

Special Report

U.S. Toll Road Projects: A 2006 Performance Report

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Related Research

- Special Report, “U.S. Toll Road Privatizations: Seeking the Right Balance,” March 22, 2006.
- Special Report, “Tailored Debt Structures: a Better Fit for Uncertain Cash Flows,” March 22, 2006.
- Special Report, “The Continuing Search for Bliss: Flexible Toll Road Structures,” Oct. 20, 2004.
- Special Report, “Bliss, Heartburn and Toll Road Forecasts,” Nov. 12, 2003.

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■ Summary

The historical experience of toll roads—from the performance of projects built in the 1950s and 1960s, including the major defaults, to the more recent, troubled experience of start-up projects—provides a strong knowledge base to predict more accurately the challenges and opportunities of these facilities. It is Fitch Ratings’ expectation that credit stability will increasingly be found as new project financings are better tailored to mitigate project development and initial operating performance risks. This report provides a snapshot of recent performance of the major U.S. stand-alone projects rated by Fitch and previews future performance expectations and challenges.

The past decade has proven quite tumultuous for the majority of start-up U.S. toll road projects and resulted in a number of downgrades. Weaker projects, such as the Garcon Point Bridge (FL) [GPB] and San Joaquin Hills Toll Road (CA) [SJHTR], faced trouble due to poor traffic and revenue performance. These projects were unable to find long-term capital market solutions and, as a result, carry non investment-grade ratings. Other projects, such as the E-470 (CO), Foothill/Eastern (CA) and Dulles Greenway (VA) toll roads, were able to implement sustainable long-term solutions through debt restructurings that stabilized these credits at the investment-grade level. Further along the spectrum, established and mature projects, like the Sunshine Skyway (FL) and Chesapeake Bay Bridge & Tunnel (VA), demonstrated the long-term stability of toll road assets and the future potential available to the startups of recent years.

Toll road projects are unique in that their economic value grows over time, thereby permitting increasing credit stability the longer they have been operating. As a result, with the passage of time, credit stability is also being found in weaker projects, like GPB and SJHTR that were referred to earlier. These credits have established a base level of demand and experienced strong performance that, with available liquidity, has cushioned them from further weakening for the near to medium term. The stability at the current rating levels and the availability of time will likely also offer these projects the possibility of investment-grade restructurings in a few years. This should be possible under a number of different scenarios, with either tax-exempt or taxable debt and under public or private sponsorship.

In the meantime, growth among Fitch-rated stand-alone toll road projects has been solid since 2000 in spite of the recession in the early part of this decade and the 2005 spike in oil prices (see historical traffic table on page 4). The projects experienced a 6.7% average annual rate of growth in traffic between fiscal years (FY) 2000 and 2005. The most recent available Highway Statistics data from the

Fitch-Rated U.S. Toll Road Projects

Projects	Current LT Ratings and Outlook	Abbreviations
Mature		
Chesapeake Bay Bridge and Tunnel District, VA*	'A'; 'BBB'; Stable	CBBT
Florida Department of Transportation, Alligator Alley	'A+'; Stable	Alligator Alley
Golden Gate Bridge, Highway and Transportation District, CA	'A+'; Stable	GGB
State of Florida, Sunshine Skyway Bridge	'A+'; Stable	Sunshine Skyway
Maturing		
E-470 Public Highway Authority, CO	'BBB-'; Stable	E-470
Foothill/Eastern Transportation Corridor Agency, CA	'BBB'; Stable	F/ETCA
Lake of the Ozarks Community Bridge Corp., MO	'BBB-'; Negative	LOCB
Mid-Bay Bridge Authority, FL*	'BBB+'; 'BBB'; Stable	Mid-Bay Bridge
Orange County Transportation Authority, CA	'A-'; Stable	SR-91
San Joaquin Hills Transportation Corridor Agency, CA	'BB'; Stable	SJHTCA
Santa Rosa Bay Bridge Authority, FL	'BB-'; Stable	SRBB
Toll Road Investors Partnership II, VA	'BBB'; Stable	TRIP II
Ramp Up		
Northwest Parkway Public Highway Authority, CO	'BB-'; Negative	NW Pkwy
Pocahontas Parkway Association, VA	'BBB-'; Negative Watch	Pocahontas Pkwy
Construction		
Texas Turnpike Authority — Central Texas Turnpike	'BBB+'; Stable	CTTP
Louisiana Transportation Authority, LA-1	'BBB+'; Negative Watch	LA-1

*Senior/junior ratings. LT – Long term.

U.S. Department of Transportation indicates there was a 2.2% average annual increase in vehicle-miles traveled on the national highway system during the five-year period of 1999–2004. A review of the urban portion of the national highway system indicates a higher 3.5% average annual growth rate. The higher urban rate of growth reflects growing economic activity, increased urban sprawl and higher congestion levels. The even-greater rates of growth on the group of Fitch-rated stand-alone toll facilities reflects ramp up at a number of these projects and their locations in the more congested parts of the urban highway network. Toll revenue at Fitch-rated toll facilities between FY2000–FY2005 grew at a rather high 11.5% rate. This was mainly due to toll increases at the more leveraged facilities (see historical revenue table on page 6).

