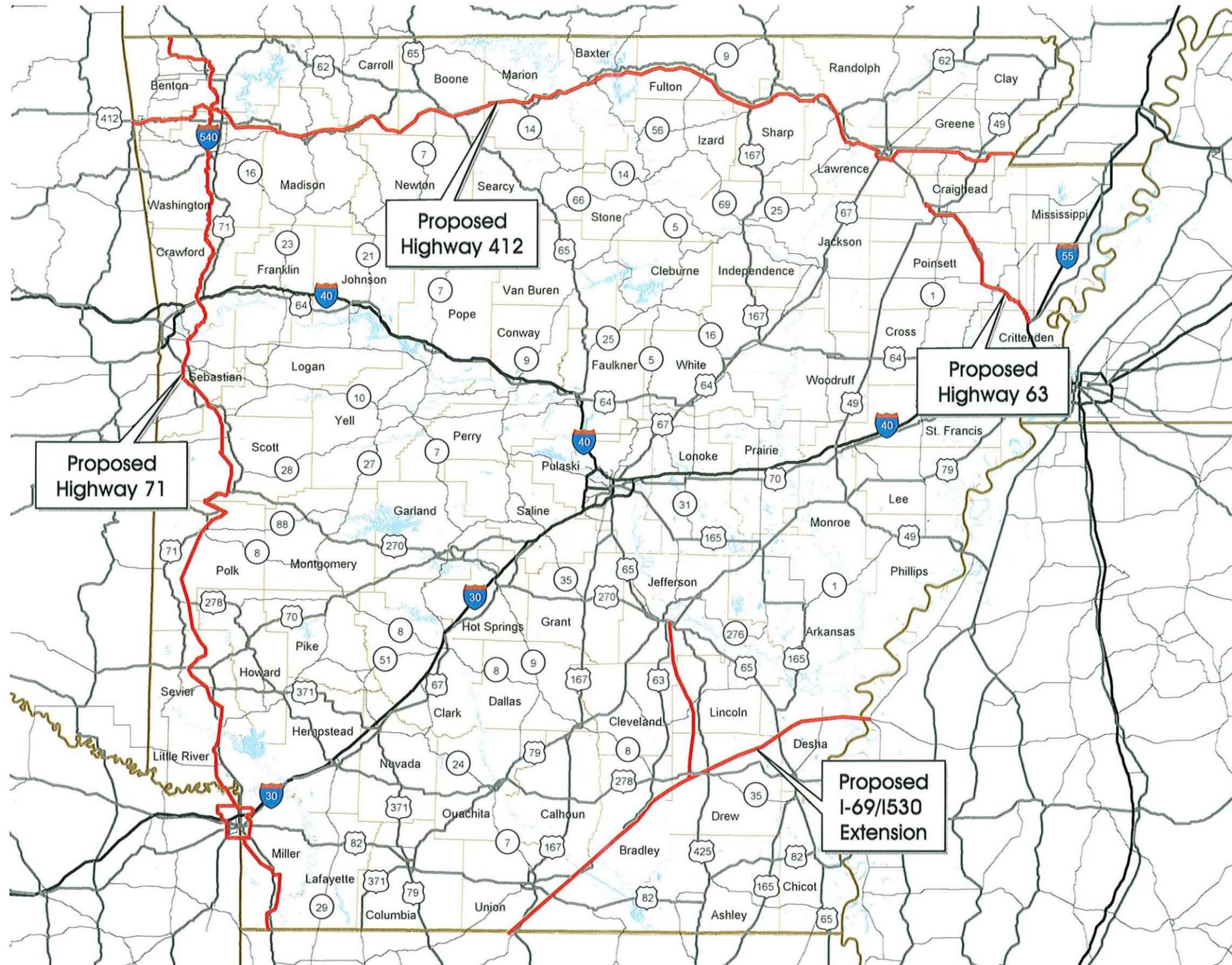
Located along the entire western border of the state, this proposed highway improvement project extends approximately 294-miles from Route H near Pineville, Missouri, in the north to the Louisiana state line in the south. When completed, the 294-mile project would provide a facility constructed to interstate standards with 22 tolled interchanges and 6 mainline toll plazas. It should be noted that it is recognized that Highway 71 must come to logical termini even if this requires crossing into adjacent states. Therefore, construction costs associated with and toll revenue generated by the 22 tolled interchanges and 6 mainline toll plazas including these logical connections in Missouri and Texas, have been included in the overall financial analysis. This project can be disaggregated into five distinct sections based on various Environmental Assessments (EA) or Environmental Impact Statements (EIS) completed or underway.

The first section of almost 19-miles with 5 ramp toll plazas, would begin near Pineville, Missouri, extending south bypassing Bella Vista Village to the west and would consist of the construction of a new highway on relocated alignment. The alignment continues in a southeasterly direction to an interchange at Highway 71/Business 71 near Bentonville, Arkansas. The final EIS has been completed for this section which would be constructed as a four-lane divided freeway with fully controlled access. Within this section, currently programmed widening improvements along the existing Highway 71 would be implemented and existing Highway 71 would remain in operation.

The second section, approximately 65-miles in length, containing one (1) mainline toll plaza, begins at the interchange of Highway 71/Business 71 near Bentonville and continues south along the existing relocated Highway 71 (Interstate 540) until it terminates at Interstate 40 near the town of Alma. This section has already been constructed as a four-lane, divided freeway with fully controlled access. No proposed improvements would be considered for this portion of the existing Highway 71 facility. In addition, because of the restriction on implementing tolls on connecting facilities to the interstate highway system, the segment immediately south of where the proposed highway interchanges with I-40 west of Fort Smith will also be toll-free.

The third and longest section, approximately 122-miles with 12 ramp and 3 mainline toll plazas would begin at Interstate 40 near Alma extending south on new alignment along the existing Highway 71 corridor. This section passes through Crawford, Sebastian, Scott, Polk and Sevier counties until it reaches Highway 70 in DeQueen. The final EIS has been completed for this section of the proposed four-lane divided, fully-controlled access freeway improvement.

The fourth section with 2 ramp and 1 mainline toll plazas is 59-miles in length, extends from Highway 70 in DeQueen, running on new alignment along Highway 71 for approximately 22 miles until it joins the Texarkana northern loop on the south side of the Little River floodplain. The northern loop is approximately 37 miles which connects with the south loop at Interstate 30



on the west side of Texarkana, Texas, and Highway 67 on the east side of Texarkana, Arkansas. The Draft Supplemental EIS has been completed for this proposed four-lane, divided freeway with fully-controlled access.

The fifth and final section with 3 ramp and 1 mainline toll plazas is 29-miles in length, would begin on the southeast side of Texarkana approximately 1.5 miles east of the Arkansas/Texas state line. At this point the alignment extends in a southeasterly direction, generally paralleling the existing two-lane Highway 71 to the west. Near Fouke, Arkansas, the alignment turns south, crossing the Sulphur River east of the existing Highway 71 bridge. The project then passes east of Doddridge before reaching the Louisiana state line near Ida, Louisiana. This section of the proposed highway would be constructed as a four-lane divided facility with fully-controlled access and built to interstate standards. The final EIS has been completed for this section.

PROPOSED HIGHWAY 412 IMPROVEMENT CORRIDOR

Proposed Highway 412 extends in an east-west orientation along northern Arkansas from the Oklahoma state line on the west traveling eastward to a terminus at the Missouri state line. The proposed Highway 412 project would be constructed as a controlled-access tolled facility on new alignment and is expected to cover a distance of approximately 269 miles. The proposed project includes a bypass around the towns of Siloam Springs, Springdale, Harrison, Mountain Home, Walnut Ridge and Paragould.

Highway 412 will incorporate 26 interchanges, of which 18 will be tolled in one direction. The proposed facility will also include 7 mainline toll plazas along its total 269 miles. The entire corridor has been segregated into sections of practical lengths as follows:

- Oklahoma State Line to Springdale Bypass;
- Springdale Bypass;
- Springdale Bypass to Highway 65 north;
- Highway 65 north to Highway 65 south (Harrison);
- Highway 65 south to Walnut Ridge/Hoxie Bypass;
- Walnut Ridge/Hoxie Bypass to Paragould Bypass;
- Paragould Bypass; and
- Paragould Bypass to Missouri State Line.

Previous studies conducted regarding proposed Highway 412 include the Highway 412 Corridor Planning Study - Final Report dated December 1997. This study examined the potential of upgrading Highway 412 on existing alignment from Mountain Home to the Missouri state line. In addition, AHTD has completed an MIS analysis and is currently conducting an EIS analysis regarding the Springdale Bypass portion of the proposed Highway 412 facility.

PROPOSED HIGHWAY 63 IMPROVEMENT CORRIDOR

Highway 63 is an existing north-south roadway traversing the state from the Louisiana border south of El Dorado, Arkansas, to the Missouri border near Mammoth Spring, Arkansas. This study involves only that portion of existing Highway 63 which travels in a northwesterly direction between I-55 in Crittenden County, Arkansas, through the city of Jonesboro, Arkansas,

to the Missouri State Line near Mammoth Spring, Arkansas. The segment of existing Highway 63 between I-55 and the junction with SH 91 northwest of Jonesboro, Arkansas, has been improved to a 4-lane divided highway. It is this section of Highway 63 which is currently being considered under a controlled access tolled scenario with additional frontage roads being added along segments as needed. The total length of the proposed toll project is approximately 46 miles with 16 interchanges. Movements from one-direction at 4 of the 16 interchanges would be tolled. The remaining movements and the other 12 interchanges are toll-free. In addition, there would be 4 mainline toll plazas along the facility.

PROPOSED I-69/I-530 EXTENSION HIGHWAY IMPROVEMENT CORRIDOR

The proposed I-69/I-530 Extension is a combination of Arkansas' portion of the proposed I-69 (Corridor 18) project and an extension of I-530 near Pine Bluff to the proposed I-69 (Corridor 18). The proposed I-69 (Corridor 18) has a total length of over 1,600 miles consisting of an extension of the existing I-69 near Port Huron, Michigan, and the border with Canada to an area near McAllen/Brownsville, Texas, and the border with Mexico. The entire corridor has been broken into sections of practical lengths; with three (3) sections of the roadway being located within Arkansas.

For the analysis of I-69 as a proposed toll facility in Arkansas, WSA utilized the same three (3) Arkansas sections defined in the Corridor 18 Study identified as numbers 12, 13 and 14. The study corridor begins at the Louisiana state line near Junction City, Arkansas, and extends north to El Dorado, then travels in a northeast direction to Monticello, Arkansas, continuing easterly to McGehee, Arkansas, and ending with a crossing of the Mississippi River into Bolivar County, Mississippi, ending with a connection to Mississippi Route 1. Construction costs associated with this terminus are included in the overall financing analysis. This portion of the proposed I-69 is approximately 129-miles in length.

SUMMARY OF TOLL ROAD FINANCING ANALYSIS

SSB has performed a preliminary financing analysis of each of the five High Priority Corridors (Highways 71, 412, 63, and I-69/I-530 Extension), assuming both a closed-barrier toll system and an open-barrier toll system. In performing its analysis, SSB applied estimates provided by WSA for gross toll revenues and HNTB and GE for operating and maintenance expenses, and overall construction and right-of-way costs. SSB then applied these estimates to develop a base financing for each of the five corridors to assess the feasibility as pure toll revenue projects.

The construction proceeds generated from each financing do not produce sufficient proceeds to fund the estimated construction and right-of-way costs. In addition, there were several years where there was not sufficient revenue available to pay all of the required debt service after the payment of operation and maintenance expenses. This shortfall, which would need to be made up from an outside source, is subtracted from the bond issue construction proceeds to determine the total amount of project funds available. The Bonds for the base case are assumed to be pure revenue bonds supported only by the revenues and investment income from the projects. Each of these projects was analyzed independently on a stand-alone basis.

FINANCING ASSUMPTIONS

The following assumptions were used in developing the proposed financing package for each of the projects:

Issuance Date for Bonds:	January 1, 2002
First Principal Payment Date:	January 1, 2006
Completion of Construction:	January 1, 2005
First Year of Operation of Toll Road:	2005
Final Maturity of Bonds:	January 1, 2042 (40 years from issuance)
Bond Insurance:	Assumed bond insurance at 75 basis points of total debt service. A non-rated issue would have a higher bond insurance rate.
Capitalized Interest:	Interest capitalized through and including January 1, 2006. This is 12 months past the estimated completion of construction; if construction completion is delayed, these funds can be used as an additional source to repay bonds.
Costs of Issuance:	\$17 per bond (Underwriter's Discount = \$12 per bond; Other Costs of Issuance = \$5 per bond)
Net Funding:	Construction Costs and Capitalized Interest are net funded at the bond yield.
Interest Rates:	A "AAA" insured interest rate scale was used as of January 1, 2005.
Debt Service Reserve Fund:	Fully funded at issuance of the bonds at the lesser of 1) 10 percent of par, 2) maximum annual debt service, or 3) 125 percent of average annual debt service. Earnings from the reserve fund are used to increase the net revenues available for debt service.
Coverage Level:	150 percent of net revenues available for debt service to achieve investment-grade ratings.
Solution Method:	Bonds were solved to produce level annual coverage of 150 percent of net revenues available for debt service.
Reserve Maintenance Fund:	An annual deposit was made to a reserve maintenance fund in an amount determined by HNTB and GE.

SUMMARY OF RESULTS

The results of the financing analysis and a feasibility summary are presented graphically in Figures S-2 through S-9. In addition the results are tabulated in Tables S-1 and S-2.

NET REVENUE AND DEBT SERVICE FIGURES

The following six figures (Figures S-2 - S-7) present the net annual operating cash flow after the payment of debt service assuming that the entire cost of the project is included in a financing. As shown, there are generally very large negative amounts, indicating that there is not enough net cash flow available to pay debt service on the project. No graphs are presented for the Proposed I-69/I-530 Extension project since the project has negative net annual toll revenues in each year of the project, making a financing impossible.

DISCUSSION OF INDIVIDUAL PROJECTS

PROPOSED HIGHWAY 71 IMPROVEMENT CORRIDORS

The Proposed Highway 71 project generates relatively large net revenues available for debt amortization under this current analysis. However, due to the capital cost of approximately \$2.2 billion the percentage of the project supported by revenues remains low at 21.20 percent in the closed-barrier scenario and 16.76 percent in the open-barrier scenario. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 412 IMPROVEMENT CORRIDOR

This project has a capital cost of approximately \$2.4 billion. Anticipated revenues to support this size of project are not available. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 63 IMPROVEMENT CORRIDOR

The capital costs for Highway 63 are \$109 million or \$106 million depending on the closed or open-barrier configuration and the net revenues available for debt service remain positive. However, the project does not achieve feasibility, with 71.97 percent supported in the closed-barrier scenario and 70.92 percent of the project costs supported in the open-barrier scenario. In addition, there are relatively low net revenues available in the early years. This indicates that there are not sufficient revenues available to pay debt service in the years 2006 through 2014. Although the Proposed Highway 63 Project is not financially feasible as a stand-alone toll supported project, it is the project that on a relative basis, comes closest to financial feasibility.

PROPOSED INTERSTATE 69/I-530 EXTENSION

The net revenues for the Proposed I-69/I-530 Extension project are actually negative for each year from 2005 – 2041. This obviously produces an impossible situation for a financing, as bonds can only be amortized in years where revenues are available. In addition, the capital cost estimate of approximately \$1.7 billion makes this project very difficult to finance without a much higher stream of expected revenue. This project is not financially feasible as a stand-alone toll supported project.

Cumulative Deficit through 2041: (\$4,255,640,223 for Total Project Financing)



Figure S-2

Cumulative Deficit through 2041: (\$6,381,546,358 for Total Project Financing)

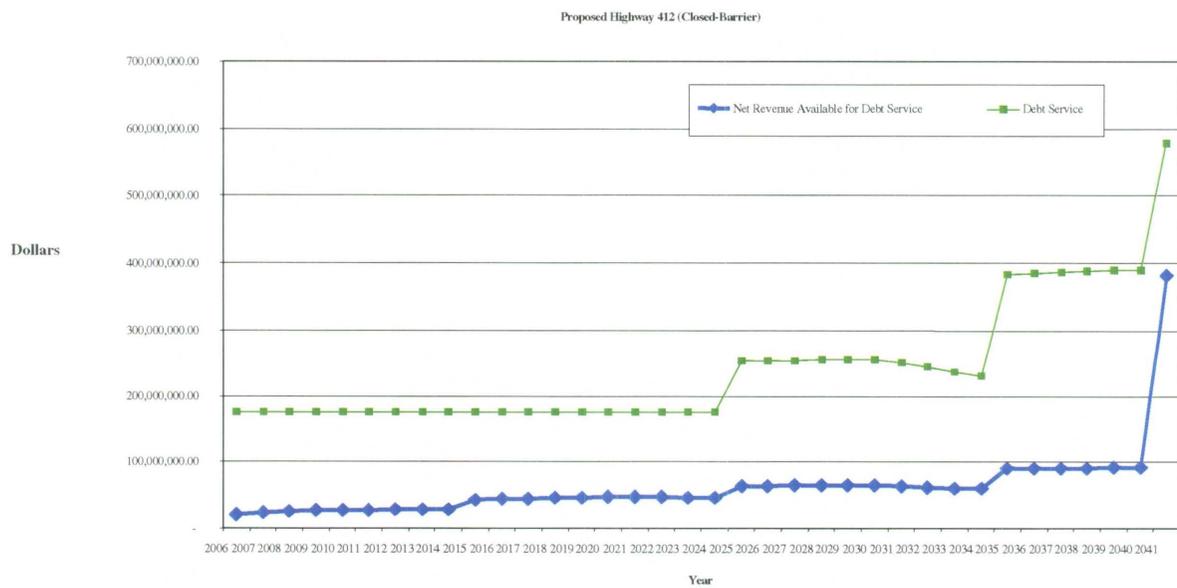


Figure S-3

Cumulative Surplus through 2041: \$87,698,100 for Total Project Financing
Note: Project still suffers from negative revenue through 2014.

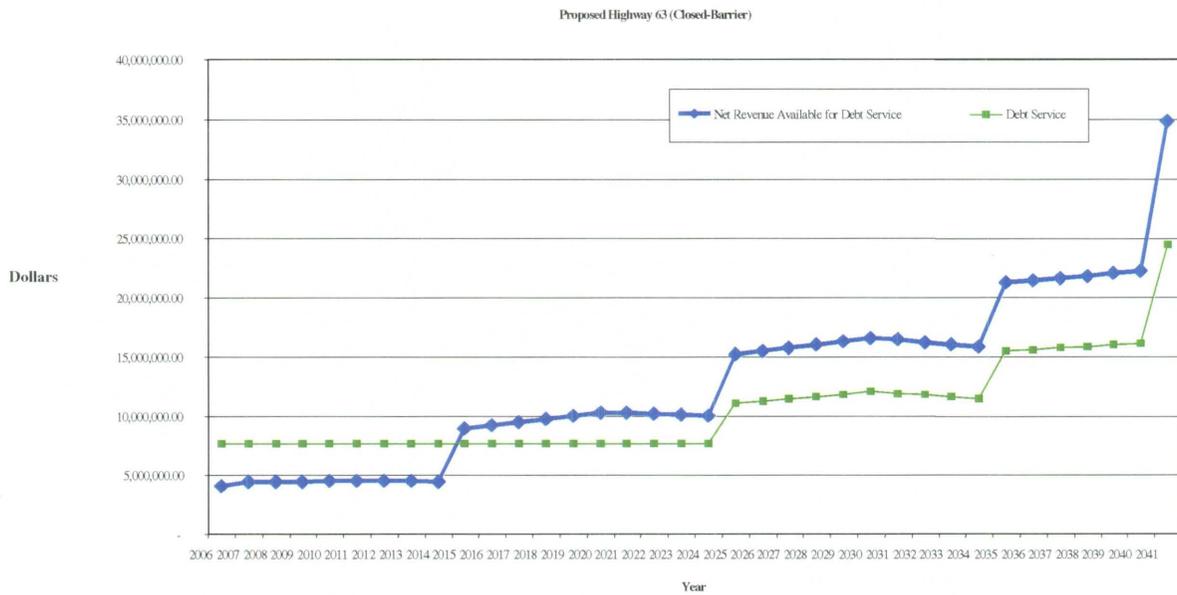


Figure S-4

Cumulative Deficit through 2041: (\$4,688,904,900 for Total Project Financing)

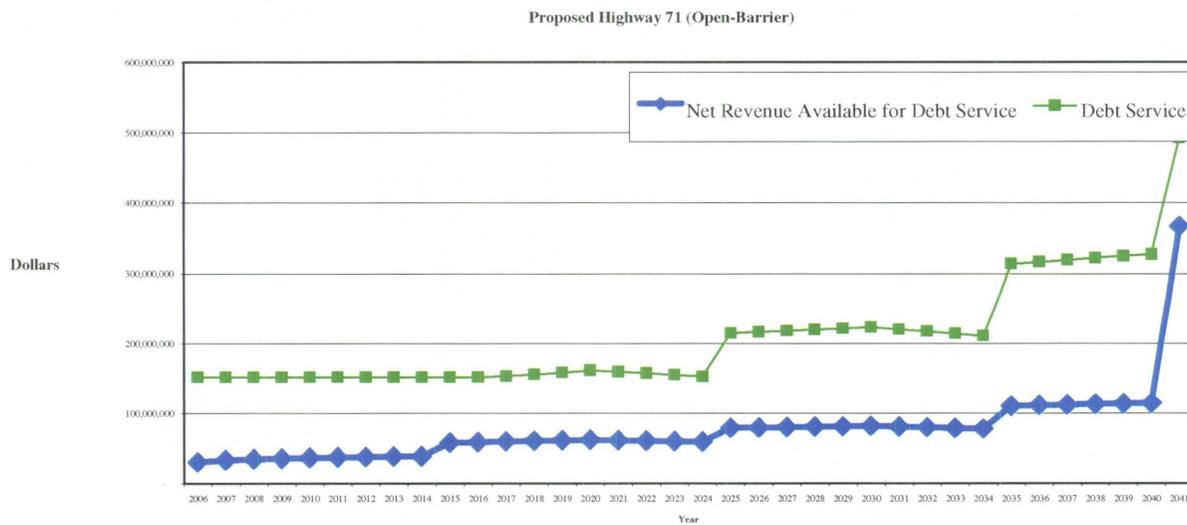


Figure S-5

Cumulative Deficit through 2041: (\$6,822,073,247 for Total Project Financing)

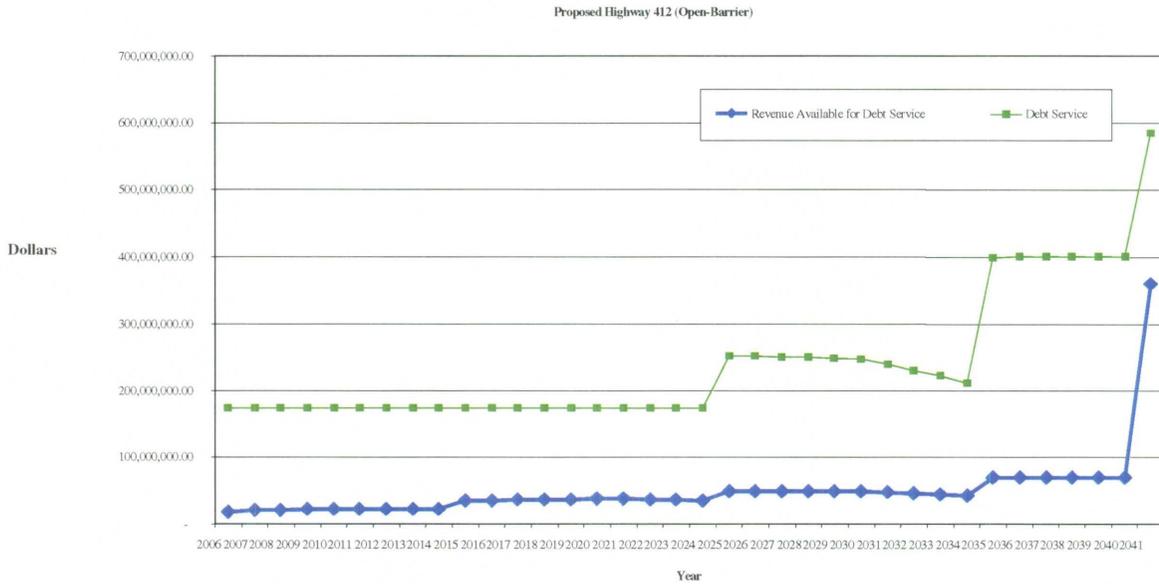


Figure S-6

Cumulative Surplus through 2041: \$69,919,989 for Total Project Financing
Note: Project still suffers from negative revenue through 2014.

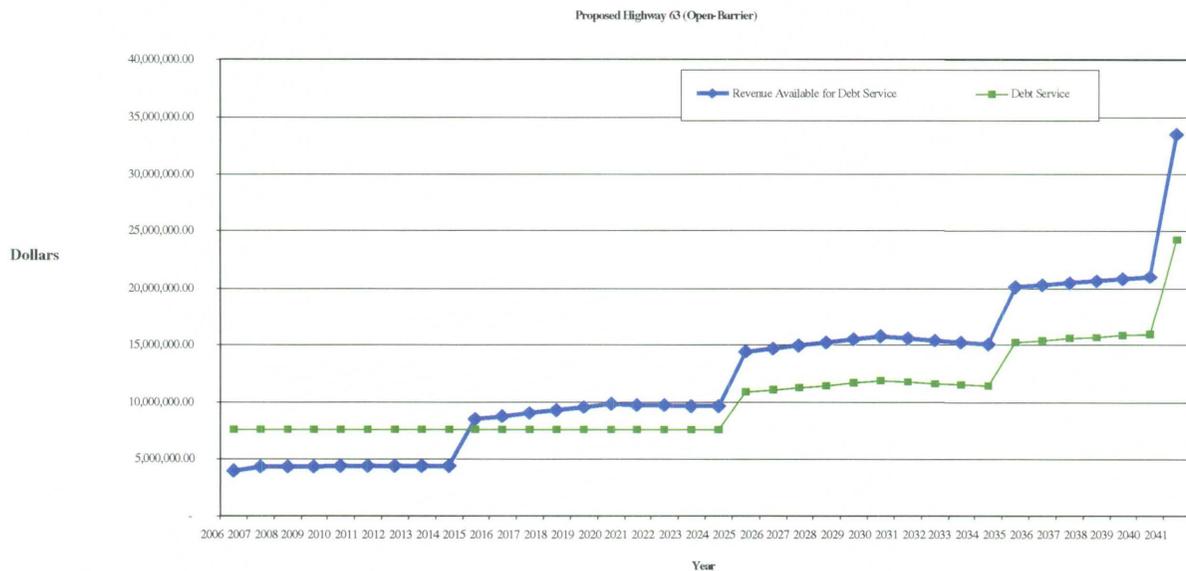


Figure S-7

Table S-1
Closed-Toll Barrier
Financial Assessment Summary

	<u>Proposed Highway 71</u>	<u>Proposed Highway 412</u>	<u>Proposed Highway 63</u>	<u>Proposed I-69/I-530 Extension</u>
Estimated Capital Cost(1)	\$2,153,000,000	\$2,452,000,000	\$109,000,000	\$1,723,000,000
Total Funds Available from Financing(2)	456,419,427	183,340,019	78,450,231	(3)
Total Funding Shortfall	(1,696,580,573)	(2,268,659,981)	(30,549,769)	(1,723,000,000)
Percentage of Project Supported by Estimated Revenues(4)	21.20%	7.48%	71.97%	0.00%
Years where Debt Service Can NOT be Paid Due to Lack of Available Revenues	2006-2014	2005-2014	2006-2014	2005-2041
Project Status	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible

(1) Per estimates provided by HNTB and Garver Engineers to Wilbur Smith on 1/22/2001.

