

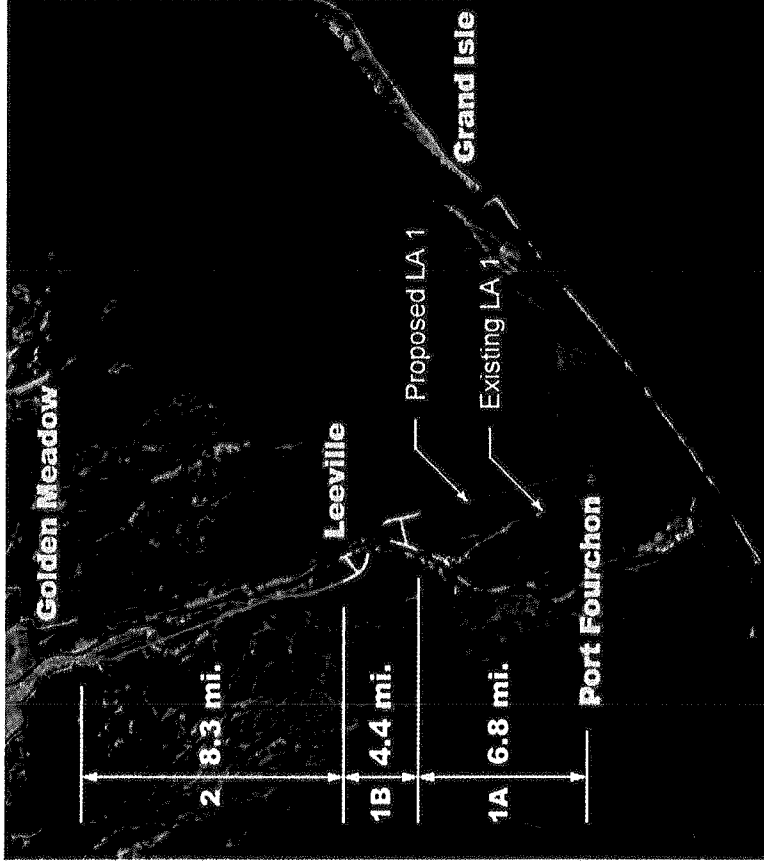
LA 1 Toll Road Project Toll Consultant Report Presentation

May 19, 2011

URS

Introduction: LA 1 Toll Road

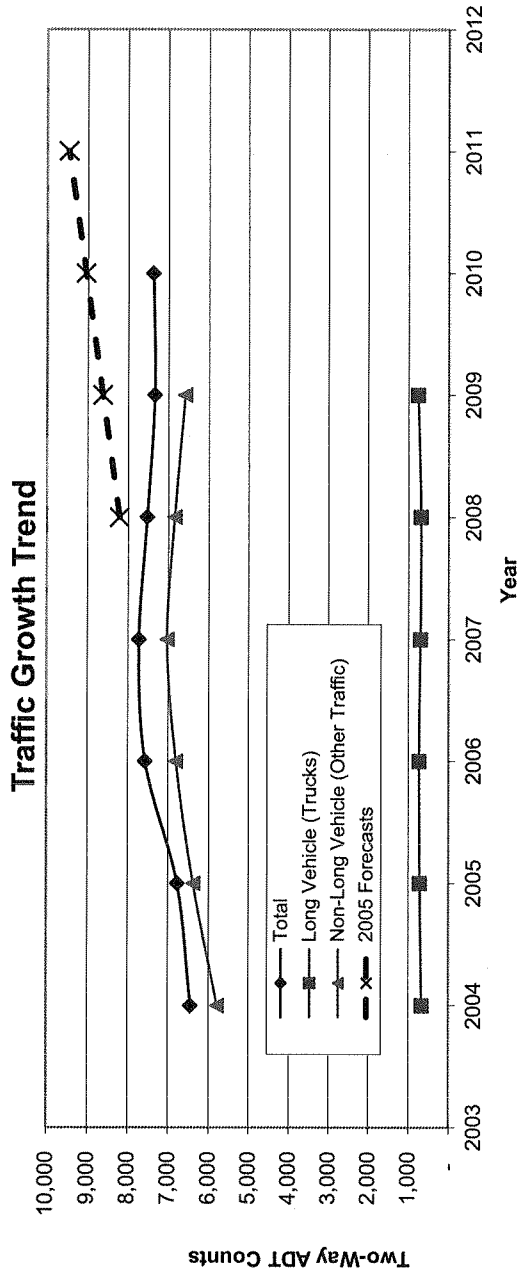
- ▶ 16.3 miles arterial, four-lane fully controlled access elevated highway
 - ▶ Phases 1B & 1C (4.4 mi.)-opened in July, 2009
 - ▶ Phase 1A (6.8 mi.)-will open by 2012
 - ▶ Phase 2 (8.3 mi.)-future phase
- ▶ Located in Lafourche Parish, Louisiana
- ▶ Provides the only road access to Port Fourchon and the community of Grand Isle
- ▶ The ability of Port Fourchon to reliably sustain its role in supplying the nation with oil and gas from Gulf of Mexico (GOM) hinges upon the LA 1 project
- ▶ Toll gantry on Leeville Bridge opened in 2009
- ▶ Toll charge is free for residents on Grand Isle and Port Fourchon; \$1.50 for commuters (2-axle/4-tire vehicles only); \$2.50 for transponder/cash 2-axle-4-tire vehicles ; \$5.00 for trucks; and maximum toll is \$12.00