Operating and maintenance expenses (O&M) during the FY2000–FY2005 period also grew at an unexpectedly high average annual rate of 9.6%, reflecting initial set-up costs and rapid increases in volumes (see historical expense table on page 8). Debt-service obligations escalated at a 24.2% rate due to the sharply growing obligations of the startups. Excluding certain projects that did not pay debt service from their rate bases during the first part of the five-year window, the growth rate is lower at 9.2%. The average annual growth in debt service of

8.5% over the next five years (FY2005–FY2010) provides an indication of the challenges facing the start-up projects. To put these numbers in perspective, traffic growth is likely to decline to the lower single digits in the future. However, these projects are expected to develop growing levels of economic rate-making flexibility, which should provide the wherewithal to support their growing debt-service burden (see historical and projected debt-service table on page 10).

While this aggregated data is informative, dissection of the information is essential as it provides a stark distinction in the traffic, revenue, O&M and debt-service growth trends among the various projects depending on their level of operational maturity. In doing so, it also provides a strong rationale for the rating profile of this group of projects that ranges from 'A+' to 'BB-'.

■ Increasing Credit Stability

Fitch's analysis of toll road projects indicates that while initial traffic and revenue performance of startups may be significantly weaker than initially forecasted, the projects retain a stronger ability to maximize revenues on a lower base during the initial years of operation than the forecasts may have indicated. This further validates Fitch's previous analysis that a less onerous debt structure in the

initial years and the availability of internal liquidity to cushion poor performance, combined with a strong willingness by management to raise toll rates steadily, can provide considerable credit stability to weather substandard performance. For additional information, see the report entitled, “The Continuing Search for Bliss: Flexible Toll Road Structures,” dated Oct. 20, 2004.

The ability to grow toll revenues has been driven, in part, by lower toll elasticity than was projected in the original forecasts. SJHTR’s average toll increased by 52.4% between FY2000 and FY2005 with successive toll increases. While traffic remained relatively flat in some years, there was some growth, resulting in an 11% average annual increase over the period. As a result, toll revenues grew by 61.6% over that period. GPB, which operates in a much weaker service area, experienced a 8.9% reduction in traffic with its 25% toll rate increase in FY2002 and an 11.2% increase in revenues. Three years later, with a 20% toll rate increase in FY2005, no traffic reduction was experienced. In fact, traffic grew by 1.2% and toll revenue by 27.8%. While hurricane damage to a neighboring facility played a role, the GPB had also clearly strengthened economically. In Fitch’s opinion, performance of such facilities would be marginally stronger were toll rates to have been increased systematically every year, similar to that envisaged under private concession arrangements.

The vastly improved set of financing options that are currently available to sponsors, particularly the use of flexible amortization structures, creates the potential for greater credit stability looking forward. Consequently, this is an extremely important juncture in the development of new infrastructure and the rehabilitation and expansion of existing highway infrastructure. Those projects that advance through preliminary planning and development and have strong economic fundamentals will likely find sustainable financing and proceed to construction far sooner than they might have previously. For additional information on flexible amortization structures, see Fitch’s report, “Tailored Debt Structures: a Better Fit for Uncertain Cash Flows,” dated March 22, 2006.

While structural improvements and accelerated project delivery will positively benefit credit quality, the nature of the contractual and business framework with partners, particularly private-sector equity participants, is still evolving, and long-term credit stability will depend on how these arrangements

adequately share risk and reward between all parties. For more discussion on these aspects, see Fitch’s report, “U.S. Toll Road Privatizations: Seeking the Right Balance,” dated March 22, 2006.

■ Performance by Level of Operational Maturity

For purposes of this report, Fitch classifies operating stand-alone projects into three categories: mature, maturing and ramp up. Mature projects are defined as those projects with 20 or more years of operating history. Maturing projects are defined as those projects with 5–15 years of operating history. Projects in ramp up are defined as those with less than five years of operating history. Two Fitch-rated projects remain in construction.

Historical Traffic and Revenue

A review of the stand-alone projects based on their level of operational maturity provides an interesting contrast. Over the past five years (FY2000–FY2005), the mature group of projects (excluding the Golden Gate Bridge [GGB]) has experienced 4.2% traffic growth on an average annual basis. Toll revenue, excluding the GGB, grew at a slightly higher rate of 4.7% due to stable toll rates. Traffic levels for the group (including the GGB) were relatively flat over that period. GGB’s volumes were negatively affected by the Internet bust in the San Francisco Bay Area and the elasticity from its large 66% FY2003 toll increase. Toll revenues for the group (including the GGB) grew by 6.0%.

During the same period, the maturing group of projects had an 8.4% average annual growth rate in traffic, with an even higher 13.7% average annual growth rate in toll revenue. Periodic toll rate increases at a number of these projects accounted for the higher rate of growth in revenue over the five-year period. Lastly, the limited data on the projects in ramp up indicates one-year (FY2004–FY2005) traffic growth of 19.4% and toll revenue growth of 35.5%. The 17%–33% (electronic versus cash) FY2005 toll increase at the Pocahontas Parkway contributed to the higher rate of revenue growth.

The very high double-digit rates of growth of traffic and revenue of the projects in ramp up, the high single-digit to low double-digit rates of growth at the maturing projects and the low single-digit rates of growth (without toll increases) at the mature facilities provide an indication of the profile that can be expected from these facilities over time. In addition

Historical Traffic*
(Mil.)