(2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.

(3) The proposed I-69/I-530 Extension Project has negative net annual toll revenue in each year from 2005 through 2041.

(4) Total construction funds produced in the financing divided by the estimated capital cost.

Table S-2
Open-Toll Barrier
Financial Assessment Summary

	<u>Proposed Highway 71</u>	<u>Proposed Highway 412</u>	<u>Proposed Highway 63</u>	<u>Proposed I-69/I-530 Extension</u>
Estimated Capital Cost(1)	\$2.136.000.000	\$2.439.000.000	\$106.000.000	\$1.719.000.000
Total Funds Available from Financing(2)	357.890.375	92.143.316	75.175.993	(4)
Total Funding Shortfall	(1.778.109.625)	(2.346.856.684)	(30.824.007)	(1.719.000.000)
Percentage of Project Supported by Estimated Revenues(3)	16.76%	3.78%	70.92%	0.00%
Years where Debt Service Can NOT be Paid Due to Lack of Available Revenues	2006-2014	2005-2014	2006-2014	2005-2041
Project Status	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible

(1) Per estimates provided by HNTB and Garver Engineers to Wilbur Smith on 1/22/2001.

(2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.

(3) Total construction funds produced in the financing divided by the estimated capital cost.

(4) The proposed Interstate 69/I-530 Extension Project has negative net annual toll revenue in each year from 2005 through 2041.

Source: Salomon Smith Barney

PROJECT FEASIBILITY FIGURES

The following two figures (S-8 and S-9) present the financial feasibility of each project in graphical form with the Closed-Toll Barrier projects presented first, followed by the Open-Toll Barrier projects.

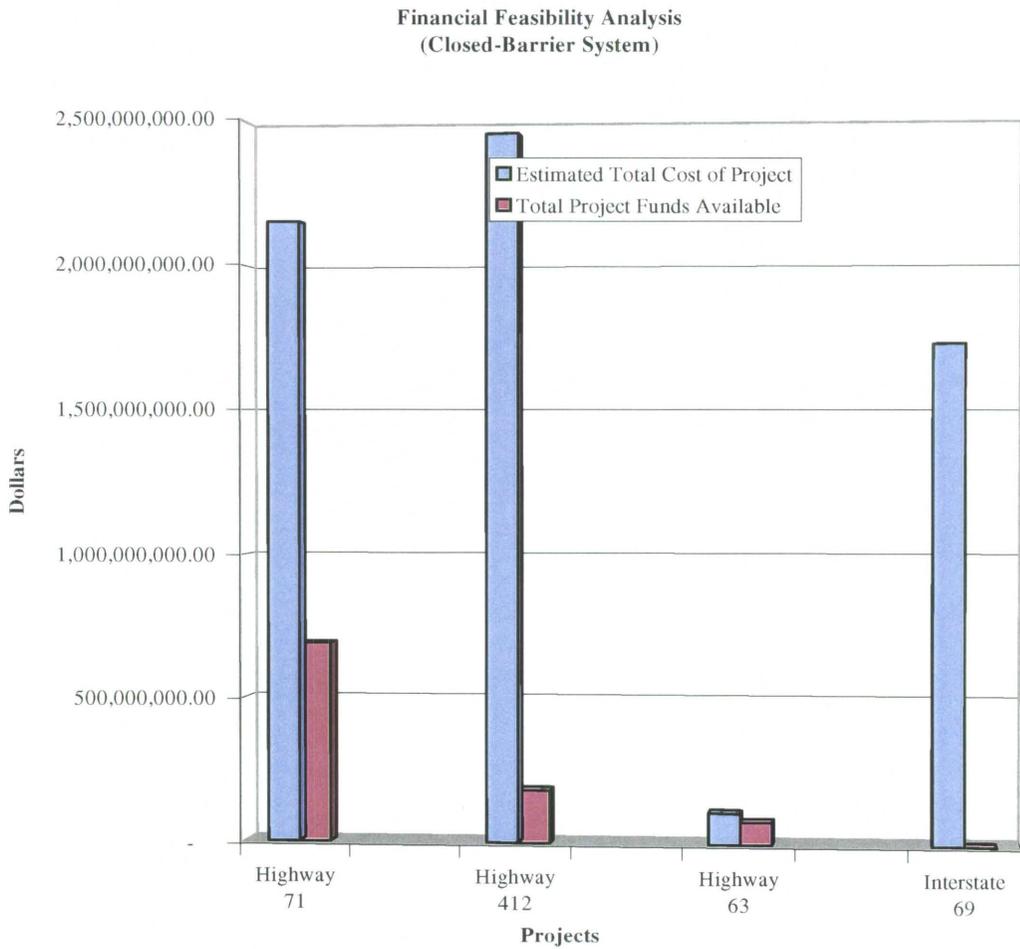


Figure S-8

**Financial Feasibility Analysis
(Open-Barrier System)**

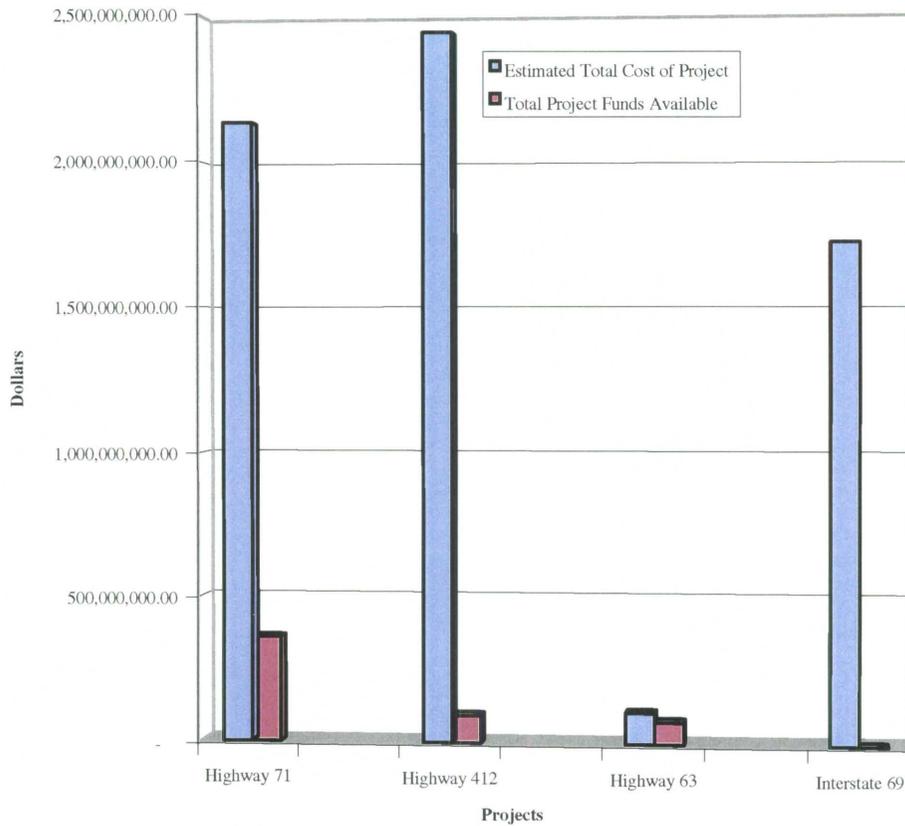


Figure S-9

Conclusion

It can be concluded that, based upon the WSA, HNTB, and GE estimates for each corridor, the proposed projects are not feasible as pure toll financed structures. The revenues do not produce sufficient annual amounts to pay operating and maintenance expenses and cover debt service for approximately the first ten years of each project's operation. The debt issued for each project will fail the fundamental rating agency criteria for a minimum investment-grade rating of the proposed debt. In addition, the construction proceeds generated from each financing do not produce sufficient proceeds to fund the estimated construction and right-of-way costs.

It should be recognized however, that while these projects are not financially feasible on a stand-alone basis, each of them may potentially be implemented employing innovative financing techniques, phasing of project construction, and identification of specific constructable portions of each corridor which may be able to support a financing effort. All of these issues, including the development of system financing whereby the excess revenues of one facility are pledged to support the construction of additional sections of the other facilities will be evaluated for all the project corridors as the study proceeds.

MAJOR CORRIDOR PROJECTS

A description of the eight (8) projects which comprise the Major Corridor Projects are provided below. A location map is also presented as well as tables and graphics summarizing the results of the financial analysis conducted for these 8 projects.

PROJECT DESCRIPTIONS

WSA personnel conducted an extensive route reconnaissance effort to familiarize themselves with each of the remaining eight Major Corridors. All relevant routes within the project corridors were driven. Information gathered on each of the projects included the number of lanes, signing, traffic control as well as roadside topography. This effort allowed a verification of data received from the files of AHTD. This data was used as input to the development of a synthetic highway network/model for Highways 49, 65 North, 65/82, 67, 79, 167 and the Hot Springs Bypass, and the traffic simulation model used in preparing the forecast estimates for the North Belt Freeway. The location of the eight Major Corridors is depicted in Figure S-10. A brief description follows of the physical characteristics of each corridor, as well as an indication of potential interchange locations and toll collection facilities along each project.

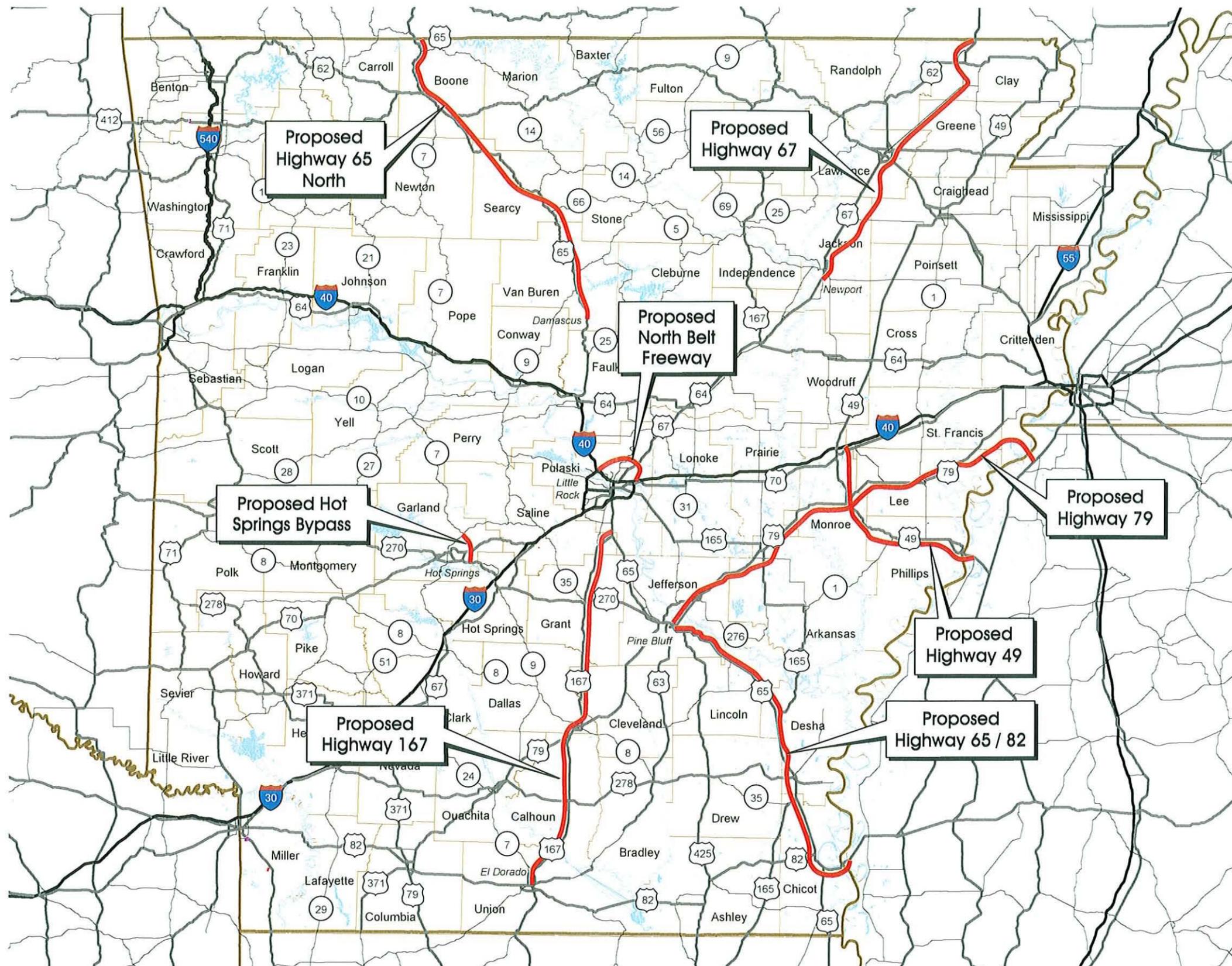
PROPOSED HIGHWAY 49 IMPROVEMENT CORRIDOR

Existing U.S. 49 runs from its junction with U.S. 62 in Piggott in the northeast corner of the state to the Arkansas/Mississippi State Line at Helena, a distance of approximately 184 miles. This study impacts only that portion of existing U.S. 49 from I-40 in Brinkley, Arkansas, to the Mississippi state line at Helena, Arkansas, a distance of approximately 57.4 miles.

Proposed Highway 49 constructed as a four-lane, controlled-access toll facility on new alignment, would begin at an interchange with I-40 east of Brinkley and extend in a south/southeast orientation to the town of Marvell, a distance of approximately 42 miles. The proposed project would then proceed in an easterly direction until it approaches the western border of West Helena, where it would proceed in a southeasterly direction, terminating at U.S. 49 east of the Mississippi River in Mississippi. The proposed project, including a new bridge over the Mississippi River and connection with U.S. 49 in Mississippi is approximately 58 miles in length.

Highway 49 will include 12 interchanges, 8 of which will be tolled in one direction under the closed-barrier scenario. The proposed facility will also include three mainline toll plazas along its 58 miles.

Recent studies within the project corridor included the Delta Parkway Initiative Study completed in May 2000 which recommended a new bridge over the Mississippi River be constructed along with widening a nine mile segment of U.S. 49 to four lanes from Marvell to Walnut Corner. It was also recommended that passing lanes be constructed and pavement resurfaced wherever appropriate.



PROPOSED HIGHWAY 65 NORTH IMPROVEMENT CORRIDOR

Proposed Highway 65 North (65N) extends in a north/northwest orientation for approximately 96.5 miles from Damascus, Arkansas, to the Missouri State Line. The proposed highway would be constructed as a four lane, divided, access-controlled tolled highway almost entirely on new alignment. A seven mile segment from approximately one mile south of Burlington, Arkansas, to the Missouri State Line would utilize the existing U.S. 65 multi-lane divided highway which would be upgraded to a controlled access facility. The proposed project bypasses the towns of Clinton, Leslie, Marshall and Harrison.

Highway 65 will include 10 interchanges, 6 of which will be tolled in one direction under the closed-barrier scenario. Three mainline toll plazas are proposed along the 97.5 mile highway; the first between Highways 16 and 66 south of Leslie; the second between Highways 74 and 65 south of Pindall, and the third between U.S. 62 and Highway 7 south of Harrison.

Previous studies conducted within the study corridor include an Environmental Assessment (EA) dated June 1994 for the section in Boone County from U.S. 62 north to the Missouri State Line. The EA recommended improving U.S. 65 to a four-lane facility on new alignment.

PROPOSED HIGHWAY 65/82 IMPROVEMENT CORRIDOR

Proposed Highway 65/82 is oriented in a south/southeast direction from I-530 in Pine Bluff, Arkansas, to a connection with U.S. 82 in Mississippi, a distance of approximately 89.4 miles. The proposed Highway 65/82 would be constructed as a four lane, divided toll highway with full access control. Approximately 50.0 of the 89.4 mile project will be constructed on new alignment. Project on new alignment will occur principally in the vicinity of cities such as Pine Bluff, Dumas, McGehee and Lake Village. The remaining 39.4 miles will consist of the addition of two lanes to the existing roadway, along with conversion to a full access control highway. Along segments where existing U.S. 65 will be upgraded, frontage roads will be constructed to provide existing residences and business with a toll-free alternative route. Included as part of the proposed project are bypasses of the towns of Dumas/Mitchellville, McGehee and Lake Village.

Highway 65/82 will include 22 local access interchanges, 16 of which will be tolled in one direction under the closed-barrier scenario. Also included along the 89.4 mile facility will be 4 mainline toll plazas.

A 1984 report entitled, Southeast Arkansas Corridor Planning Study, prepared by the Planning Division of the AHTD, evaluated improvement alternatives for U.S. 65. Improvements included widening the existing highway, a Dumas bypass, and other lesser projects to enhance the safe functioning of the road, and freeways on a new alignment. This study concluded that a freeway facility on a new alignment was at that time not warranted.

PROPOSED HIGHWAY 67 IMPROVEMENT CORRIDOR

Proposed Highway 67 extends in a north/northeast direction from an interchange with Highway 14 south of Newport, Arkansas, to the Missouri State Line, a distance of approximately 83.8 miles. The proposed Highway 67 would be constructed as a four-lane, divided toll highway with full access control. Approximately 73.4 of the 83.8 mile project would be constructed on new

alignment. Project on new alignment will begin from the interchange with Highway 980 northeast of Newport, Arkansas, and end at existing U.S. 67 approximately 5.0 miles south of the Missouri state line. Project on existing alignment will include the 5.4 mile section beginning at the southern terminus at Highway 14 and ending at Highway 980. This section, the Newport Bypass, is currently a four-lane, divided highway with full access control. The last five miles of the project on existing alignment from Highway 328 north to the Missouri State Line will be upgraded to a four-lane, divided highway with full access control.

Proposed Highway 67 will include 13 local access interchanges, 9 of which will be tolled in one direction under the closed-barrier scenario. Included along the 83.8 mile facility will be 3 mainline toll plazas.

Previous studies include a Final Environmental Impact Statement (FEIS) with Federal Highway Administration approval dated April 1994, which proposes to construct a four-lane divided highway with full control of access between Newport and Walnut Ridge/Hoxie. The selected alternative begins on new location from the Newport Bypass at Highway 980, then proceeds north to the proposed Walnut Ridge/Hoxie Bypass. A U.S. 67 Corridor Study from Walnut Ridge to the Missouri state line, dated February 1996, was prepared by the AHTD which recommended a new alignment for U.S. 67 with a four-lane freeway cross section.

PROPOSED HIGHWAY 79 IMPROVEMENT CORRIDOR

Proposed Highway 79 is oriented in a northeast direction extending from U.S. 65 on the east side of Pine Bluff, Arkansas, to a connection with U.S. 61 in Mississippi, a distance of approximately 122.9 miles. The proposed project would be constructed as a four-lane divided toll highway with full access control, entirely on new alignment.

Proposed Highway 79 will include 21 local access interchanges, 16 of which will be tolled in one direction under the closed-barrier scenario. Also included along the 122.9 mile facility will be 4 mainline toll plazas.

The study team is not aware of any recent planning studies, environmental assessments or environmental impact statements prepared for improvements within the Highway 79 Corridor.

PROPOSED HIGHWAY 167 IMPROVEMENT CORRIDOR

Proposed Highway 167 is oriented in a south/southwest direction from an interchange with I-530 in the north to, and including, the El Dorado Bypass in the south, a distance of approximately 104.3 miles. The proposed highway would be constructed as a four-lane, divided toll highway with full access control, on new alignment. Frontage/service roads would be constructed where needed.

Excluding the five toll-free interchanges on the existing El Dorado Bypass, the proposed Highway 167 will include 15 local access interchanges, 9 of which will be tolled in one direction. Also included along the 104.3 mile facility will be 4 mainline toll plazas. However, none of these mainline plazas are located along the 5.3 mile El Dorado Bypass. This means that,

under the closed-barrier scenario, that trips made on the Bypass from U.S. 167 in the north to U.S. 82 in the south are toll-free.

PROPOSED NORTH BELT IMPROVEMENT CORRIDOR

The proposed North Belt Freeway constructed as a four-lane, divided toll highway with full access control on new alignment in northern Pulaski County would begin on the west at the I-40/I-430 Interchange. Traveling northeast across Camp Robinson, the project loops around the North Little Rock metropolitan area to an interchange at U.S. 67/167 in Jacksonville. The proposed highway then travels in a southerly direction for approximately 4 miles to its terminus at the I-40/I-440 Interchange. The total length of the project is 16.8 miles.

The proposed North Belt Freeway toll highway would include eight interchanges, four of which would be tolled in one direction under the closed-barrier scenario. The proposed facility would also include two mainline toll plazas. The project has two major segments. The first, from the I-40/I-430 Interchange on the west to U.S. 67/167 on the east includes one mainline and three ramp toll plazas. The second, from U.S. 67/167 to I-40/I-440, includes one mainline toll plaza, and one ramp plaza. This four mile section is currently under construction and is expected to be completed by early 2003.

The FEIS for the 12.6 mile section of the North Belt Freeway from I-40/I-430 to U.S. 67/167 entitled, U.S. Highway 67-I-40 West, Pulaski County, Arkansas, has been completed (April 1994). The FEIS for the four mile section from U.S. 67/167 to I-40/I-440 was also completed (March 1985).

PROPOSED HOT SPRINGS BYPASS IMPROVEMENT CORRIDOR

The proposed project is located east of Hot Springs in Garland County. The Bypass would be constructed on new alignment as a four-lane toll highway with full access control traveling to the north connecting U.S. 270 to Highways 5/7, a distance of approximately 7.9 miles.

In addition to interchanges with Highways 5/7 at the project's northern terminus and U.S. 270 at the southern terminus, one intermediate interchange at U.S. 70 has been planned. Of the three interchanges, only the ramps to and from the south at U.S. 70 would contain ramp toll plazas under the closed-barrier scenario. One mainline toll plaza is proposed between the U.S. 70 and Highways 5/7 Interchanges.

An Environmental Assesment for the 2.5 mile section of the Bypass from U.S. 270 east to U.S. 70 east was approved in June 1989. A planning study prepared by the AHTD for the 5.4 mile section from U.S. 70 east to the junction of Highways 5/7 was completed in October 1994.

SUMMARY OF TOLL ROAD FINANCING ANALYSIS

SSB has performed a preliminary financing analysis of each of the eight corridors (Highways 49, 65 North, 65/82, 67, 79, 167, North Belt and Hot Springs), assuming both a closed-barrier tolling system and an open-barrier tolling system. In performing its analysis, SSB applied estimates

provided by WSA for gross toll revenues and HNTB and GE for operating and maintenance expenses, and overall construction and right-of-way costs. SSB then applied these estimates to develop a base financing for each of the four corridors to assess the feasibility as pure toll revenue projects.

Except for the North Belt Project (which is described in more detail below), the construction proceeds generated from each financing do not produce sufficient proceeds to fund the estimated construction and right-of-way costs. In addition, there were several years where there was not sufficient revenue available to pay all of the required debt service after the payment of operation and maintenance expenses. This shortfall, which would need to be made up from an outside source, is subtracted from the bond issue construction proceeds to determine the total amount of project funds available. The Bonds for the base case are assumed to be pure revenue bonds supported only by the revenues and investment income from the projects. Each of these projects was analyzed independently on a stand-alone basis.

The North Belt Project does appear to be financially feasible on both a closed and open-barrier system. The net revenues available for debt service appear to support a financing for the project.

The assumptions used and results are summarized below.

FINANCING ASSUMPTIONS

The following assumptions were used in developing the financings for each of the projects:

Issuance Date for bonds:	January 1, 2002
First Principal Payment Date:	January 1, 2006
Completion of Construction:	January 1, 2005
First Year of Operation of Toll Road:	2005
Final Maturity of Bonds:	January 1, 2042 (40 years from issuance)
Bond Insurance:	Assumed bond insurance at 75 basis points of total debt service. A non-rated issue would have a higher bond insurance rate.
Capitalized Interest:	Interest capitalized through and including January 1, 2006. This is 12 months past the estimated completion of construction; if construction completion is delayed, these funds can be used as an additional source to repay bonds.
Costs of Issuance:	\$17 per bond (Underwriter's Discount = \$12 per bond; Other Costs of Issuance = \$5 per bond)
Net Funding:	Construction Costs and Capitalized Interest are net funded at the bond yield.
Interest Rates:	A "AAA" insured interest rate scale was used as of January 1, 2005.

Debt Service Reserve Fund:	Fully funded at issuance of the bonds at the lesser of 1) 10 percent of par, 2) maximum annual debt service, or 3) 125 percent of average annual debt service. Earnings from the reserve fund are used to increase the net revenues available for debt service.
Coverage Level:	150 percent of net revenues available for debt service to achieve investment-grade ratings.
Solution Method:	Bonds were solved to produce level annual coverage of 150 percent of net revenues available for debt service.
Reserve Maintenance Fund:	An annual deposit was made to a reserve maintenance fund in an amount determined by HNTB and GE.

SUMMARY OF RESULTS

The results of the financing analysis and a feasibility summary are presented graphically in Figures S-11 through S-18. In addition the results are tabulated in Tables S-3 and S-4.

