Foothill/Eastern Transportation Corridor Agency
Foothill/Eastern Toll Road Project

Proposed 2013 Restructuring

Financial Advisor Evaluation

FINAL

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AND ASSOCIATES, LLC

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1. Summary and Recommendations

The Foothill/Eastern (SR 241/261/133) and San Joaquin Hills (SR 73) Toll Roads were constructed with the proceeds of toll-revenue bonds issued in the 1990's. Debt service on the bonds was structured to grow based on the results of traffic and revenue studies done at the time the bonds were issued. However the projected growth rates failed to materialize and actual collections are below the rate needed to keep up with future debt service increases. The Foothill/Eastern Corridor Transportation Agency (the "Agency") is undertaking a restructuring of the debt issued for the Foothill/Eastern Toll Road to, among other objectives, lower the rate of annual debt service increases, defer principal repayment and improve the margin of coverage of debt service by toll revenues. The restructuring is expected to increase the tolling period by thirteen years.

Because the proposal by the Agency seeks not only to refinance the existing debt but to defer principal payments and extend the tolling period, for the purposes of this report, the proposed transaction will be referred to as a restructuring. Montague DeRose and Associates (MDA) was retained by the California Debt and Advisory Commission (CDIAC) to conduct a financial evaluation and provide its view on whether the restructuring is in the public interest. MDA found that, based on current traffic and revenue estimates, without the restructuring the Agency is not likely to meet its bond covenants going forward and without significant revenue increases, toll revenues would soon fall below the level needed to meet debt service obligations.

MDA's review did not identify any factors that would raise concerns about the Agency proceeding with its restructuring, with two significant exceptions, discussed in detail in our report:

1. In order to ameliorate the extension of the tolling period, the primary public policy drawback of the restructuring, we recommend that the Agency set aside a large percentage of the annual cash flow savings of the restructuring to call bonds maturing from 2040 to 2053, the additional period that tolling would be extended. This would shorten the tolling period and strengthen the Agency's financial condition.

2. Because of the proposed new payment obligation to Caltrans beginning in 2041 through 2053, we recommend that Caltrans modify the Cooperative Agreement in a manner to protect itself and bondholders from dilution of existing revenues by further expenditures for the Tesoro or Foothill South extension projects. For example, one way to do this would be to require that Caltrans be presented with and approve a feasibility and financial plan for either the Tesoro extension or the Foothill South projects before any additional funds are spent on those projects. While this study does not attempt to analyze the risk of non-payment that Caltrans faces, we believe this modification will help ensure that sufficient surplus revenues are available to make the payments to Caltrans for which the Agency has obligated itself.

With these two exceptions, MDA believes the Agency's restructuring is in its best interest as well as in the interest of its bondholders and other stakeholders, toll road users, and the public in general.

2. Introduction

The Agency was formed in 1986 as a joint powers agency by the County of Orange (the "County") and twelve cities in Orange County, California. The Agency was created to plan, design, finance, construct and operate the Foothill (State Route 241) and Eastern (State Route 241, State Route 261, and State Route 133) Toll Roads.

The Agency is one of two transportation corridor joint powers agencies established among the County and various cities within the County in order to plan, design, finance, construct and operate toll roads. While the Agency is administered by a common staff with its sister Agency, the San Joaquin Hills Agency, all policy decisions regarding the Foothill/Eastern System are made by the Agency's Board of Directors, an appointed body of elected officials separate from the Board of Directors of the San Joaquin Hills Agency. The System provides an important connection between the Orange, Riverside, and San Bernardino Counties.

In the mid-1980s, two state laws were passed authorizing the Agency to collect tolls and development impact fees to fund road construction. With a pledged revenue stream from future tolls, the Agency issued toll-revenue bonds to fund road construction. The Agency also entered into a Cooperative Agreement with the California Department of Transportation ("Caltrans") to assume ownership, liability, and maintenance of the State Route 241, State Route 261, and State Route 133 Toll Roads as part of the state highway system. This agreement eliminates the need for the Agency to pay for road maintenance.

In 1995, the Agency issued $1,262,750,597.70 in principal amount of its Toll Road Revenue Bonds, Series 1995A (Fixed Rate) and $245,600,000 of Series 1995B-E (Variable Rate) (together the "Series 1995 Bonds"). The proceeds of the Series 1995 Bonds were used to finance a portion of the costs associated with the design of, acquisition of property for, and construction of, the Foothill/Eastern toll road.

In 1999, the Agency issued $1,588,143,865.05 in Series 1999 Bonds. The Bonds were issued to (i) advance refund a substantial portion of the Series 1995 Fixed Rate Bonds and refund all of the Series 1995 Variable Rate Bonds, (ii) fund capitalized interest on the Series 1999 Bonds and fund a toll stabilization fund for the Series 1999 Bonds, and (iii) fund a use and occupancy fund for the Series 1999 Bonds. Based on the revenue projections by Wilbur Smith Associates (now CDM Smith), debt service on the Agency's debt was structured to grow at an average rate of 4.4% per year.

According to the Agency's disclosure document, over the past ten years, annual traffic transactions on the Foothill/Eastern System increased by an average of 0.03% per year, and annual revenues have increased by an average of approximately 3% per year during the same ten-year period. This is below the rate needed to keep up with escalating debt service.

In FY 2007-08, average weekday transactions decreased 5%, falling below 202,000 per day with annual revenues down 3% to $102.8 million. Decreases in toll transactions and revenues continued to worsen the following year, dropping an additional 8% to $94.1 million in FY 2008-09, with average weekday transactions of approximately 185,000 per day. Toll transactions continued to fall in 2009-10 to approximately 173,000 per day due at least in part to a toll increase in July that averaged 12%. However, 2009-10 revenues increased 6% to $99.7 million. Toll transactions in FY 2010-11 and FY 2011-12 were flat with almost no growth; however, given the implementation of a system-wide toll increase in July 2011 of 7% on average, revenues increased 7% from FY 2010-11 to FY 2011-12. The Agency has approved a further toll increase of 4.8% for FY 2013-14, and has projected for budgeting purposes that annual gross revenues will increase by an equivalent amount, reflecting no growth in toll traffic.