	Traffic					AAGR	
	2000	2001	2002	2003	2004	2005	2000–2005 (%)
Mature							
CBBT	2,990,486	3,089,086	3,294,480	3,430,999	3,655,523	3,635,000	3.98
Alligator Alley	5,968,000	6,367,000	6,734,000	7,163,000	7,753,000	7,361,000	4.28
GGB	42,465,336	42,166,660	40,694,792	38,856,556	38,881,684	38,796,706	(1.79)
Sunshine Skyway	14,777,000	15,516,000	16,050,000	16,506,000	17,724,000	18,105,000	4.15
Total	66,200,822	67,138,746	66,773,272	65,956,555	68,014,207	67,897,706	0.51
Without GGB	23,735,486	24,972,086	26,078,480	27,099,999	29,132,523	29,101,000	4.16
Maturing							
E-470	23,764,995	27,383,310	31,050,778	38,834,479	46,873,036	51,488,878	16.72
F/ETCA	48,614,099	54,813,255	55,998,440	56,136,264	60,192,752	64,453,054	5.80
LOCB	1,010,175	1,084,748	1,160,275	1,232,117	1,337,599	1,401,106	6.76
Mid-Bay Bridge	4,463,000	4,432,000	4,951,000	5,691,000	6,915,000	7,491,000	10.91
SR-91	7,459,462	8,083,092	8,705,224	10,001,716	11,213,741	12,741,319	11.30
SJHTCA	26,660,797	26,054,876	26,055,147	27,024,334	29,416,339	29,585,828	2.10
SRBB	1,195,323	1,335,028	1,215,662	1,287,162	1,494,785	1,512,799	4.82
TRIP II	14,528,262	16,256,595	17,431,613	19,079,403	22,186,402	22,344,095	8.99
Total	127,696,113	139,442,904	146,568,139	159,286,475	179,629,654	191,018,079	8.39
Ramp Up							
NW Pkwy	—	—	—	—	2,737,234	3,705,722	35.38
Pocahontas Pkwy	—	—	—	3,518,805	5,001,155	5,530,749	10.59
Total	—	—	—	3,518,805	7,738,389	9,236,471	19.36
Grand Total	193,896,935	206,581,650	213,341,411	228,761,835	255,382,250	268,152,256	6.70

*See the Fitch-Rated U.S. Toll Road Projects table on page 2 for complete company names. AAGR – Average annual growth rate.

to overestimating opening-year traffic and revenue, toll road forecasts to date have not been able to reflect this trend accurately.

Historical O&M and Debt Service

A similar pattern can be seen on the expense side. The mature projects experienced five-year O&M expense growth of 6.8%, while debt service declined slightly by 1.1%, reflecting the shorter term, level nature of their debt profile. The maturing projects experienced significantly higher average annual O&M growth of 9.5%, reflecting growing traffic volumes and new operational segments. Cumulative debt-service obligations for the maturing projects grew by an average annual rate of 30.1%. Excluding F/ETCA, E-470 and SR-91, which did not pay debt service from their rate bases during the first part of the five-year window, the growth rate was 10%. Lastly, the projects in ramp up experienced a very high, 21.5% rate of O&M growth with the onset of operations. Debt-service growth reflects only the Pocahontas Parkway, where debt service over the FY2005–FY2005 period grew by 58.1%. This data further demonstrates the need for flexibility in debt-

service payments with such projects to mitigate near-to medium-term risks from the uncertainties of traffic growth.

Projected Performance

In the future, overall rates of traffic growth among the maturing projects and those in ramp up are likely to trend toward the roughly 4.0% growth rate being experienced by the mature projects. Toll revenue growth rates will likely remain in the high single digits, reflecting the need to continue to raise tolls to support the growing expense obligations of these facilities. Clearly, the economic strength of the projects and management's willingness to raise tolls will be key determinants of actual revenue growth. O&M growth among the maturing projects and those in ramp up are likely to trend downward to the 5.0%–7.0% growth rate being experienced by the mature projects, which is significantly higher than the 2.6% rate of growth in the Consumer Price Index between 2000 and 2005.

Debt-service obligations tend to be the largest expense item on an annual basis for toll roads. Future

debt service on the mature projects is largely level over the next five years and declining over the next decade due to the final maturity of some the debt. The strong ability to pay debt service is evidenced by the fact that FY2005 net toll revenues on these facilities provide 1.5 times (x) coverage of FY2010 debt service (excluding the GGB) and 3.8x coverage (including the GGB). The group of maturing projects has average annual growth in debt-service obligations of 8.0% over the next five years and 5.8% between FY2010 and FY2015. In contrast to the mature facilities, FY2005 net toll revenues provide only 0.8x coverage of 2010 debt service, indicating the strong reliance on additional traffic and revenue growth and limited capacity for additional debt. Similarly, the projects in ramp up also have very high average annual rates of growth in debt service of 24.3% and 7.4% over the next five and 10 years, respectively. FY2005 net toll revenues only provide 0.2x coverage of 2010 debt service for this group of projects, clearly indicating the high level of dependence on traffic and revenue growth, the need for a proactive management approach to toll increases and the lack of additional debt capacity.

The mature projects referred to in this report are all currently under public-sector management and are expected to maintain stable toll rates given their very manageable debt-service profiles. However, were they to be privatized, toll rates would likely be raised frequently, and Fitch would expect revenue and debt-service profiles more akin to start-up projects, given the private sector's objective to maximize equity returns.