NET REVENUE AND DEBT SERVICE FIGURES

The following six figures (Figures S-11 – S-16) present the net annual operating cash flow after the payment of debt service assuming that the entire cost of the project is included in a financing. As shown, there are generally very large negative amounts, indicating that there is not enough net cash flow available to pay debt service on the project. No graphs are presented for Highways 49, 65/82, 79, and 167 in the closed-barrier toll system and Highways 49, 65 North, 65/82, 79, 167, and Hot Springs, in the open-barrier toll system because these projects have negative net annual toll revenues in almost every year of the project, making a financing impossible.

DISCUSSION OF INDIVIDUAL PROJECTS

PROPOSED HIGHWAY 49 IMPROVEMENT CORRIDOR

The Proposed Highway 49 Project has a capital cost of about \$800 million (\$804 million in the closed-barrier configuration and \$797 million in the open-barrier configuration). There is not a sufficient level of projected net toll revenues (net toll revenues are gross toll revenues less maintenance and operating expenses) to fully fund this size of project. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 65 NORTH IMPROVEMENT CORRIDOR

This project generates relatively large net revenues available for debt amortization under this current analysis. However, due to the large capital cost of about \$1.070 billion in the closed-barrier configuration and \$1.066 billion in the open-barrier configuration, the percentage of the project supported by revenues remains very low (only 7.30 percent in the closed-barrier configuration and 0 percent in the open-barrier configuration). This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 65/82 IMPROVEMENT CORRIDOR

The Proposed Highway 65/82 Project has a capital cost of about \$1.092 billion in the closed-barrier configuration and \$1.079 billion in the open-barrier configuration. There is not a sufficient level of projected net toll revenues (net toll revenues are gross toll revenues less maintenance and operating expenses) to fully fund this size of project. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 67 IMPROVEMENT CORRIDOR

This project generates relatively large net revenues available for debt amortization under this current analysis. However, due to the large capital cost of about \$500 million in the closed-barrier configuration and \$494 million in the open-barrier configuration, the percentage of the project supported by revenues remains very low (only 16.78 percent in the closed-barrier configuration and 7.13 percent in the open-barrier configuration). This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 79 IMPROVEMENT CORRIDOR

The Proposed Highway 79 Project has a capital cost of about \$1.474 billion in the closed-barrier configuration and \$1.462 billion in the open-barrier configuration. There is not a sufficient level of projected net toll revenues (net toll revenues are gross toll revenues less maintenance and operating expenses) to fully fund this size of project. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 167 IMPROVEMENT CORRIDOR

The Proposed Highway 167 Project has a capital cost of about \$959 million in the closed-barrier configuration and \$952 million in the open-barrier configuration. There is not a sufficient level of projected net toll revenues (net toll revenues are gross toll revenues less maintenance and operating expenses) to fully fund this size of project. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED NORTH BELT IMPROVEMENT CORRIDOR

The Proposed North Belt Project is the only project of those studied that does appear to be financially feasible. The percentage of the project supported by project revenues actually exceeds 100 percent. The significant annual revenues produced in the corridor, coupled with the relatively low capital costs of about \$208 million appear to make this project financially feasible as a stand-alone toll supported project. However, it should be noted that a detailed, investment-grade traffic and revenue study would need to be completed before a financing could be completed for this project.

PROPOSED HOT SPRINGS IMPROVEMENT CORRIDOR

This project generates relatively significant net revenues available for debt amortization under this current analysis. However, even though the capital cost of about \$101 million in the closed-barrier configuration and \$100 million in the open-barrier configuration is fairly low, the percentage of the project supported by revenues remains very low (only 4.58 percent in the closed-barrier configuration and 0 percent in the open-barrier configuration). This project is not financially feasible as a stand-alone toll supported project.

Cumulative Net Surplus/(Deficit) through 2041: (\$2,808,806,644) for Total Project Financing

Highway 65 N (Closed Barrier)

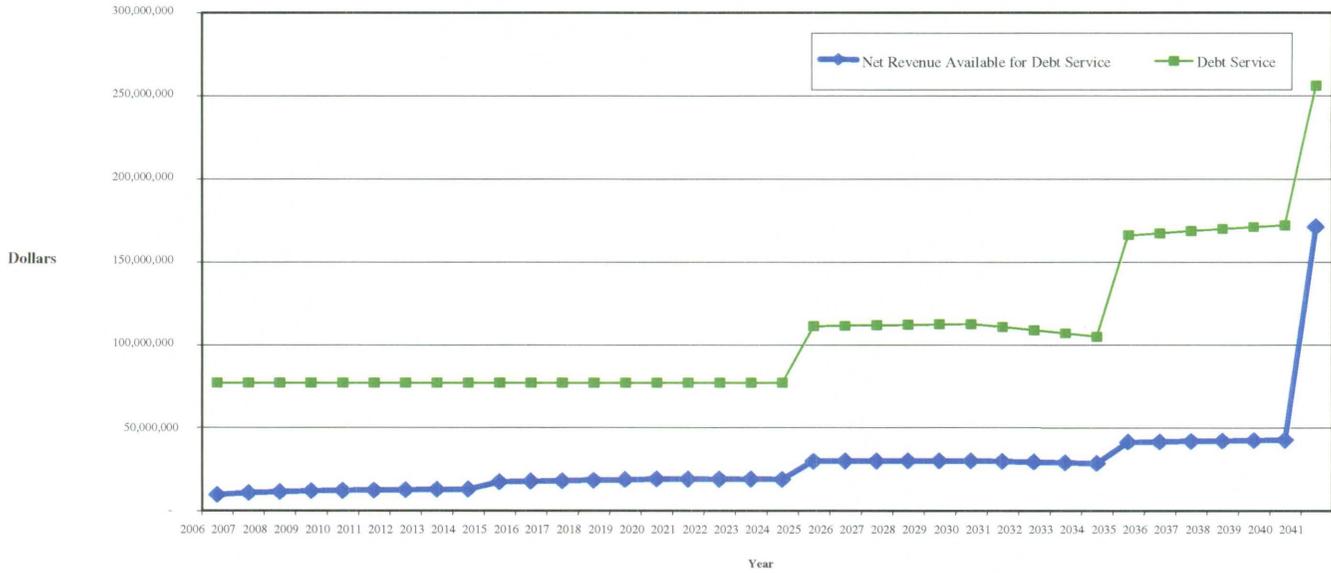


Figure S-11

Cumulative Net Surplus/(Deficit) through 2041: (\$1,033,319,217) for Total Project Financing

Highway 67 (Closed Barrier)

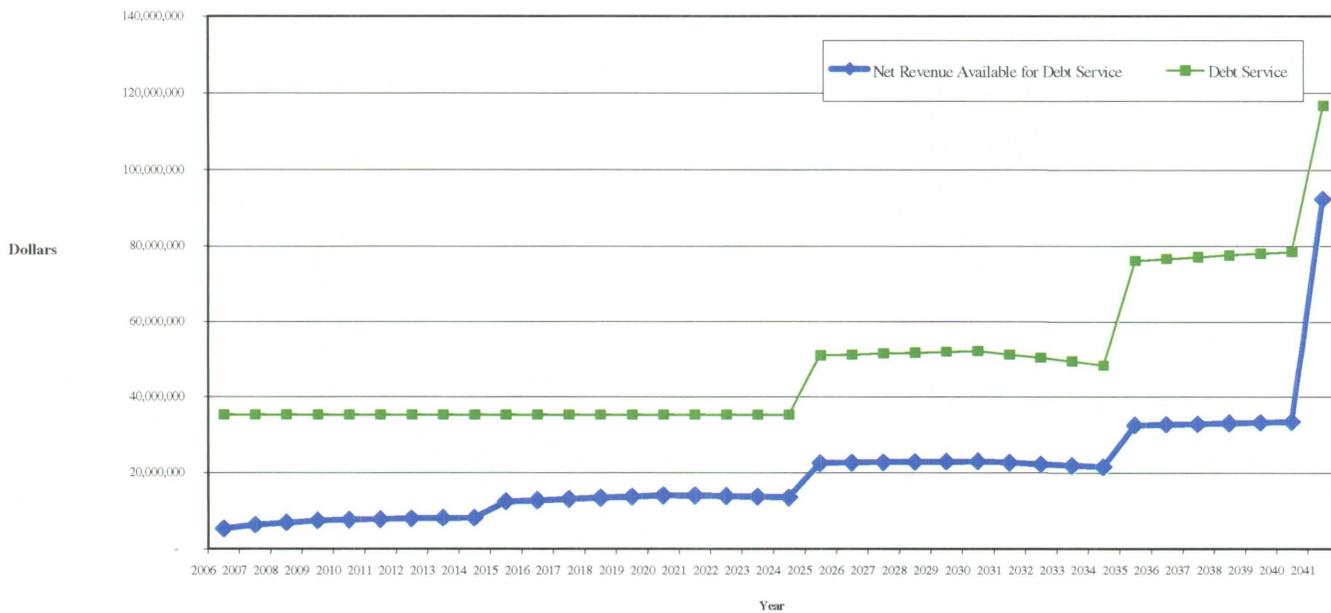


Figure S-12

Cumulative Net Surplus/(Deficit) through 2041: (\$1,011,305,309) for Total Project Financing
North Belt (Closed Barrier)

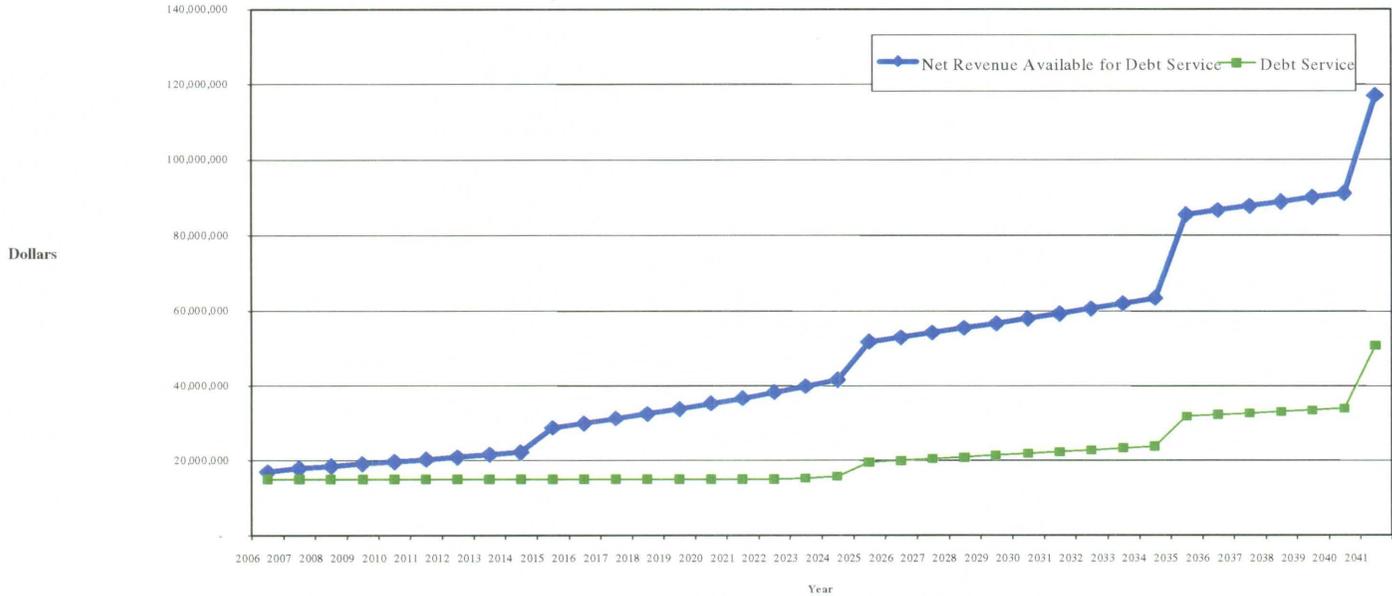


Figure S-13

Cumulative Net Surplus/(Deficit) through 2041: (\$275,278,921) for Total Project Financing
Hot Springs (Closed Barrier)

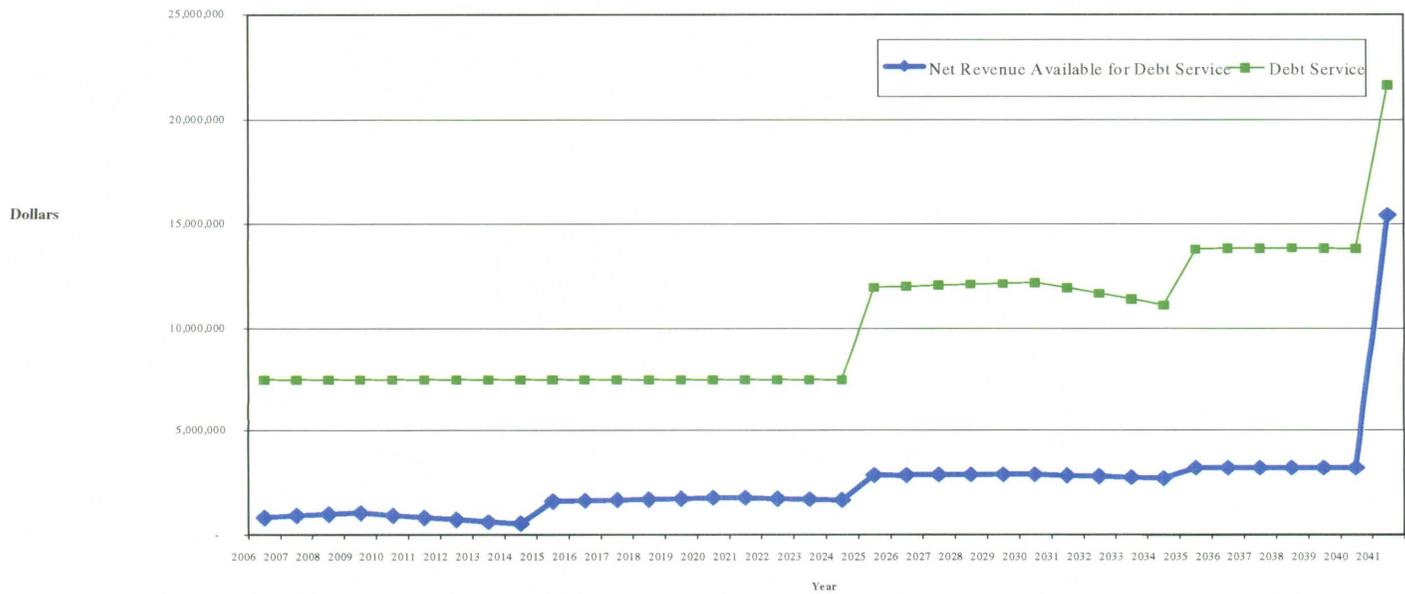


Figure S-14

Table S-3
Closed-Toll Barrier
Financial Assessment Summary

	<u>Proposed Highway 49</u>	<u>Proposed Highway 65N</u>	<u>Proposed Highway 65/82</u>	<u>Proposed Highway 67</u>
Estimated Capital Cost(1)	\$804,000,000	\$1,070,000,000	\$1,092,000,000	\$500,000,000
Total Funds Available from Financing(2)	(4)	78,116,500	(4)	83,914,970
Total Funding Shortfall	804,000,000	991,883,500	1,092,000,000	416,085,030
Percentage of Project Supported by Estimated Revenues(3)	0.00%	7.30%	0.00%	16.78%
Years where Debt Service Can NOT be Paid Due to Lack of Available Revenues	2005-2041	2005-2025	2005-2025	2005-2016
Project Status	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible
	<u>Proposed Highway 79</u>	<u>Proposed Highway 167</u>	<u>Proposed North Belt</u>	<u>Proposed Hot Springs</u>
Estimated Capital Cost(1)	\$1,474,000,000	\$959,000,000	\$208,000,000	\$101,000,000
Total Funds Available from Financing(2)	(4)	(4)	338,362,269 Surplus of	4,626,091
Total Funding Shortfall	1,474,000,000	959,000,000	130,362,269	96,373,909
Percentage of Project Supported by Estimated Revenues(3)	0.00%	0.00%	162.67%	4.58%
Years where Debt Service Can NOT be Paid Due to Lack of Available Revenues	2005-2041	2005-2041	2006-2014	2005-2025
Project Status	NOT Feasible	NOT Feasible	Feasible	NOT Feasible

(1) Per estimates provided by HNTB and Garver Engineers to Wilbur Smith on 3/20/2001 and 5/4/2001.

(2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.

(3) Total construction funds produced in the financing divided by the estimated capital costs.

(4) These projects have negative net annual toll revenues in almost every year, making a financing impossible.

Cumulative Net Surplus/(Deficit) through 2041: (\$1,240,287,581) for Total Project Financing
Highway 67 (Open Barrier)

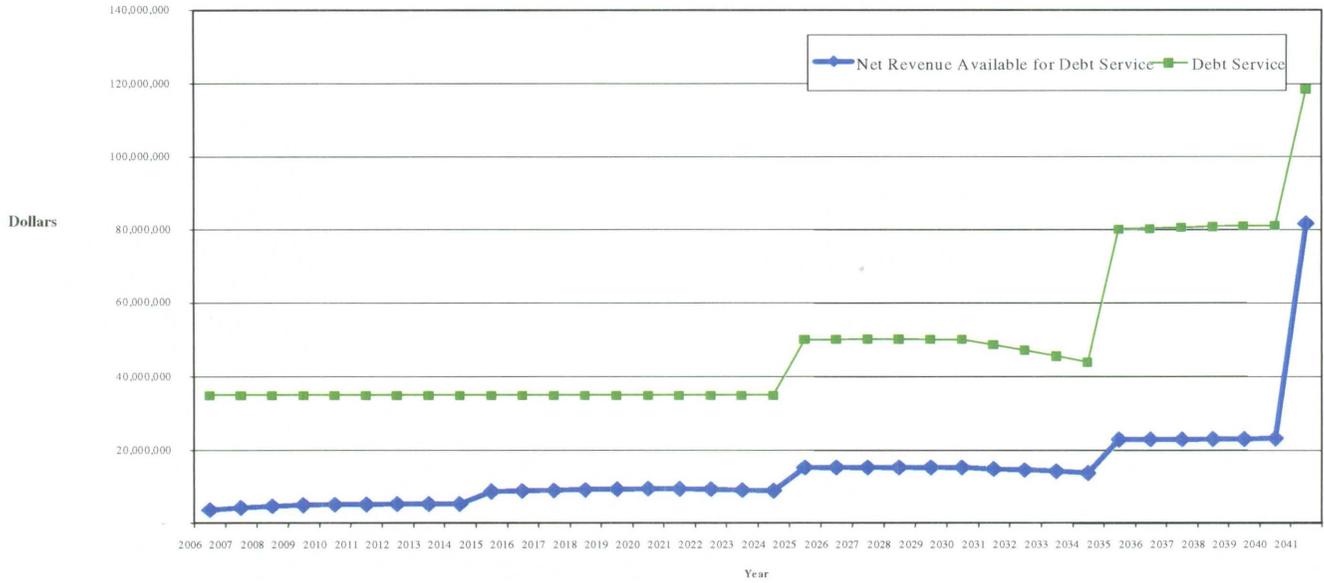


Figure S-15

Cumulative Net Surplus/(Deficit) through 2041: (\$630,563,797) for Total Project Financing
North Belt (Open Barrier)

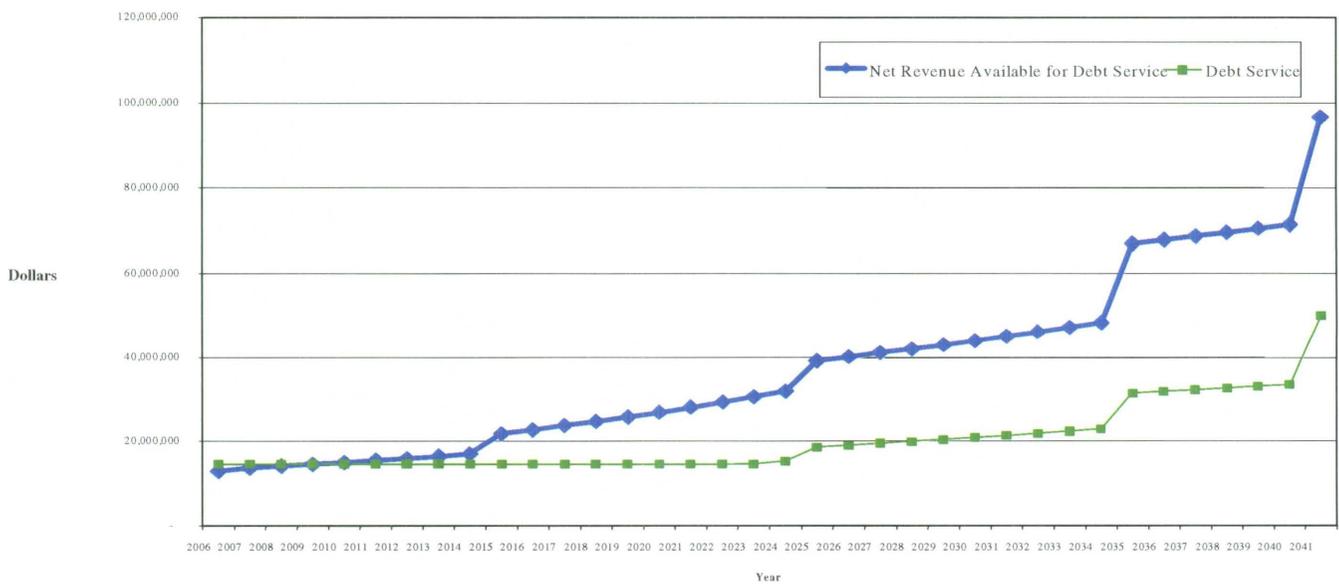


Figure S-16

Table S-4
Open-Toll Barrier
Financial Assessment Summary

	<u>Proposed Highway 49</u>	<u>Proposed Highway 65N</u>	<u>Proposed Highway 65/82</u>	<u>Proposed Highway 67</u>
Estimated Capital Cost(1)	\$797,000,000	\$1,066,000,000	\$1,079,000,000	\$494,000,000
Total Funds Available from Financing(2)	(4)	(4)	(4)	35,220,954
Total Funding Shortfall	797,000,000	1,066,000,000	1,079,000,000	458,779,046
Percentage of Project Supported by Estimated Revenues(3)	0.00%	0.00%	0.00%	7.13%
Years where Debt Service Can NOT be Paid Due to Lack of Available Revenues	2005-2041	2005-2025	2005-2041	2005-2025
Project Status	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible
	<u>Proposed Highway 79</u>	<u>Proposed Highway 167</u>	<u>Proposed North Belt</u>	<u>Proposed Hot Springs</u>
Estimated Capital Cost(1)	\$1,462,000,000	\$952,000,000	\$205,000,000	\$100,000,000
Total Funds Available from Financing(2)	(4)	(4)	254,502,468	(4)
Total Funding Shortfall	1,462,000,000	952,000,000	49,502,468 Surplus of	100,000,000
Percentage of Project Supported by Estimated Revenues(3)	0.00%	0.00%	124.15%	0.00%
Years where Debt Service Can NOT be Paid Due to Lack of Available Revenues	2005-2041	2005-2041	2006-2014	2005-2025
Project Status	NOT Feasible	NOT Feasible	Feasible	NOT Feasible

(1) Per estimates provided by HNTB and Garver Engineers to Wilbur Smith on 3/20/2001 and 5/4/2001.

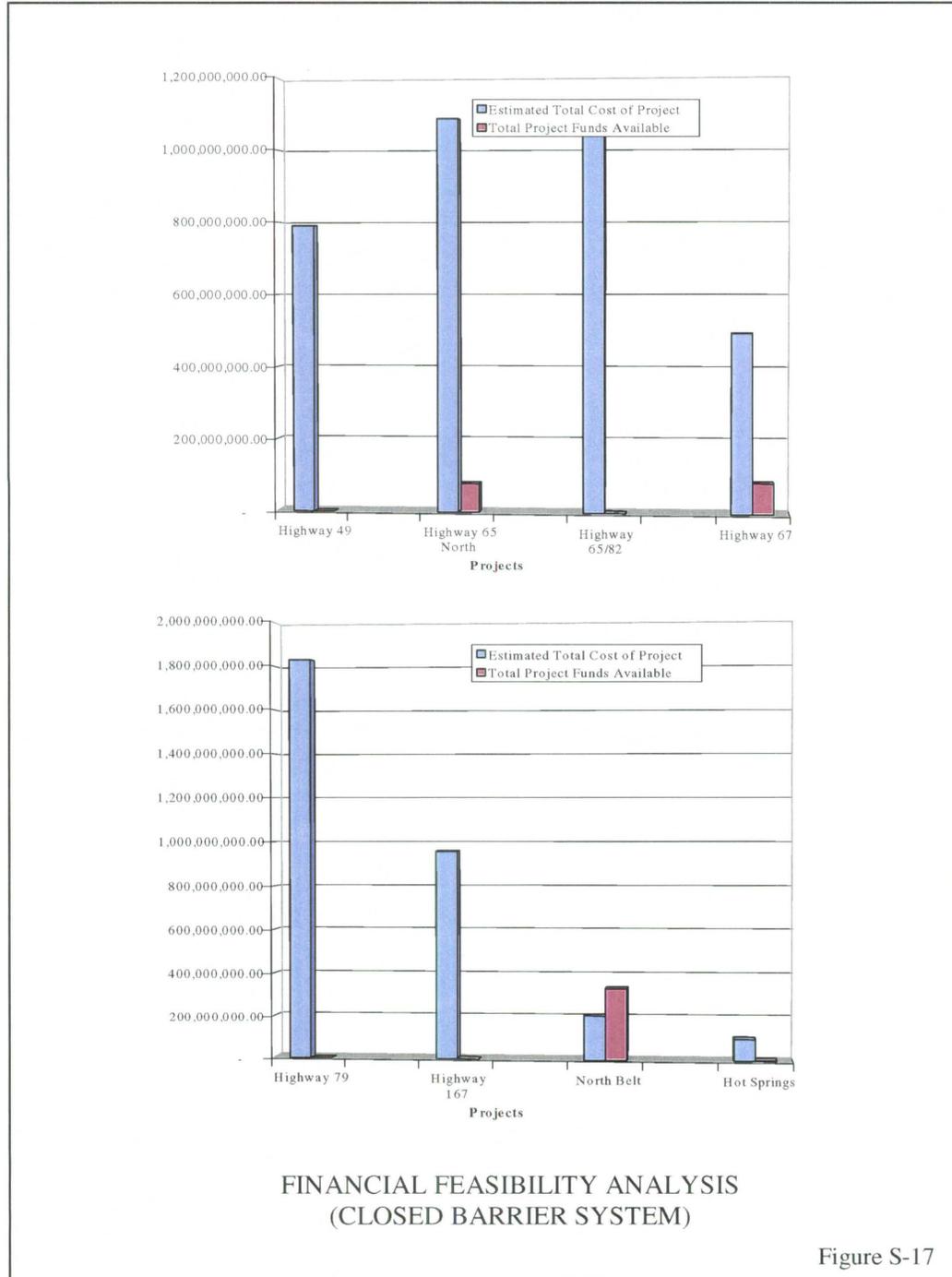
(2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.