The slower than anticipated revenue growth compared to the growth in debt service of 4.4% annually has made it necessary for the Agency to consider restructuring its debt in order to meet its bond covenants and payment obligations.

3.1 Purpose of Financial Advisor Evaluation

The Agency is undertaking an approximately $2.4 billion restructuring of debt for the Foothill/Eastern project. According to an Agency staff report to the Board dated June 13, 2013, the proposed restructuring allows the Agency to take advantage of historically low interest rates to lower its debt payments and provides additional financial benefits, as follows:

- Lowers the average rate at which annual debt service increases from 4.4% to 3.5%
- Improves margin of coverage of debt service by toll revenues, thereby providing a cushion in the event of future recessions
- Provides greater latitude in managing toll rates to reflect economic conditions, traffic patterns and toll elasticity
- Does not use the escrow defeasance fund to meet debt service coverage
- Preserves credit ratings
- Reduces maximum annual debt service significantly
- Creates a flexible financing structure that can be used to either pay down debt early or fund additional capital projects, such as the 241/91 Connector and other improvements to the State highway system

MDA was retained by CDIAC to conduct this financial evaluation and provide its view on whether the restructuring is in the public interest.

At least three reasons exist why the Agency restructuring is of statewide interest:

1. The original creation of the Agency foresaw the day that the toll road bonds would be repaid, the tolling ended, and the Foothill and Eastern roads would become part of the state freeway system. It is in the public interest to see that the tolls end as soon as practicable. One negative aspect to the restructuring is that the tolling period will be increased by thirteen years, from 2040 to 2053.
2. The draft Caltrans Cooperative Agreement includes annual payments to be made to Caltrans from 2041 to 2053. These payments increase from $14.1 million in 2041 to $18.9 million in 2053 and are made only from surplus revenues. It is in the public interest to ensure that these payments are made on a timely basis in order for Caltrans to carry on its important work on behalf of the public.
3. A default on the Agency's bonds could have a negative effect on the outlook of investors on the creditworthiness of California in general, potentially making it more difficult and costly for other California issuers to raise funds in the capital markets.

3.2 Activities Conducted in Evaluation

To conduct the financial evaluation, MDA performed the following tasks and analyses:

- **Reviewed the methodology and underlying assumptions of the Agency's proposed restructuring model for accuracy, completeness, and reasonableness**. MDA identified recommended revisions for completeness and updated information, as applicable. This review included a review of the underwriters' proposed refunding financial model.

- **Examined risks associated with proposed restructuring plan.** MDA examined the various elements of the Agency's proposed refunding and identifies additional factors that could have an impact on the Agency's viability and ability to meet bond covenants and its payment obligations.

- **Reviewed the Stantec (the "T&R Consultant") Traffic and Revenue ("T&R") Study**. MDA reviewed the T&R study and held a conference call with the T&R consultant who prepared the study.

- **Review of Agency's bond documents**. MDA reviewed the Agency's bond documents for covenants and terms as they relate to the proposed restructuring and ongoing obligations

- **Reviewed the Agency's Financial Statements and provided pro-forma financial statements for the next ten years.** MDA reviewed the Agency's financial statements and developed pro-forma financial statements for the next ten years, both under current conditions and with the restructuring in place.

3.3 Disclaimer

MDA relied on publicly available data provided on the Agency's website, data provided by the Agency to MDA and the financial model developed by the Agency's underwriting team led by Barclays and Goldman Sachs (the "Underwriters"). MDA believes that the source data supplied is reliable, but assumes no responsibility for its accuracy. The statements in this report reflect the views of MDA and are based solely on the material reviewed as of the evaluation date. The accuracy of the evaluation depends on the occurrence of future events while there is no assurance that they will occur as planned. As of the date of this report, interest rates on comparable securities have increased approximately 13 basis points since we were presented with the model on June 14th. This is likely to have resulted in a decrease in net present value savings for the restructuring. Thus, variances between assumed and actual outcomes may occur and could be material.

4. Review of Prior Work

MDA undertook a review of the information provided by the Agency as well as publicly available documents presenting the Agency's financial information. The focus of MDA's review was the overall financial effectiveness of the Agency's restructuring plan and the projected ability of the Agency to remain a viable entity. MDA reviewed the following items:

- Agency's adopted budgets and financial plans
- Agency's FY 2012 audited financial statements
- Agency's Resolution Authorizing Revenue Refunding Bonds adopted June 13, 2013
- Agency's Revenue Refunding Bond rating agency reports from Moody's, Standard & Poor's, and Fitch
- Agency's Continuing Disclosure Filing dated April 30, 2013
- Agency's Schedule of Debt Outstanding as of March 31, 2013
- Various non-public files which served as inputs to the underwriters' financial model
- The Master Indenture of Trust, dated as of June 1, 2013
- The First Supplemental Indenture of Trust, dated as of June 1, 2013
- The Second Supplemental Indenture of Trust, dated as of June 1, 2013
- The Third Supplemental Indenture of Trust, dated as of June 1, 2013
- The Escrow Agreement, dated as of June 1, 2013
- The Continuing Disclosure Certificate of the Agency
- The Preliminary Official Statement relating to the 2013 Bonds
- The Dealer Manager Agreement, dated as of June 1, 2013
- The Purchase Contract relating to the Series 2013A Bonds, the Series 2013B Bonds and the Series 2013C Bonds

MDA also conducted discussions with Agency staff, its financial team, and T&R Consultant. MDA held a follow-up conference call with the Underwriters' to discuss the financial model and data analysis. MDA also held conference calls with Agency personnel to discuss any recent updates to financial information that might not be reflected in published materials.