Source: LA 1 Toll Road Status Report dated as of May 18, 2010

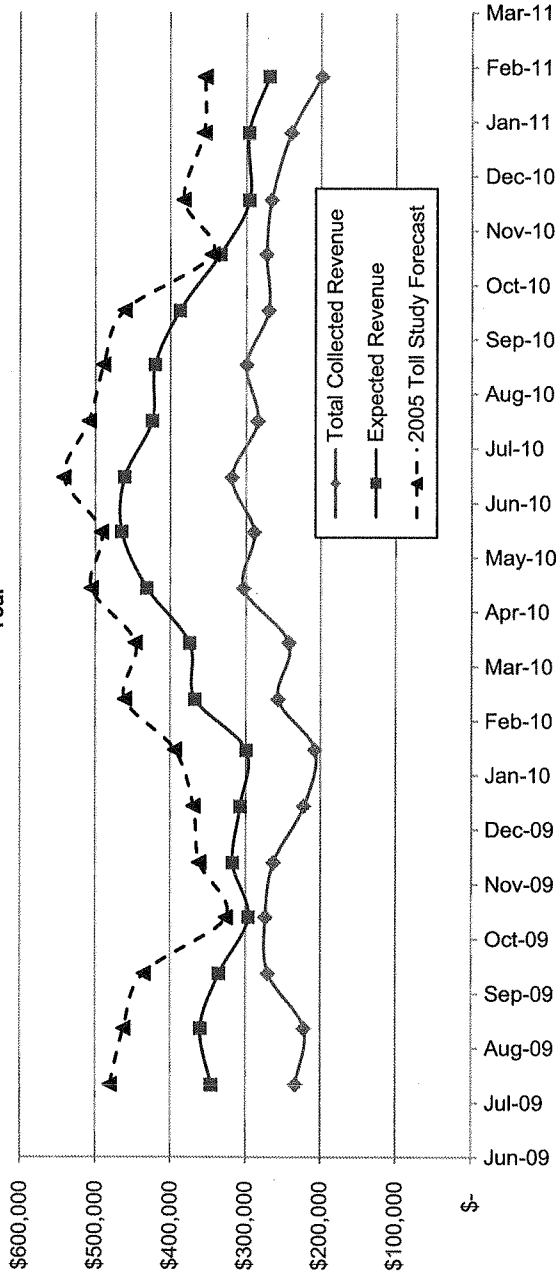
Historical Traffic & Toll Growth

Annual Traffic

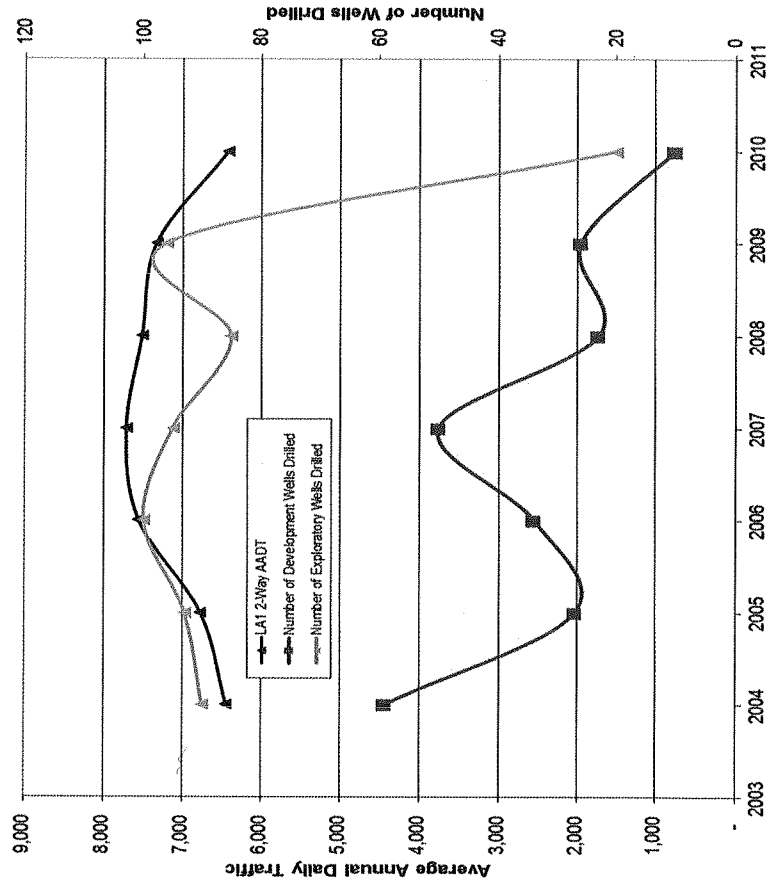
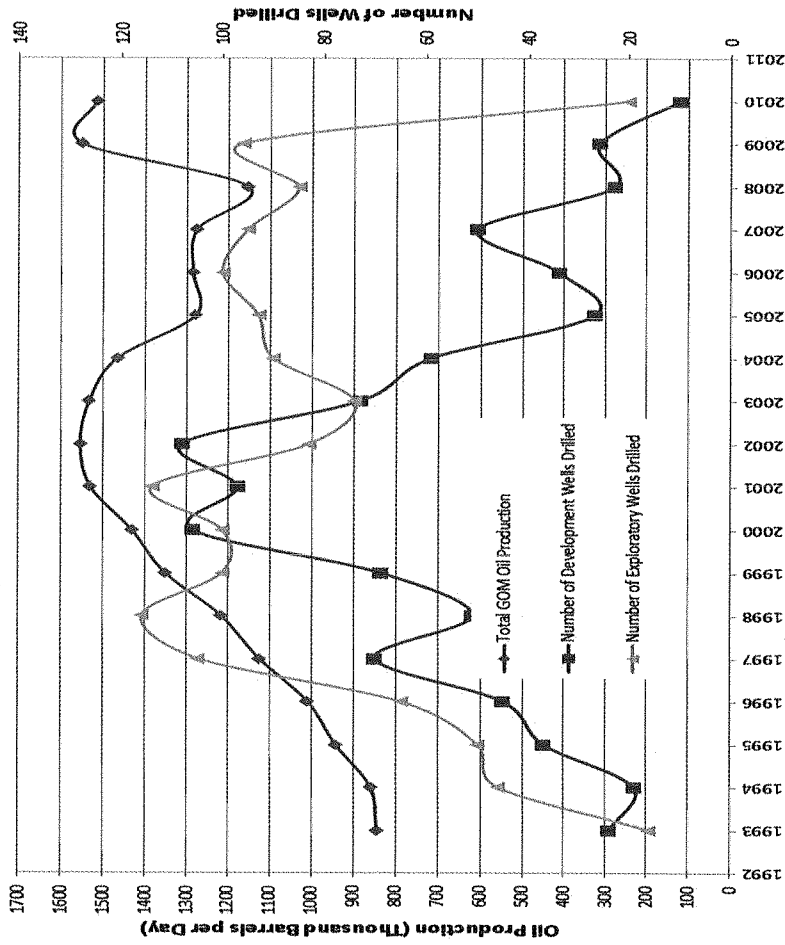


● Impact of recession and Hurricane Katrina

Monthly Revenue



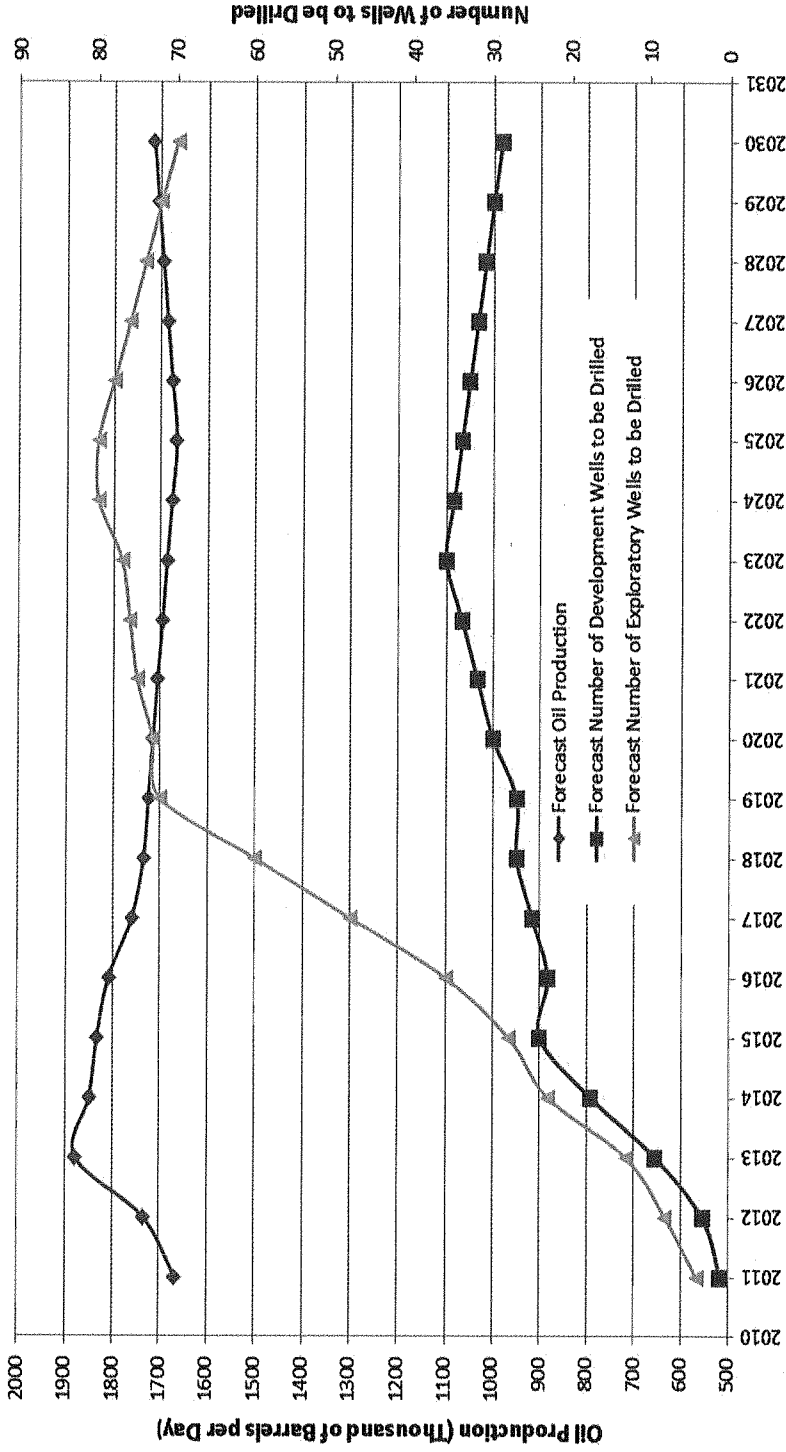
Historical Oil Production & Drilling Activities



Sources:

1. Historical oil production data was obtained from the report produced by the U.S. Department of the Interior Minerals Management Service (MMS) "Gulf of Mexico Oil and Gas Production Forecast: 2009-2018" dated May 2009.
2. Historical data on drilling activities was obtained from the report produced by the U.S. Department of the Interior Minerals Management Service (MMS) "Deepwater Gulf of Mexico Report of 2008 Highlights" dated May 2009.
3. Historic AADT data was obtained from Louisiana Department of Transportation and Development (LA DOTD)