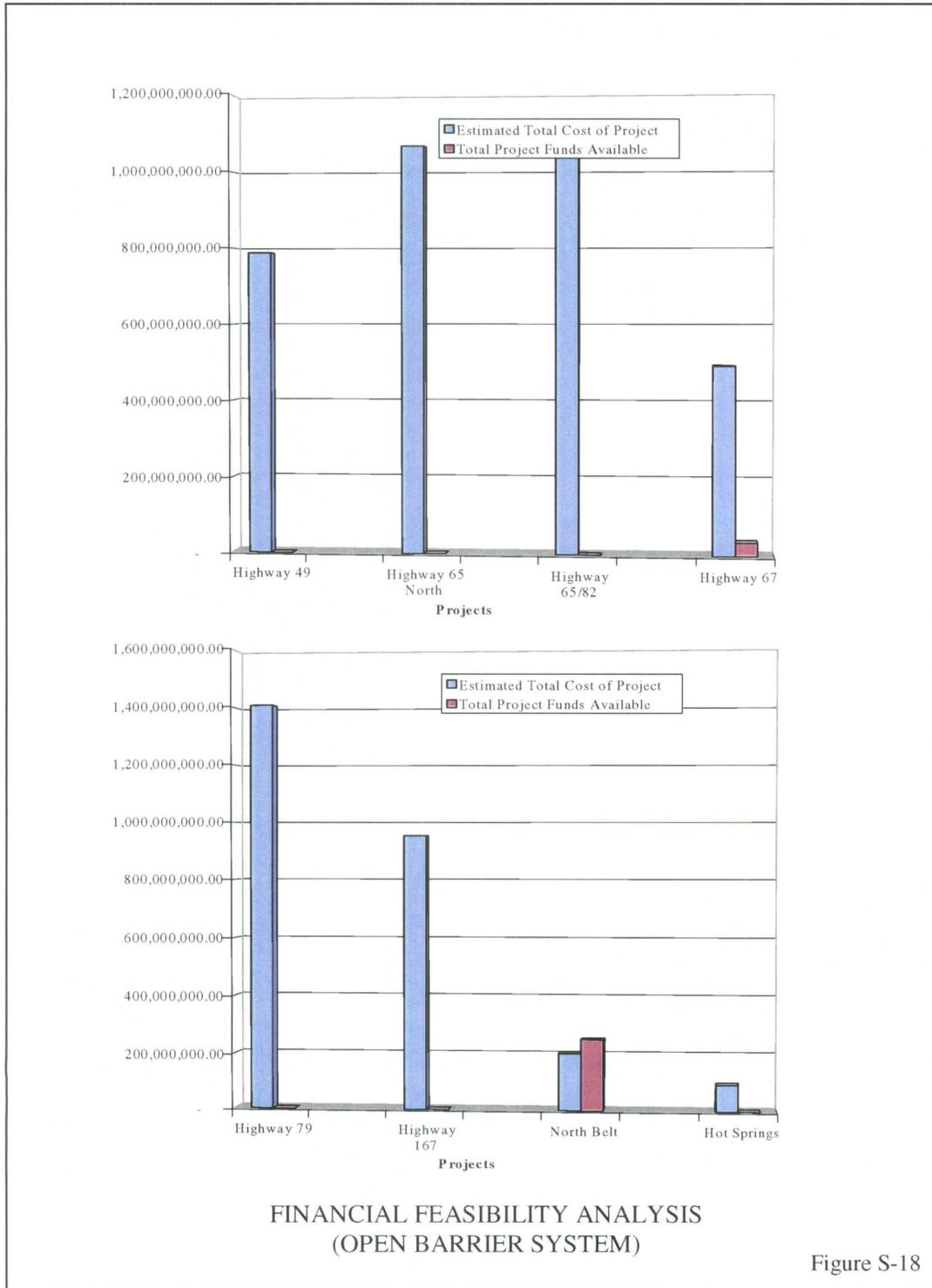
(3) Total construction funds produced in the financing divided by the estimated capital costs.

(4) These projects have negative net annual toll revenues in almost every year, making a financing impossible.

PROJECT FEASIBILITY FIGURES

The following four figures present the financial feasibility of each project in graphical form with the Closed-Toll Barrier projects first, followed by the Open-Toll Barrier projects.





Conclusion

It can be concluded that, based upon the WSA, HNTB, and GE estimates for each corridor, the proposed projects are not feasible as pure toll financed structures with the exception of the Proposed North Belt Project. For all projects except the Proposed North Belt Project, the revenues do not produce sufficient annual amounts to pay operating and maintenance expenses and cover debt service for approximately the first ten years of each project's operations. The debt issued for each project except the Proposed North Belt Project will fail the fundamental rating agency criteria for a minimum investment-grade rating of the proposed debt. In addition, the construction proceeds generated from each financing except the Proposed North Belt Project do not produce sufficient proceeds to fund the estimated construction and right-of-way costs.

As noted above, the Proposed North Belt Project does appear to be financially feasible. However, it should be noted that a detailed, investment-grade traffic and revenue study would need to be completed before a financing could be completed for this project.

It should be recognized that, while the other projects are not financially feasible on a stand-alone basis, each of them may potentially be implemented employing innovative financing techniques, phasing of project construction, and identification of specific constructable portions of each corridor which may be able to support a financing effort. All of these issues, including the development of a system financing whereby the excess revenues of one facility are pledged to support the construction of additional sections of the other facilities will be evaluated for all project corridors as the study proceeds.

SEGMENTATION PROJECTS

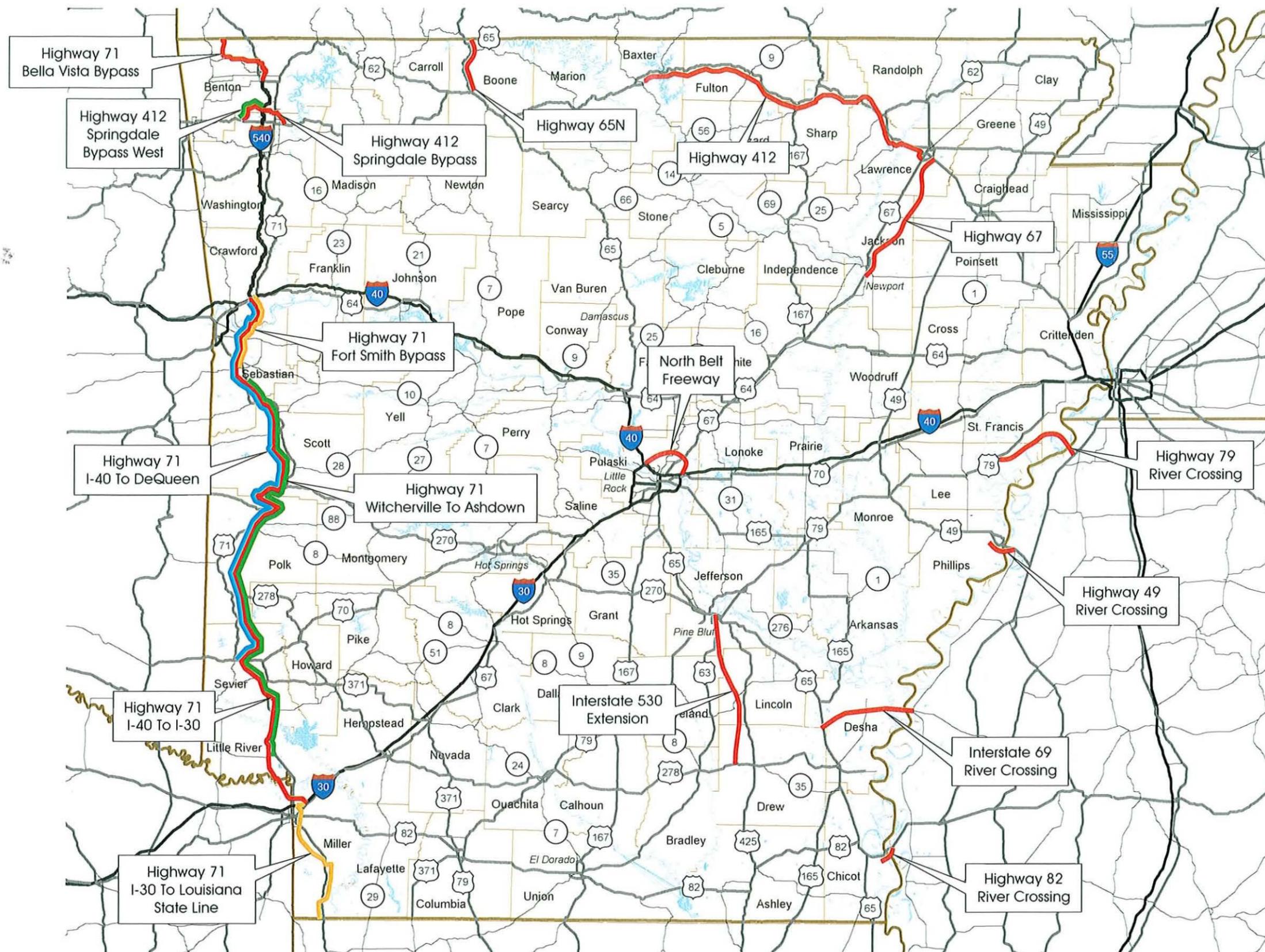
Provided below is a brief description of the thirteen (13) proposed segmentation projects and the four (4) alternative projects. The location of each of these projects within a regional setting is also presented. A series of tables and graphics summarizing the financial feasibility assessment for each of these facilities is also provided subsequently in this section.

PROJECT DESCRIPTIONS

The locations of the 13 proposed segmentation projects and the 4 alternative projects are depicted in Figure S-19. A brief description follows of the physical characteristics of each corridor, as well as an indication of potential interchange locations and toll collection facilities along each project.

PROPOSED HIGHWAY 71 – BELLA VISTA BYPASS

The proposed Bella Vista Bypass is assumed to be constructed as a four-lane, controlled-access toll facility on new alignment. The proposed project would begin west of Ferrell Road at the Arkansas State Line and extend in an easterly orientation to S.H. 72 near the towns of Bentonville and Little Flock, a distance of approximately 18.8 miles



LOCATION MAP – PROPOSED SEGMENTATION PROJECTS

The proposed Bella Vista Bypass will include six interchanges, five of which will be tolled to/from the west under the closed-barrier scenario. The proposed facility would also include one mainline toll plaza between the S.H. 72 and U.S. 71B Interchanges.

PROPOSED HIGHWAY 71 – INTERSTATE 40 TO DEQUEEN

The proposed Highway 71 segment from Interstate 40 to DeQueen is assumed to be constructed as a four-lane, controlled-access toll facility on new alignment, and would begin at an interchange with I-40 near Alma and extend in a southerly orientation to U.S. 70 near the town of DeQueen, a distance of approximately 122 miles.

This proposed segment would include 17 interchanges, 12 of which will be tolled in one direction under a closed-barrier scenario. The proposed facility would also include three mainline toll plazas.

PROPOSED HIGHWAY 71 – INTERSTATE 40 TO INTERSTATE 30

This proposed Highway 71 segment would extend the proposed I-40 to DeQueen project beyond the termini with U.S. 70 at DeQueen, to a new termini with Interstate 30. It is assumed to be constructed as a four-lane, controlled-access toll facility on new alignment.

This segment of proposed Highway 71 will include 22 interchanges, 14 of which will be tolled in one direction under a closed-barrier scenario. The proposed facility will also include four mainline toll plazas along its 171.1 miles.

PROPOSED HIGHWAY 71 – WITCHERVILLE TO ASHDOWN

This proposed Highway 71 segment would be constructed as a four-lane, controlled-access toll facility on new alignment, and would begin at an interchange with U.S. 71 near the town of Witcherville and extend in a southerly orientation to an interchange with U.S. 71 near the town of Ashdown, a distance of approximately 121 miles.

This proposed segment of Highway 71 would include 14 interchanges, 10 of which will be tolled in one direction under a closed-barrier scenario. The proposed facility would also include three mainline toll plazas.

PROPOSED HIGHWAY 71 – FORT SMITH BYPASS

The proposed Fort Smith Bypass is assumed to be constructed as a four-lane, controlled-access toll facility on new alignment, and would begin at an interchange with I-40 near Alma and extend in a southerly orientation to S.H. 71, a distance of approximately 19.7 miles.

The proposed Fort Smith Bypass would include four interchanges, only one of which will be tolled in one direction under a closed-barrier scenario. The proposed facility would also include one mainline toll plaza.

PROPOSED HIGHWAY 71 – INTERSTATE 30 TO LOUISIANA STATE LINE

This proposed segment of Highway 71 is assumed to be constructed as a four-lane, controlled-access toll facility on new alignment, and would begin at an interchange with I-30 and continue in a southerly orientation to the Louisiana State Line, a distance of approximately 29.0 miles.

This proposed segment of Highway 71 would include five interchanges, three of which will be tolled in one direction under a closed-barrier scenario. The proposed facility would also include one mainline toll plaza.

PROPOSED HIGHWAY 412 – SPRINGDALE BYPASS

The proposed Springdale Bypass extends in an easterly orientation for approximately 16.5 miles from an intersection with U.S. 412 west of Springdale, past Interstate 540, to an interchange with U.S. 412 east of Springdale. The proposed highway would be constructed as a four lane, divided, access-controlled tolled highway entirely on new alignment.

The Springdale Bypass would include six interchanges, three of which will be tolled in one direction under a closed-barrier scenario. There would be no mainline toll plazas proposed along the 16.5 mile bypass.

PROPOSED HIGHWAY 412 – SPRINGDALE BYPASS WEST

The proposed Springdale Bypass West facility is a segmentation of the previously described project. This proposed project would include three interchanges. There would be no mainline toll plazas along this proposed facility. Toll plazas would be located on the ramps at U.S. 412 west of Springdale. The total project length is estimated at 8.0 miles.

PROPOSED HIGHWAY 412 – MOUNTAIN HOME TO WALNUT RIDGE

The proposed Highway 412 from Mountain Home to Walnut Ridge would include seven interchanges, three of which will be tolled in one direction under a closed-barrier scenario. Two mainline toll plazas are proposed along the 97.0-mile highway. The first is located between the U.S. 412 and S.H. 9 interchanges near Mountain Home and the second, between the U.S. 167 and U.S. 412 interchanges east of the towns of Hardy and Williford.

PROPOSED MISSISSIPPI RIVER CROSSING – HIGHWAY 49

The proposed Highway 49 river crossing is oriented in an easterly direction extending from S.H. 44 near Helena, Arkansas, to a connection with U.S. 61 in Mississippi, a distance of approximately 5.8 miles. The proposed project would be constructed as a four-lane divided toll highway with full access control, entirely on new alignment. There would be one mainline toll plaza located west of the Mississippi River.

PROPOSED MISSISSIPPI RIVER CROSSING – HIGHWAY 79

The proposed Highway 79 river crossing is oriented in a northeast direction extending from U.S. 79 near Hughes, Arkansas, to a connection with U.S. 61 in Mississippi, a distance of approximately 15.2 miles. The proposed project would be constructed as a four-lane divided toll highway with full access control, entirely on new alignment. There would be one mainline toll plaza located west of the Mississippi River but east of S.H. 147.

PROPOSED MISSISSIPPI RIVER CROSSING – HIGHWAY 82

The proposed Highway 82 river crossing is oriented in an east/northeast direction extending from existing U.S. 82 at an interchange with S.H. 142 south of Fairview, Arkansas, to a connection with U.S. 82 in Mississippi, a distance of approximately 3.2 miles. The proposed project would be constructed as a divided toll highway with full access control, entirely on new alignment. There would be one mainline toll plaza located west of the Mississippi River.

PROPOSED MISSISSIPPI RIVER CROSSING – GREAT RIVER BRIDGE – INTERSTATE 69

The proposed Interstate 69 river crossing is oriented in a northeast direction extending from U.S. 65 on the north side of McGehee, Arkansas, to a connection with Route 1 in the vicinity of Benoit, Mississippi, a distance of approximately 23.3 miles. The proposed project would be constructed as a four-lane divided toll highway with full access control, entirely on new alignment. There would be one mainline toll plaza located west of the Mississippi River and east of S.H. 4.

PROPOSED NORTH BELT-U.S. 67/167 TO INTERSTATE 40 WEST

The proposed North Belt Freeway constructed as a four-lane, divided toll highway with full access control on new alignment in northern Pulaski County would begin on the west at the I-40/I-430 Interchange. Traveling northeast across Camp Robinson, the project loops around the North Little Rock metropolitan area to its eastern terminus at an interchange at U.S. 67/167 in Jacksonville. The total length of the project is 12.6 miles.

The proposed North Belt Freeway toll highway would include six interchanges, three of which would be tolled in one direction under a closed-barrier scenario. The proposed facility would also include one mainline toll plaza located between the S.H. 365 and Batesville Pike interchanges.

PROPOSED HIGHWAY 65N – U.S. 412 TO MISSOURI STATE LINE

Proposed Highway 65N is oriented in a northerly direction from an interchange with U.S. 62/U.S. 412 in the south to the Missouri State Line in the north, a distance of approximately 15.0 miles. The proposed highway would be constructed as a divided toll highway with full access control mostly on new alignment. Some portions of the existing alignment between U.S. 62/U.S. 412 and S.H. 396 will be upgraded. Frontage/service roads would be constructed where needed. The proposed Highway 65N will include three local access interchanges, two of which will be tolled in one direction. There are no mainline toll plazas proposed for this facility.

PROPOSED HIGHWAY 67 – NEWPORT TO HOXIE

Proposed Highway 67 extends in a north/northeast direction from an interchange with S.H. 14 south of Newport, Arkansas, to a proposed interchange at U.S. 63 in Hoxie, a distance of approximately 40.6 miles. The proposed highway would be constructed as a four-lane, divided toll highway with full access control. Approximately 35.2 miles from S.H. 980 northeast of Newport, Arkansas, to U.S. 63 in Hoxie would be constructed on new alignment. Project on existing alignment will include the 5.4 miles beginning at a southern terminus at S.H. 14 and ending at S.H. 980. This section, the Newport Bypass, is currently a four-lane, divided highway with full access control.

Proposed Highway 67 will include eight local access interchanges, six of which will be tolled in one direction under a closed-barrier scenario. One mainline toll plaza located between the S.H. 37 and S.H. 980 interchanges is proposed.

PROPOSED INTERSTATE 530 EXTENSION – PINE BLUFF TO U.S. 278

The proposed Interstate 530 Extension project would be constructed on new alignment as a four-lane toll highway with fully-controlled access on new alignment. The project would extend from U.S. 278 in the vicinity of Monticello, Arkansas, and continue due north until it terminates at an interchange with I-530 in Pine Bluff, Arkansas, a distance of approximately 42.6 miles.

The proposed project would include five interchanges, two of which would be tolled in one direction under a closed-barrier scenario. Two mainline toll plazas are proposed, one located between the S.H. 35 and S.H. 114 interchanges and the other between the S.H. 114 and S.H. 54 interchanges.

SUMMARY OF TOLL ROAD FINANCING ANALYSIS

SSB has performed a preliminary financing analysis of each of the proposed project segments. For Highway 71, the Bella Vista Bypass (both two lane and four lane configurations), I-40 to DeQueen, I-40 to I-30, Witcherville to Ashdown, I-30 to Louisiana, and the Fort Smith Bypass (both two lane and four lane configurations) projects were analyzed. For Highway 412, the Springdale Bypass (both two lane and four lane configurations), the Springdale Bypass West (both two lane and four lane configurations), and Mountain Home to Walnut Ridge projects were analyzed. For the proposed river crossings, Highway 49, Highway 79, Highway 82, and I-69 were analyzed. Finally, for the proposed alternative segments, the North Belt, Highway 65 North, Highway 67, and the I-530 Extension were analyzed.

In performing its analysis, SSB applied estimates provided by WSA for gross toll revenues and HNTB and GE for operating and maintenance expenses, and overall construction and right-of-way costs. SSB then applied these estimates to develop a base financing for each of the proposed projects to assess the feasibility as pure toll revenue projects.

Except for the Bella Vista Bypass segment and the North Belt segment (which are described in more detail below), the construction proceeds generated from each financing do not produce sufficient proceeds to fund the estimated construction and right-of-way costs. In addition, there were several years where there was not sufficient revenue available to pay all of the required debt service after the payment of operation and maintenance expenses. This shortfall, which would need to be made up from an outside source, is subtracted from the bond issue construction proceeds to determine the total amount of project funds available. The Bonds for the base case are assumed to be pure revenue bonds supported only by the revenues and investment income from the projects. Each of these projects were analyzed independently on a stand-alone basis.

The Bella Vista Bypass segment and the North Belt segment do appear to be financially feasible or are approaching financial feasibility. The net revenues available for debt service appear to

support a financing for these projects. The Bella Vista Bypass has 97.2 percent feasibility for the four-lane configuration and 163.0 percent feasibility for the two-lane configuration. The North Belt segment has 85.9 percent feasibility. The segments that have feasibility figures over 80.0 percent but less than 100.0 percent are considered borderline feasible, meaning that these projects could possibly become financially feasible with more detailed financial and legal structuring or with a minimal amount of financial support.

The assumptions used and results are summarized below.

FINANCING ASSUMPTIONS

The following assumptions were used in developing the financings for each of the projects:

Issuance Date for bonds:	January 1, 2002
First Principal Payment Date:	January 1, 2006
Completion of Construction:	January 1, 2005
First Year of Toll Road Operation:	2005
Final Maturity of Bonds:	January 1, 2042 (40 years from issuance)
Bond Insurance:	Assumed bond insurance at 75 basis points of total debt service. A non-rated issue would have a higher bond insurance rate.
Capitalized Interest:	Interest capitalized through and including January 1, 2006. This is 12 months past the estimated completion of construction; if construction completion is delayed, these funds can be used as an additional source to repay bonds.
Costs of Issuance:	\$17 per bond (Underwriter's Discount = \$12 per bond; Other Costs of Issuance = \$5 per bond)
Net Funding:	Construction Costs and Capitalized Interest are net funded at the bond yield.
Interest Rates:	"AAA" insured interest rate scale.
Debt Service Reserve Fund:	Fully funded at issuance of the bonds at the lesser of 1) 10 percent of par, 2) maximum annual debt service, or 3) 125 percent of average annual debt service. Earnings from the reserve fund are used to increase the net revenues available for debt service.
Coverage Level:	150 percent of net revenues available for debt service to achieve investment-grade ratings.
✓ Solution Method:	Bonds were solved to produce level annual coverage of 150 percent of net revenues available for debt service.
Reserve Maintenance Fund:	An annual deposit was made to a reserve maintenance fund in an amount determined by HNTB and GE.

SUMMARY OF RESULTS

The following sections present the results of the financing analysis with a feasibility summary for each project. A net revenue and debt service analysis is explained followed by a discussion of the individual projects.

NET REVENUE AND DEBT SERVICE ANALYSIS

The following four tables (Tables S-5 through S-8) and 15 Figures (Figures S-20 through S-34) present the net annual operating cash flow after the payment of debt service assuming that the entire cost of the project is included in a financing. As shown, there are generally very large negative amounts, indicating that there is not enough net cash flow available to pay debt service on the project. No graphs are presented for the Mountain Home to Walnut Ridge Segment on Highway 412, the Highway 79 River Crossing, the Interstate 69 River Crossing, and the Interstate 530 Extension because these projects have negative net annual toll revenues in almost every year of the project, making a financing impossible. The remaining four figures (Figures S-35 through S-38) present the financial feasibility of each project in graphic form.

DISCUSSION OF INDIVIDUAL PROJECTS

PROPOSED HIGHWAY 71 – BELLA VISTA BYPASS

As shown in Table S-5 and depicted in Figures S-20 and S-21 the Proposed Bella Vista Bypass appears to be financially feasible for both the two-lane and four-lane configuration. The percentage of the project supported by project revenues is 97.2 percent in the four-lane configuration and 163.0 percent in the two-lane configuration. The significant annual revenues produced in the corridor, coupled with the relatively low capital costs (\$173 million for the four-lane configuration and only \$107 million for the two-lane configuration) appear to make this project financially feasible as a stand-alone toll supported project. However, it should be noted that a detailed, investment-grade traffic and revenue study would need to be completed before a financing could be completed for this project.

PROPOSED HIGHWAY 71 – I-40 TO DEQUEEN

This project generates relatively large net revenues available for debt amortization under this current analysis. However, due to the large capital cost of about \$1.240 billion as shown in Table S-5 and Figure S-22, the percentage of the project supported by revenues remains low (only 17.8 percent). This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 71 – I-40 TO I-30

This project generates relatively large net revenues available for debt amortization under this current analysis. However, due to the large capital cost of about \$1.640 billion as shown in Table S-5 and Figure S-23, the percentage of the project supported by revenues remains low (only 17.2 percent). This project is not financially feasible as a stand-alone toll supported project.

**Table S-5
Highway 71 Project Segments**

	Bella Vista Bypass (4 Lanes)	I-40 to DeQueen	I-40 to I-30	Bella Vista Bypass (2 Lanes)	Witcherville to Ashdown	Fort Smith Bypass (4 Lanes)	I-30 to Louisiana	Fort Smith Bypass (2 Lanes)
Estimated Capital Cost(1)	\$ 173,000,000	\$1,240,000,000	\$ 1,640,000,000	\$ 107,000,000	\$ 1,187,000,000	\$ 256,000,000	\$ 257,000,000	\$ 178,000,000
Total Funds Available From Financing(2)	168,184,565	221,029,773	282,463,696	174,433,374	122,520,625	87,589,555	19,905,684	94,402,531
Total Funding Shortfall	4,815,435	1,018,970,227	1,357,536,304	Surplus of 67,433,374	1,064,479,375	168,410,445	237,094,316	83,597,469
Percentage Of Project Supported By Estimated Revenues(3)	97.22%	17.82%	17.22%	163.02%	10.32%	34.21%	7.75%	53.04%
Years Where Debt Service Can NOT Be Paid Due To Lack Of Available Revenues	2006 - 2014	2006 - 2014	2006 - 2014	2006 - 2014	2006 - 2014	2006 - 2014	2006 - 2014	2006 - 2014
Project Status	Feasible	NOT Feasible	NOT Feasible	Feasible	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible

- (1) Per estimates provided by HNTB and Garver Engineers to WSA on 10/9/2001.
- (2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.
- (3) Total construction funds produced in the financing divided by the estimated capital costs.
- (4) These projects have negative net annual toll revenue even before debt service in almost every year, making a financing impossible.