Correlation to Ratings

This data provides a strong correlation with Fitch's ratings of these projects. The mature projects, with their lower cost burden and stronger financial performance despite moderate rates of revenue growth, carry high investment-grade ratings ranging between 'A' and 'A+'. The maturing projects, while stable with high revenue growth rates, have begun to demonstrate more clearly their relative strength or weakness and are being exposed to high rates of growth in their obligations, thereby warranting a broader but much lower range of ratings between 'BB-' and 'A-'. Lastly, the projects in ramp up are similarly showing strong growth but are also facing greater challenges from a rapidly growing debt-service base and, as a result, are rated in a low but narrower range between 'BB-' and 'BBB-'.

■ Credit Developments and Considerations by Project

The following sections outline recent credit trends for each of the stand-alone toll road projects that Fitch rates in the United States.

Mature Projects

Chesapeake Bay Bridge and Tunnel District, VA (Senior/Junior Revenue Bonds Rated 'A'/'BBB'/Stable Outlook)

Despite a slight (0.5%) decline in vehicles during 2005, the CBBT has experienced steady average annual traffic growth of 4.0% since FY2000. Strong revenue growth between FY2004 and FY2005 is largely the result of a June 1, 2004, toll rate hike that increased the base toll by 20% for class 1 vehicles. Traffic and revenue for the first six months of FY2006 (through Dec. 31, 2005) was relatively flat, with approximately 2.0 million vehicles generating \$26.3 million of toll revenue. The primary credit risk facing the district through the intermediate term is the funding of the sizable tunnel expansion project. The district has limited financial flexibility to fund this initiative without external support and/or additional toll rate increases.

Florida Department of Transportation, Alligator Alley (Revenue Bonds Rated 'A+'/'Stable Outlook')

Traffic and revenue grew at 7.1% and 2.1%, respectively, in FY2005 despite tolls being lifted for Hurricanes Charley, Frances, Ivan and Jeanne. Tolls were increased on Feb. 5, 2006, for the first time since the facility opened in 1969. Toll rates were increased to \$2.00 from \$1.50 for Sun-Pass customers and to \$2.50 for cash-paying customers. Florida Department of Transportation (FDOT) is expected to begin resurfacing the entire 78-mile facility this year and initiate safety projects at a cost of approximately \$70 million–\$80 million. Project costs are expected to be funded by available cash and some debt. Additionally, there are plans to build 14 new Florida highway patrol positions and a rest area with recreational access.

Golden Gate Bridge, Highway and Transportation District, CA (Long-Term Debt [Implied] Rated 'A+'/'Stable Outlook')

Traffic on the GGB has been fairly stable during FY2004 and FY2005, following 3.5% and 4.6% reductions in FY2002 and FY2003, respectively. The reductions are attributable, in large part, to the

Historical Revenue*
(\$ Mil.)

	Revenue						AAGR	Coverage Ratios
	2000	2001	2002	2003	2004	2005	2000–2005 (%)	2005 Rev.*/2010 DS
Mature								
CBBT	36,245,000	37,414,000	38,438,000	38,104,000	41,119,000	48,060,000	5.81	1.74
Alligator Alley	11,374,000	12,061,000	12,468,000	13,023,000	14,118,000	13,528,000	3.53	2.07
GGB	59,369,000	59,180,000	59,289,000	79,427,000	84,419,500	84,213,067	7.24	23.19
Sunshine Skyway	14,926,000	15,379,000	15,933,000	16,251,000	17,230,000	17,053,000	2.70	N.A.
Total	121,914,000	124,034,000	126,128,000	146,805,000	156,886,500	162,854,067	5.96	3.83
Without GGB	62,545,000	64,854,000	66,839,000	67,378,000	72,467,000	78,641,000	4.69	1.52
Maturing								
E-470	23,229,000	32,856,000	39,109,000	58,895,000	73,584,000	78,282,559	27.50	0.69
F/ETCA	64,010,928	73,009,651	77,336,314	79,383,504	85,674,768	91,832,285	7.49	0.85
LOCB	2,145,000	2,291,000	2,394,561	2,705,122	2,776,260	3,212,325	8.41	0.70
Mid-Bay Bridge	6,952,000	6,770,000	7,483,000	8,764,000	10,254,000	14,911,600	16.49	1.53
SR-91	17,225,350	19,932,733	23,324,432	26,559,170	26,971,777	32,518,490	13.55	1.59
SJHTCA	46,818,996	50,892,968	56,864,910	61,147,501	67,031,360	75,645,139	10.07	0.64
SRBB	2,388,000	2,683,000	2,983,000	3,273,000	3,616,000	4,620,000	14.11	0.53
TRIP II	19,858,221	23,044,925	26,195,222	33,141,439	40,764,493	45,474,200	18.02	0.87
Total	182,627,495	211,480,277	235,690,439	273,868,736	310,672,658	346,496,598	13.66	0.79
Ramp Up								
NW Pkwy	—	—	—	—	4,216,492	5,625,588	33.42	(0.03)
Pocahontas Pkwy	—	—	—	4,650,225	7,621,203	10,411,555	36.61	0.36
Total	—	—	—	4,650,225	11,837,695	16,037,143	35.48	0.18
Grand Total	304,541,495	335,514,277	361,818,439	425,323,962	479,396,853	525,387,808	11.52	0.93

*See the Fitch-Rated U.S. Toll Road Projects table on page 2 for complete company names. **Net toll revenues. AAGR – Average annual growth rate. Rev. – Revenue. DS – Debt service. N.A. – Not applicable.

economic downturn/Internet bust that hit the Bay Area in those years and also to the 66.6% increase in the bridge toll implemented in FY2003, the first since FY1992. The GGB anticipates relatively stable traffic going forward and improved cost recovery on its transit operations, especially the bus services provided in Sonoma and Marin counties. Given capital needs for phase three of the seismic retrofit program, other capital projects and the continuing transit subsidy, tolls may need to be increased again, although at a much lower rate than in FY2003.