5. Agency Restructuring Plan

The Agency's restructuring is currently scheduled to be sold the week of July 8. The exact amount and types of bonds offered to the market will vary depending on market conditions. According to the financial model provided to us on June 13, 2013, the offering would consist of approximately $1.4 billion of tax-exempt Senior Lien Toll Road Revenue Bonds, Series 2013A (approximately $1.13 billion of which will be Current Interest Bonds and $270 million of which will be Capital Appreciation Bonds), $210 million of tax-exempt Junior Lien Toll Road Refunding Revenue Bonds, Series 2013B Current Interest Bonds and up to approximately $600 million of tax-exempt Toll Road Refunding Revenue Bonds, Series 2013D Forward Delivery Bonds.

The amount of tax-exempt Series 2013D Forward Delivery Bonds will be reduced and there will be a corresponding increase in the current delivery Series 2013A bonds should the Agency's tender offer for a portion of its outstanding bonds be successful. The amount of Series 2013C Taxable Callable Stepped Coupon Bonds will be sufficient to affect the full defeasance of the Series 1999 bonds in July 2013 and will be refunded by the Series 2013C Bonds on October 17, 2013.

Restructuring Objectives

The Agency's existing annual debt service obligation is $105 million in 2013, growing steadily at approximately 4.4% per year to a maximum level of approximately $298 million in 2040. The objective of the restructuring will be to refund and restructure most of the Agency's $2.4 billion in outstanding bonds. On June 13, Agency staff recommended to its Board to move forward with the restructuring so long as the rate of debt service growth is 3.50% or below on average, maximum annual debt service is reduced substantially, a majority of the new bonds are callable at par after ten years and there are present value savings or the present value loss of the refinancing is not substantial. Agency staff states that achieving these objectives will improve the Agency's long-term financial stability and near-term financial flexibility and preserve its credit ratings. Please see Exhibits 1 through 8 for the debt service schedules under the existing debt structure and with the restructuring in place.

Under the restructuring, the Agency staff believes it will have more latitude to manage toll rates given economic conditions, traffic patterns and toll rate elasticity. Lower annual debt service should also eliminate the need for the Agency to commit cash from unrestricted reserves to fund an escrow defeasance fund to meet debt service coverage covenant requirements, a practice the rating agencies have cited as a negative credit factor. A lower annual debt service growth rate of 3.5% is below the average revenue growth of 4.55% between 2014 and 2053 projected by the T&R Consultant.

Restructuring Details

According to the June 12, 2013 Agency staff report to the Board, based upon market interest rates and assumed credit ratings, the proposed structure includes the following:

- **Positive Present Value Savings:** With current interest rates, the net present value savings from the restructuring would be 2.7% (most issuers have at least a 3% threshold of net present value savings for a refunding). However, Agency staff has stated market conditions may change through the date of sale and in fact, there has been a significant increase in both taxable and tax-exempt interest rates since the issuance of the staff report and the Board action damaging the economics of the transaction. The Agency has stated that the refinancing will be executed if the Agency generates present value debt service savings or a minimal present value loss;
- **Lower Debt Service Growth Rates**: The refinancing results in (i) an annual debt service growth rate of 3.5% or below versus the current 4.4%, (ii) increased debt service coverage margins over the term of the refunding bonds (iii) reduced debt service payments between 2014 and 2040 and (iv) lower maximum annual debt service, resulting in a lower debt service reserve requirement;
- **Callable Debt:** A significant majority of the new debt is callable at par (no premium) in ten years. Before year ten, all of the debt is callable at a premium based upon a "make whole" call formula;
- **Final maturity:** The final maturity of the bonds will be extended to 2053 (from the current final maturity date of 2040) in order to lower the annual growth rate in debt service and defer principal repayment;
- **Senior and Subordinate Bonds:** Approximately $200 million of subordinate or Junior Lien bonds will be issued as part of the overall restructuring in order to lower costs and improve savings by reducing the issuance of Capital Appreciation Bonds;
- **Toll Rate Covenant:** Senior debt coverage will remain at 1.30x, but aggregate coverage on all bonds (including the junior lien) will be 1.15x.
- **Credit Ratings:** Baa3, BBB- and BBB- on senior lien debt and Ba1, BB+ and BB on subordinate bonds, from Moody's, S&P and Fitch respectively;
- **Use of Escrow Defeasance Fund:** The refinancing has been structured to meet the Agency's covenant requirements without reliance on the Escrow Defeasance Fund;
- **Debt Service Reserves:** Debt Service Reserve sizing is based on maximum annual debt service, which will be reduced significantly. Excess existing bond debt service reserves will be released to pay down debt and/or reduce the amount of refunding bonds;
- **Other Features:** The restructuring will initiate a tender offer on the 1999 convertible capital appreciation bonds that are not currently callable, and issue taxable bonds and/or forward delivery bonds for any such bonds that are not purchased through the tender process.

Elements of the restructuring plan merit additional examination:

1. Extension of Final Maturity

The currently outstanding bond structure has a final maturity of January 1, 2040. However, under the restructuring, the final maturity will be extended to 2053 in order to achieve the

Agency's goals of lowering annual debt service levels, enhancing debt service coverage, lowering peak debt service and reducing the debt service growth rate.

Lower debt service, reduced debt service growth and better coverage should produce excess revenue, which the Agency plans to utilize to pay down debt or fund capital projects. Because of the call features of the restructuring bonds, the Agency will have the option to use excess revenue to retire debt early.

MDA's view on the extension of the final maturity is that it is an essential part of the restructuring plan. However, as mentioned, the public policy drawback to the extension is that it extends the tolling period of the Foothill/Eastern an additional thirteen years. We believe that one way to mitigate the damage caused by extending the tolling period is to reduce the extended period by prepaying the debt maturing during the extended period by setting aside a significant percentage (e.g., 50%) of the annual debt service savings from the restructuring in an escrow account to be used for calling bonds, beginning with the longest maturities, on the first possible call date.

2. Junior (or Subordinate) Lien Debt

By selling a portion (estimated to be approximately $200 million as June 14, 2013) of the refunding bonds on a junior lien basis instead of expensive senior lien Capital Appreciation Bonds ("CABs"), the Agency can increase savings. Junior lien bonds also have a lower debt service coverage requirement, (1.15x aggregate debt service) than does senior lien debt (1.30x coverage ratio). As of June 13, 2013 the use of junior lien bonds reduces the amount of senior lien CABs needed in the refinancing to approximately $270 million and shortens the final maturity of the senior lien CABs which lowers costs and adds call flexibility.