Highway 71: Belle Vista Bypass (4 Lanes)
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: \$232,806,174

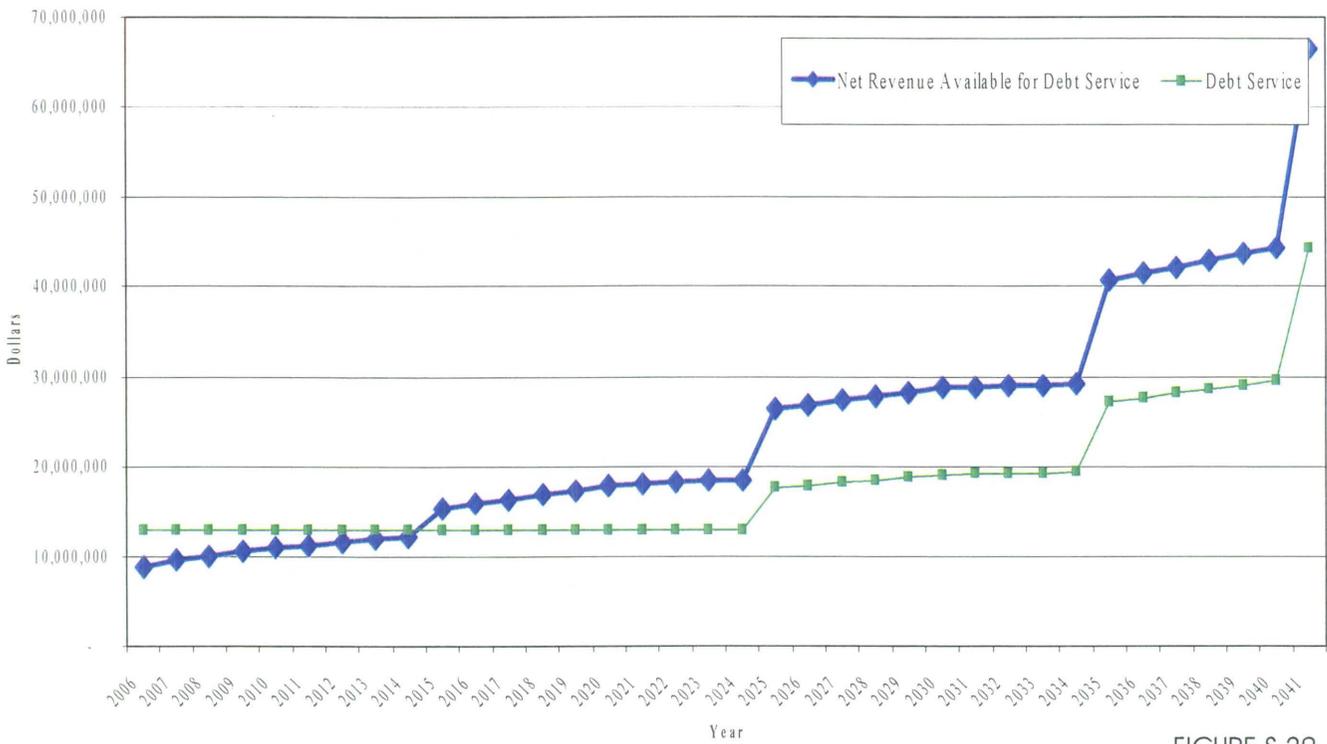


FIGURE S-20

Highway 71: Bella Vista Bypass (2 Lanes)

Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: \$240,261,175

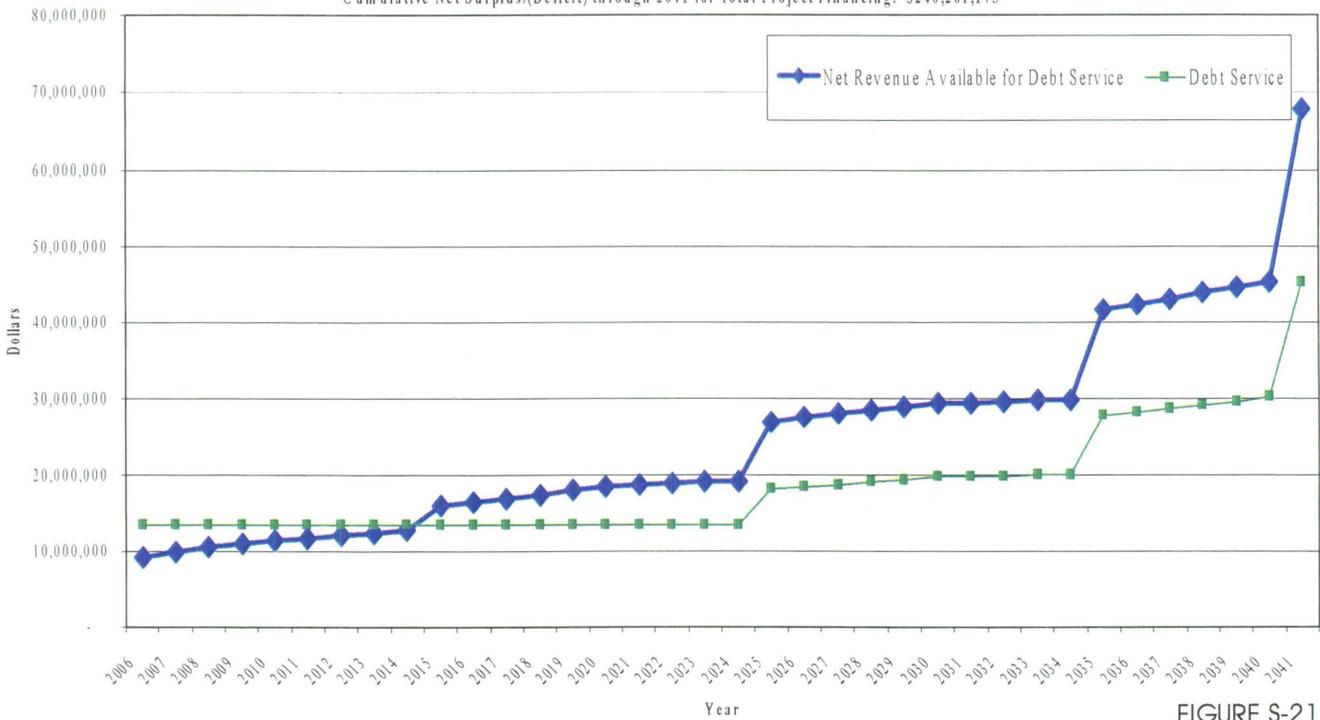


FIGURE S-21

Highway 71: I-40 to Dequeen
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$2,737,424,899)

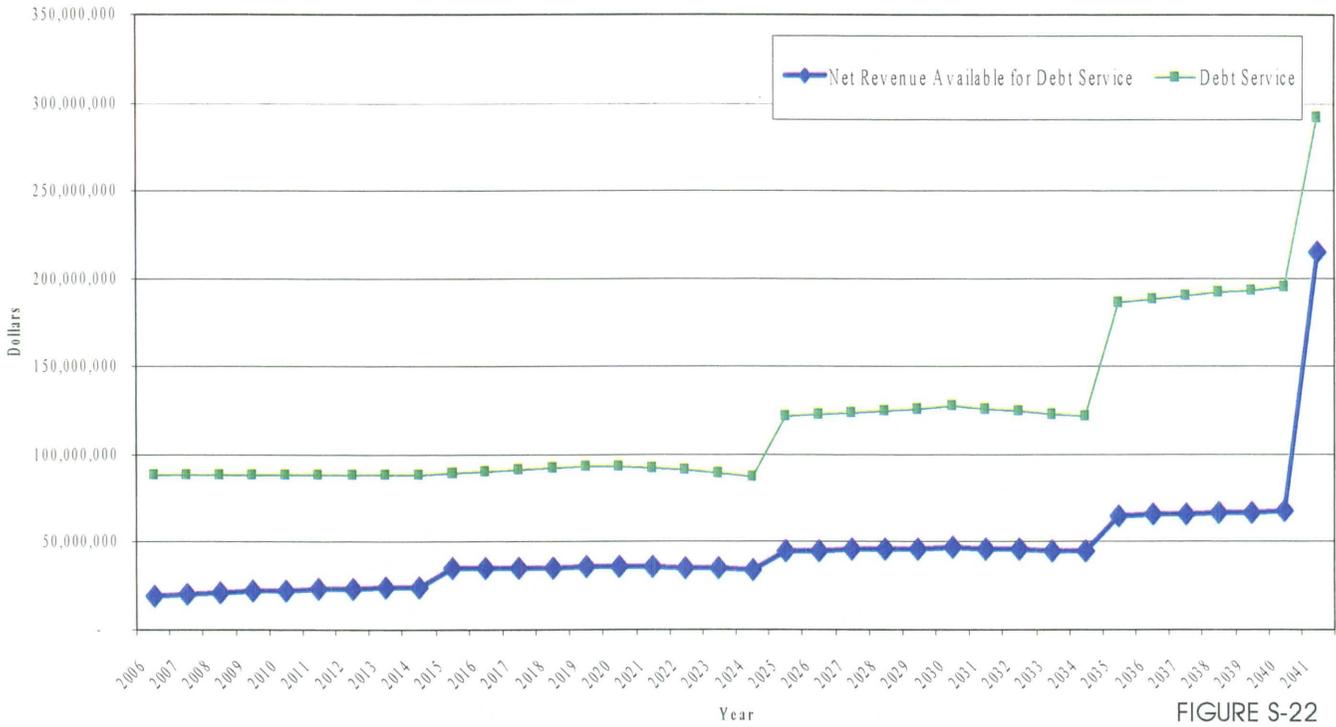


FIGURE S-22

Highway 71: I-40 to I-30
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$3,674,319,724)

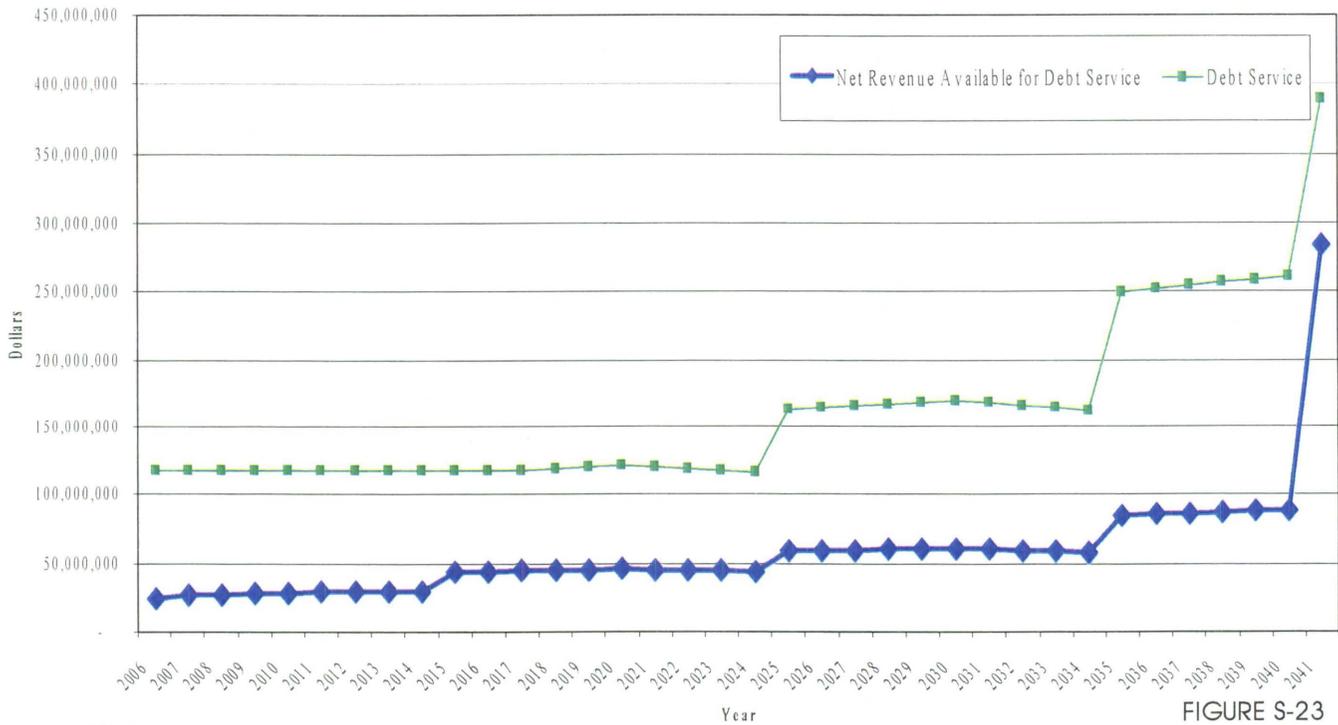


FIGURE S-23

PROPOSED HIGHWAY 71 – WITCHERVILLE TO ASHDOWN

As shown in Table S-5 the Proposed Witcherville to Ashdown segment has a capital cost of about \$1.187 billion. Anticipated revenues to fund this size of project are not generated by the projected toll charges as shown in Figure S-24. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 71 – FORT SMITH BYPASS

This project generates relatively large net revenues available for debt amortization under this current analysis. However, due to the large capital cost of \$256 million for the four-lane configuration and \$178 million for the two-lane configuration, the percentage of the project supported by revenues, as shown in Table S-5, remains low (only 34.2 percent for the four-lane configuration and 53.0 percent for the two-lane configuration). Figures S-25 and S-26 depict the financial feasibility for the 4-lane and 2-lane configuration, respectively. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 71 – I-30 TO LOUISIANA

The Proposed I-30 to Louisiana segment has a capital cost of about \$257 million. Anticipated revenues to fund this size of project are not generated by the projected toll charges. As shown in Table S-5, only 7.75 percent of the project is supported by estimated toll revenue. As shown in Figure S-27, this project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 412 – SPRINGDALE BYPASS

As shown in Table S-6 and depicted in Figure S-28, this project generates relatively large net revenues available for debt amortization under this current analysis for both the two-lane and four-lane configurations. However, the percentage of the project supported by revenues remains low (only 27.6 percent in the two-lane configuration and only 14.5 percent in the four-lane configuration). This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 412 – SPRINGDALE BYPASS WEST

As shown in Table S-6 the Proposed Springdale Bypass West has a capital cost of about \$127 million for the four-lane configuration and \$76 million for the two-lane configuration. Even with this relatively small capital cost, anticipated revenues to fund this size of project as shown in Figure S-29 are not generated by the projected toll charges in either the two-lane or four-lane configuration. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 412 – MOUNTAIN HOME TO WALNUT RIDGE

The Proposed Mountain Home to Walnut Ridge segment has a capital cost as shown in Table S-6 of about \$918 million. Anticipated revenues to fund this size of project are not generated by the projected toll charges. In fact, the net toll revenues after payment of maintenance and operations are negative in every year even before considering debt service, thus there is no figure for this project. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED MISSISSIPPI RIVER CROSSING – HIGHWAY 49

Figure S-30 depicts the cumulative project funds available for debt service to debt service for the proposed Highway 49 river crossing. This project generates relatively large net revenues

Highway 71: Witcherville to Ashdown
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$3,022,289,707)

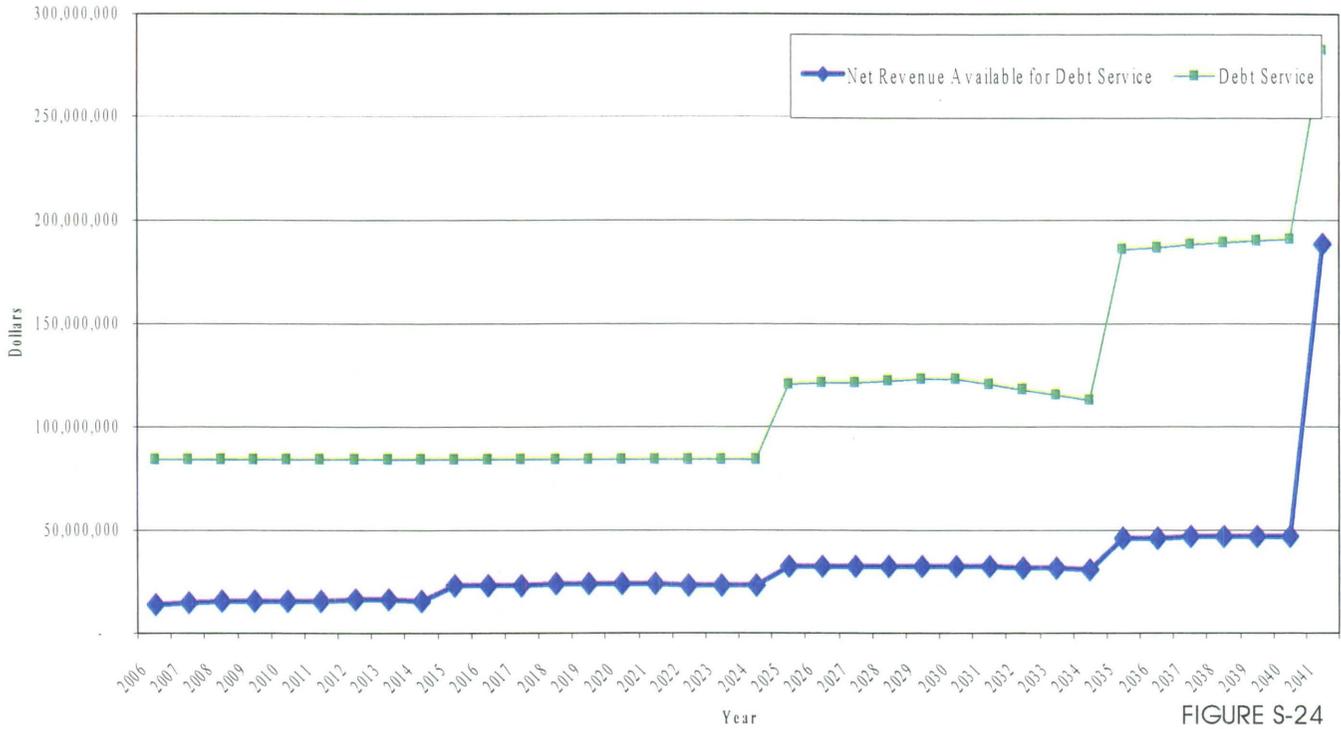


FIGURE S-24

Highway 71: Fort Smith Bypass (4 Lanes)
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$383,478,547)

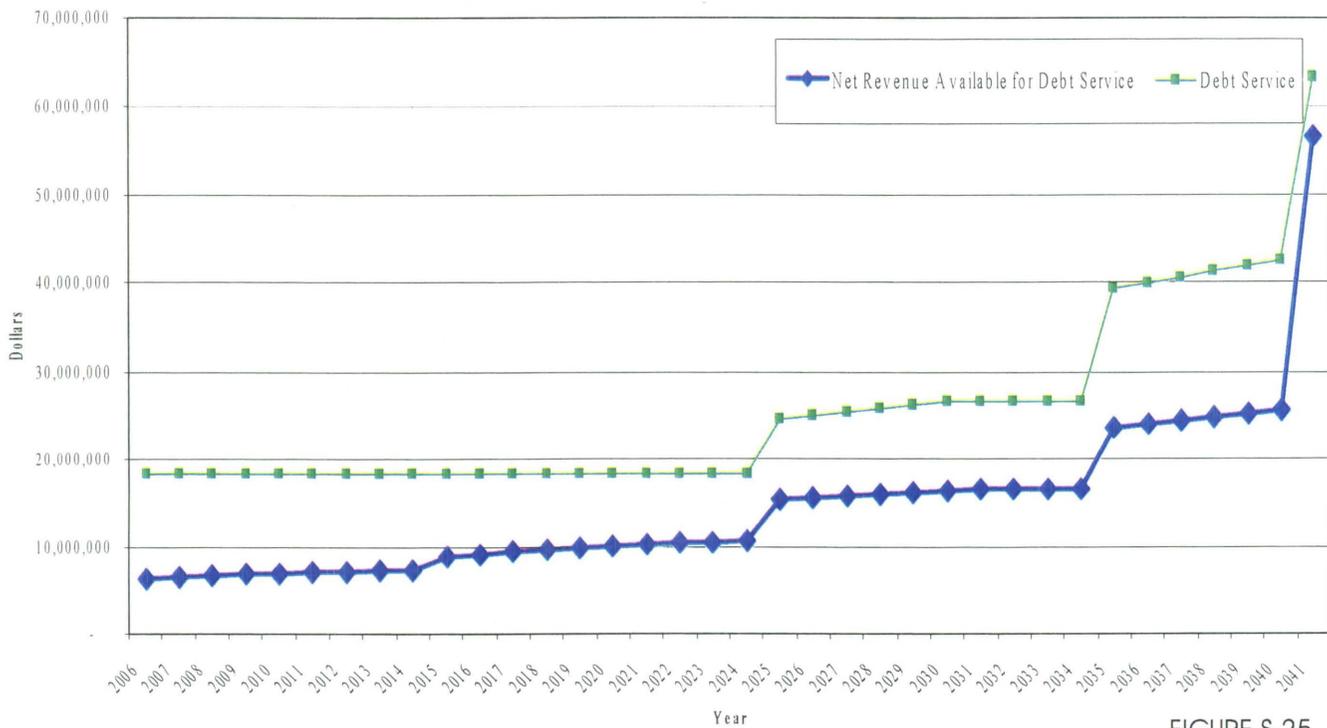


FIGURE S-25

Highway 71: Fort Smith Bypass (2 Lanes)
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$118,752,563)

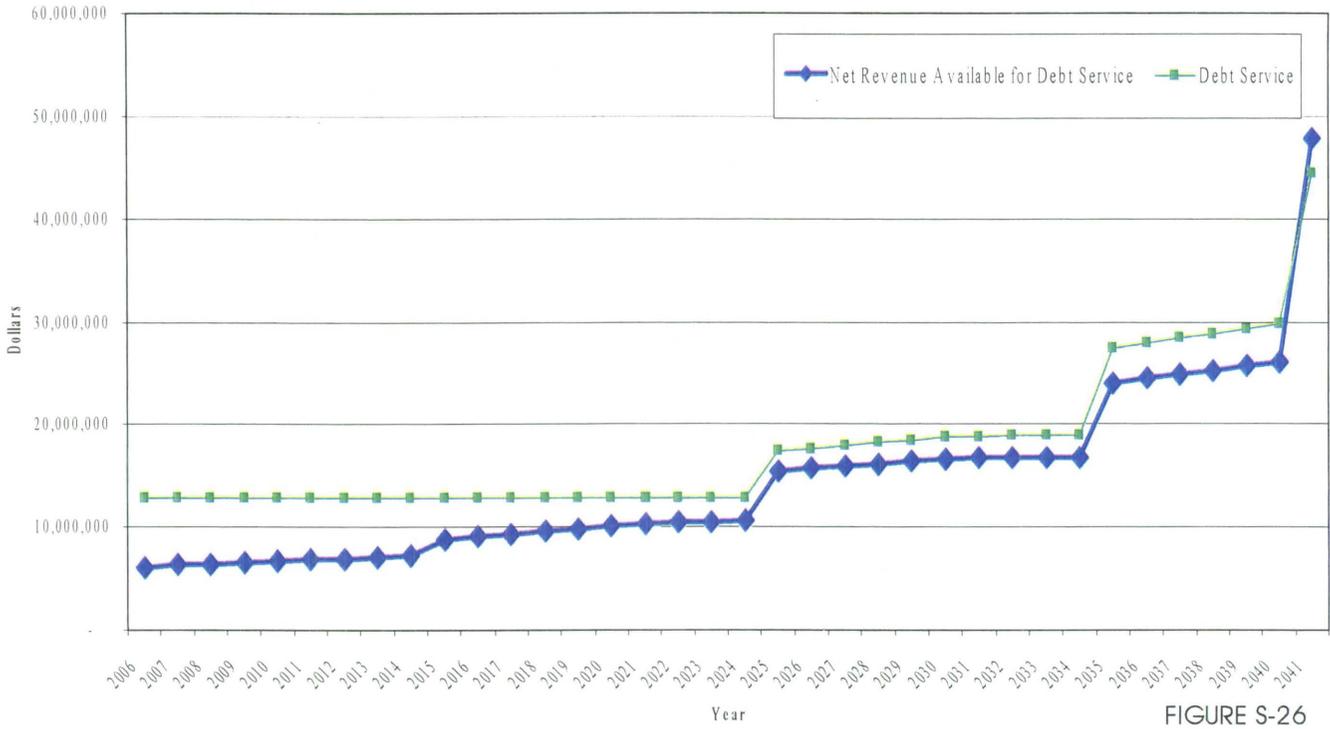


FIGURE S-26

Highway 71: I-30 to Louisiana
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$653,010,055)

