

[TxDOT LETTERHEAD]

February 7, 2008

Mr. Duane Callender
TIFIA Joint Program Office
Federal Highway Administration
HABF-50
Room 4301
400 Seventh Street, SW
Washington, DC 20590

Re: Submission of Application for TIFIA Credit Assistance—North Tarrant Express Project

Dear Mr. Callender:

The Texas Department of Transportation (“TxDOT”) is pleased to submit the enclosed application for credit assistance under the Transportation Infrastructure Finance and Innovation Act of 1998 (“TIFIA”) for the North Tarrant Express Project (“Project”). This application is TxDOT’s third under the Early Development Agreement dated June 9, 2006 (“EDA”), following the second such application for credit assistance for the IH 635 Managed Lanes Project. The EDA provides for a SEP 15 experiment in the use of the TIFIA Program in connection with the competitive procurement of a private developer to design, finance, construct and operate the Project and collect tolls from users of the Project. Please consider this a request to allow a substitution of the Project for the SH 161 Toll Road Project as provided in the EDA.

The Project is of vital significance to the Dallas-Fort Worth metropolitan region which has experienced rapid growth in population and job opportunities. Completion of the Project will provide considerable congestion relief in North Tarrant County, which is one of the more rapidly growing areas in the region.

As described in the application, TxDOT intends to award a concession comprehensive development agreement (a “concession CDA”) for the design, construction, financing, operation and maintenance of an initial Segment of the Project, and a second CDA that includes predevelopment activities (a “second PDA”) and potentially design, construction, financing, operation and maintenance for the other Project segments, to a private developer following the receipt and evaluation of proposals. The developer will have the right to levy tolls within preset parameters which will be pledged to senior debt and repayment of the subordinated TIFIA loan.

In accordance with the provisions of the EDA, TxDOT is acting as the initial applicant for credit assistance, with the winning proposer the ultimate borrower. This application requests TIFIA credit assistance for the financing of development of Segment 1 of the Project only. As such, project information relating to project costs in this application only addresses Segment 1. These project costs are based on estimates prepared by TxDOT and its advisors. The plan of finance is based on these estimated costs, as well as the latest available traffic and revenue information and

assumptions about the structure of the financing that will be presented by the proposers in their finance plans.

The \$30,000 application initiation fee will be wire transferred to a FHWA approved account according to instructions received from Suzanne Sale. Please contact Mr. Iain Tester at KPMG, (512) 370 3125, to receive the financial model that serves as the basis for the enclosed application as well as instructions on how to use the model.

We look forward to meeting with you to discuss the application and answer any questions you may have. Please feel free to contact Barney Allison, (213) 612-7847, with any questions you may have prior to our meeting.

Sincerely,

James Bass
Chief Financial Officer