MDA's view is that the Junior Lien debt is helpful to the restructuring in terms of cost and flexibility compared to the alternative of issuing additional Senior Lien CABs.

3. Tender, Taxable Callable Stepped Coupon Bonds and Forward Delivery Bonds

All of the 1999 Bonds must be refunded at the same time to meet the refunding test of the Master Indenture. Approximately $580 million of Convertible Capital Appreciation Bonds ("1999 C-CABs") cannot be refunded on a tax-exempt basis prior to October 17, 2013. Thus, the proposed restructuring plan includes the use of an Invitation to Tender, Taxable Callable Stepped Coupon Bonds and Tax-Exempt Forward Delivery Bonds in order to lock in today's interest rates.

Under the Invitation to Tender, the Agency will offer to purchase the 1999 C-CABs from existing investors at a price advantageous to the Agency. The tender price will be set at a level that produces savings to the Agency greater than the savings produced by the alternative financing structure, which is taxable callable stepped coupon bonds combined with forward delivery bonds. The Agency CFO and CEO will decide if a tender price may be accepted in consultation with the Agency's Financial Advisor (PFM).

If there is an insufficient amount of 1999 C-CAB tenders, the Agency has an alternative financing structure that will lock in today's interest rates. The Taxable Callable Stepped Coupon Bonds and Tax-Exempt Forward Delivery Bonds may be issued now to refund the 1999 C-CABs. The taxable bonds will have a lower taxable rate initially and will be callable at par on October 17, 2013. Failure to call the Taxable Stepped Coupon Bonds by January 15, 2014 will result in an increase in a stepped-up interest rate on the bonds to a significantly higher penalty rate.

To lock in long-term tax-exempt rates and provide a funding source to call the taxable bonds on October 17, 2013, the long-term Tax-Exempt Forward Delivery Bonds will be sold simultaneously with the Taxable Callable Stepped Coupon Bonds (the interest rate will be set based upon current market levels) but will be delivered on October 17, 2013. The Agency assumes the risk that the Forward Delivery bonds fail to be settled and delivered on October 17, 2013, but the Agency considers the risk to be somewhat remote.

In the unlikely event the Forward Delivery Bonds fail to close, the Agency has the option between October 17, 2013 and January 15, 2014 of refunding the Taxable Callable Stepped Coupon Bonds by issuing additional tax-exempt or taxable bonds at the then current interest rates. If the Taxable Callable Stepped Coupon Bonds are not called and retired on October 17, 2013 by the Forward Delivery Bonds or by other refunding Bonds before January 15, 2014, the interest rate on these bonds increases or steps up to the higher penalty rate.

MDA's view is that the tender structure is a low risk, practical means of lowering the Agency's cost to call the C-CABS. If sufficient tender offers are not received, issuing the taxable and Forward Delivery Bonds is a reasonable alternative.

4. Use of Callable CABs

The restructuring plan includes the use of $270 million of CABs, an expensive and controversial type of security that compounds interest and defers interest payments to investors.

While CABs must be used with great discretion, there is a valuable use for them in certain, very specific instances. Because of the toll road's revenue structure and the Agency's familiarity with the financing structure from previous transactions, MDA's view is that they are a necessary and appropriate element of this restructuring.

MDA did not find any serious flaws with the Agency's restructuring plan that would require a delay in the proposed timing for the bonds sale, currently scheduled for the week of July 8. MDA does recommend, however, the following revisions to the proposed restructuring plan be considered:

1. Under the revised Cooperative Agreement, payments to Caltrans will be made from surplus revenues available after Current Expenses and debt payments are made. Based

on the pro forma model, sufficient surplus revenues are anticipated to make these payments. The primary payment risk to Caltrans is that Current Expenses are far greater than anticipated or new debt is issued for the Tesoro Extension or Foothill South Extension without having offsetting revenues. Thus, because of the potential negative impact on the Agency to meet its future payment obligations to Caltrans, Caltrans should modify the Cooperative Agreement in a manner to protect itself and bondholders from dilution of existing revenues for the extension projects. For example, one way to do this would be to require that none of the bond proceeds or cash flow savings should be used to fund the Foothill South or Tesoro Extension projects without Caltrans being presented with and approving a feasibility and financial plan for these projects.

2. To offset the impact on the public of extending toll collection on the project an additional thirteen years a portion of the annual cash flow savings from the restructuring should be devoted to calling the bonds, starting with the longest maturities first, in order to shorten the time the tolls are in effect. According to our calculations, if all surplus revenues resulting from the restructuring from 2014 to 2039 were used to call bonds maturing from 2041 to 2053, the tolls could be ended in 2040, as is currently the case. Alternatively, recognizing the Agency's need for capital improvement funding, setting aside 50% of the cash flow savings from the restructuring would enable the tolling to end in 2046, cutting seven years from the anticipated tolling end in 2053, ameliorating the major public policy drawback of the Agency's restructuring.

6. Stantec Traffic and Revenue Study

In the past, the Agency's previous T&R studies by Wilbur Smith Associates have significantly over-estimated revenues, lending to an over-issuance of debt. The Agency retained Stantec Consulting Services Inc. to provide a traffic and revenue study to forecast future traffic and revenue generating capability of the Project through 2053. The T&R study also serves as the basis for the rating agencies to provide ratings for the refunding bonds. Stantec's Base Case toll schedule projects an average toll revenue growth rate of 4.55% between 2014 and 2053 with rates of 4% to 9% between now and 2024, based upon projected traffic volume increases and toll rate increases of 2.5% to 3% on average. Despite the T&R consultant's projection of 4.55% revenue growth, the Agency restructured the debt service growth rate at 3.5% to be conservative.

