

First highway under foreign control, TxDOT inks deal for 1st leg of Trans Texas Corridor

Contributed by Terri Hall
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[Link to article here.](#)

It's referred to as SH 130 in this story, but it's also the first leg of Trans Texas Corridor TTC-35. Anyone who still thinks privatized toll roads speed up construction and save us money needs to look no further than the third paragraph of this story which states: "Hundreds of documents and over 20 lawyers were involved last week representing TxDOT, private equity people, banks, mostly European, the TIFIA loan group from FHWA (Federal Highway Administration), and Cintra and Zachry."

Twenty lawyers? The waste of taxpayer money and the time it takes to negotiate these contracts is OUTRAGEOUS! TxDOT first announced Cintra-Zachry was being awarded the SH 130 contract in March of 2007. Here it is a year later and they're just now inking the deal?

Cintra/Zachry complete legal work on \$1.36 billion financial close with TxDOT on SH 130

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SH

130 Concession Company LLC finalized the legal details of a financial close with Texas DOT on a \$1,360m toll concession to build SH130 segments 5&6 Thursday and Friday last week in bankers' offices in New York City - at Orrick, 666 Fifth Avenue. The actual money flows should occur on Thursday or Friday (Mar 13 or 14) this week, Jose Maria Lopez de Fuentes, president of Cintra North America, told us this morning.

Hundreds of documents and over 20 lawyers were involved last week representing TxDOT, private equity people, banks, mostly European, the TIFIA loan group from FHWA, and Cintra and Zachry. SH 130 Concession Company LLC is the special purpose company is owned 65% Cintra, 35% Zachry.

Lopez told us: "The details were all done and the champagne was brought out (by Friday afternoon). It was hard work. But it was good. Everyone was there wanting to be helpful. There are now two or three business days for due diligence (before the money moves)."

Despite "constriction" in financial markets

In a statement Lopez is quoted: "This is an exciting milestone in the development of a much-needed roadway in Central Texas. This

financial achievement on the part of our team is especially noteworthy given the current constriction in the financial markets. We now look forward to developing a state-of-the-art expressway system that will provide drivers congestion relief and greater safety."

The concession contract was signed in June 2006. However it could not be brought to financial close until permitting was complete.

The concession company has paid TxDOT the \$25.8m upfront concession fee for the right to collect tolls on the new road for 50 years. It has a contract with associated companies Ferrovial Agroman and Zachry Construction for construction of the 40 mile (64km) 2x2 lane expressway which will extend the TxDOT constructed SH130 segments 1 thru 4 from the the interchange with TX45 South, on southeast edge of Austin to I-10 at Seguin. Seguin is not far outside San Antonio in a northeasterly direction.

Final design and land acquisition is under way and construction work should start early 2009, Cintra says. Completion should be by 2012 or earlier.

The road will be an all electronic tollroad - no cash collected.

On completion segments 5 and 6 will turn SH130 into an alternative route to I-35 for traffic between Georgetown and San Antonio - constituting a bypass of the Austin metro area and many other settlements that have clustered along the old interstate.

Cintra says the new expressway will "serve not only regional traffic but also offer an alternative to Interstate Highway 35 (I-35) between San Antonio and north Austin, making it possible for medium- and long-distance drivers to avoid the bottlenecks that are becoming increasingly common in Central Texas. This new high-capacity expressway will also help absorb existing and expected growth in long-distance truck traffic, further relieving congestion on I-35, Texas' primary north-south route."

Skeptics say the new tollroad will not even attract 5-digit - let alone viable 25k+ - daily traffic volumes for many years and that it is too dependent on congestion on I-35 and on development occurring close-by it. Only on the northern end of the new tollroad will there be much local traffic oriented for trips into the rest of the Austin region and that traffic will have free alternates.

The road does seem to make most sense as part of a longer route from the Dallas area to San Antonio and beyond - to the Trans Texas Corridor 35 (TTC35). In any case the investors are putting their money, as the saying goes, where their mouth is. Central Texas gets a valuable new

highway without expense to taxpayers.

Speed/concession fee tradeoff

An innovative aspect of the TX130/5&6 concession is the arrangement for higher concession payments if higher posted speeds are approved by the legislature. Details of the concession were posted in these articles:

<http://www.tollroadsnews.com/node/3433>

and <http://www.tollroadsnews.com/node/1535>

Concessions may follow from TTC master contract

Cintra has a right of first refusal to negotiate any new concessions for Trans Texas Corridor 35 (TTC35) from near Georgetown north into the Dallas area and onto the border. Cintra was selected in December 2004 to work toward concessions on 509km (316mi) of TTC35 tollway that was said to involve a possible \$6 billion worth of work. This was called a Master Development comprehensive development agreement (CDA). CDA is the unique TxDOT umbrella term for a variety of contracts that range from small consulting jobs through design-build, project development work and large multistage concessions.

<http://www.tollroadsnews.com/node/953>

The TTC35 Master Development CDA was only firmed up into a < \$10m project development contract with TxDOT for studies and planning of the first part of TTC35 extending from the Oklahoma border through Dallas area to San Antonio, though it gives Cintra a kind of right-of-first-refusal to negotiate actual concessions.

SH130 is not formally part of TTC35 yet, but it is logically part of it, and no one has suggested any separate road would be viable.

BACKGROUND: Cintra, one of the world's largest private-sector transportation infrastructure developers, is a publicly traded company whose majority stockholder is the 100k employee Ferrovial Group. Cintra manages and operates more than 2,800km (1740 miles) of toll road, which represents a managed investment of more than \$24 billion. With this project, Cintra will have a stake in companies managing 23 toll roads, in Spain (7), Ireland (2), Greece (2), Portugal (3), Chile (5), Canada (1) and the United States (3). Additionally, Cintra is Spain's leading parking lot operator and manages more than 266k parking spaces, a

Cintra statement says.