

Mr. Michael Cheroutes
Director, State of Colorado Department of Transportation
High Performance Transportation Enterprise
4201 East Arkansas Avenue, Room 284
Denver, CO 80222-3400

August 13, 2012

Dear Mr. Cheroutes,

Re: Annual Surveillance Review of Private Rating for Transportation Infrastructure Finance and Innovation Act (“TIFIA”) loan for Colorado High Performance Transportation Enterprise’s (“HPTE”) US 36 Managed Lanes Project (the “Rating”).

Fitch (see definition below) affirms the **“BBB-” rating on the \$54 million TIFIA loan for the US 36 Project – Phase 1**. The Rating Outlook is Stable.

Key Rating Drivers

- **Strategic Location, Limited Congestion:** The asset benefits from a strategic location as a key route connecting Boulder and Denver with an established traffic base, especially given the direct connection into the currently tolled I-25 managed lanes. However, there is some volume uncertainty given the narrow window of high volumes that is limited to short peak periods. The single managed lane in each direction, coupled with the high occupancy vehicle (“HOV”) and Bus Rapid Transit (“BRT”) use, elevate revenue risk.
- **Reasonable Toll Rates:** The project benefits from reasonable expected toll rates even in the peak hour relative to comparable assets.
- **Construction Underway:** Construction is less complex, consisting of expansion of a facility within an existing right of way, with moderate risks associated with maintenance of operations in the General Purpose Lane (GPL) during construction. Design Build (“DB”) contract in place and covered by adequate performance and payment bonds.
- **Strong Structural Protections:** TIFIA loan draws are subject to full funding of the TIFIA loans Debt Service Reserve Fund (“DSRF”) at maximum annual debt service (“MADS”). Additional debt, senior to TIFIA, is expected for the funding of Phase 2 of the US 36 project. This risk is partially mitigated by the ABT of 1.30 times (x) for TIFIA and Senior Bonds and 1.40x for senior bonds; a requirement for TIFIA approval to issue on the senior lien and the requirement that TIFIA remain investment grade by a recognized rating agency after the addition of any additional leverage.
- **Moderate Debt Burden:** The project carries a relatively low level of debt as compared to total project capitalization (TIFIA loan accounts for 17.6% of project costs), and benefits from substantial committed grant funding from Regional Transportation District (“RTD”), Colorado Department of Transportation (“CDOT”), a TIGER grant and other sources. However, reflecting the relatively weaker economic strength of the asset, net debt to cash flow available for debt

service (CFADS) is high at 14.5x based on Fitch's estimate of the revenues in the first fully ramped up year of operations.

What Could Trigger a Rating Action?

- Actual traffic and revenue performance that results in debt service coverage ratios meaningfully below 1.50x
- Additional senior borrowing or TIFIA loans that result in negative pressure on projected debt service coverage ratios.
- Changes in economic conditions that lower overall corridor demand and have a compounded adverse impact on price and demand in the managed lanes.
- Unanticipated operational issues that may constrain performance in the managed lanes due to its single lane configuration or result in higher uncollected tolls from violations.

Security

The TIFIA loan is secured by a gross lien on the Pledged Revenues (primarily toll revenues); money held by the State Treasurer or Trustee in various accounts and subaccounts as detailed in the Master Trust Indenture; all amounts payable to HPTE or the Trustee pursuant to any Credit Facility or Hedge Facility; and all other property, revenues, accounts, or subaccounts that hereafter may be pledged by HPTE or other parties in favour of the Trustee for the benefit of secured parties.

Credit Update

The US 36 Managed Lanes Project is currently in the first year of a three-year construction period. The TIFIA supported project consists of the construction of one shared bus rapid transit and high occupancy vehicle toll lane in each direction in Segments 1 and 2 of the U.S. 36 project (10.1 mile segment from Pecos Street to Interlocken Loop). Upon completion, this portion of US 36 will consist of six lanes (three in each direction), two of which will be managed lanes. A design-build contract was awarded to a Joint Venture team of Ames/Granite with an effective date of April 19, 2012. The team includes Ames Construction, Inc., Granite Construction Company, HDR Engineering, Inc. and Michael Baker Jr., Inc., in addition to several Denver-based subconsultants and subcontractors. Construction began in mid-July and is on schedule.

While construction completion is expected in three years, Fitch continues to monitor the traffic volumes for the existing general purpose lanes and I-25 express lanes. Overall, 2011-2012 traffic levels on US 36 are higher than those seen in the baseline 2010 figures used in the initial rating analysis (higher in every month except 4 months on the McCaslin Boulevard section and one month on the Wadsworth section). On I-25 express lanes, toll revenues collected in fiscal 2012 have been above both projections and previous years' revenues in 7 out of 9 months through March. Fitch will continue to monitor corridor traffic levels and adjust projected traffic and revenue assumptions as needed.

CDOT will be responsible for roadway maintenance and snow removal along the corridor. Operations and Maintenance will be covered by net revenues from the existing I-25 express lanes (remaining revenues after I-25 express lanes operating costs, maintenance, renewal/replacement, and debt service). If these revenues are insufficient, CDOT O&M Loan Proceeds will be made available, subject to allocation by the State Transportation Commission and finally U.S. 36 Net Revenues after paying Debt Service. E-470 Public Highway Authority will perform all back office toll operations consistent with its current I-25

agreement, and E-470 will perform toll system maintenance. The project is expected to be operational by December 2014, with some minor work (landscaping etc) going into 2015.

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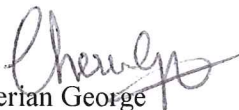
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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact Emma Griffith at 212-908-9124 or Chad Lewis at 212-908-0886.

Sincerely,



Cherian George
Managing Director
Global Infrastructure and Project Finance