The T&R Consultant assumed the SR 91/SR 241 connector is built and provides increased traffic demand on the toll road. However, while it is anticipated that there will be a fee to enter the 91/241 connector, no revenue generated from entrance fees to the 91/241 connector was included in the forecast. Improvements to the I-5 were included as part of the future year networks. The T&R Study assumes the Tesoro Extension and Foothill South projects are not built during the study period.

As part of our financial evaluation, MDA reviewed the T&R study and developed a list of questions, which served as the basis for a call with the T&R consultant on June 18th.

Our questions and the T&R consultant's answers are summarized below:

Questions	Answers
1) The T&R study assumes driving habits will stay essentially the same over the study period. Yet one of the observable trends in transportation is that people are driving less to work because of telecommuting, ridesharing, moving to population centers where public transit is available, etc. Should the T&R study have addressed this, at least in sensitivity?	1) This factor is not applicable to Orange County as residents are very dependent on their cars for transportation and options for public transit are not good.
2) The elasticity of demand is a major factor in toll revenue projections. Two related questions: a. In the T&R report, decreases in demand are explained primarily by the impact of the recession. Do you fell elasticity of demand was given adequate consideration? b. The T&R report assumes the impact of elasticity is linear. Could you explain that as it seems counterintuitive?	2a) Yes, this factor is monitored carefully and ten years' worth of data is available to analyze. 2b) T&R report provides adequate discussion of elasticity of demand.
3) Could you explain why a traffic increase is assumed related to the construction of the SR 241/SR 91 but no associated revenue?	3) For the 91/241 connector, the anticipated $2 fee to use the connector is not included but increased traffic on the toll road generated from the connector is included in the revenue projections.
4) The T&R study does not address whether the driver's value of travel time savings has changed because of the recession. Could you address that?	4) The value of time saving in the T&R model is based on the 2012 recessionary conditions and thus no further change is needed.
5) The Sensitivity Analysis section is fairly short. Was any thought given to the impact of competing facilities after the Caltrans non-compete agreement ends in 2020? Or the elasticity of demand? Or testing for changes in the value of travel time savings?	5) The 2020 Recession and Revenue Maximization scenarios bracket the best and worst cases so additional sensitivities are not needed.
6) Was a peer review done or is one contemplated?	6) No peer review is planned.

The T&R consultant provided two revenue projections, a Base Case projection and an All-Electric tolling (AET). The AET projection assumes all electronic tolling will be in place in the summer of 2014. Please see Exhibits 1 and 2 for the Base Case and AET revenue projections.

1. In addition, the T&R consultant estimated the gross annual revenue impact for two additional scenarios (The T&R consultant did not project annual revenues for these two additional scenarios): A 2020 recession which effectively forecasted no economic growth in the next eight years. The result was a 27% reduction in revenues for FY 2020.
2. A Revenue Maximization projection in which rates at all mainline toll plazas were increased to the point of maximum revenue generation. The impact of this scenario was an increase in revenues of 14.0% in 2035.

When asked why more sensitivities were not run, the T&R consultant responded that the two additional scenarios (the 2020 recession and the Revenue Maximization) bracketed the best and worst cases so additional sensitivities were not necessary. However, MDA believes that it is important to understand the impact on the financial model to changes in major variables. Therefore, we undertook to run our own set of sensitivities, which are discussed below.

In our view, while we do not believe the T&R study is fatally flawed, it does suffer from several deficiencies. First, an insufficient number of sensitivities are considered, such as testing such variables as elasticity of demand, change in the value of travel savings, and the impact of competing facilities. This is particularly important as both Moody's and Fitch note that the project's toll rates are high, relative to its peers. Additionally, the data provided on the T&R study's two sensitivities for the 2020 Recession and Revenue Maximization is only for one year, leaving unexplained what happens before and after that year.

Sensitivity Analyses

MDA conducted a number of sensitivity analyses to test the impact of various variables in the restructuring. These analyses help to determine whether, 1) the restructuring is necessary and 2) how a change in the revenue variables might affect the Agency's financial situation.

1. Need for Restructuring

   To help determine the need for the restructuring, MDA ran debt service coverages under two debt service coverage scenarios:

   a. Using the T&R Consultant's Base Case revenue projections with debt service as it currently exists (please see Exhibit 3 for more details);
   b. Using the T&R Consultant's Base Case revenue projections with debt service after the restructuring (please see Exhibit 1 for more details);
   c. Using no revenue growth with existing debt service, and (please see Exhibit 4 for more details);
   d. Using no revenue growth with restructured debt service (please see Exhibit 5 for more details)

The results of these scenarios are as follows:

	Base Case Revenues with Existing Debt Service	Base Case Revenues with Restructured Debt Service
Minimum Senior Lien Coverage (year)	1.04x (2016)	1.36x (2015)
Maximum Senior Lien Coverage (year)	1.32x (2039)	3.46x (2053)
Average Senior Lien Coverage	1.21x	2.12x
Years Below 1.3x Coverage	25	0
Years Below 1.0x Coverage	0	0
	No Revenue Growth with Existing Debt Service	**No Revenue Growth with Restructured Debt Service**
Minimum Senior Lien Coverage (year)	0.32x (2040)	0.49x (2053)
Maximum Senior Lien Coverage	1.01x (2014)	1.38x (2014)
Average Senior Lien Coverage	0.59x	0.78x
Years Below 1.3x Coverage	26	35*
Years Below 1.0x Coverage	24	30*

**The larger number of years below the coverage requirement is due to the fact that the final maturity of the bonds is extended with the restructured debt service.*

Clearly, without the restructuring the Agency cannot meet its bond covenants going forward and without significant revenue increases, coverages would soon fall below 1.00x debt service obligations.

Variable Sensitivities

To test the sensitivity of a number of important variables on the Agency's post-restructuring debt profile, MDA ran the following sensitivities:

1 & 2. The T&R Consultant provided two revenue projections, a Base Case and an All-Electronic Tolling ("AET") scenario. The only difference between the two projections is a one-time revenue loss of $4.5 million in 2014 due to discounts provided to drivers for using electronic tolling. The T&R Consultant assumes that no further impact on revenues occurs thereafter. Please see Exhibits 1 and 2 for additional detail.