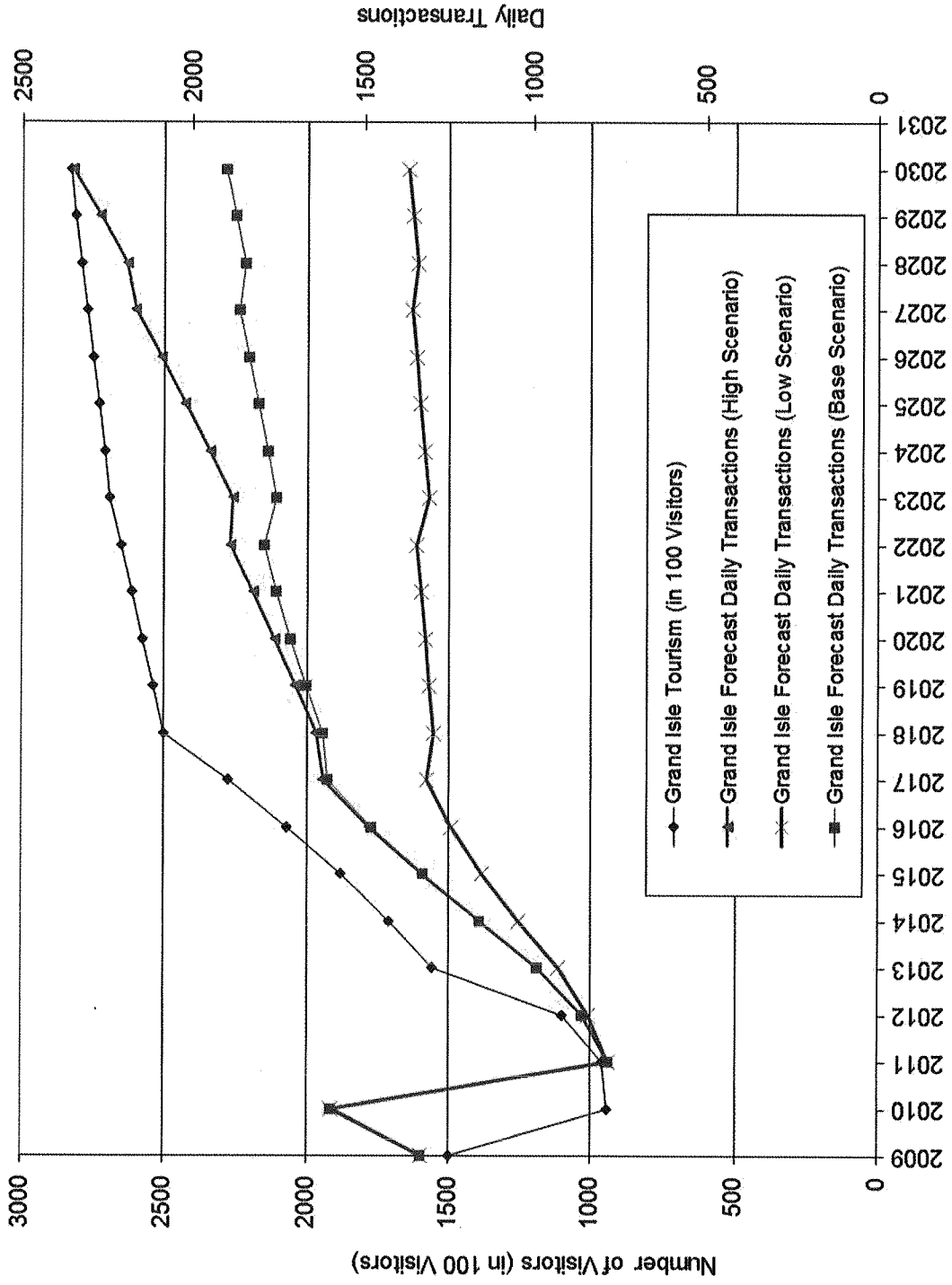
Projected Oil Production & Drilling Activities



Sources:

- 2011-2018 oil production forecast was obtained from the report produced by the U.S. Department of the Interior Minerals Management Service (MMS) "Gulf of Mexico Oil and Gas Production Forecast: 2009-2018" dated May 2009.
- 2019-2030 oil production was developed by URS based on source 1 and available oil production forecast / oil industry articles such as "USA Gulf of Mexico Oil production Forecast Update" at <http://www.theoildrum.com/node/5081>.
- 2011-2018 drilling activity forecast was developed based on forecast oil production and historical data on drilling activities obtained from the report produced by the U.S. Department of the Interior Minerals Management Service (MMS) "Deepwater Gulf of Mexico Report of 2008 Highlights" dated May 2009.

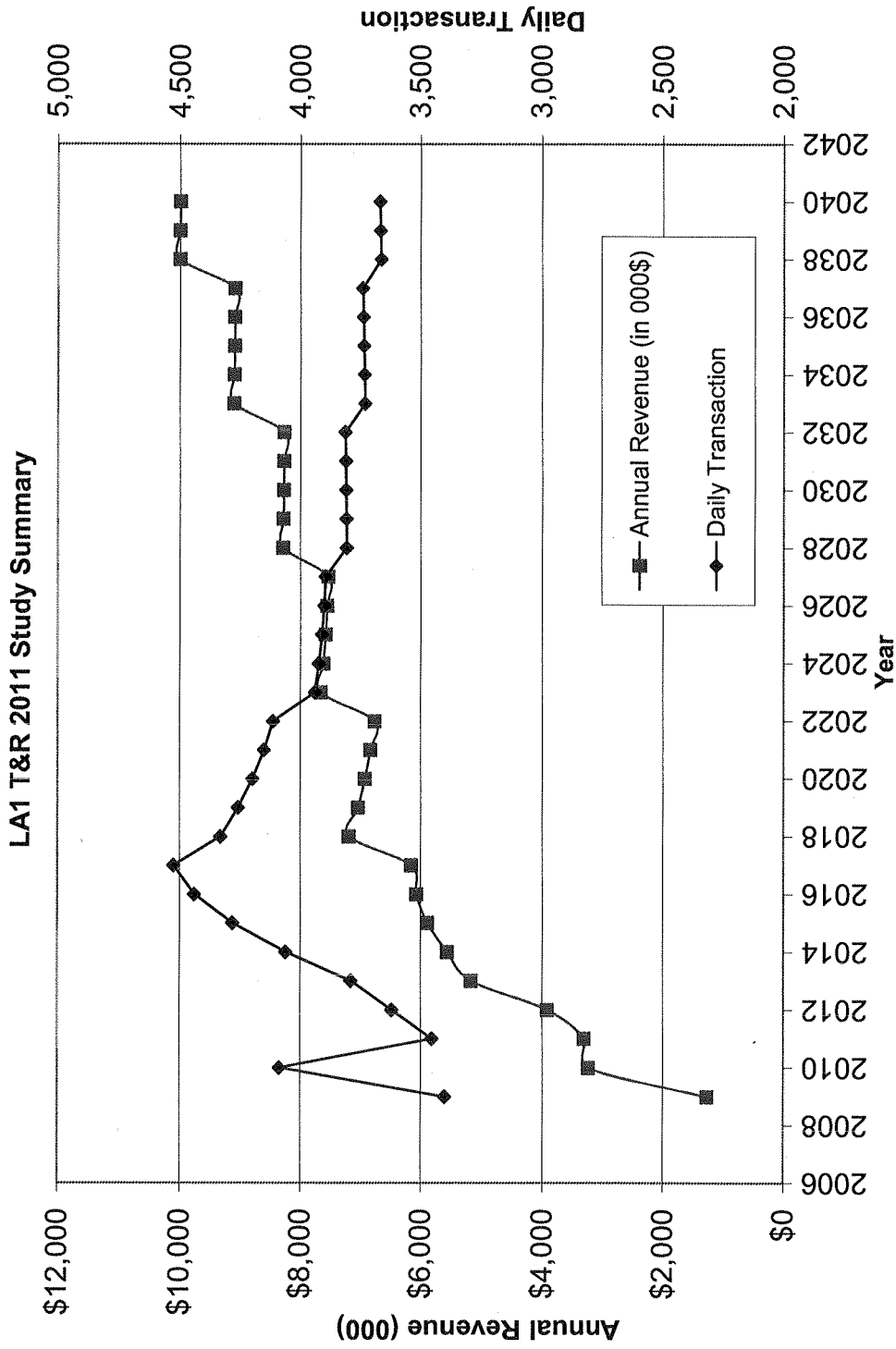
Projected Grand Isle Traffic



Approach and Assumptions

- ▶ **Approach**
 - Breakdown of Grand Isle and Port Fourchon activities
 - Grand Isle: tourism & fishing (auto dominates)
 - Port Fourchon: oil industry (truck dominates)
- ▶ **Assumptions**
 - Split of Grand Isle and Port Fourchon traffic: 23/77%
 - Toll losses reduced to 5% in 2012, to 3% in 2013, 2% in 2014, 1% in 2015 and after
 - Short term impact: economic downturn / oil spill disruption / drilling moratorium / drilling permits
 - Short term MMS report oil production forecast
- ▶ **Low Scenario**
 - Economic recovery delayed---drilling permits slow to be granted
 - Low scenario traffic growth-oil production feeds to historical traffic trends
- ▶ **Base Scenario**
 - Higher/recovery growth to 2013
 - Some impact from increased drilling activity in the long term
- ▶ **High Scenario**
 - Higher/recovery growth to 2013
 - Opening of eastern GOM drilling in 2022
 - High scenario traffic growth- variations tied with oil drilling activity