*State of Florida, Sunshine Skyway Bridge
(Revenue Bonds Rated 'A+'/Stable Outlook)*

Traffic on the Sunshine Skyway Bridge (Skyway) continues to grow, although not at the higher rates experienced in prior years. While transactions grew by 2.1% in FY2005, revenues fell by 1.0% due to toll suspensions during Hurricanes Charley, Frances, Ivan and Jeanne. Additional debt secured by Skyway toll revenues is expected for projects in the surrounding Hillsborough, Pinellas and Manatee counties for various transportation purposes. Fitch has cited debt issued for non-Skyway purposes as a potential risk.

However, the Skyway retains significant financial flexibility as current outstanding bonds mature in 2009.

Maturing Projects

*E-470 Public Highway Authority, CO
(Senior Revenue Bonds Rated 'BBB-'/Stable Outlook)*

E-470's traffic and toll revenue profile continues to exhibit strong growth and track close to its forecast. While demand was affected by the regional economic downturn and the post-Sept. 11 decline in Denver International Airport activity, annual traffic increased at an average annual rate of 18.5% between FY2000–FY2004 due to economic development within the corridor and the opening of Segment IV in FY2003. Toll revenues increased at a higher average annual rate of 33.4% during this period, primarily due to two toll increases. Traffic and revenue growth was more tempered in FY2005, particularly during the spike in motor fuel prices in late summer and through the remainder of the year. Traffic increased by 10% in FY2005, but toll revenue grew at a slower 6.0%. The lower growth rate of revenue is unusual. Management

indicates that greater volume growth in the southern segment, with its slower toll rate, may account for this discrepancy. As a result, toll revenues were 91% of the forecast for FY2005, compared with 98% in FY2004. Reflecting the authority's FY2006 toll increase, toll revenues were up 14% year to date through the end of March, while traffic increased by 3%. Debt-service increases are steep over the next few years, growing at a 9.2% pace between FY2005 and FY2010 before easing to some extent.

*Foothill/Eastern and San Joaquin Hills
Transportation Corridor Agencies, CA
(Revenue Bonds Rated 'BBB'/Stable
Outlook)*

After a difficult process that took more than two years, the boards of the Foothill/Eastern Transportation Corridor Agency (F/ETCA) and San Joaquin Hills Transportation Corridor Agency (SJHTCA) entered into a mutually beneficial mitigation payment and loan agreement that provides subordinate financial assistance to the struggling SJHTCA in return for an agreement that the SJHTCA board will support the F/ETCA board's efforts as it moves ahead with the environmental work related to the construction of Foothill/South.

F/ETCA continues to exhibit solid growth, with a 4.8% increase in traffic FY2006 year to date and a 7% increase in FY2005. Revenue is up nearly 6% year to date in FY2006 and was up 7% in FY2005. Reserves are expected to be fully funded by this July. To the extent that the SJHTCA does not draw on the subordinate loan, F/ETCA should be able to begin building significant cash balances for Foothill/South. While debt-service obligations continue to escalate, they do so at a slower pace than some of the other projects.

The SJHTCA has so far exhibited strong traffic growth in FY2006; traffic and revenue are up 4.6% and 9.4% year to date, respectively. Traffic was up only 0.6% in FY2005, but revenue was up 12.9%, reflecting the July 2004 toll increase. The requirement in the mitigation payment and loan agreement for the SJHTCA to maintain revenue at the level of the 2003 Vollmer forecast may provide longer term flexibility, as significant debt-service increases are looming. Since revenues are already in excess of the 2003 forecast, the agreement provides the SJHTCA with the ability to slow the increases that would otherwise be needed to meet a rapidly growing debt-service profile. This strategy comes with some risk, as project cost increases on

Foothill/South could adversely affect the availability of F/ETCA loan payments to the SJHTCA. The SJHTCA has probably been the most aggressive facility in terms of rate changes, incorporating some combination of mainline and/or ramp toll increases in four of the last five fiscal years.