3. The T&R Consultant also provides the general effect of a 2020 recession by assuming revenues decline from the Base Case to $127,270,000 in 2020. For the purposes of running our sensitivity, we assumed this decrease occurs on a pro rata basis through 2020, and then revenue grows annually thereafter by the same percentage growth as shown in the Base Case. Please see Exhibit 6 for additional detail.

4. The T&R Consultant observes that, based on historical results, the elasticity of

demand varied greatly on the toll road, depending on the toll plaza measured. In some areas, evidence points to an elasticity of 10-20% (that is, a 1%-2% reduction in demand for every 10% increase in price), which would be considered low relative to the toll road rule of thumb generally 20% elasticity. In certain other areas, however, data indicates a toll elasticity of 50% (that is, a 5% reduction in demand for every 10% increase in price), considered extremely high.

To test the sensitivity of elasticity of demand, MDA ran a sensitivity of the entire model to 50% toll elasticity. Please see Exhibit 7 for additional detail.

5. Finally, MDA ran a breakeven scenario to determine what percentage decrease below the Base Case revenue projections would result in 1.00X coverage in each year. The results ranged from a low of 26% in 2014 and 2015 to a high of 68% in 2053. This indicates that the primary risk to the project is in the next few years, and provides additional justification for the restructuring. Please see Exhibit 8 for additional detail.

   While generally a T&R study will look at the sensitivity of revenue projections of the construction of competing facilities, in this case the T&R Consultant stated that because of the "non-compete" condition in the existing Caltrans Cooperative Agreement, the T&R Consultant believes there is no need to provide a revenue projection scenario assuming new competing facilities or capacity on nearby roadways. Therefore we had no data with which to test this sensitivity.

The results for our sensitivities are summarized below:

	1. Base Case Revenues	2. AET Revenues	3. 2020 Recession Revenues	4. Toll Elasticity
Minimum Senior Lien Coverage (year)	1.36x (2015)	1.32x (2014)	1.00x (2014,2015)	1.09 (2047)
Maximum Senior Lien Coverage (year)	3.46x (2053)	3.46x (2053)	2.51x (2053)	1.87 (2025)
Average Senior Coverage	2.12x	2.11x	1.54x	1.41
Years Below 1.3x Coverage	0	0	8	10

As can be seen, little difference exists between the Base Case and AET scenarios. If toll elasticity of demand remains as it has been observed in the past, based on our sensitivity results, planned toll increases should not have a major impact on the Agency's financial situation. Based on our sensitivities, the greatest risk to the Agency is that another recession occurs, reducing traffic demand and retarding growth in the surrounding area. This is obviously a variable beyond the Agency's control but it points to the need for the Agency to preserve its flexibility as best it can and not over commit itself to projects that drain resources that may be needed to weather another economic storm.

7. Rating Agency Reports

Fitch, Moody's and Standard & Poor's have each provided rating reports on the Agency's restructuring (See Exhibits 9, 10 and 11). Following are highlights from each report:

Fitch Ratings:

On June 14, 2013, Fitch Ratings assigned Agency's senior lien refunding revenue bonds a rating of 'BBB-', with junior lien refunding revenue bonds receiving a 'BB'. According to Fitch, the overall rating outlook exhibits stability for all bonds, including senior series 1995 bonds, which will not be refunded. Following is a summary of the key credit points from the Fitch rating evaluation:

"A narrow corridor for future development limits growth potential for development. Traffic levels have not met baseline projections due to seven toll increases (above inflation) over the last decade. These two elements express mid-level risk for future revenue volume levels. Current tolling fees are higher than peers (30 cents/mile) and close to maximization, presenting greater revenue risk as well. Simultaneously, management has consistently been pro-active in raising rates, which presents a credit strength. Reserves ($604M) project to remain healthy and the revised schedule would (extended by 13 years) provide for extensive financial flexibility. DSCRs in 2012 did not meet the criteria of 1.30x without the use of the escrow defeasance fund (EDF); which, provided a 1.42x multiple, utilizing $16.4M from the EDF. Capital improvement programs (CIP) present minimal risk due to modest funding requirements ($47M) and an impediment in receiving the necessary environmental permits and/or record of decisions to proceed."

Moody's:

On June 10, 2013, Moody's assigned the Agency's senior lien refunding revenue bonds a rating of 'Baa3', with junior lien refunding revenue bonds a rating of 'Ba1'. According to Moody's, the overall rating outlook exhibits stability for all bonds, including senior series 1995 bonds, which will not be refunded. Following is a summary of the key credit points from the Moody's rating evaluation:

"Rationale for the rating stipulates that deferral of principal repayment by 13 years will smooth the debt service profile and improve DSCRs. Traffic and Revenue (T&R) are ahead of 2013's budget but remain below the 1999 financing forecast. Anticipated continuous recovery and development in the service area, along with the relief that these toll roads provide from traffic congestion, supports the investment grade rating for 2013 senior bonds. Socio-economic indicators and wealth levels are above national averages and housing values continue to improve. These facets should allow room for future toll increases, which are necessary to support this steadily escalating debt service. Added risk associated with the potential extension of Foothill South could exert positive credit pressure.

Credit positives include ample liquidity levels, cash funded debt service reserve funds (DSRF), no current ramp-up or construction risks, and debt service smoothing relief from expenditures provided by this refunding. Credit negatives include higher than average toll rates, Foothill South's potential extension, reliability on higher than historic T&R levels and toll rate increases, along with a mitigation agreement with the San Joaquin Hills Transportation Corridor Agency."

S&P:

On June 11, 2013, Standard & Poor's Ratings Services (S&P) assigned the Agency's senior lien refunding revenue bonds (2013A, C, D) a rating of 'BBB-', with junior lien refunding revenue bonds (2013B) a rating of 'BB+'. According to S&P, the overall rating outlook exhibits stability for all bonds, including senior series 1995 bonds, which will not be refunded. Following is a summary of the key credit points from the S&P rating evaluation:

"Credit risks include high debt levels and an escalating debt service schedule, which is increasing by 3.5% annually through 2036. Other risks include recent negative operational performance, uncertainty with elasticity levels in toll rate increases, uncertainty in the Foothill South extension, and slim aggregate coverage ratios. S&P makes note that these potential risks are mitigated by an affluent service area with higher traffic levels on freeways, and population that is reliant on a highway network. Every year since 2007 has either not met the 1999 T&R study traffic forecast or has been flat. According to S&P, revenues have increased in recent years, with a 7% increase in 2012, and a YTD increase of 4% in 2013.