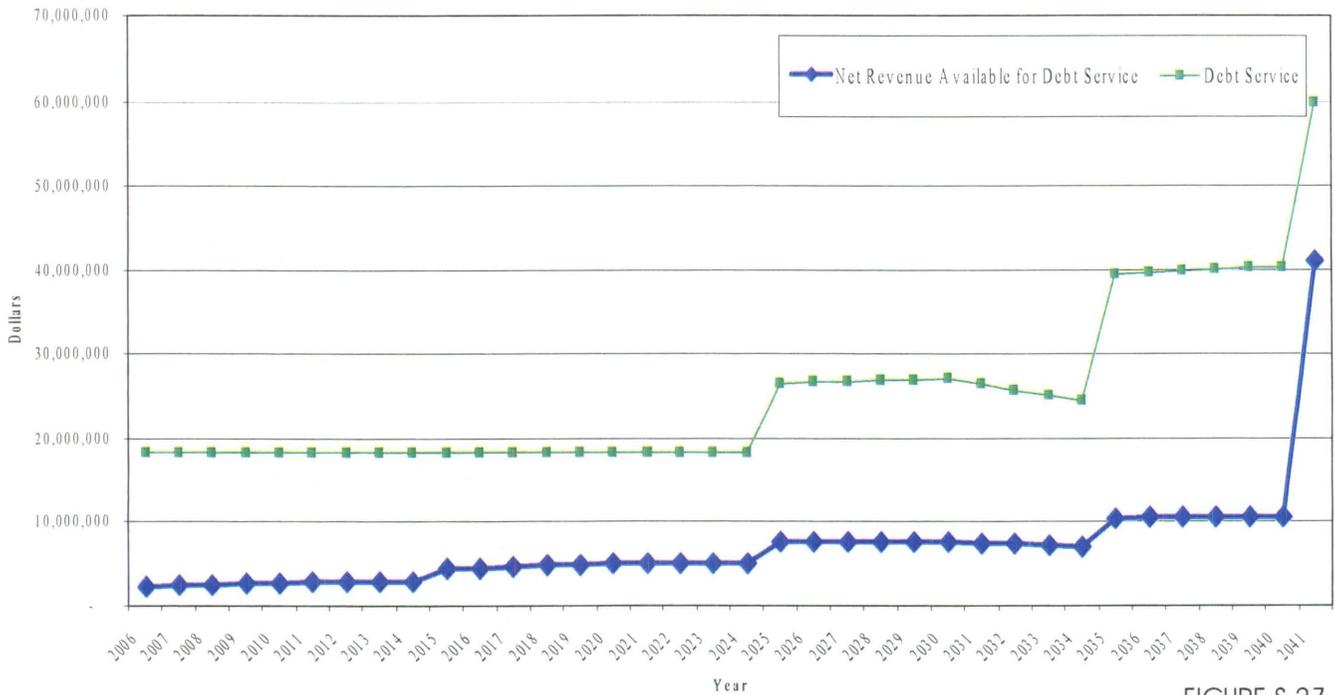


FIGURE S-27

**Table S-6
Highway 412 Project Segments**

	<u>Springdale Bypass</u> (4 Lanes)	<u>Springdale Bypass West</u> (4 Lanes)	<u>Mountain Home To Walnut Ridge</u>	<u>Springdale Bypass</u> (2 Lanes)	<u>Springdale Bypass West</u> (2 Lanes)
Estimated Capital Cost(1)	\$ 230,000,000	\$ 127,000,000	\$ 918,000,000	\$ 143,000,000	\$ 76,000,000
Total Funds Available From Financing(2)	33,417,995	2,282,630	(4)	39,395,329	5,374,721
Total Funding Shortfall	196,582,005	124,717,370	918,000,000	103,604,671	70,625,279
Percentage Of Project Supported By Estimated Revenues(3)	14.53%	1.80%	0.00%	27.55%	7.07%
Years Where Debt Service Can NOT Be Paid Due To Lack Of Available Revenues	2006 - 2014	2005 - 2014	2005 -2041	2006 - 2014	2005 - 2014
Project Status	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible

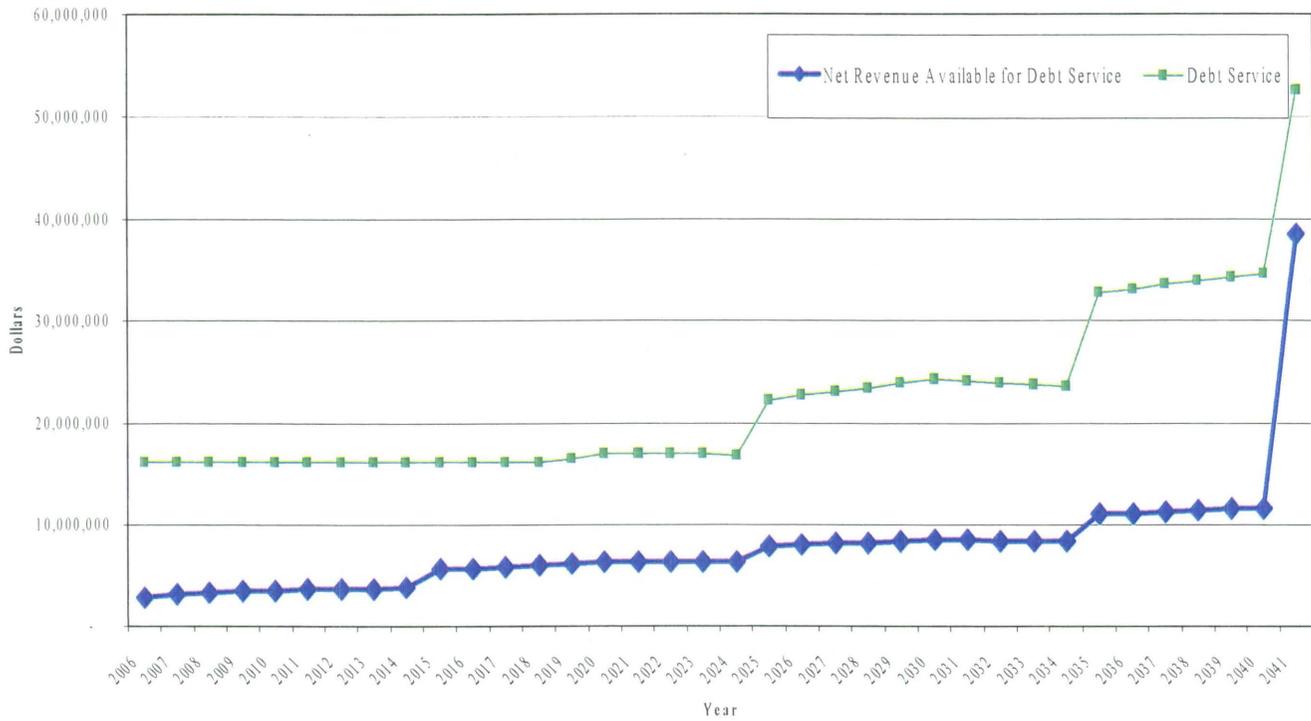
(1) Per estimates provided by HNTB and Garver Engineers to WSA on 10/9/2001.

(2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.

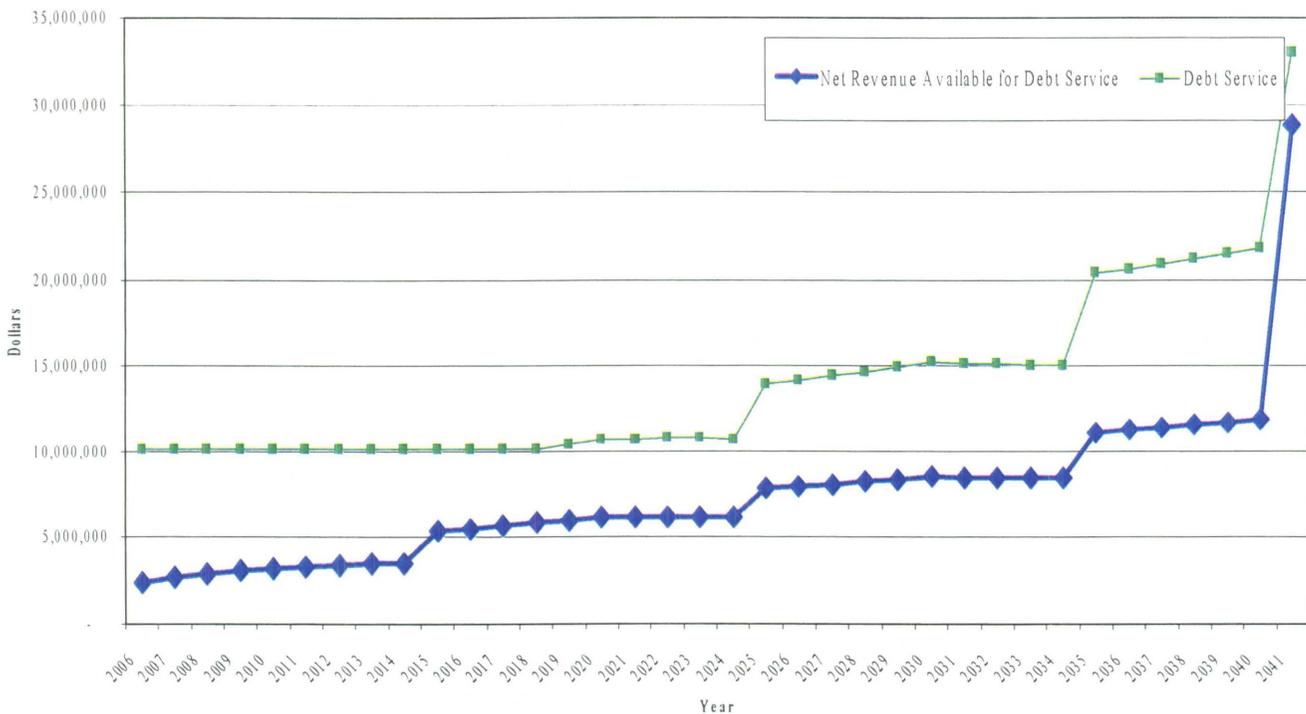
(3) Total construction funds produced in the financing divided by the estimated capital costs.

(4) These projects have negative net annual toll revenue even before debt service in almost every year, making a financing impossible.

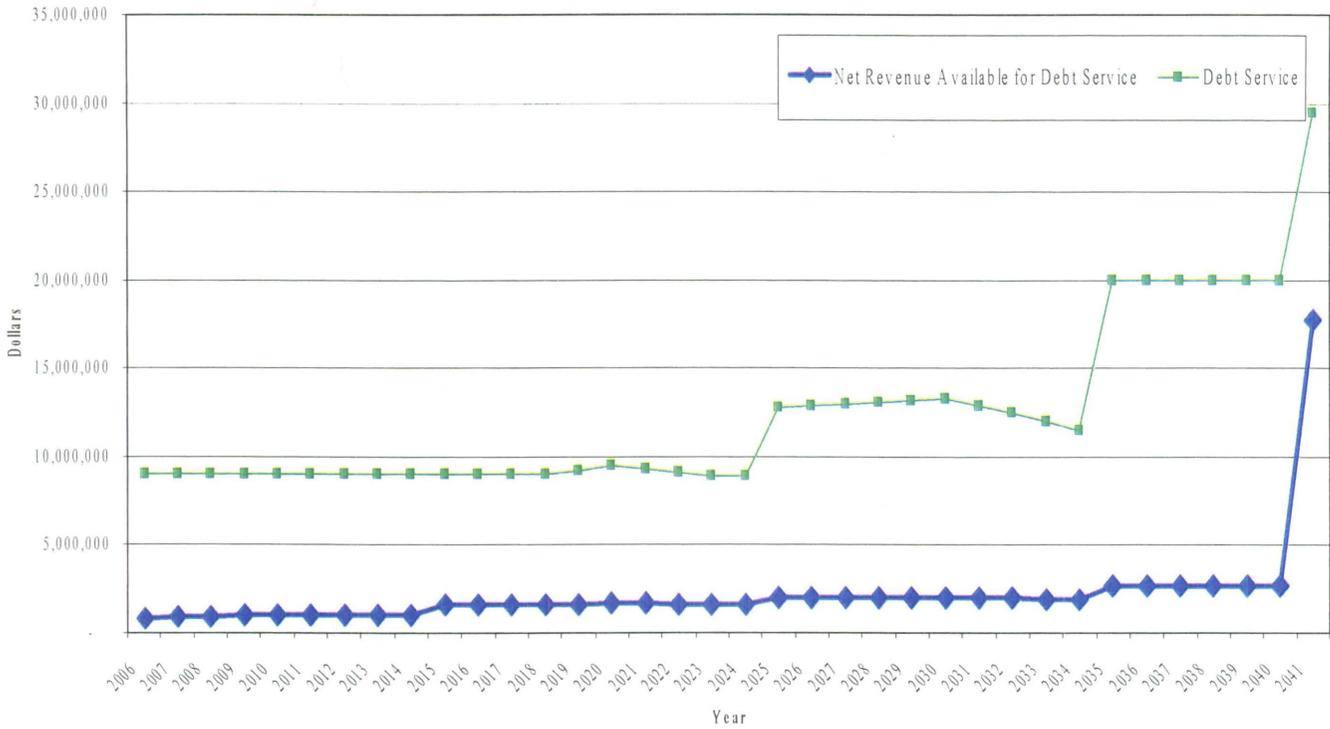
Highway 412: Springdale Bypass (4 Lanes)
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$515,363,067)



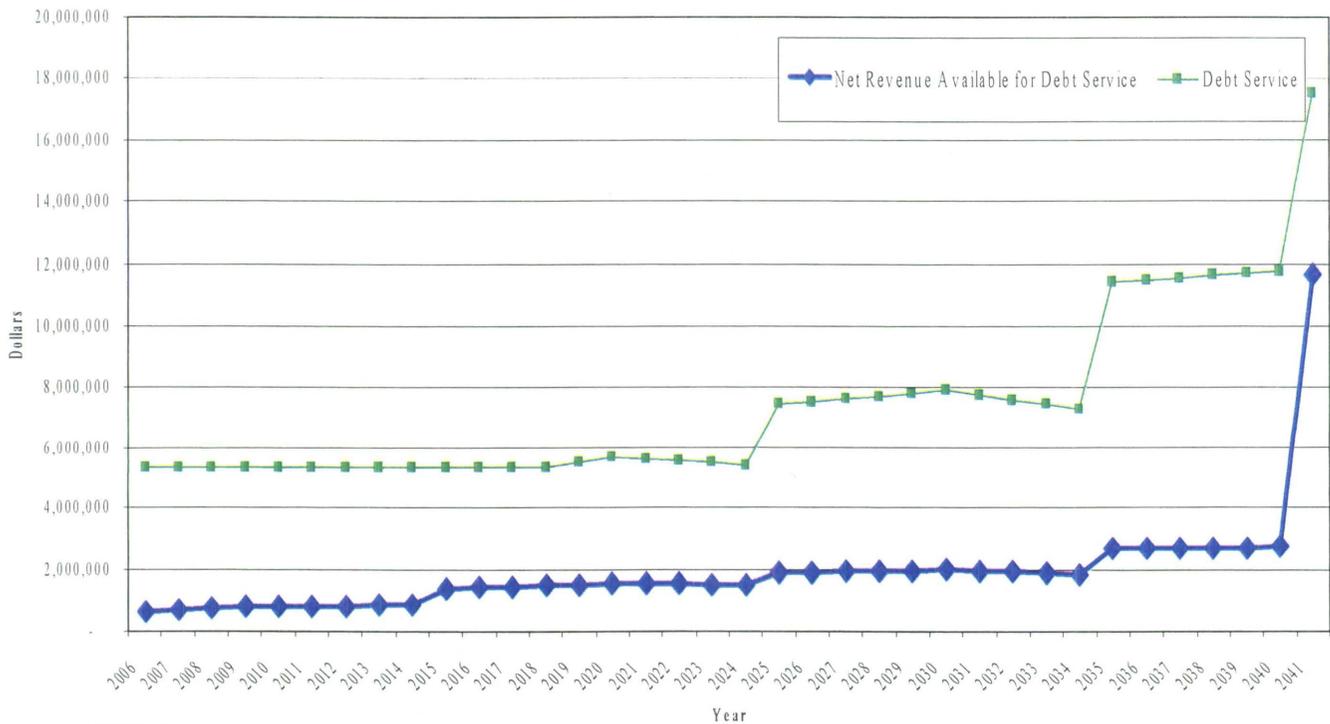
Highway 412: Springdale Bypass (2 Lanes)
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$231,594,486)



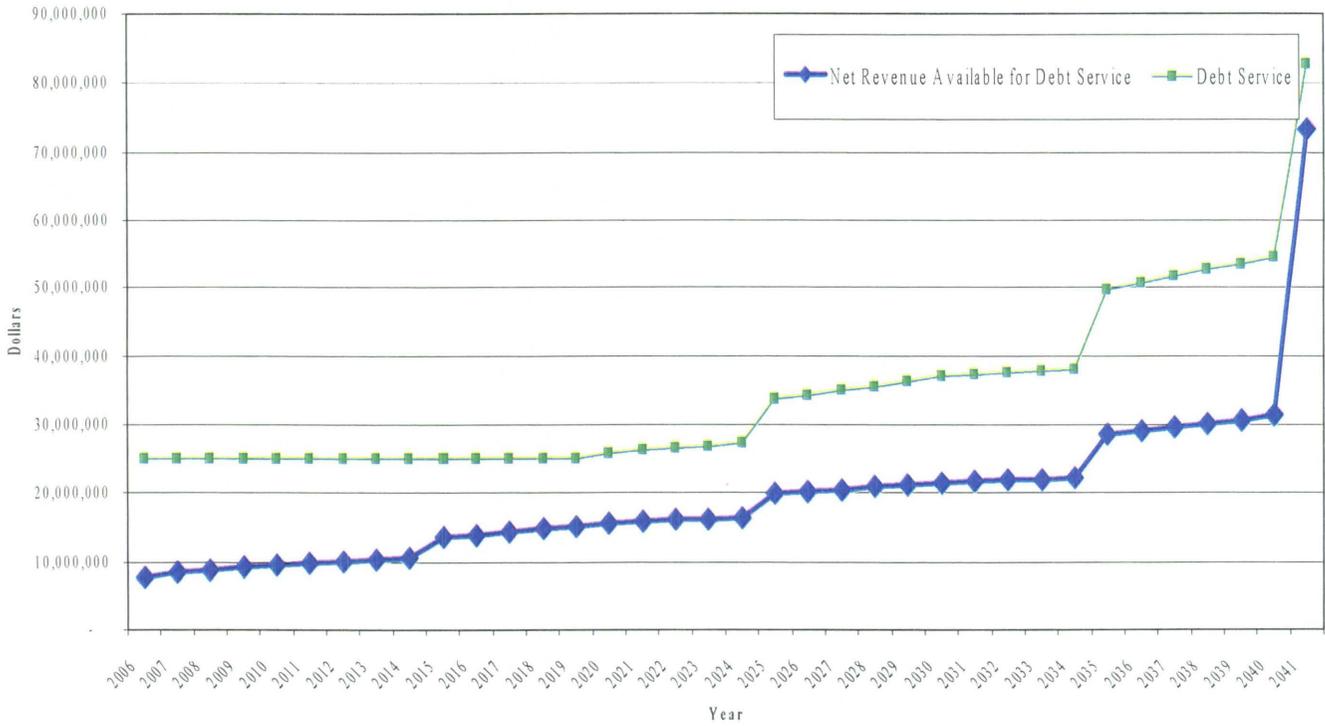
Highway 412: Springdale Bypass West (4 Lanes)
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$366,965,234)



Highway 412: Springdale Bypass West (2 Lanes)
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$195,690,568)



Highway 49 River Crossing
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$527,325,066)



available for debt amortization under this current analysis. However, the percentage of the project supported by revenues as shown in Table S-7 remains low (only 33.6 percent), primarily due to the relatively high capital cost of \$348 million. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED MISSISSIPPI RIVER CROSSING – HIGHWAY 79

As shown in Table S-7 the Proposed Highway 79 River Crossing has a capital cost of about \$472 million. Anticipated revenues to fund this size of project are not generated by the projected toll charges. In fact, the net toll revenues after payment of maintenance and operations are negative in every year even before considering debt service, thus there is no figure for this project. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED MISSISSIPPI RIVER CROSSING – HIGHWAY 82

This project generates relatively large net revenues available for debt amortization under this current analysis. However, the percentage of the project supported by revenues as shown in Table S-7 remains low (only 41.7 percent), primarily due to the relatively high capital cost of \$280 million. As shown in Figure S-31 this project is not financially feasible as a stand-alone toll supported project.

PROPOSED MISSISSIPPI RIVER CROSSING – INTERSTATE 69

As shown in Table S-7 the Proposed Interstate 69 River Crossing has a capital cost of about \$450 million. Anticipated revenues to fund this size of project are not generated by the projected toll charges. In fact, the net toll revenues after payment of maintenance and operations are negative in every year even before considering debt service, thus there is no figure for this project. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED NORTH BELT – U.S. 67/167 TO I-40 WEST

As shown in Table S-8 and depicted in Figure S-32 the proposed North Belt appears to be very close to financial feasibility. The percentage of the project supported by project revenues is 85.9 percent. The significant annual revenues produced in the corridor, coupled with the relatively low capital costs of about \$204 million appear to make this project very close to financial feasibility as a stand-alone toll supported project. However, it should be noted that a detailed, investment-grade traffic and revenue study would need to be completed before a financing could be completed for this project.

PROPOSED HIGHWAY 65N – U.S. 412 TO MISSOURI STATE LINE

As shown in Table S-8, the Proposed Highway 65N has a capital cost of about \$117 million. Even with this relatively small capital cost, anticipated revenues to fund this size of project as shown in Figure S-33 are not generated by the projected toll charges. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED HIGHWAY 67 – NEWPORT TO HOXIE

As shown in Table S-8 the Proposed Highway 67 has a capital cost of about \$224 million. Even with this relatively small capital cost, anticipated revenues to fund this size of project as

**Table S-7
River Crossing Project Segments**

	<u>Highway 49</u>	<u>Highway 79</u>	<u>Highway 82</u>	<u>Interstate 69</u>
Estimated Capital Cost(1)	\$ 348,000,000	\$ 472,000,000	\$ 280,000,000	\$ 450,000,000
Total Funds Available From Financing(2)	116,839,219	(4)	116,631,751	(4)
Total Funding Shortfall	231,160,781	472,000,000	163,368,249	450,000,000
Percentage Of Project Supported By Estimated Revenues(3)	33.57%	0.00%	41.65%	0.00%
Years Where Debt Service Can NOT Be Paid Due To Lack Of Available Revenues	2006 - 2014	2005 - 2041	2005 - 2014	2006 - 2034
Project Status	NOT Feasible	NOT Feasible	NOT Feasible	NOT Feasible

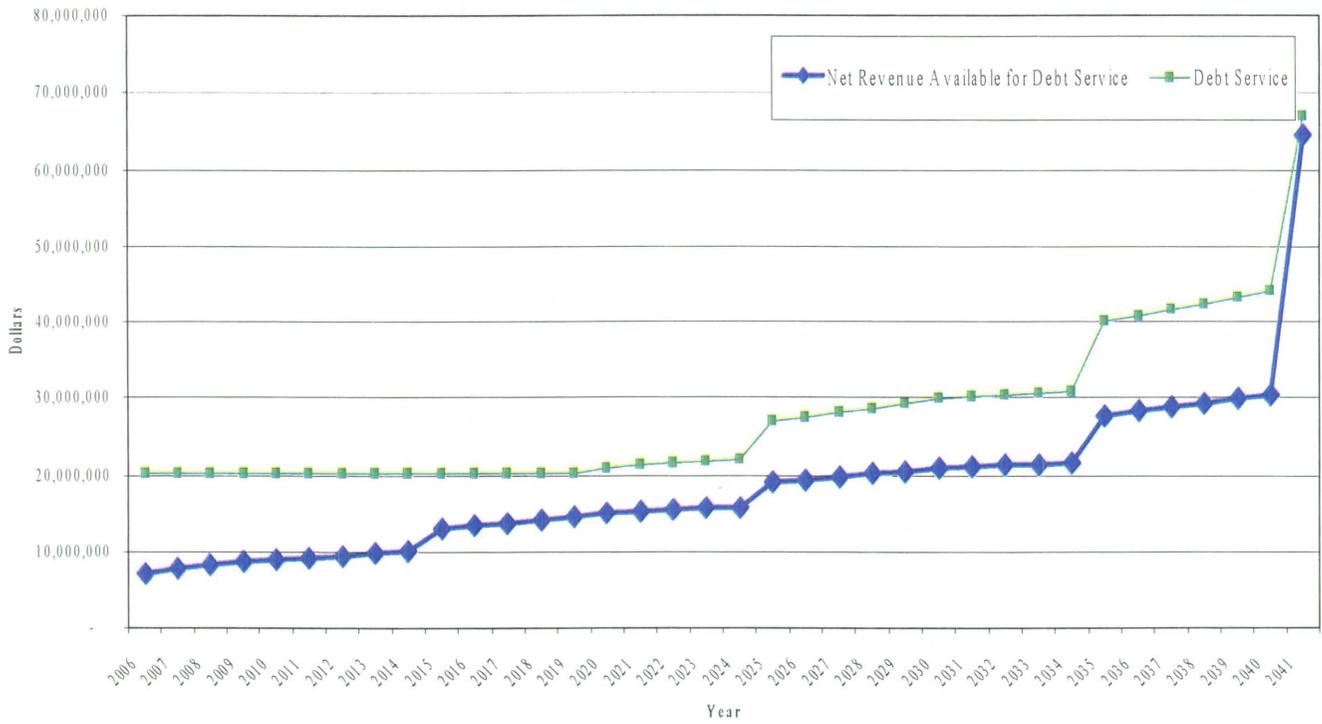
(1) Per estimates provided by HNTB and Garver Engineers to WSA on 10/9/2001.

(2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.

(3) Total construction funds produced in the financing divided by the estimated capital costs.

(4) These projects have negative net annual toll revenue even before debt service in almost every year, making a financing impossible.

Highway 82 River Crossing
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$321,918,107)



**Table S-8
Alternative Project Segments**

	<u>North Belt</u>	<u>Highway 65N</u>	<u>Highway 67</u>	<u>I-530 Extension</u>
Estimated Capital Cost(1)	\$ 204,000,000	\$ 117,000,000	\$ 224,000,000	\$ 392,000,000
Total Funds Available From Financing(2)	175,317,407	8,026,188	27,083,661	(4)
Total Funding Shortfall	28,682,593	108,973,812	196,916,339	392,000,000
Percentage Of Project Supported By Estimated Revenues(3)	85.94%	6.86%	12.09%	0.00%
Years Where Debt Service Can NOT Be Paid Due To Lack Of Available Revenues	2006 - 2014	2005 - 2014	2005 - 2016	2005 - 2041
Project Status	Borderline Feasible	NOT Feasible	NOT Feasible	NOT Feasible

(1) Per estimates provided by HNTB and Garver Engineers to WSA on 10/9/2001.

(2) Total amount of funds available for construction that was produced in the financing analysis. This total accounts for the cash flow shortfalls in the early years that would be required to be made up from some other source.

(3) Total construction funds produced in the financing divided by the estimated capital costs.

(4) These projects have negative net annual toll revenue even before debt service in almost every year, making a financing impossible.