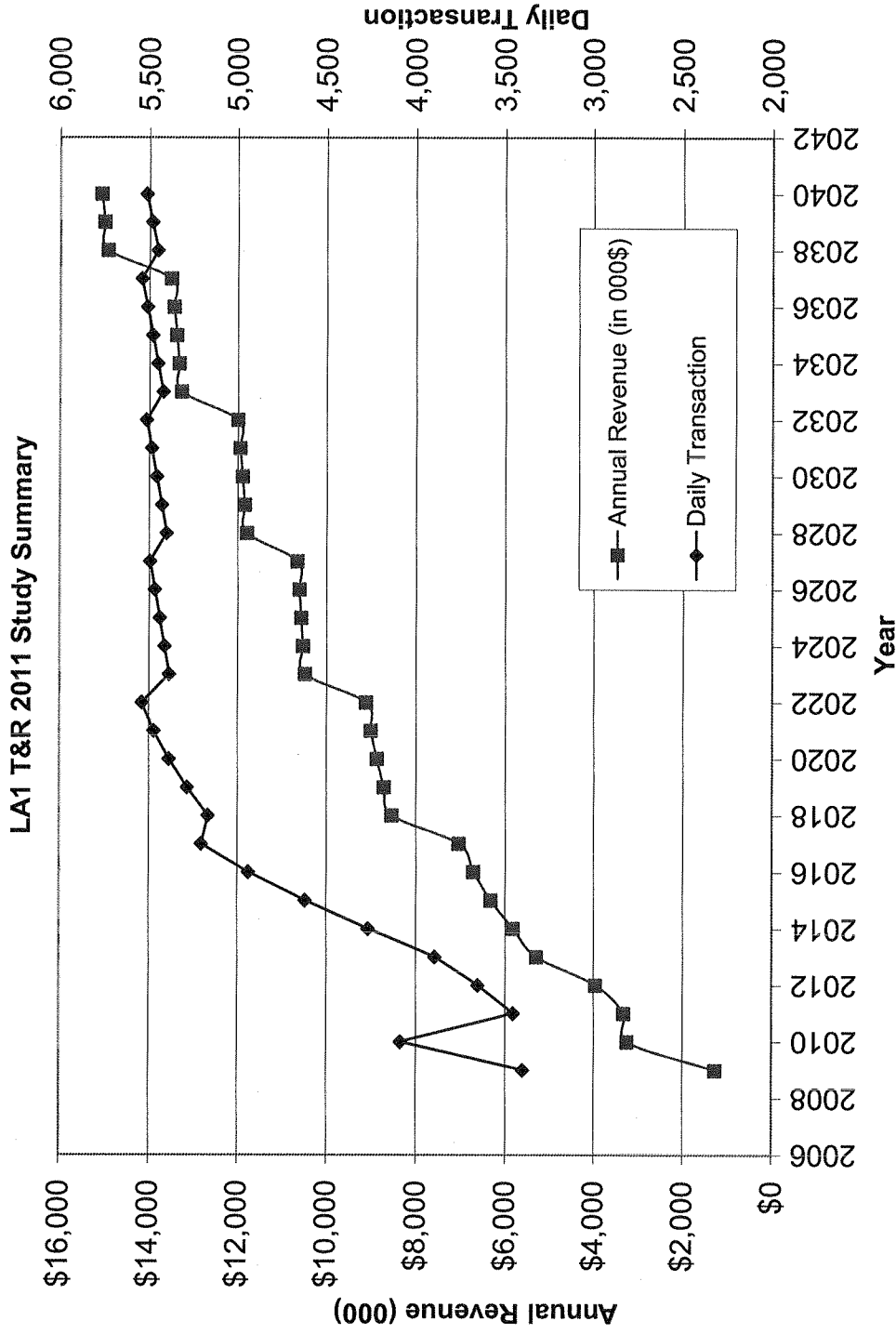
Updated Revenue Forecasts – Low Scenario



Elasticity Applied for Two-Axle/Four-Tire Vehicles = -0.2
 Elasticity Applied for Trucks = -0.1



Updated Revenue Forecasts – Base Scenario

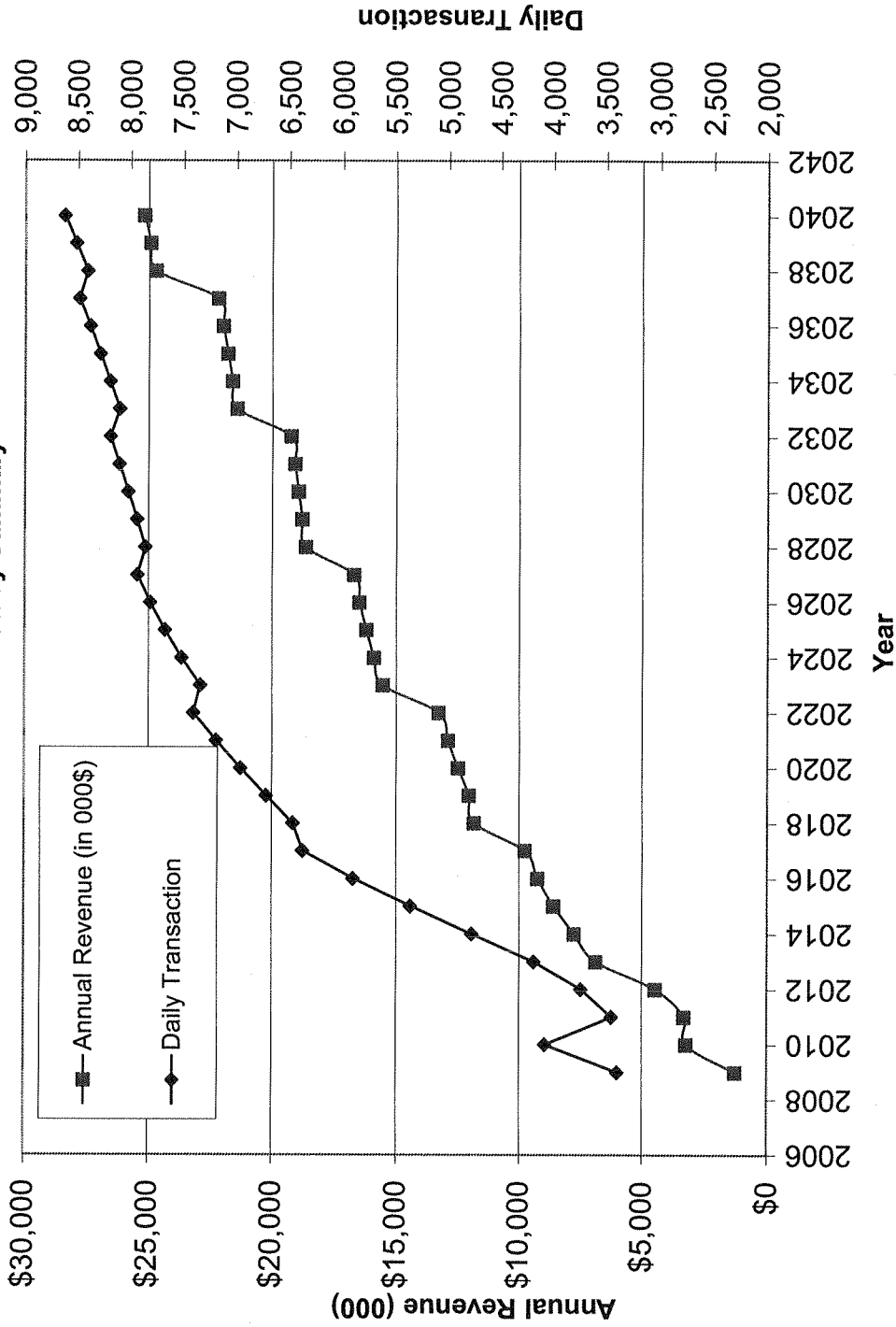


Elasticity Applied for Two-Axle/Four-Tire Vehicles = -0.2
 Elasticity Applied for Trucks = -0.1