According to the latest T&R study, operations are below the maximization toll level and could be increased, which could result in a potential 14% increase in revenues in 2035. The 1.3x coverage ratio is currently being met by escrowing a portion of the debt service each year. S&P believes that the current practice of escrowing debt service is not sustainable and that this restructuring of debt would provide the Agency with financial flexibility that better matches the debt service schedule with forecasted revenues. Currently liquidity positions are good, relative to operating expenses. Extension of the Foothill South may present a credit negative as the ability to add additional debt is limited."

In summary, the rating agencies are assigning the restructuring's senior bonds a low investment grade rating, primarily because of the strong demographics of the local area, the Agency's high liquidity levels, no construction or ramp-up risk, and the debt payment relief provided by the restructuring. Credit concerns include high debt levels, high per mile tolls relative to its peers, lack of toll transaction growth and the additional burden that the Foothill South extension project could put on the already weak financial condition of the toll road.

8. Review of Agency's Financial Statements

MDA also undertook a review of the Agency's last two fiscal year financial statements. The following information represents some of the key financial highlights during the year over year (YOY) period for fiscal year 2011 (FY2011) and fiscal year 2012 (FY2012):

In review of the Statement of Net Deficit figures, two key figures show considerable YOY variance. Cash, cash equivalents, and investments totaled $103.52M and $116.31M for 2011 and 2012, respectively, representing a 12.3% increase. Accounts payable totaled $4.45M and $5.84M, respectively, representing a 31.2% increase YOY. In review of the Statement of Revenues, Expenses, and Changes in Net Deficit, it is important to note two key variances as well. Operating revenues from tolls, fees, and fines exhibited a 7.1% YOY increase with a FY2011 total of $114.71M and a FY2012 total of $122.94M. Overall operating income (net of expenses) has displayed substantial increases. FY2011 totaled $91.63M and FY2012 totaled $106.05M, representing a 15.7% increase. Other noteworthy data is the YOY increase in principal payments. Principal to be amortized totaled $4.54M and $11.39M, respectively, representing a 151% increase in payments. Other YOY changes in account balances, revenues, and expenses display marginal differences.

Our review of the Foothill/Eastern Transportation Corridors Agency's financial statements yielded two potential items of concern. First, development impact fees decreased by nearly 60%, from $11.6 million in 2011 to $4.7 million in 2012. It is our understanding that the F/E Agency is permitted to use up to $5 million of development impact fees for non-debt related purposes, but the remainder of the fees secure outstanding debt. Since this is a volatile revenue source, it is important that bondholders are made aware of the cause of major increases or decreases in development impact fee collections and that projections for future collections are clear and conservative.

We also noted that operating expenses decreased by 38% from 2011 to 2012 from $35.3mm to $23.4mm due to the contributions to Caltrans for capital improvements made to the Windy Ridge capital improvement project in FY2011. A similar expense for Caltrans was not made for FY2012. For purposes of projecting expenses, it would be helpful to know if the F/E Agency can expect any additional significant increases or decreases in operating expenses due to future contributions to Caltrans for other capital improvement projects.

Pro-Forma Financial Statements

To further understand the impact of the proposed restructuring on the Agency's long-term viability, MDA prepared ten-year pro-forma Agency Financial Statements, one assuming existing debt service remains unchanged and the other assuming the restructured debt service.

The results are summarized below. (Please see Exhibit 12 for additional detail)

Reduction in Net Deficit* (in 000s)		
Year	**Existing Debt Service**	**With Restructuring**
2014	$31,407	$52,901
2015	$31,220	$50,970
2016	$28,655	$57,377
2017	$56,465	$68,529
2018	$49,106	$76,824
2019	$56,987	$85,413
2020	$60,940	$95,642
2021	$61,486	$96,731
2022	$64,739	$104,372
2023	$73,679	$111,432
Cumulative Change	$514,684	$800,191

**Net Assets (Deficit) is capital assets, net of accumulated depreciation, amortization and outstanding debt principal against those assets.*

Thus, on a ten-year pro-forma basis, the restructuring will provide nearly $286 million of net asset benefit to the Agency, providing a strong long-term boost to its viability.