Alternate North Belt
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: \$248,702,815

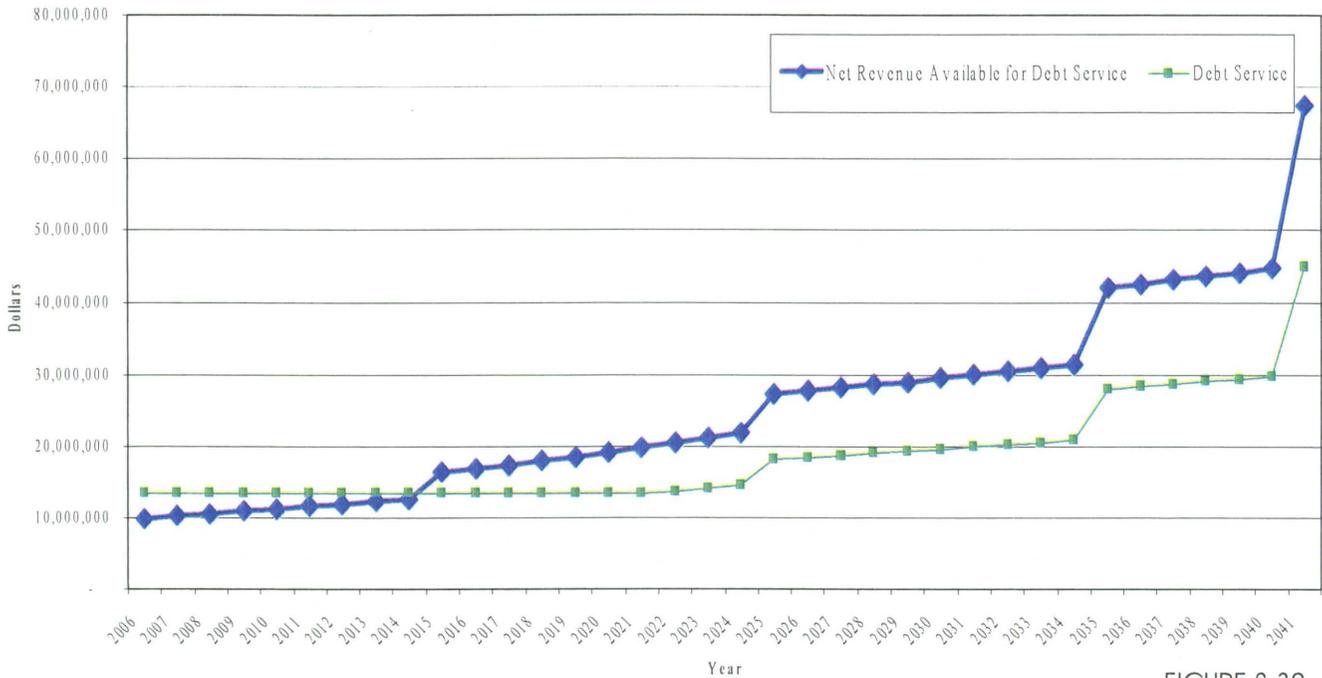


FIGURE S-32

Alternate Highway 65 North
 Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$314,252,763)

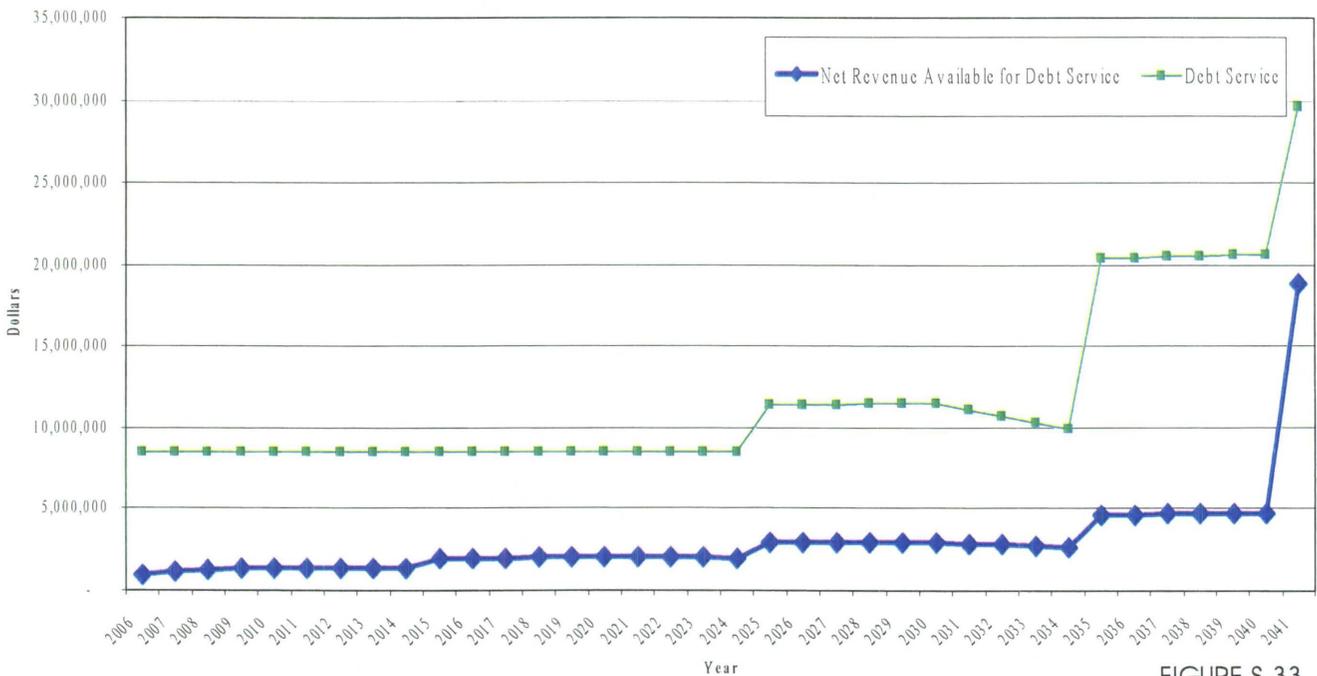


FIGURE S-33

shown in Figure S-34 are not generated by the projected toll charges. This project is not financially feasible as a stand-alone toll supported project.

PROPOSED I-530 EXTENSION – PINE BLUFF TO U.S. 278

The Proposed I-530 Extension has a capital cost as shown in Table S-8 of about \$392 million. Anticipated revenues to fund this size of project are not generated by the projected toll charges. In fact, the net toll revenues after payment of maintenance and operations are negative in every year even before considering debt service, thus there is no figure for this project. This project is not financially feasible as a stand-alone toll supported project.

PROJECT FEASIBILITY FIGURES

The following four figures (Figures S-35 through S-38) present a financial feasibility summary for each project in graphical form.

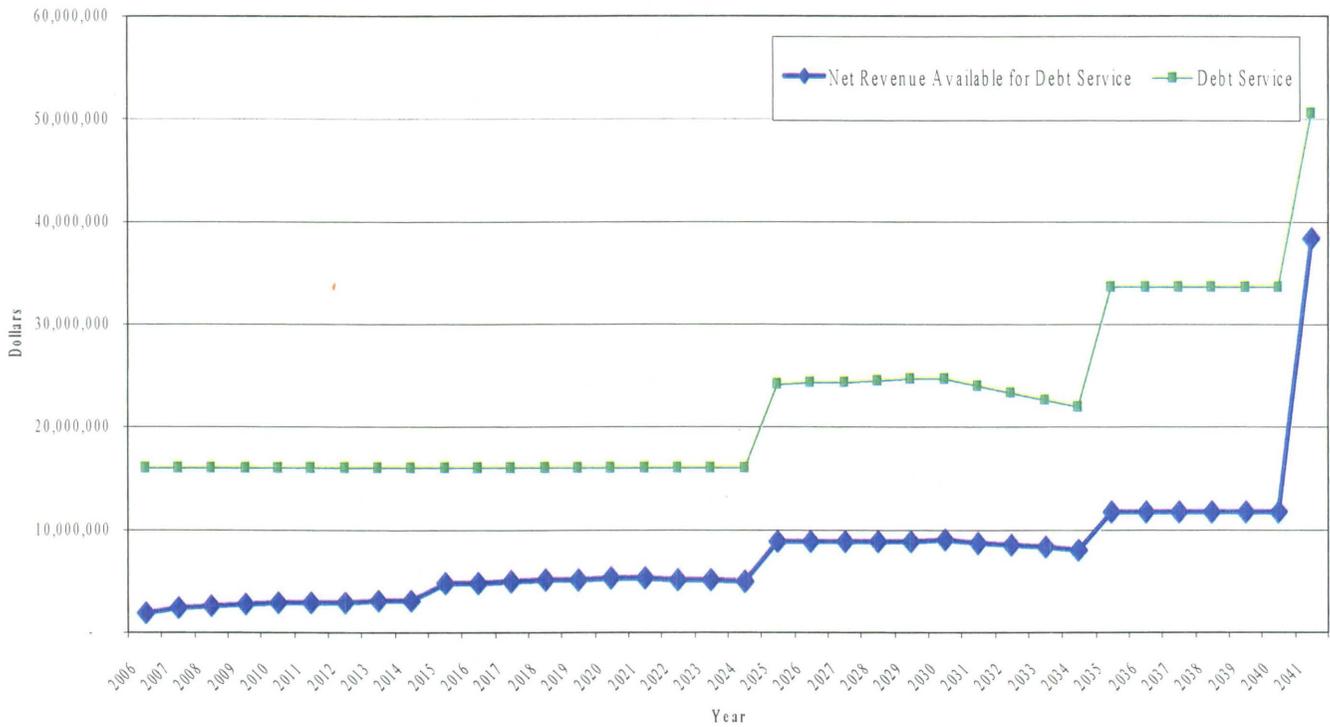
SUMMARY OF TOLL ROAD SYSTEM FINANCING ANALYSIS

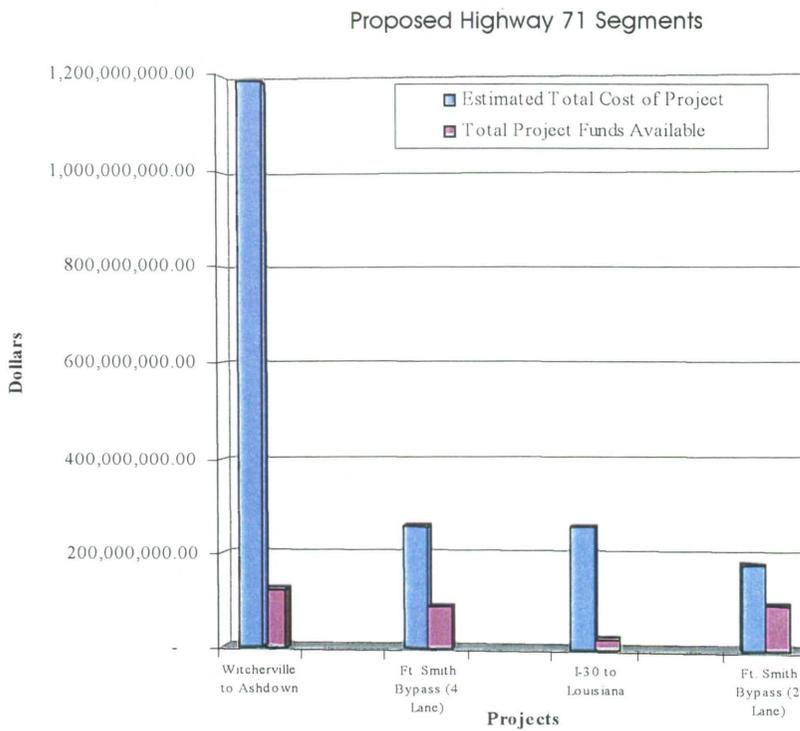
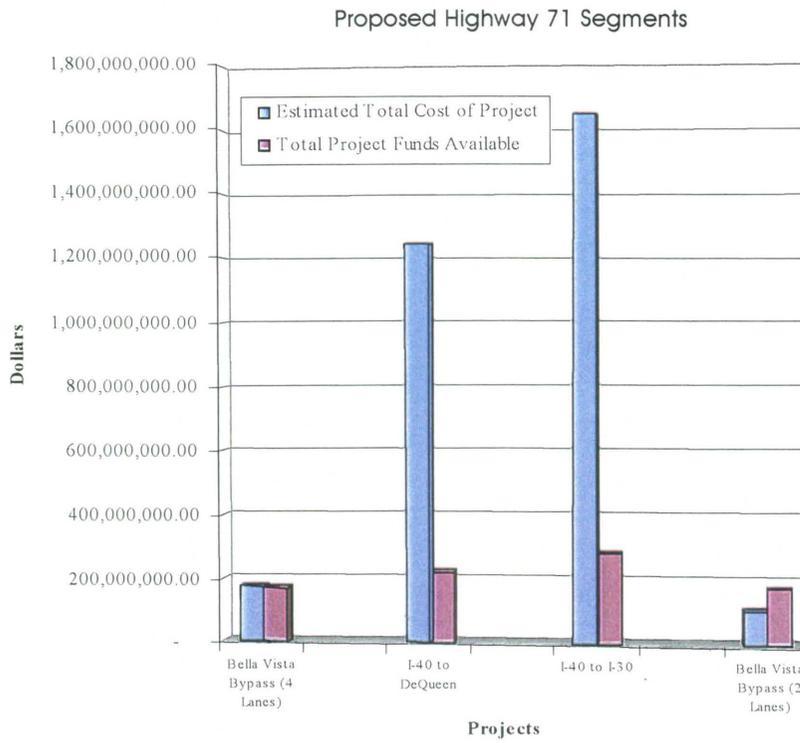
Salomon Smith Barney (SSB) has performed a toll-based system financing analysis including combinations of the following six projects:

- Highway 63 Corridor;
- North Belt Corridor;
- Highway 71 Ft. Smith Segment;
- Highway 71 Bella Vista Segment;
- Highway 49 River Crossing; and
- Highway 82 River Crossing.

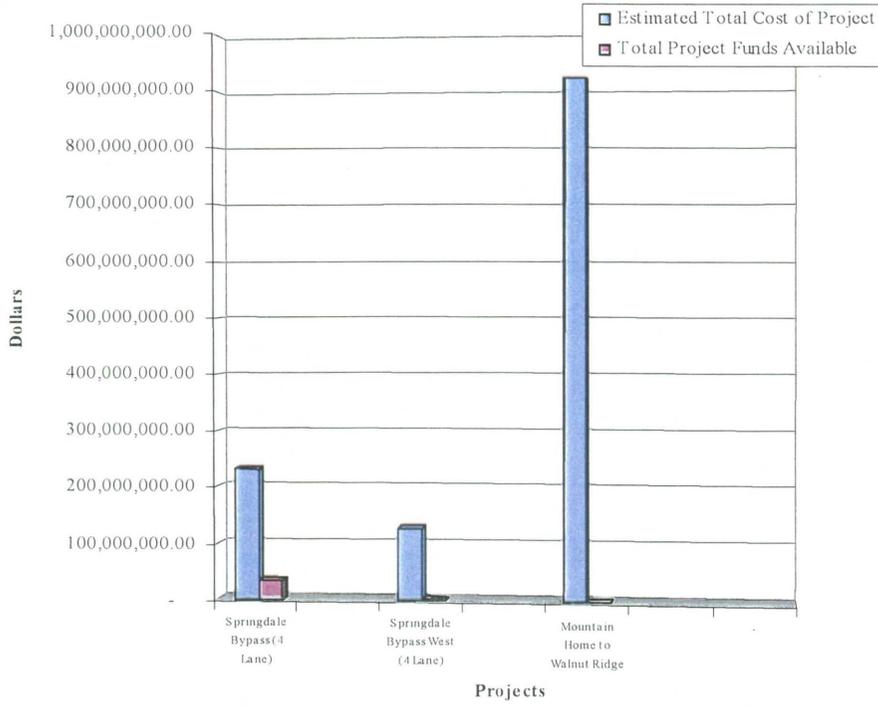
These six projects were selected from the initial larger group of projects because they were the most financially feasible projects that were studied. Each of these projects had an individual feasibility percentage of greater than 33 percent, with the North Belt corridor having the highest feasibility percentage (163 percent). Several different combinations of these projects were analyzed using a system financing approach in order to determine which systems, if any, could be financially feasible. In a system financing, the excess revenues of one facility are pledged to support the construction of additional sections of the other facilities, thereby strengthening the overall system.

Alternate Highway 67
Cumulative Net Surplus/(Deficit) through 2041 for Total Project Financing: (\$519,347,959)

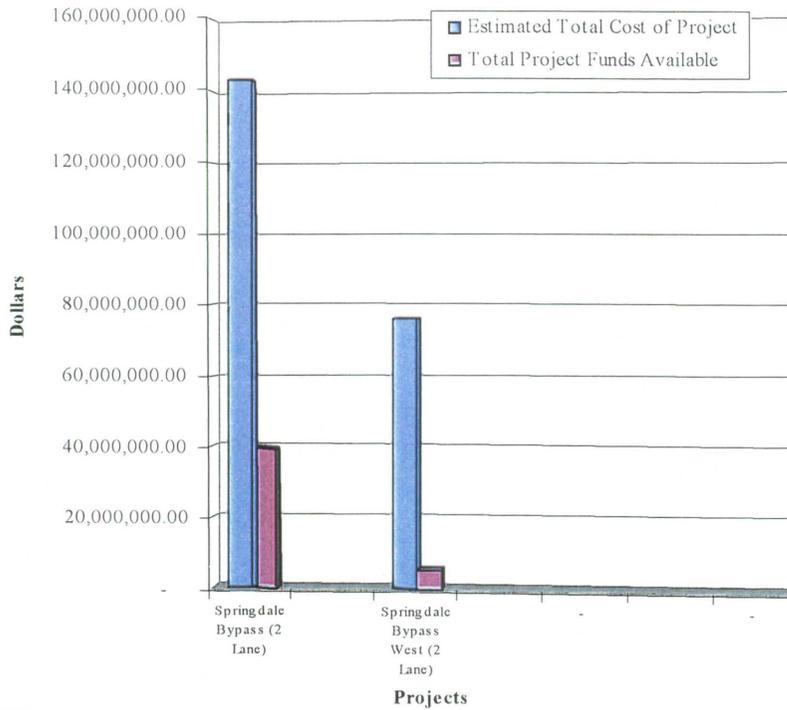




Proposed Highway 412 Segments



Proposed Highway 412 Segments



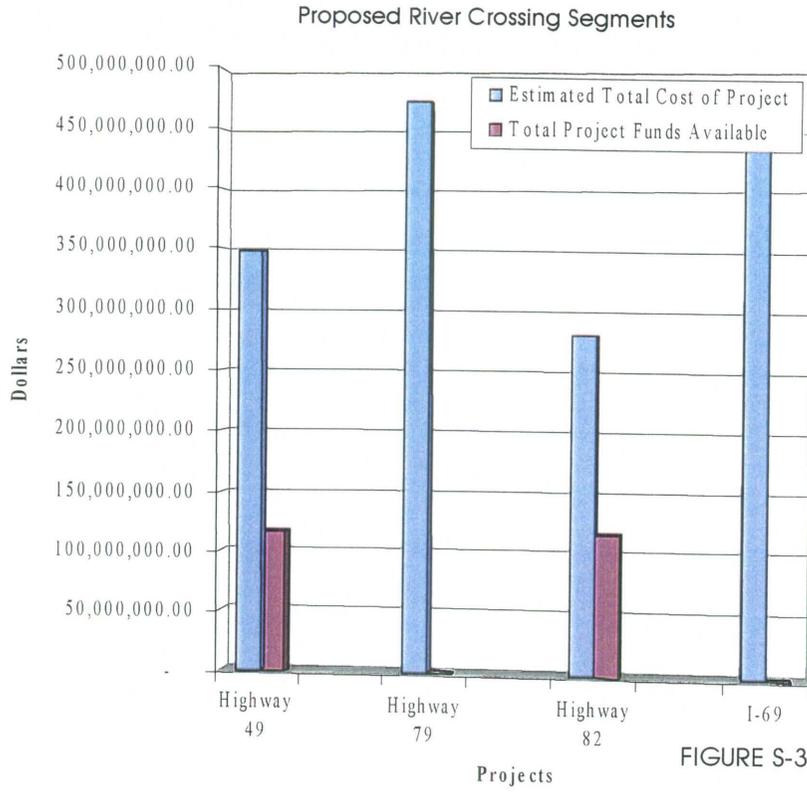


FIGURE S-37

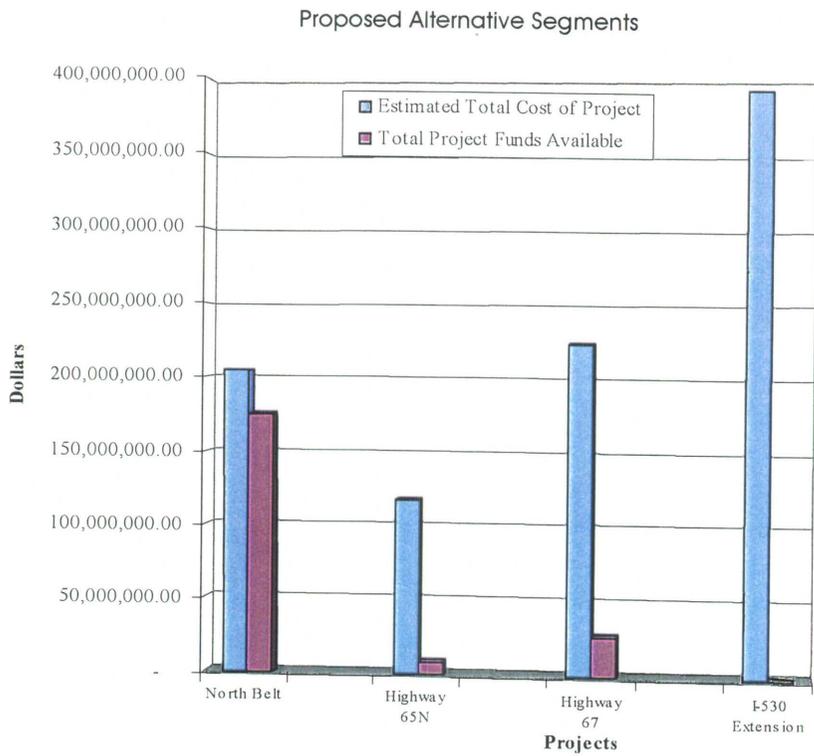


FIGURE S-38



The following systems were studied:

System Description	Projects Included
Base Case	All Six Projects
Base Case 1A	North Belt Corridor, Highway 71 Bella Vista Segment, Highway 71 Fort Smith Segment
Base Case 1B	North Belt Corridor, Highway 71 Bella Vista Segment, Highway 71 Fort Smith Segment
Base Case 2	North Belt Corridor, Highway 71 Bella Vista Segment

In performing its analysis, SSB applied estimates provided by WSA for gross toll revenues and HNTB and GE for operating and maintenance expenses, and overall construction and right-of-way costs. SSB then applied these estimates to develop several system financings. In each of these financings, it was assumed that funds would be derived from three sources:

- Toll Revenue Bonds. The Bonds would have a first lien on net toll revenues, or gross revenues in the Base Case 1B.
- Transportation Infrastructure Finance and Innovation Act (“TIFIA”) Loan. The TIFIA loan would have a second lien on net toll revenues.
- AHTD Transportation Improvement Program (TIP) Funds. These funds have already been programmed into the TIP for the projects studied, so they were considered as a source of funds.

Each of these sources of funds is described in more detail below.

SOURCES OF FUNDS AND FINANCING ASSUMPTIONS

TOLL REVENUE BONDS

The Toll Revenue Bonds would be the first lien on the net toll revenues, while the TIFIA loan, described below, would be the second lien. The Bonds were assumed to receive market interest rates for a financing with bond insurance and an underlying rating in the “BBB” category. However, due to historically low interest rate levels, 100 basis points (or 1 percent) was added to the interest rates on the toll revenue bonds. This was done in order to approximate historical average interest rate levels, as the financings are not expected to be completed in the near term. Salomon Smith Barney feels that it would be overly optimistic to assume that current market interest rates could be achieved for these financings when they are completed, so this conservative adjustment was made. It should be noted that SSB used current market interest

rates in its prior analysis that was completed as part of this study. It would not be accurate to compare the sums of the financing results of any individual projects to the total system financing results obtained below.

The Bonds were assumed to have a 40-year final maturity, coverage levels sufficient to obtain an investment-grade credit rating, and bond insurance in order to obtain a "AAA" rating. The following assumptions were used in developing the toll revenue financings for each of the systems:

Issuance Date for bonds:	January 1, 2002
First Principal Payment Date:	January 1, 2006
Completion of Construction:	January 1, 2005
First Year of Operation of Toll Road:	2005
Final Maturity of Bonds:	January 1, 2042 (40 years from issuance)
Bond Insurance:	Assumed bond insurance at 125 basis points of total debt service. A non-rated issue would have a higher bond insurance rate.
Capitalized Interest:	Interest capitalized through and including July 1, 2005. This is six months past the estimated completion of construction; if construction completion is delayed, these funds can be used as an additional source to repay bonds.
Costs of Issuance:	\$20 per bond (Underwriter's Discount = \$15 per bond; Other Costs of Issuance = \$5 per bond)
Net Funding:	Construction Costs and Capitalized Interest are net funded at the bond yield.
Interest Rates:	"AAA" insured interest rate scale PLUS 100 BASIS POINTS (Due to current market interest rates that are at historically low levels, the interest rate scale was increased by 100 basis points, or 1 percent).
Debt Service Reserve Fund:	Fully funded at issuance of the bonds at the lesser of 1) 10 percent of par, 2) maximum annual debt service, or 3) 125 percent of average annual debt service. Earnings from the reserve fund are used to increase the net revenues available for debt service.
Coverage Level:	150 percent of net revenues available for debt service to achieve investment-grade ratings.
Solution Method:	Bonds were solved to produce level annual coverage of 150 percent of net revenues available for debt service
Reserve Maintenance Fund:	An annual deposit was made to a reserve maintenance fund in an amount determined by HNTB and GE.

TIFIA LOANS

The TIFIA program, which is administered by the U.S. Department of Transportation (USDOT), was created by TEA-21 to provide loans, lines of credit, and loan guarantees to eligible highway, rail, transit, and intermodal projects. TIFIA provides annual funding for both total credit

amounts (the total principal amount that may be committed for projects) and subsidy amounts (the amount of budget authority available to cover the Government's estimated losses). The amount of TIFIA credit assistance provided to a project may not exceed 33 percent of the eligible project costs.

Recipients of TIFIA assistance are selected on a competitive basis pursuant to eight statutory criteria set forth in 23 U.S.C. 182(b). These criteria include (1) the extent to which the project is nationally or regionally significant; (2) the creditworthiness of the project; (3) the extent to which the project fosters innovative public-private partnerships and attracts private debt or investment; (4) the likelihood of the assistance of accelerating project development; (5) the extent to which the project uses new technologies; (6) the amount of budget authority required; (7) the extent to which the project helps protect the environment; and (8) the extent to which the assistance reduces the need for Federal grants.

