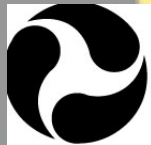




A graphic for State Route 125 South. It features a blue curved road with white dashed lines. The letters 'SR' are in blue above a green box containing the number '125' in white. Below the box, the word 'SOUTH' is written in blue. The background shows a yellow excavator, a city skyline, and a roller coaster.



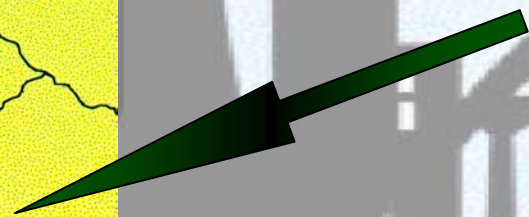
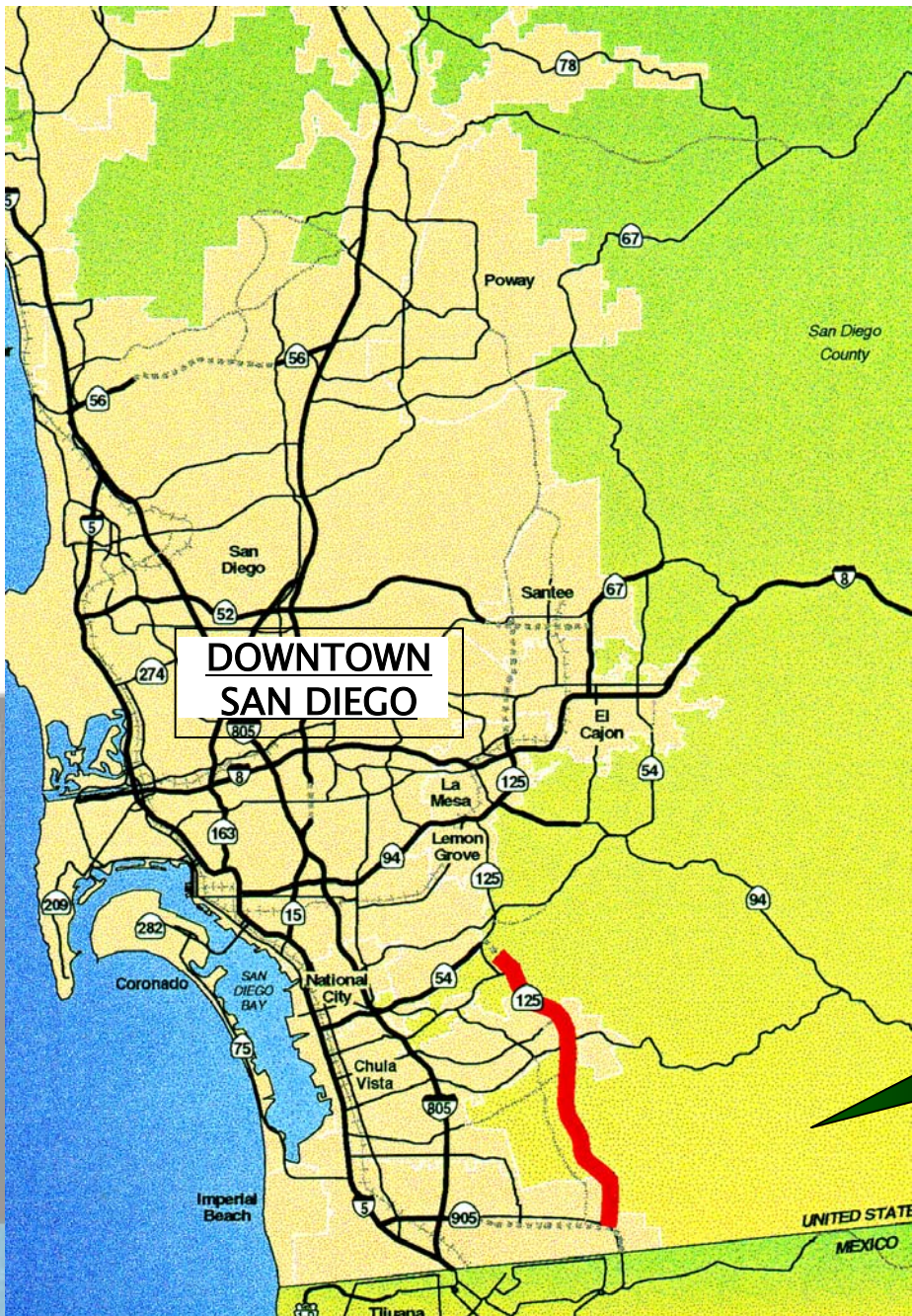
**U.S. Department
of Transportation**

**Federal Highway
Administration**



**San Diego
ASSOCIATION OF
GOVERNMENTS**

THE PROJECT



Included In
Regional
Transportation Plan

**SR-125 South
Extension**



**Otay Mesa Commercial Port of Entry
Looking North**



SR-125 South Project

Looking South



East H Street

SR-125 Toll Way

ELECTRONIC AND MANUAL TOLL COLLECTION



California AB 680

The background features a stylized illustration of a city skyline. On the left, there are dark grey buildings. In the center, a yellow excavator is positioned on a grey base. To the right, a roller coaster track is visible. At the bottom, two white sailboats are on a blue body of water.