Updated Revenue Forecasts – High Scenario

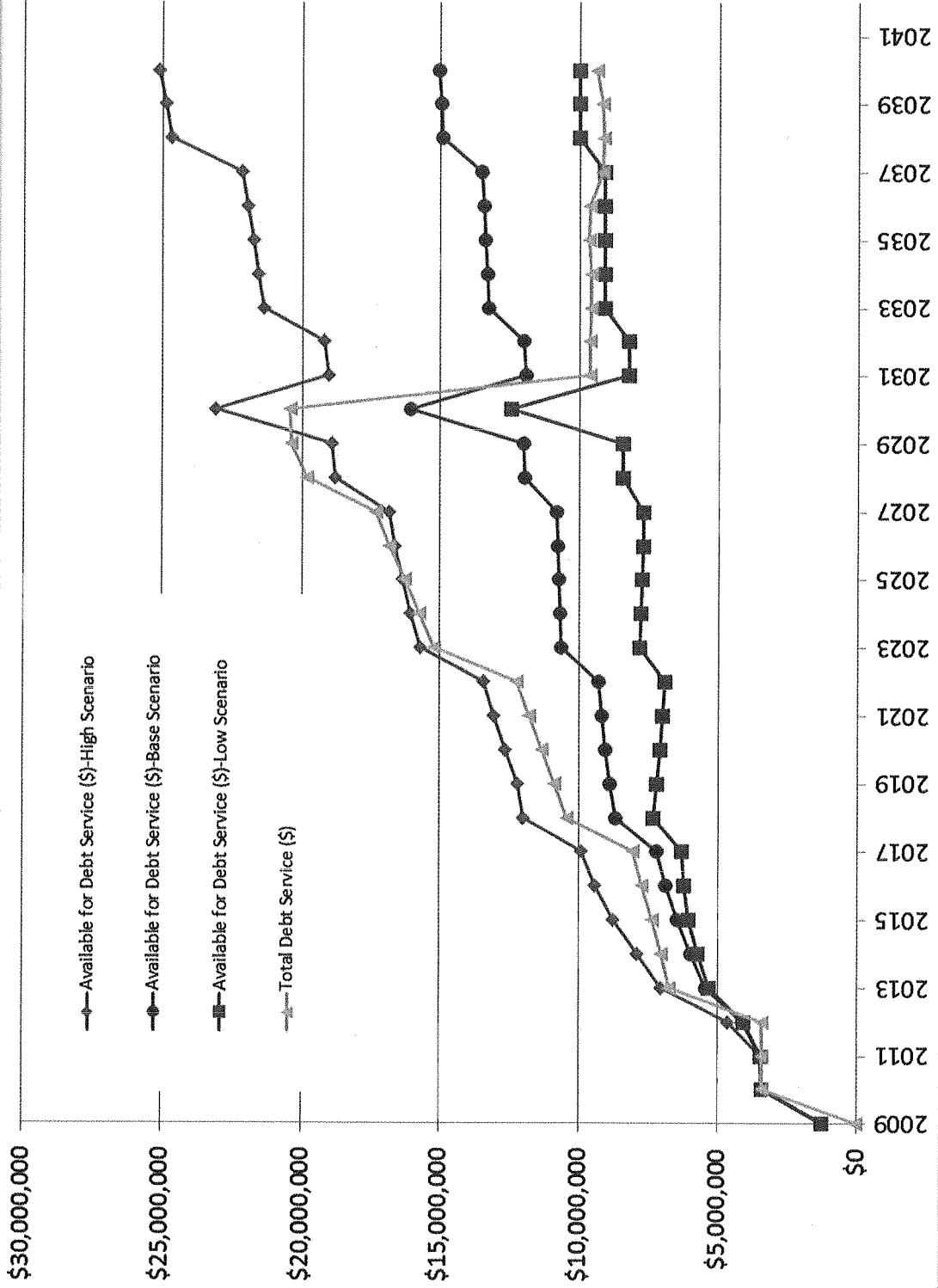
LA1 T&R 2011 Study Summary



Elasticity Applied for Two-Axle/Four-Tire Vehicles = -0.2
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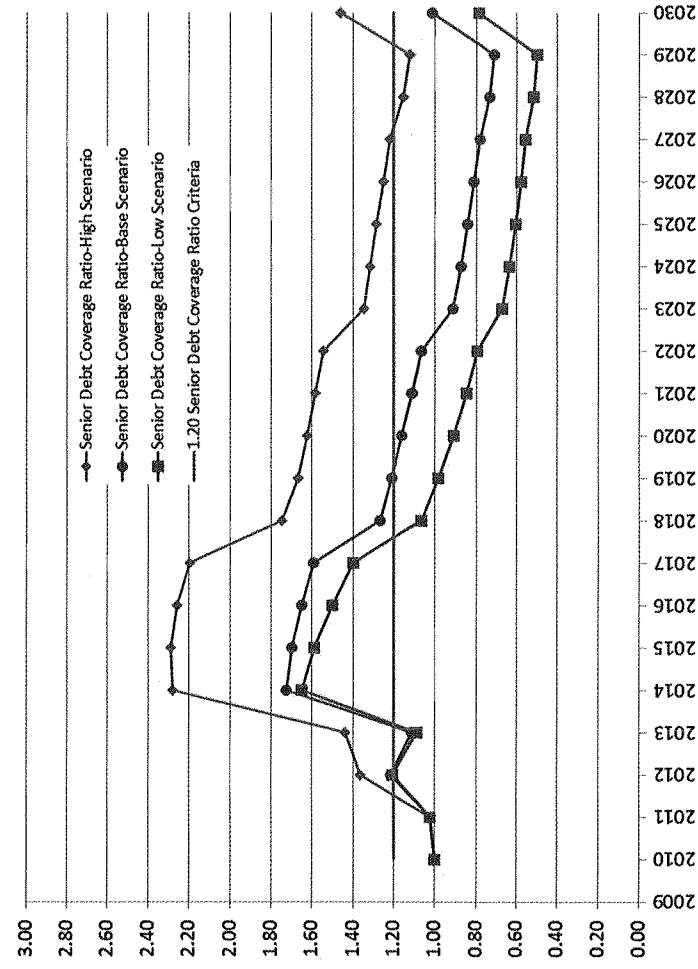
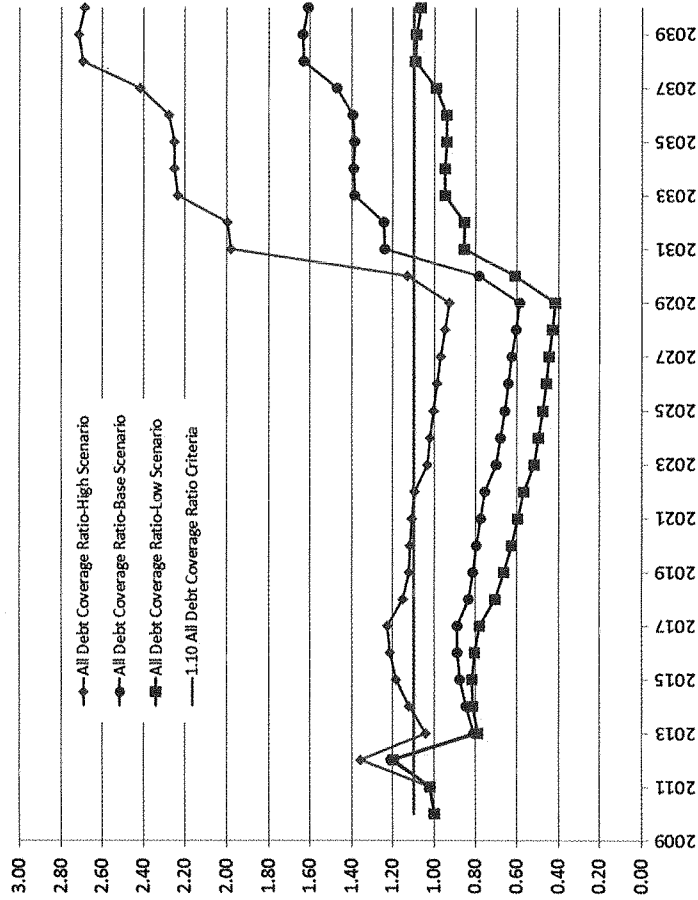
Financial Analysis



Financial Analysis

Debt Service Results

- Low Scenario fails to achieve Senior Loan Coverage Ratio in 2011, 2013, and after 2017.
- Base Scenario fails to achieve Senior Loan Coverage Ratio in 2011, 2013, and after 2019.
- High Scenario can achieve 1.20 Senior Loan Coverage Ratio except for 2011, 2028, and 2029