The TIFIA Loan would be a second lien on net project revenues, second in priority only to the Toll Revenue Bonds (described above). The borrowing rate for the TIFIA Loan is the rate of the comparable United States Treasury Security at the time of the loan commitment, plus five basis points for servicing by the USDOT. In this case, since the final maturity for the TIFIA Loan is expected to be at least 30-years in the future, the 30-year Treasury rate is the anticipated rate. The minimum coverage allowed by the USDOT in the TIFIA Program is 110 percent. However, for the same reasons as explained above, the TIFIA loan rate was increase by 100 basis points (1 percent) in order to compensate for historically low Treasury rates.

One of the attractive features of a TIFIA loan is that no payments need to be made to the USDOT during the construction period or during the first five years of operation of the Project, although interest does accrue during this time period. However, before debt service payments begin, negative amortization occurs and the balance of the loan is increased. This delayed amortization assists projects in working through the "ramp-up" period before project revenues increase to stable levels. The following assumptions were used in developing the TIFIA Loans for each of the systems:

Issuance Date for Loan:	January 1, 2002
First Principal Payment Date:	January 1, 2010
Completion of Construction:	January 1, 2005
First Year of Operation of Toll Road:	2005
Final Maturity of Bonds:	January 1, 2037 (35 years from issuance)
Deferral of TIFIA Interest:	Interest payments were deferred and added to the loan balance for one-year beyond the opening of the project (through 1/1/06).
Funding:	Construction Costs were drawn down equally from January 1, 2002 through January 1, 2005. Interest charges do not begin to accrue until the money is drawn down from the Federal DOT.
Interest Rates:	Current 30-Year Treasury Rate PLUS 100 BASIS POINTS (Due to current market interest rates that are at historically

low levels, the interest rate was increased by 100 basis points, or 1 percent).

Debt Service Reserve Fund: NONE
 Capitalized Interest: NONE
 Coverage Level: 110 percent of net revenues available for Loan payments, after payment of the Bonds.

AHTD TIP FUNDS

AHTD provided a schedule of funds that have already been programmed into the State's TIP for the projects studied. In completing this system financing, it was assumed that these TIP funds were available as a source of funds. A summary of the funds assumed to be available (in millions of dollars) is presented below:

<u>Project</u>	<u>Funds Available (Millions)</u>
Highway 63 Corridor	\$29.3
North Belt Corridor	3.1
Highway 71 Fort Smith Segment	18.1
Highway 71 Bella Vista Segment	36.3
Highway 49 River Crossing	0.0
Highway 82 River Crossing	<u>99.8</u>
Total	186.6

If a project was included in a proposed system, then the corresponding amount of TIP funding was assumed to be available for that project. For example, if a system only included the North Belt and Bella Vista segments, then the TIP funds available would total \$39.4 million.

SUMMARY OF RESULTS

The following is a summary of the four system financings that were analyzed:

System Description	Projects Included	Gross or Net Pledge for O&M
Base Case	All Six Projects	Net Pledge (O&M is paid for by toll revenues first; AHTD has no obligation to pay O&M)
Base Case 1A	North Belt Corridor, Highway 71 Bella Vista Segment, Highway 71 Fort Smith Segment	Net Pledge (O&M is paid for by toll revenues first; AHTD has no obligation to pay O&M)
Base Case 1B	North Belt Corridor, Highway 71 Bella Vista Segment, Highway 71 Fort Smith Segment	Gross Pledge (AHTD pays O&M for first 10 years of operation, but is repaid in later years with excess revenues)
Base Case 2	North Belt Corridor, Highway 71 Bella Vista Segment	Net Pledge (O&M is paid for by toll revenues first; AHTD has no obligation to pay O&M)

The results are presented in Table S-9 below.

**Table S-9
FEASIBILITY TABLE**

	<u>Base Case</u>	<u>Base Case 1A</u>	<u>Base Case 1B</u>	<u>Base Case 2</u>
Estimated Capital Cost (1)	\$1,374,000,000	\$637,000,000	\$637,000,000	\$381,000,000
Total Funds Available from Financing (2)	\$942,502,797	\$543,305,464	\$604,712,461	\$381,001,711
Total Funding Shortfall	\$431,497,203	\$93,694,536	\$32,287,539	NONE
Percentage of Project Supported by Estimated Revenues (3)	68.60%	85.29%	94.93%	100.00%
Project Status	Not Feasible	Borderline Feasible	Borderline Feasible	Feasible

1) Per estimates provided by HNTB and GE to WSA on 11/9/2001.

2) Total amount of funds available for construction that was produced in the financing analysis. This total includes the AHTD TIP funds that are available for this system.

3) Total construction funds produced in the financing divided by the estimated capital costs.

PROJECT FEASIBILITY CHARTS AND GRAPHS

The following charts and graphs present the financial feasibility of each project in graphical form. A summary and discussion of the financial feasibility of each system are also presented.

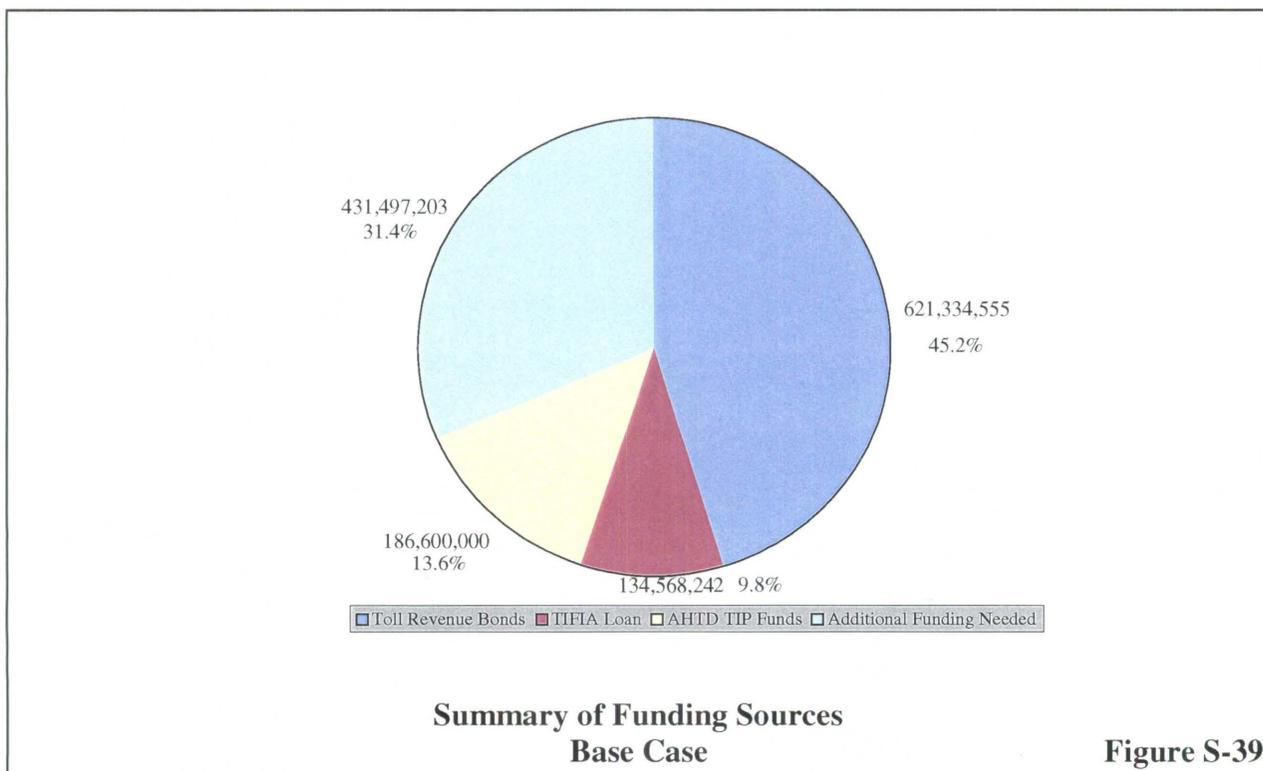
The Base Case produces a significant shortfall in the amount of funding needed to complete this system (\$431.5 million), producing a feasibility percentage of 68.6 percent as shown in Table S-10 and Figure S-39. The Base Case suffers primarily from the low feasibility of the two river crossings, which have relatively high capital costs and low toll revenues generated. This system does not appear to be financially feasible.

Table S-10
Project Feasibility Summary
Base Case

	<u>Toll Revenue Bonds</u>	<u>TIFIA Loan</u>	<u>AHTD TIP Funds</u>	<u>Total</u>
SOURCES:				
Par Amount of Bonds	765,328,694	134,568,242	0	899,896,936
AH&TD TIP	0	0	186,600,000	186,600,000
Total Sources	765,328,694	134,568,242	186,600,000	1,086,496,936
USES:				
Construction Fund Deposit	561,206,077	134,568,242	186,600,000	882,374,319
Capitalized Interest Fund Deposit	71,473,693	0	0	71,473,693
Debt Service Reserve Fund Deposit	76,532,869	0	0	76,532,869
Underwriter's Discount	11,479,930	0	0	11,479,930
Costs of Issuance	3,826,643	0	0	3,826,643
Municipal Bond Insurance	40,808,231	0	0	40,808,231
Contingency	1,250	0	0	1,250
Total Uses	765,328,694	134,568,242	186,600,000	1,086,496,936

CONSTRUCTION FUND SUMMARY:

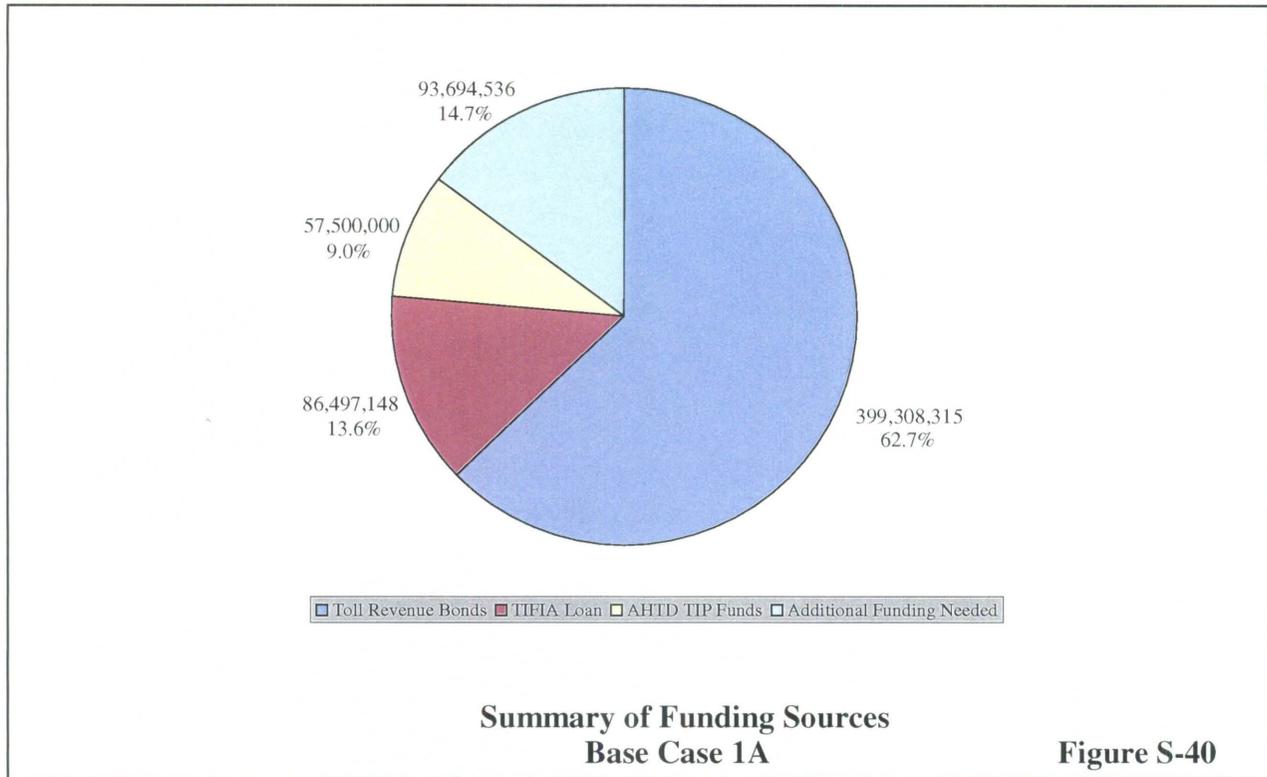
Total Construction Fund Draws	621,334,555	134,568,242	186,600,000	942,502,797
Total Cost of Project				1,374,000,000
Funding Surplus/(Shortfall)				(431,497,203)
Percentage of Project Supported				68.6%



In order to improve feasibility, the river crossings were removed from Base Case 1A. The Highway 63 Corridor was also removed. The shortfall is significantly reduced in this system, decreasing to \$93.7 million, and the feasibility percentage is improved to 85.3 percent as presented in Table S-11. With an additional source of funding to cover the 14.7 percent shortfall, this system could potentially be feasible (see Figure S-40). Additionally, because this system is relatively close to financial feasibility, a more refined analysis of the system's costs and toll revenues may allow this system to become financially feasible.

Table S-11
Project Feasibility Summary
Base Case 1A

	<u>Toll Revenue Bonds</u>	<u>TIFIA Loan</u>	<u>AHTD TIP Funds</u>	<u>Total</u>
SOURCES:				
Par Amount of Bonds	494,472,397	86,497,148	0	580,969,545
AH&TD TIP	0	0	57,500,000	57,500,000
Total Sources	494,472,397	86,497,148	57,500,000	638,469,545
USES:				
Construction Fund Deposit	360,671,225	86,497,148	57,500,000	504,668,373
Capitalized Interest Fund Deposit	47,962,816	0	0	47,962,816
Debt Service Reserve Fund Deposit	49,447,240	0	0	49,447,240
Underwriter's Discount	7,417,086	0	0	7,417,086
Costs of Issuance	2,472,362	0	0	2,472,362
Municipal Bond Insurance	26,500,527	0	0	26,500,527
Contingency	1,141	0	0	1,141
Total Uses	494,472,397	86,497,148	57,500,000	638,469,545
CONSTRUCTION FUND SUMMARY:				
Total Construction Fund Draws	399,308,315	86,497,148	57,500,000	543,305,464
Total Cost of Project				637,000,000
Funding Surplus/(Shortfall)				(93,694,536)
Percentage of Project Supported				85.3%



Base Case 1B is pushed even closer to financial feasibility, as this case involves a gross pledge of AHTD to pay operations and maintenance (O&M) for the first ten years of operations. This reduces the pressure during the early “ramp-up” years of the toll system, allowing the financing proceeds to increase by about \$61 million. This reduces the shortfall to \$32.3 million and increases the feasibility percentage to 94.9 percent as shown in Table S-12. Although AHTD would have to pay approximately \$46.5 million to support O&M of the toll system during the first ten years of operations of the system in our analysis, AHTD would be repaid fully by 2019. This gross pledge makes Base Case 1B basically financially feasible. A summary of funding sources is presented in Figure S-41.

Table S-12
Project Feasibility Summary
Base Case 1B

	<u>Toll Revenue Bonds</u>	<u>TIFIA Loan</u>	<u>AHTD TIP Funds</u>	<u>Total</u>
SOURCES:				
Par Amount of Bonds	528,858,811	110,760,023	0	639,618,834
AH&TD TIP	0	0	57,500,000	57,500,000
Total Sources	528,858,811	110,760,023	57,500,000	697,118,834
USES:				
Construction Fund Deposit	394,341,074	110,760,023	57,500,000	562,601,097
Capitalized Interest Fund Deposit	43,772,307	0	0	43,772,307
Debt Service Reserve Fund Deposit	52,885,881	0	0	52,885,881
Underwriter's Discount	7,932,882	0	0	7,932,882
Costs of Issuance	2,644,294	0	0	2,644,294
Municipal Bond Insurance	27,281,123	0	0	27,281,123
Contingency	1,250	0	0	1,250
Total Uses	528,858,811	110,760,023	57,500,000	697,118,834
CONSTRUCTION FUND SUMMARY:				
Total Construction Fund Draws	436,452,438	110,760,023	57,500,000	604,712,461
Total Cost of Project				637,000,000
Funding Surplus/(Shortfall)				(32,287,539)
Percentage of Project Supported				94.9%

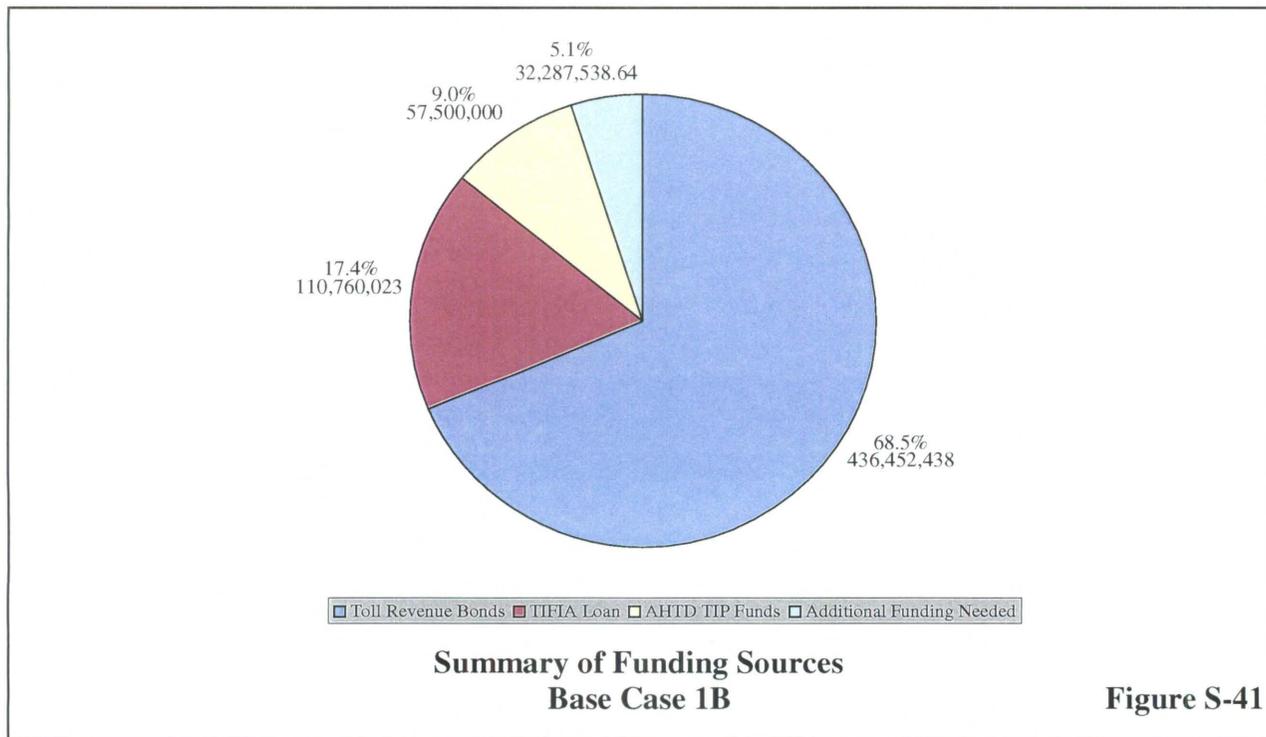
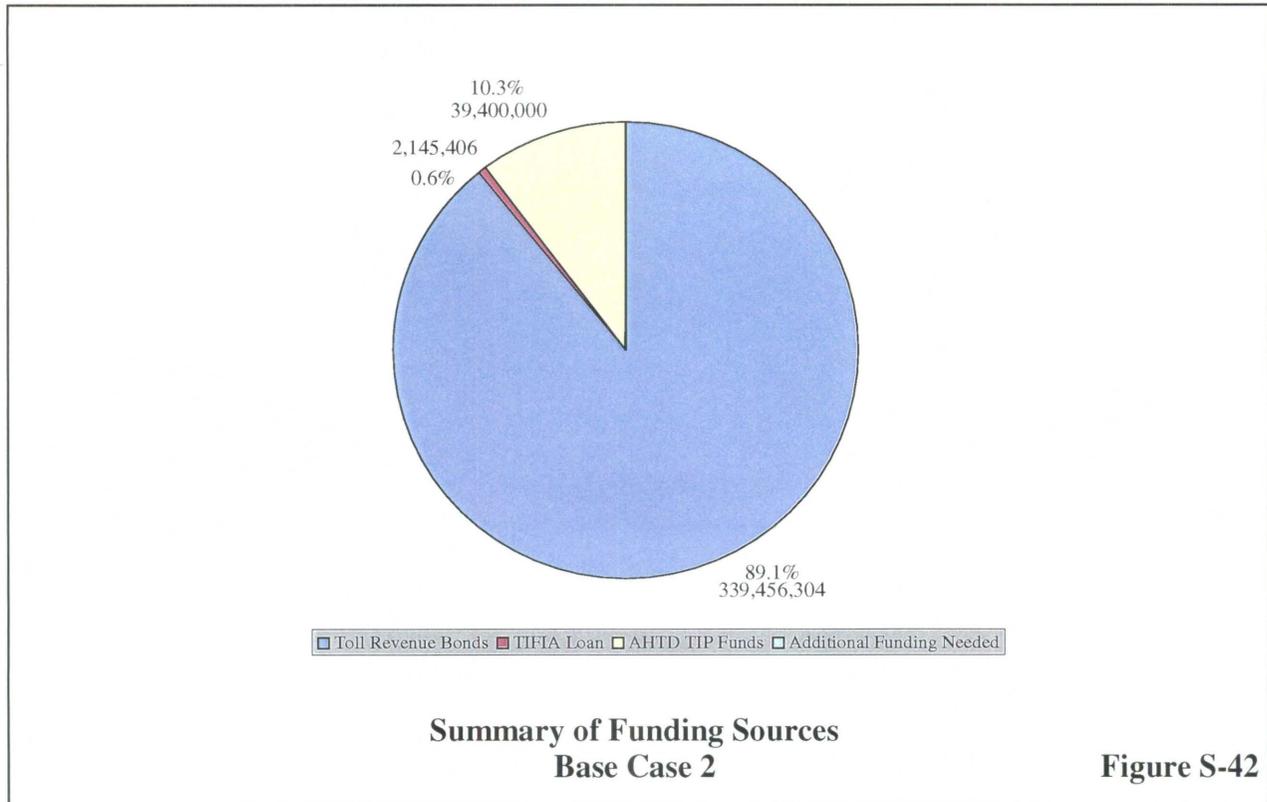


Figure S-41

Base Case 2 includes only the North Belt Corridor and the Bella Vista Segment of Highway 71 in this system. As these two projects were the most financially feasible on an individual basis, it stands to reason that the combination of these projects would be financially feasible as shown in Table S-13. The TIFIA loan is reduced to almost zero in this system financing, with the AHTD TIP funds and the toll revenue bonds providing the necessary funds to construct this system as presented in Figure S-42. In an actual financing, less debt based on toll revenues would be issued and a larger TIFIA loan utilized.

Table S-13
Project Feasibility Summary
Base Case 2

	<u>Toll Revenue Bonds</u>	<u>TIFIA Loan</u>	<u>AHTD TIP Funds</u>	<u>Total</u>
SOURCES:				
Par Amount of Bonds	420,208,197	2,145,406	0	422,353,603
AH&TD TIP	0	0	39,400,000	39,400,000
Total Sources	420,208,197	2,145,406	39,400,000	461,753,603
USES:				
Construction Fund Deposit	306,606,061	2,145,406	39,400,000	348,151,468
Capitalized Interest Fund Deposit	40,632,348	0	0	40,632,348
Debt Service Reserve Fund Deposit	42,020,820	0	0	42,020,820
Underwriter's Discount	6,303,123	0	0	6,303,123
Costs of Issuance	2,101,041	0	0	2,101,041
Municipal Bond Insurance	22,543,554	0	0	22,543,554
Contingency	1,250	0	0	1,250
Total Uses	420,208,197	2,145,406	39,400,000	461,753,603
CONSTRUCTION FUND SUMMARY:				
Total Construction Fund Draws	339,456,304	2,145,406	39,400,000	381,001,711
Total Cost of Project				381,000,000
Funding Surplus/(Shortfall)				1,711
Percentage of Project Supported				100.0%



CONCLUSION

We can conclude that, based on our assumptions and the data that has been provided to us, that Base Case 1A and Base Case 1B are nearly financially feasible, and that Base Case 2 is financially feasible. If AHTD were to pursue any of these system financings, particularly Base Case 2, it appears that financings could be arranged that secure the necessary funds to construct and operate these systems. It should be noted that a detailed, investment-grade traffic and revenue study will need to be completed before a financing is completed for any of the systems proposed.

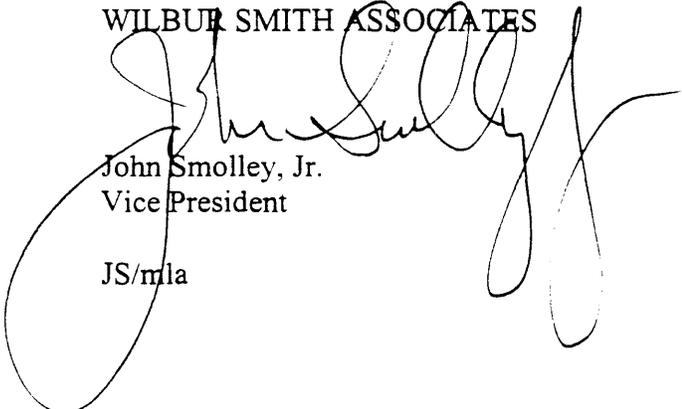
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Current professional practices and procedures were used in the development of these findings. However, there is considerable uncertainty inherent in future traffic and revenue forecasts for any toll facility. There may sometimes be differences between forecasted and actual results caused by events and circumstances beyond the control of the forecasters. These differences could be material. Also, it should be recognized that traffic and revenue forecasts in this document are intended to reflect the overall estimated long-term trend. Actual experience in any given year may vary due to economic conditions and other factors.

Our project managers Raymond P. Richard, Paul M. Marcella and Robert J. Torello, and other members of the WSA study team, greatly acknowledges the assistance provided by AHTD staff. We sincerely appreciate the opportunity to participate in this important analysis, and stand ready to assist the AHTD on future projects.

Respectfully submitted,

WILBUR SMITH ASSOCIATES



John Smolley, Jr.
Vice President

JS/mla