*Lake of the Ozarks Community Bridge
Corp., MO (Revenue Bonds Rated
'BBB-'/Negative Outlook)*

Traffic over the Lake of the Ozarks Bridge has shown some improvement in FY2005, though it remains consistently 60%–65% of levels initially forecasted in 1998 due to slower than anticipated regional real estate development. In FY2005, the bridge recorded 1.4 million toll transaction compared with the 2.4 million forecasted. Toll revenues in FY2005 increased a significant 15.7% over the prior year as a result of changes made to the bridge's toll rate structure in late 2004 and due to growth in traffic. Net revenues were sufficient to meet the 1.20x rate covenant for the first time. Nevertheless, Fitch expects net revenues under the current rate structure will be at or slightly below sum sufficiency in the near term. While management is pursuing a debt-defeasance plan to manage its obligations, Fitch believes a rate increase will be necessary to meet increased debt-service obligations after FY2007, as future defeasances would reduce long-term liquidity and ultimately compromise management flexibility and bondholder security. Concerns from debt-service growth are more near term, given that the debt service levels off in a few years. Considerable financial flexibility is retained in the medium to long term, given the lack of reliance on frequent toll increases.

*Mid-Bay Bridge Authority, FL (Senior/Junior
Revenue Bonds Rated 'BBB+'/'BBB'/Stable
Outlook)*

In FY2005, the Mid-Bay Bridge had strong traffic and revenue growth of 9.8% and 31.9%, respectively. This reflects the combined effect of continued service area growth and the FY2005 toll increase. However, Hurricanes Charley, Frances, Ivan and Jeanne contributed to approximately \$402,000 in lost toll revenues. Toll rates were raised on Oct. 1, 2004, to \$2.50 for cash customers and \$1.50 for Sun-Pass customers from \$2.00 and \$1.00, respectively. Near-term debt-service increases are moderate, but with no toll increases in the forecast, considerable flexibility remains to support timely debt service and take on additional debt. The current project to expand the

Historical Operating and Maintenance Expense*

(\$ Mil.)

	Operations and Maintenance						AAGR
	2000	2001	2002	2003	2004	2005	2000–2005 (%)
Mature							
CBBT	8,679,000	8,557,000	9,379,000	9,497,000	10,097,000	11,141,000	5.12
Alligator Alley	3,585,000	4,673,000	4,700,000	4,908,000	5,838,000	5,947,000	10.65
GGB	27,330,000	31,696,000	26,327,641	29,037,173	37,577,312	37,825,460	6.72
Sunshine Skyway	3,491,000	3,178,000	4,482,000	3,869,000	5,123,000	5,033,000	7.59
Total	43,085,000	48,104,000	44,888,641	47,311,173	58,635,312	59,946,460	6.83
Maturing							
E-470	14,908,000	17,274,000	19,911,000	20,253,000	24,932,000	27,105,000	12.70
F/ETCA	16,116,000	24,203,000	23,164,000	19,752,000	20,509,000	22,376,000	6.78
LOCB	733,000	695,000	711,000	734,325	737,201	686,885	(1.29)
Mid-Bay Bridge	1,106,000	1,377,000	1,352,000	1,617,000	2,463,000	2,235,500	15.11
SR-91**	8,024,023	8,914,969	—	5,298,822	12,702,689	12,995,406	10.12
SJHTCA	8,521,000	11,443,000	12,557,000	11,112,000	14,058,000	14,599,000	11.37
SRBB	1,224,000	1,184,000	820,000	1,271,000	1,271,000	1,082,000	(2.44)
TRIP II	10,456,278	11,104,173	11,619,325	13,735,297	14,316,960	15,259,793	7.85
Total	61,088,301	76,195,142	70,134,325	73,773,444	90,989,850	96,339,584	9.54
Ramp Up							
NW Pkwy	—	—	—	—	5,204,477	6,178,412	18.71
Pocahontas Pkwy	—	—	—	2,666,622	1,807,058	2,339,129	29.44
Total	—	—	—	2,666,622	7,011,535	8,517,541	21.48
Grand Total	104,173,301	124,299,142	115,022,966	123,751,239	156,636,697	164,803,585	9.61

*See the Fitch-Rated U.S. Toll Road Projects table on page 2 for complete company names. **Operated by a private entity since 1996; data for 2002 is unavailable; acquired by the public sector in 2003, which reflects a partial year. AAGR – Average annual growth rate. N.A. – Not applicable.

northern approach to four lanes is progressing with land acquisition from the U.S. Navy. It is delayed, and cost overruns are likely. The authority currently expects capacity expansion across the bridge itself will likely be required by 2013.

Orange County Transportation Authority, CA (Revenue Bonds Rated 'A-/Stable Outlook)

The SR-91 express lanes connecting Riverside County and Orange County continue to exhibit significant increases in traffic and revenue despite being the costliest U.S. toll facility per mile during peak hours. Given the promise of the express lanes to maintain highway level of service at all times, the peak-hour toll now stands at \$8.50 and will likely increase further in 2006. For FY2005, traffic on the express lanes was up 13.6% over FY2004, revenue was up 20.6%, and year-to-date 2006 traffic and revenue is up 14.5% and 18.6%, respectively. Rail and highway alternatives are being discussed, as is an expansion of SR-91 in Riverside County. However, all of these are a minimum of 5–10 years in the future. As a result, the peak-hour toll will increase further, and robust efforts to limit violations will need

to continue. With a level debt structure, no additional debt projected and no near-term expectations by the state of California to complete general-use lane capacity expansion, the ability of the facility to meet future obligations remains strong.