Recommendations

1. **Operations:** Implement selected HNTB recommendations to revise toll policies and operations
Reduce toll losses to 5% in 2012 improving to 1% losses in 2015 (assumed in all scenarios)
2. **Finance:** Appoint Financial Advisor (FA)
3. **Finance:** Make special provision for debt repayment in 2011 with FA support
4. **Finance:** Examine possibilities for restructuring debt
5. **Toll rates:** Re-evaluate benefits and tolls for commuter traffic and Grand Isle residents
Consider use of differential toll rates for cash/transponder customers
6. **Monitoring:** Closely monitor LA1 traffic and revenue, as well as economic drivers, to anticipate and implement short-term actions for repayment
7. **Analysis:** Determine project-specific demand elasticity – Stated Preference Survey (SPS)
8. **Analysis:** Determine overall economic impact of proposed toll rate schedule and identify potential alternate measures
9. **Toll rates:** Increase toll rates 100% with opening of Phase 1A by 2012
10. **Planning:** Develop contingency plan for compliance with Bond Covenant in medium to long term
11. **Analysis:** Additional T&R studies should be conducted to re-evaluate economic conditions and traffic projections as Eastern GOM oil development becomes more certain

Bridge Toll Rates Per Mile

Toll Facility	Length	Opened	1 or 2 way	Transponder		Effective		Toll/Mile Escalated to Approx.	
				Toll	Toll	Toll	Toll	\$2009 at 2.75%	AADT
Lewisville Lake	1.7	2009	2 way	\$ 1.00	\$ 1.00	\$ 0.59	\$ 0.59	\$ 0.59	9231
Mountain Creek Lake	1.5	1979	2 way	\$ 0.50	\$ 0.50	\$ 0.33	\$ 0.33	\$ 0.75	9231
Lake Pontchartrain	23.87	1969	1 way	\$ 3.00	\$ 1.50	\$ 0.06	\$ 0.06	\$ 0.19	42000
Crescent City Connection	2.54	1988	1 way	\$ 1.00	\$ 0.50	\$ 0.20	\$ 0.20	\$ 0.35	180000
LA-1 Phase 1B	4.4	2009	1 way	\$ 2.50	\$ 1.25	\$ 0.28	\$ 0.28	\$ 0.27	6000
LA-1 Phase 1B+1A	11.2	2011	1 way	\$ 2.50	\$ 1.25	\$ 0.11	\$ 0.11	\$ 0.11	6000

RECOMMENDED TOLL INCREASE 100%

Toll Facility	Length	Opened	1 or 2 way	Transponder		Effective		Toll/Mile Escalated to Approx.	
				Toll	Toll	Toll	Toll	\$2009 at 2.75%	AADT
LA-1 Phase 1B	4.4	2009	1 way	\$ 5.00	\$ 2.50	\$ 0.57	\$ 0.57	\$ 0.57	6000
LA-1 Phase 1B+1A	11.2	2011	1 way	\$ 5.00	\$ 2.50	\$ 0.22	\$ 0.22	\$ 0.21	6000

Proposed Toll Schedule

Proposed Toll Schedule

Vehicle Class	Toll (A)			
	2011 ^(B)	2012 ^(C)	2018 ^(C)	2028 ^(C)
2-axle/4-tire vehicles				
Transponder/resident toll ^(D)	\$0.00	\$0.00	\$0.00	\$0.00
Transponder/commuter toll ^(E)	\$1.50	\$3.00	\$4.10	\$6.10
Transponder/Cash toll ^(F)	\$2.50	\$5.00	\$6.80	\$10.10
2-axle/6-tire vehicles	\$3.75	\$7.50	\$10.20	\$15.10
3-axle vehicles				
2-axle/4-tire with 1-axle trailer	\$3.75	\$7.50	\$10.20	\$15.10
Trucks and buses	\$5.00	\$10.00	\$13.60	\$20.10
4-axle vehicles				
2-axle/4-tire with 2-axle trailer	\$5.00	\$10.00	\$13.60	\$20.10
Trucks	\$7.50	\$15.00	\$20.30	\$30.20
5-axle vehicles	\$10.00	\$20.00	\$27.10	\$40.20
6+ axle vehicles (maximum toll)	\$12.00	\$24.00	\$32.50	\$48.20

(A) Allowance will be made for non-toll traffic pursuant to Louisiana RS 40:1392 and other applicable Louisiana statutes:

(B) Actual 2011 toll rates

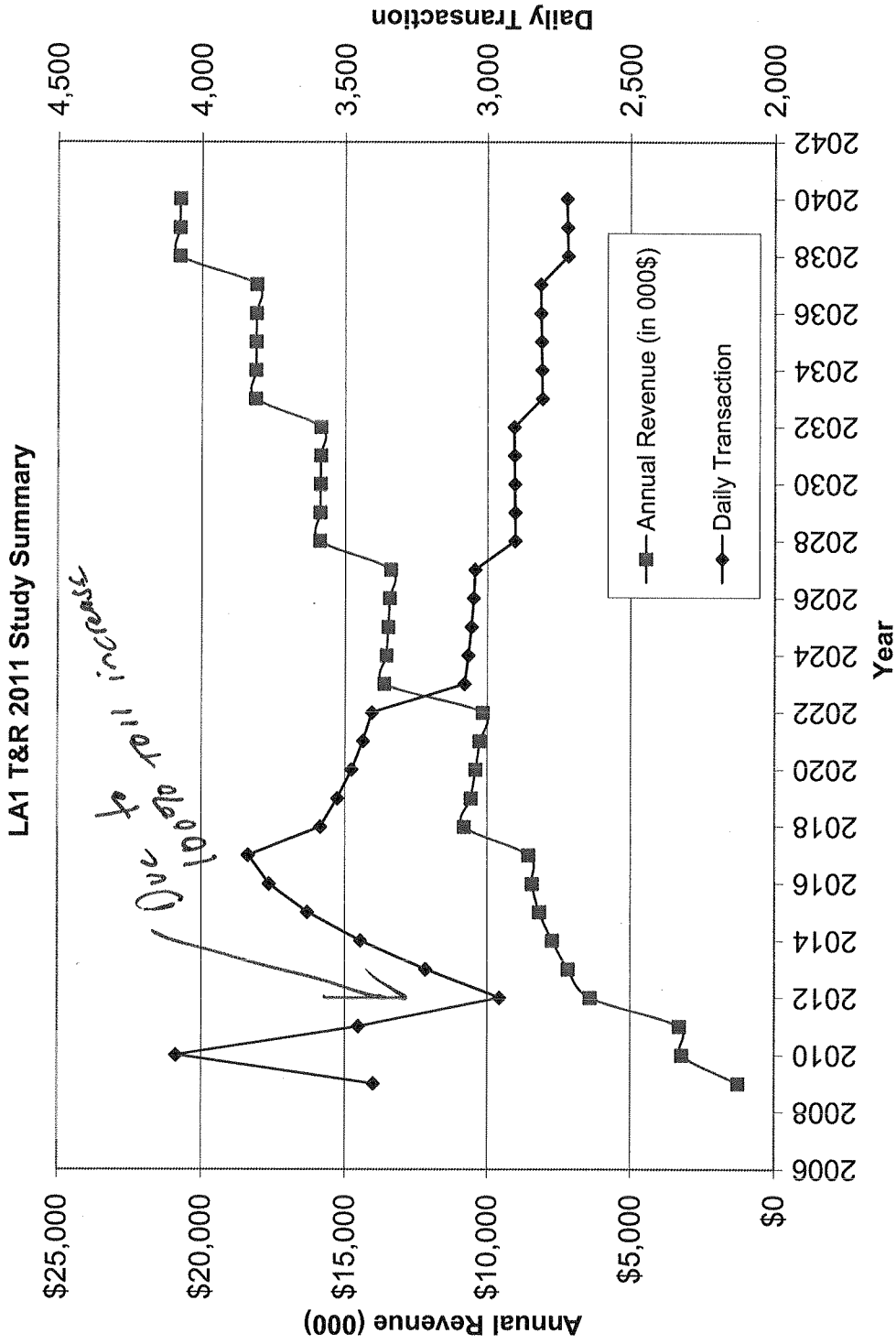
(C) On January 1 of the respective years.

(D) For Lafourche Parish and Jefferson Parish residents whose permanent residence is south of the Leeville bridge. These residents will be identified by drivers' licenses in conjunction with motor vehicle registration to determine the permanent residence. The resident will remain constant during forecast period.

(E) Based on Lake Pontchartrain Causeway frequency-discount program: 60-day period within which the motorist of a two-axle/four-tire vehicle must make 20 southbound trips through the toll plaza for the discount to be fully effective.

(F) And full-fare transponder toll for infrequent users.