- **Passed by Calif. Legislature in 1989**
- **RFQ Issued in March 1990**
- **13 International Consortia Responded**
- **RFP Issued in June 1990**
- **12 Projects Proposed**
- **4 Projects Selected by Caltrans**
- **Franchises Signed in 1991**

Private Sector History

The background features a stylized illustration of a city skyline. A prominent yellow excavator is positioned in the upper right. In the lower left, a green sailboat is on the water. To the right, a roller coaster track is visible. The sky is light blue, and the water is a darker blue.

- **SR 125 is one of four AB 680 projects – Pilot Program**
- **Franchise originally granted in 1991**
- **Environmentally and legally challenging**
- **Macquarie acquired partial interest in September 2002**
- **Acquired full interest and financed in May 2003**



Who is Macquarie?

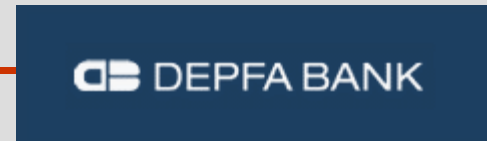


Macquarie is an investment bank which provides specialist financial services in select markets around the world

- Market capitalization US \$4 billion
- Total Assets US \$21 billion
- Infrastructure funds managed US \$7.6 billion
- Credit Rating A / A2
- Employees 4,802
- Publicly listed on the Australian Stock Exchange ("ASX") in 1996 and a member of the top 30 listed companies on the ASX
- Owned by institutional investors, pension funds, public, staff and management

Project Partners

- ❑ CTV – Equity
- ❑ BBVA & DEPVA – Sr. Lenders
- ❑ USDOT – TIFIA loan
- ❑ SANDAG – Gap/Connector Funding
- ❑ Caltrans – Oversight
- ❑ Otay River Constructors – Contractor
- ❑ Parsons Transportation Group – Construction Management
- ❑ EDAW – Environmental
- ❑ Community Advisory Committee



Franchise Agreement



- CTV responsible for development
- Use of State funds prohibited
- Caltrans oversight paid by CTV
- 35-year franchise
- Private sector pays for law enforcement, maintenance and all operating expenses
- Freedom to set tolls
- Return capped at 18.5% of invested capital

Tollroad Financing

	US\$M
Senior bank debt	321
TIFIA debt	154
Equity	160
TOTAL SOURCES	635
Purchase price (including previous development costs)	59
Project Delivery	423
Capitalised Interest & Financing Costs	96
Reserves	24
Other	33
TOTAL APPLICATIONS	635

Project also includes \$48 million of land dedication

Environmental Process



- **Engineering by CTV**
- **Permits acquired by Caltrans**
- **Environmental Studies by Caltrans**
 - **Long and Complicated Process**

Contractor Selection Process



- **Why Design/Build?**
- **Two Step Process**
- **Owner Imposed Designer**
- **Selection Criteria**
- **Two Contracts; public and private**
- **SEP 14 and Federal Participation**

Project Execution

The background features a stylized illustration. On the left, a yellow sun is partially obscured by a grey city skyline. In the center, a yellow excavator is shown in profile, facing right. To the right of the excavator, a grey roller coaster track curves upwards. At the bottom, a blue body of water contains two white sailboats.

- **Integrated Project Delivery Team**
 - **Design**
 - **Construction Management**
 - **Right of Way**
- **Caltrans Oversight Process**

What's Next ?

- **Complete Design- Summer 2005**
- **Accelerate Construction- Current**
- **Open to Traffic Mid-2006**



Public Perspective - Lessons Learned

- Public Sector to Obtain Environmental Approval
- Allow Mix of Public & Private Funds (Establish Public Contribution Initially)
- Dependence on Other Future Public Projects Should be Limited
- No Assignment of Designer in D-B Contract

The Private Perspective – Future PPP's

- Each project is different
- Significant road construction and maintenance funding shortfalls exist at federal, state and local levels
- States are opening up to tolling opportunities
- There is private money looking for projects
- Private investment can make a significant contribution, but barriers exist
 - Institutional bias against private participation
 - High early cost/risk – particularly environmental and land acquisition
 - Lack of level playing field
 - Tax-exempt financing
 - Right-of-way acquisition
 - Tort liability



? Questions ?