Santa Rosa Bay Bridge Authority, FL (Revenue Bonds Rated 'BB-/Stable Outlook)

Toll traffic over the Garcon Point Bridge has been considerably lower than initially forecasted since its opening in May 1999, but the rate of growth has increased in recent years such that FY2005 marked the first year since FY2002 that the authority has not used its debt-service reserve fund to cover current debt service. The authority's initial 1996 forecast called for 2.8 million transactions in FY2005 versus actual performance of 1.5 million transactions, approximately 54% of originally forecasted levels. However, traffic increased 16% in FY2004 and 1.2% in FY2005, a year marked by significant hurricane activity and state-mandated toll suspension periods. Despite the small growth in traffic, revenues grew 27.8% due to a 20% July 2004 toll rate increase, demonstrating a growing degree of rate-making flexibility. In contrast, the last

toll increase of 25% in July 2001 resulted in an 8.9% drop in traffic volume and only an 11.2% increase in revenues. With scheduled principal amortization rising over the next few years, continued use of the reserve fund is likely. However, it is Fitch's expectation that if the current growth trend continues, the rate of depletion of the debt-service reserve could slow as strengthening rate-making flexibility allows the project to shoulder its debt-service obligations from net revenues. Improvement in the authority's rating is likely with sustained periods of growth.

*Toll Road Investors Partnership II, VA
(Dulles Greenway, Revenue Bonds Rated
'BBB'/Stable Outlook)*

In February 2005, the Greenway issued debt to fund capital improvements, refund subordinate debt to the senior lien for significant debt-service savings and provide equity returns. Later in the year, Macquarie Infrastructure Group (MIG) acquired 100% of the rights to subordinate cash flow. MIG now operates the facility.

Traffic continues to exhibit growth despite aggressive toll increases, reflecting growing congestion in Loudoun and Fairfax counties. Traffic in FY2005 was up 0.7%, but revenue was up 11.6% following a \$0.40, or 20%, increase in the cash toll. The cash toll was raised again in January 2006 by \$0.30, or 12.5%, to \$2.70. While year-to-date traffic is down 3.4% through February 2006, revenue is up 24.6%. Tolls are scheduled to increase by 11% in 2007 to \$3.00, after which the Greenway will need approval from the Virginia State Corporation Commission (SCC) for subsequent toll increases. Despite this cap on toll rate increases, the Greenway has a very unique capital structure that incorporates flexible amortization, allowing for underperformance of traffic without triggering a default. Under such a scenario, equity returns would be locked up as a protection against accreting debt. Future debt-service obligations grow at an extremely high rate. Established precedent by the SCC that recognizes the need to meet bond obligations and the growing strength of the corridor largely mitigates this concern.

Projects in Ramp Up

*Northwest Parkway Public Highway
Authority, CO (Senior Revenue Bonds Rated
'BB-'/Negative Outlook)*

While traffic and revenue shows strong growth as demand ramps up for the Northwest Parkway, the toll road continues to perform well-below forecast. Toll

revenues equaled \$4.2 million in FY2004, or about 67% of forecast, and increased by 33% in FY2005 to \$5.6 million, which, despite this growth, is 54% of forecast. Toll revenues are expected to benefit from growing traffic levels, the recently implemented main line toll increase and last year's opening of the Sheridan Interchange. However, revenues are likely to remain at about 40%–45% of forecast through the near term. FY2006 year-to-date traffic and toll revenues through March are about 20% more than last year. Given the Northwest Parkway's significantly lower than expected performance, Fitch expects net revenues to be insufficient to meet senior and first-tier subordinate debt-service obligations. Under the current rate structure, Fitch estimates that toll revenues, combined with available internal liquidity (including debt-service reserves), would be sufficient to meet senior and first-tier subordinate debt-service obligations for about three years. Greater traffic growth than Fitch conservatively estimates and more aggressive rate increases could defer payment problems for a longer period.

*Pocahontas Parkway Association, VA
(Senior Revenue Bonds Rated
'BBB-'/Negative Watch)*

The Pocahontas Parkway fully opened to traffic in fall 2002. After three full years of operation, traffic and revenue remain significantly below forecast, and in November 2005 and February 2006, the trustee made small withdrawals from the senior and subordinate debt-service reserve funds in order to meet required monthly transfers for debt service. Given the subpar performance, management implemented two unscheduled toll increases: a \$0.50, or 33%, increase in August 2004 and a \$0.25, or 12.5%, increase in January 2006. Despite these sizeable increases within three years of the facility's opening, traffic and revenue was up 10.6% and 36.6%, respectively, in FY2005. Year-to-date 2006 traffic and revenue are up 4.7% and 11.3%, respectively. However, total debt service increases rapidly, with a 17.7% increase in 2006 alone, which will require management to continue to be aggressive on the toll rate front to prevent draws on the senior and subordinate lien debt-service reserve funds and a near-term default on the subordinate lien debt.

The association and the Virginia Department of Transportation (VDOT) are pursuing negotiations with a private party on a possible agreement relating to the transfer of the association's rights and obligations with respect to the toll road. The current

Historical and Projected Debt Service*
(\$ Mil.)