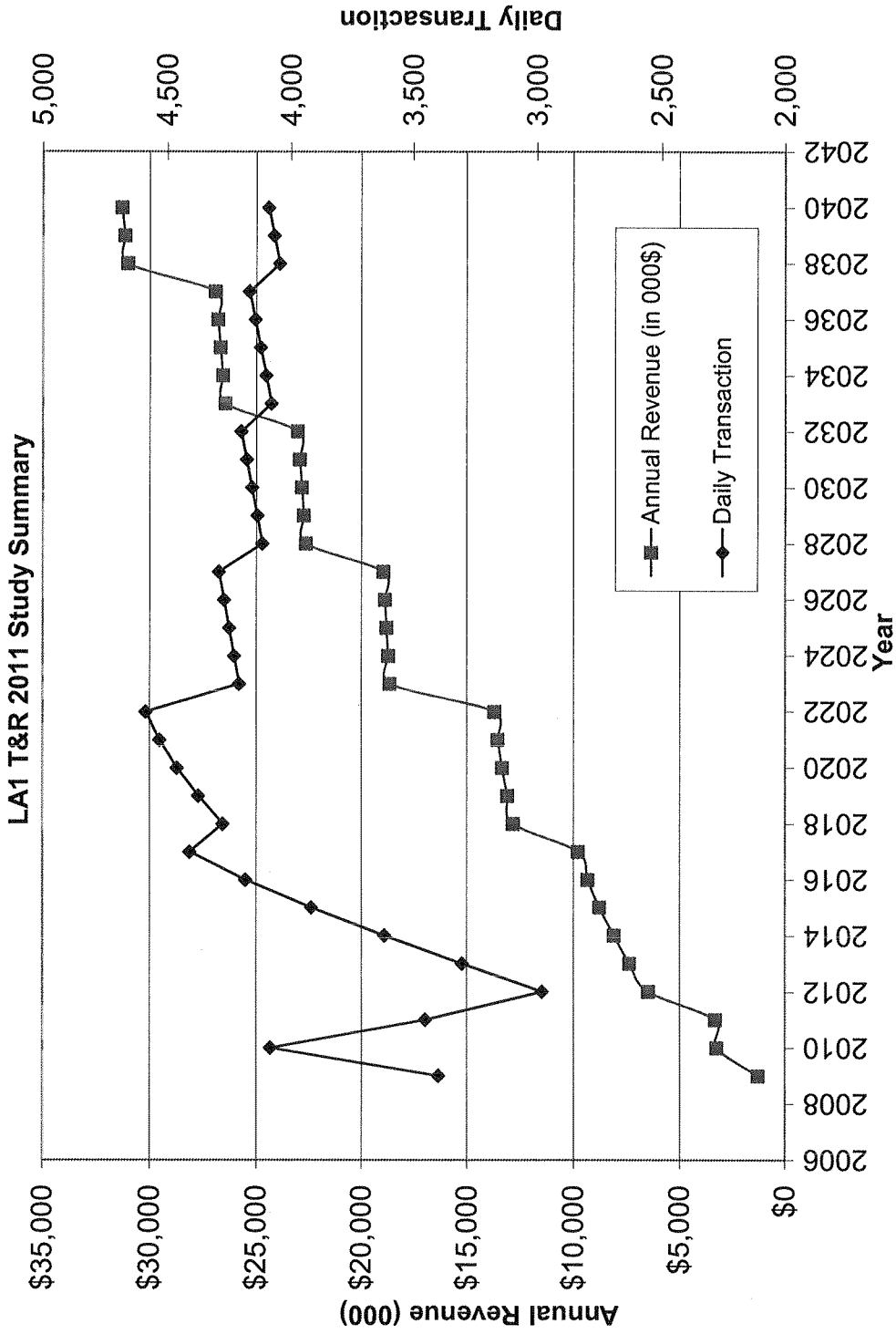
Revenue Forecasts - Low Scenario with Recommended Actions



Elasticity Applied for Two-Axle/Four-Tire Vehicles = -0.2
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Updated Revenue Forecasts - Base Scenario with Recommended Actions

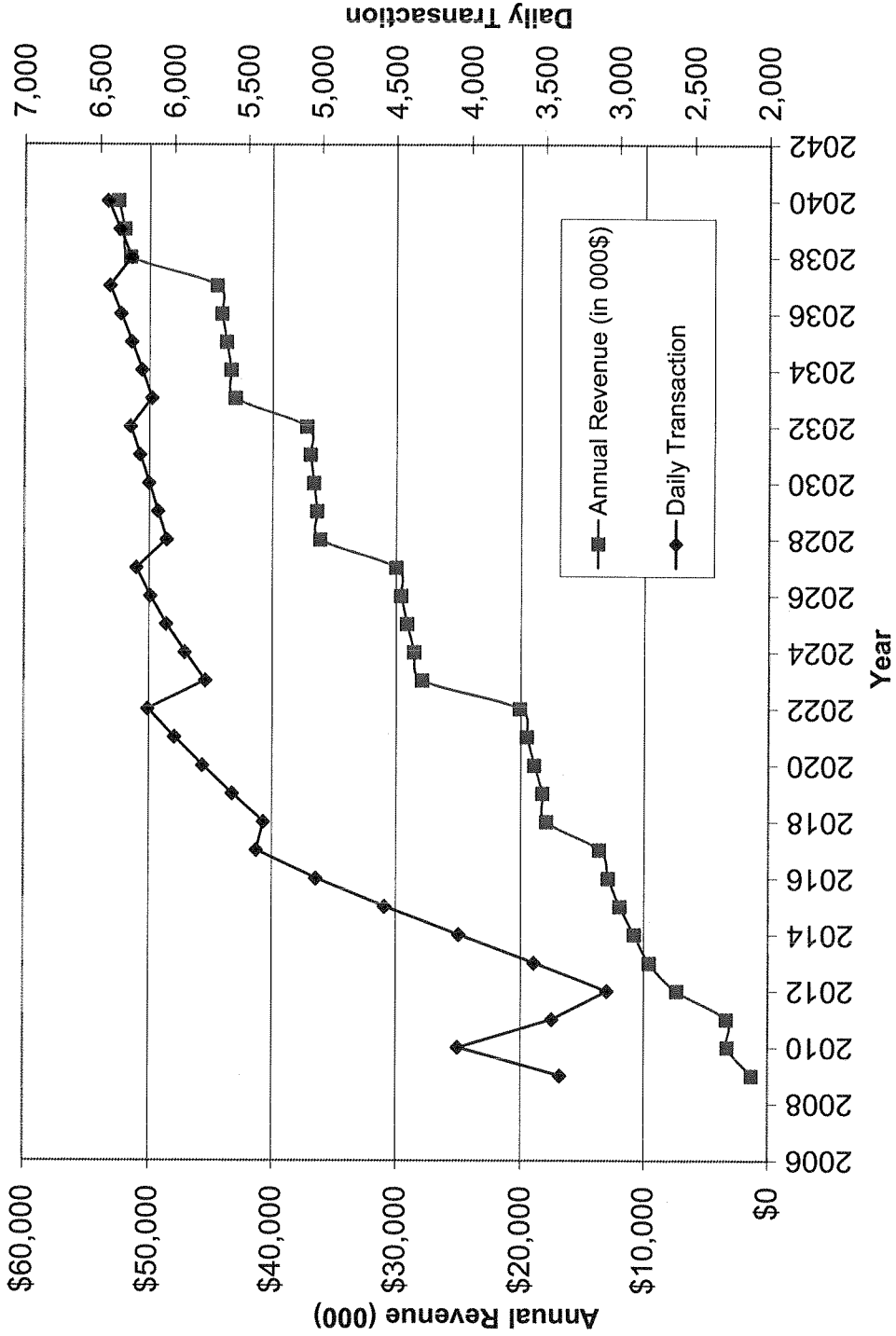


Elasticity Applied for Two-Axle/Four-Tire Vehicles = -0.2
Elasticity Applied for Trucks = -0.1