	Debt Service						AAGR	Outyear DS		AAGR	
	2000	2001	2002	2003	2004	2005	2000–2005 (%)	2010	2015	2005–2010 (%)	2010–2015 (%)
Mature											
CBBT	22,634,000	22,639,000	22,415,000	22,410,000	20,982,000	20,525,000	(1.94)	21,188,000	11,364,000	0.64	(11.71)
Alligator Alley	3,668,000	3,665,000	3,666,000	3,668,000	3,667,000	3,668,000	0.00	3,664,000	3,666,000	(0.02)	0.01
GGB**	—	2,029,000	1,300,000	757,000	572,000	1,058,000	N.A.	2,000,000	2,000,000	13.58	0.00
Sunshine Skyway	3,125,000	3,128,000	2,222,000	2,639,000	2,644,000	2,642,000	(3.30)	—	—	—	—
Total	29,427,000	31,461,000	29,603,000	29,474,000	27,865,000	27,893,000	(1.07)	26,852,000	17,030,000	(0.76)	(8.70)
Maturing											
E-470	0	0	24,247,956	32,447,952	38,247,956	47,797,000	25.38	74,203,743	93,722,163	9.20	4.78
F/ETCA	0	0	22,885,000	54,769,000	59,945,000	62,458,000	39.75	1,664,597	108,952,397	5.51	5.94
LOCB	2,087,000	2,272,425	2,272,425	2,415,978	2,272,425	2,272,425	1.72	3,592,000	3,598,138	9.59	0.03
Mid-Bay											
Bridge	8,380,000	6,314,000	7,181,000	7,254,000	7,473,000	7,058,662	(3.37)	8,275,000	9,365,000	3.23	2.51
SR-91	—	—	—	5,150,250	9,800,670	11,914,995	N.A.	12,257,901	12,253,858	0.57	(0.01)
SJHTCA	40,150,769	42,345,769	50,020,769	53,100,769	56,195,769	65,200,769	10.18	95,602,269	121,122,269	7.96	4.85
SRBB	4,719,000	4,719,000	4,719,000	4,719,000	4,719,000	4,909,000	0.79	6,664,000	9,349,000	6.30	7.01
TRIP II	2,493,750	2,493,750	2,493,750	12,293,750	13,093,750	13,793,750	40.79	34,793,750	61,493,750	20.33	12.06
Total	57,830,519	58,144,944	113,819,900	172,150,699	191,747,570	215,404,601	29.95	317,053,260	419,856,575	8.04	5.78
Ramp Up											
NW Pkwy	—	—	—	—	—	—	—	20,559,945	32,192,843	100.00	9.38
Pocahontas Pkwy	—	—	—	—	9,121,250	14,421,250	58.11	22,282,500	28,907,500	9.09	5.34
Total	—	—	—	—	9,121,250	14,421,250	58.11	42,842,445	61,100,343	24.33	7.36
Grand Total	87,257,519	89,605,944	143,422,900	201,624,699	228,733,820	257,718,851	24.18	386,747,705	497,986,918	8.46	5.19

*See the Fitch-Rated U.S. Toll Road Projects table on page 2 for complete company names. **Represents interest-only payments on commercial paper issued in 2001; principal amortization is expected to begin in FY2009. AAGR – Average annual growth rate. DS – Debt service. N.A. – Not applicable.

arrangement with the private party provides for an exclusive negotiation period through June 2006.

Projects in Construction

Texas Turnpike Authority — Central Texas Turnpike (First-Tier Revenue Bonds Rated 'BBB+'/Stable Outlook)

Despite some small design changes, including modifications to frontage roads and the addition of tolled and free ramps on the northwestern portion of the project, the overall project is currently on schedule for opening in December 2007 and, thus far, is under budget by about \$436 million, or 15% of the original estimate. The savings will accrue to the Texas Transportation Commission (TTC) and local governments in the form of lower construction and right-of-way costs and will not reside with the project. While cost overruns or construction delays cannot be ruled out, the exposure is considerably lower at this stage, and given the commission's commitment to cover cost overruns, Fitch does not see the savings accruing to the TTC as an issue.

Louisiana Transportation Authority, LA-1 (Senior Revenue Bonds Rated 'BBB+'/Negative Watch)

The LA-1 project continues to experience increasing project cost and schedule pressures that are mitigated, in part, by the state's commitment, subject to annual appropriation, to fund construction cost overruns and refill draws on the senior lien debt-service reserve fund. Prior to Hurricanes Katrina and Rita, the Louisiana Transportation Authority (LTA) and the Department of Transportation and Development (DOTD) were contending with construction cost bids that were \$100 million, or 65%, higher than expected. To manage cost pressures, the DOTD divided the project into three phases, revised some project features and extended the period of construction. However, given significant Gulf Coast area reconstruction activity and demand for labor and resources, construction bids have come in still higher than expected. At present, the DOTD is proceeding with bids for a portion of the project that includes the bridge structure and connecting approaches that total \$161.6 million, 17% higher than the revised

November 2005 estimate. The project may face additional cost pressures if the bid scheduled this fall for the elevated roadway connecting the bridge with Port Fourchon comes in higher than the DOTD's estimate.

The DOTD's expected Dec. 1, 2009, implementation of toll collection remains unchanged from the authority and DOTD's revised November 2005 schedule. While this date has not changed, it remains the last day of capitalized interest on the senior lien

bonds and 15 months later than initially expected when the bonds were sold in May 2005. Given that the authority is using all of the construction schedule risk mitigation provided by the capitalized interest period, there is no cushion for additional project delays, other than liquidated damages from contractors that cannot be relied on from a timing standpoint. Fitch therefore sees a high likelihood of draws on the senior lien debt-service reserve fund, which would be required under the bond documents to be replenished by the state, subject to annual appropriation.

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