Updated Revenue Forecasts - High Scenario with Recommended Actions

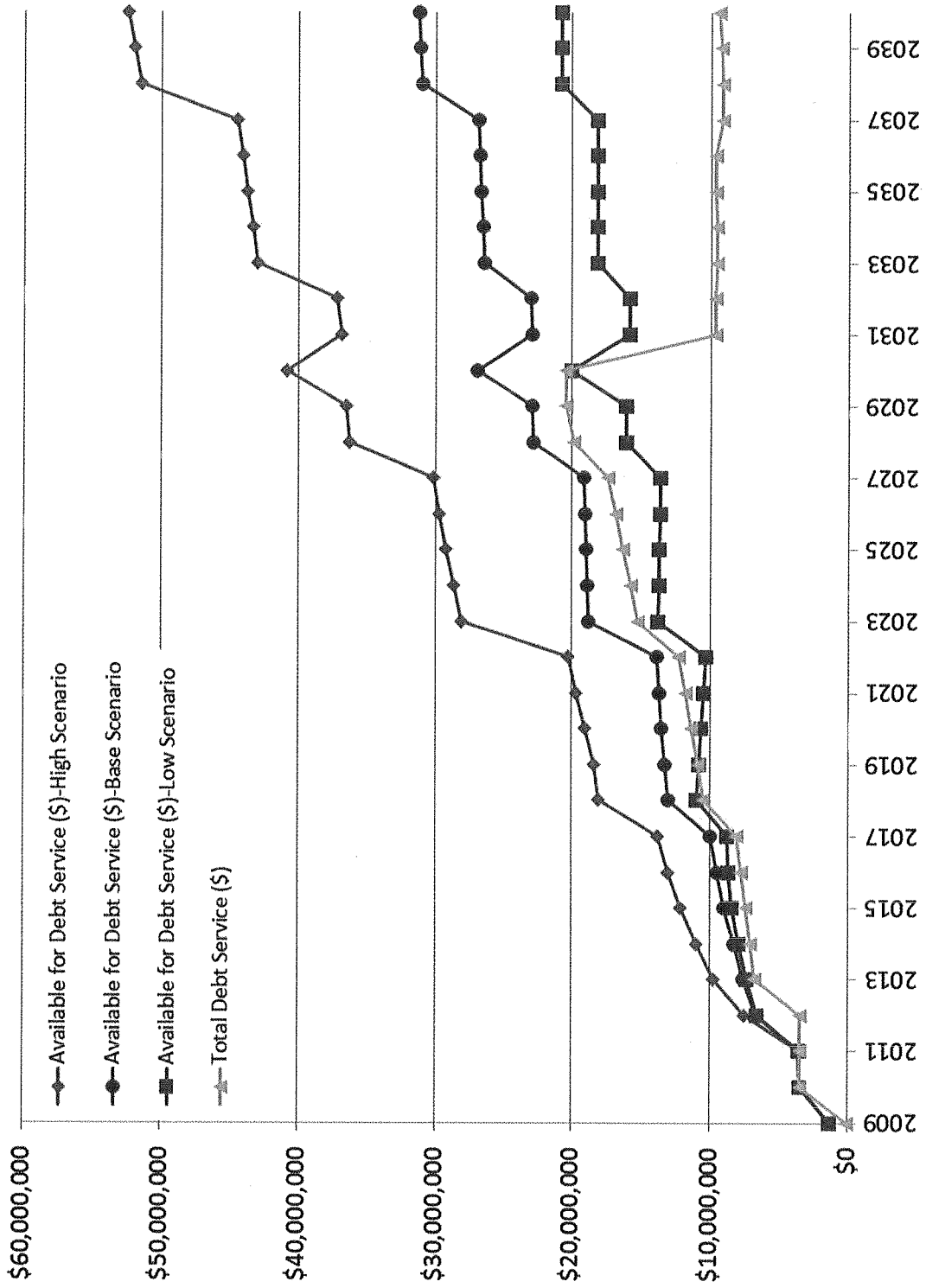
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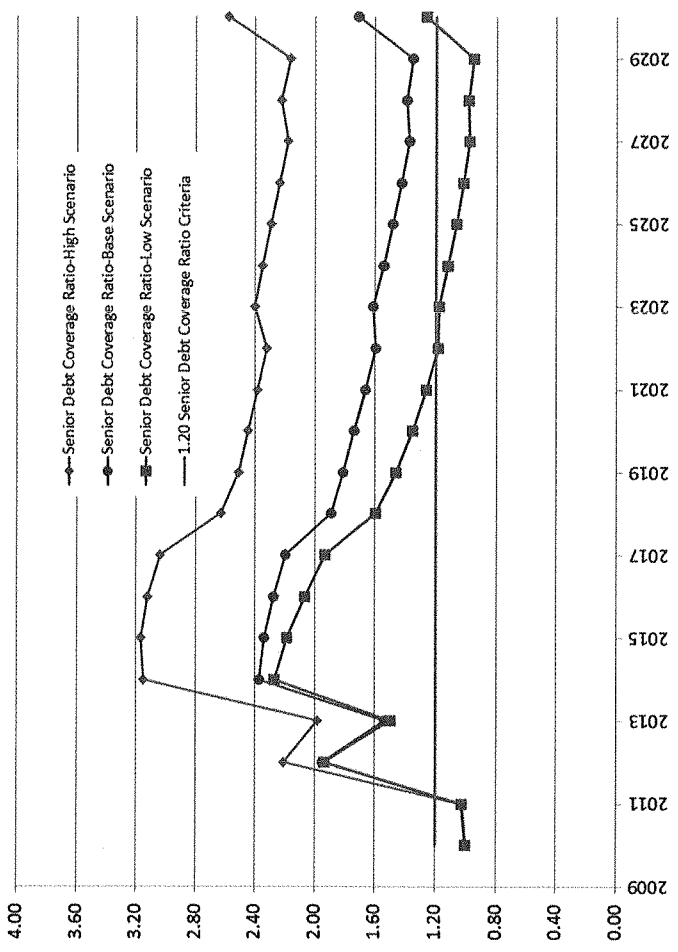
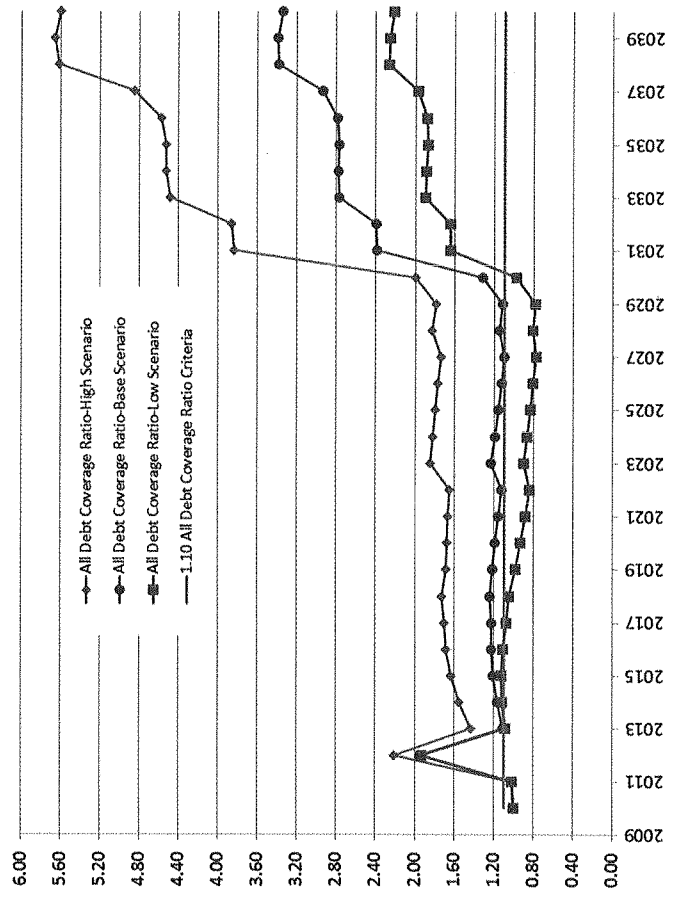
Financial Analysis with Recommended Actions



Financial Analysis with Recommended Actions

Debt Service Results

- Low Scenario fails to achieve 1.20 Senior Loan Coverage Ratio for 2011, and 2022-2029
- Base Scenario can achieve 1.20 Senior Loan and 1.10 All Debt Loan Coverage Ratios except for 2011
- High Scenario can achieve 1.20 Senior Loan and 1.10 All Debt Loan Coverage Ratios except for 2011



Implementation Schedule for Recommendations

1	Operations: HNTB Recommendations	Spring 2011
2	Finance: Appoint FA	Spring 2011
3	Finance: Special provision 2011	Spring 2011
4	Finance: Restructure debt	Spring/Summer 2011
5	Toll rates: Re-evaluate resident/commuter benefits and tolls	Summer 2011
6	Monitoring: LA 1 traffic and actual revenue	Spring 2011-2020
7	Analysis: Demand elasticity	Late Spring 2011
8	Analysis: Economic impact	Summer 2011
9	Toll rates: Implement proposed schedule	January 2012
10	Planning: Contingency plan	Fall 2011
11	Analysis: Eastern GOM oil development	2018



LA 1 Toll Road Project

LA 1 Toll Consultant Report



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April 29, 2011