Foothill/Eastern Transportation Corridor Agency

Summary Cash Flow Model

Interest Rates as of May 24, 2013

Scenario 1: Base Case

Exhibit 1

Fiscal Year	Gross Toll Revenues[1]	Other Revenues	Current Expenses[2]	Net Toll Revenues	Total Senior Net Debt Service[3]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	116,080,000	18,545,700	23,708,349	110,917,351	80,297,280	11,287,124	91,584,404	1.38	1.21
6/30/2015	118,300,000	19,049,346	21,424,000	115,925,346	85,329,713	11,576,538	96,906,250	1.36	1.20
6/30/2016	125,700,000	19,372,663	22,066,720	123,005,943	87,269,713	11,576,538	98,846,250	1.41	1.24
6/30/2017	135,500,000	19,702,355	22,728,722	132,473,633	89,249,713	11,576,538	100,826,250	1.48	1.31
6/30/2018	146,100,000	20,038,548	23,410,583	142,727,965	92,769,713	11,576,538	104,346,250	1.54	1.37
6/30/2019	158,100,000	20,381,371	24,112,901	154,368,470	96,004,713	12,000,663	108,005,375	1.61	1.43
6/30/2020	172,200,000	20,730,954	24,836,288	168,094,667	99,364,713	12,422,538	111,787,250	1.69	1.50
6/30/2021	183,000,000	21,087,433	25,581,376	178,506,056	102,839,713	12,855,788	115,695,500	1.74	1.54
6/30/2022	194,900,000	21,450,942	26,348,818	190,002,125	106,439,713	13,303,538	119,743,250	1.79	1.59
6/30/2023	206,400,000	21,821,622	27,139,282	201,082,340	110,164,713	13,768,663	123,933,375	1.83	1.62
6/30/2024	216,600,000	22,199,614	27,953,461	210,846,154	114,024,713	14,254,769	128,279,481	1.85	1.64
6/30/2025	226,400,000	22,585,063	28,792,065	220,192,999	118,014,713	14,753,381	132,768,094	1.87	1.66
6/30/2026	233,600,000	22,978,117	29,655,826	226,922,291	122,144,713	15,269,850	137,414,563	1.86	1.65
6/30/2027	242,600,000	23,378,926	30,545,501	235,433,424	126,419,713	15,806,156	142,225,869	1.86	1.66
6/30/2028	253,400,000	23,787,643	31,461,866	245,725,777	130,844,713	16,359,150	147,203,863	1.88	1.67
6/30/2029	262,900,000	24,204,425	32,405,722	254,698,703	135,424,713	16,926,538	152,351,250	1.88	1.67
6/30/2030	272,800,000	24,629,432	33,377,894	264,051,538	140,164,713	17,522,850	157,687,563	1.88	1.67
6/30/2031	282,700,000	25,062,827	34,379,231	273,383,596	145,069,713	18,136,275	163,205,988	1.88	1.68
6/30/2032	293,700,000	25,504,775	35,410,608	283,794,168	150,149,303	18,767,550	168,916,853	1.89	1.68
6/30/2033	305,900,000	25,955,447	36,472,926	295,382,521	153,204,213	21,610,125	174,814,338	1.93	1.69
6/30/2034	316,400,000	26,415,014	37,567,114	305,247,900	158,885,463	22,047,731	180,933,194	1.92	1.69
6/30/2035	329,500,000	26,883,653	38,694,127	317,689,526	165,095,088	22,172,425	187,267,513	1.92	1.70
6/30/2036	341,600,000	27,361,544	39,854,951	329,106,593	172,299,713	20,839,581	193,139,294	1.91	1.70
6/30/2037	355,600,000	27,848,869	41,050,599	342,398,270	178,329,713	14,805,469	193,135,181	1.92	1.77
6/30/2038	369,600,000	28,345,817	42,282,117	355,663,699	179,334,713	13,804,944	193,139,656	1.98	1.84
6/30/2039	381,900,000	28,852,576	43,550,581	367,201,995	179,334,713	13,804,100	193,138,813	2.05	1.90
6/30/2040	396,500,000	29,369,342	44,857,098	381,012,243	179,333,713	13,798,181	193,131,894	2.12	1.97
6/30/2041	411,700,000	29,896,312	46,202,811	395,393,501	179,330,838	13,809,744	193,140,581	2.20	2.05
6/30/2042	427,300,000	30,433,690	47,588,896	410,144,794	179,329,338	13,811,344	193,140,681	2.29	2.12
6/30/2043	444,000,000	30,981,680	49,016,563	425,965,118	179,324,213	13,810,969	193,135,181	2.38	2.21
6/30/2044	462,200,000	31,540,494	50,487,059	443,253,435	179,324,263	-	179,324,263	2.47	2.47
6/30/2045	479,800,000	32,110,345	52,001,671	459,908,674	179,327,338	-	179,327,338	2.56	2.56
6/30/2046	497,200,000	32,691,453	53,561,721	476,329,732	179,325,013	-	179,325,013	2.66	2.66
6/30/2047	517,200,000	33,284,040	55,168,573	495,315,467	179,322,900	-	179,322,900	2.76	2.76
6/30/2048	535,300,000	33,888,334	56,823,630	512,364,704	179,327,900	-	179,327,900	2.86	2.86
6/30/2049	556,700,000	34,504,567	58,528,339	532,676,228	179,327,244	-	179,327,244	2.97	2.97
6/30/2050	578,300,000	35,132,975	60,284,189	553,148,786	179,325,988	-	179,325,988	3.08	3.08
6/30/2051	600,700,000	35,773,800	62,092,715	574,381,085	179,328,000	-	179,328,000	3.20	3.20
6/30/2052	624,300,000	36,427,287	63,955,496	596,771,791	179,326,100	-	179,326,100	3.33	3.33
6/30/2053	648,600,000	37,093,688	65,874,161	619,819,527	179,326,925	-	179,326,925	3.46	3.46

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget.

2. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling. Growth rate assumed to be 3%

3. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

Foothill/Eastern Transportation Corridor Agency
Summary Cash Flow Model
Interest Rates as of May 24, 2013
Scenario 2: Electronic Tolling

Exhibit 2

Fiscal Year	All Electronic Tolling Gross Rve[1]	Other Revenues	Current Expenses[2]	Net Toll Revenues	Total Senior Net Debt Service[3]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	111,500,000	18,545,700	23,708,349	106,337,351	80,297,280	11,287,124	91,584,404	1.32	1.16
6/30/2015	118,300,000	19,049,346	21,424,000	115,925,346	85,329,713	11,576,538	96,906,250	1.36	1.20
6/30/2016	125,700,000	19,372,663	22,066,720	123,005,943	87,269,713	11,576,538	98,846,250	1.41	1.24
6/30/2017	135,500,000	19,702,355	22,728,722	132,473,633	89,249,713	11,576,538	100,826,250	1.48	1.31
6/30/2018	146,100,000	20,038,548	23,410,583	142,727,965	92,769,713	11,576,538	104,346,250	1.54	1.37
6/30/2019	158,100,000	20,381,371	24,112,901	154,368,470	96,004,713	12,000,663	108,005,375	1.61	1.43
6/30/2020	172,200,000	20,730,954	24,836,288	168,094,667	99,364,713	12,422,538	111,787,250	1.69	1.50
6/30/2021	183,000,000	21,087,433	25,581,376	178,506,056	102,839,713	12,855,788	115,695,500	1.74	1.54
6/30/2022	194,900,000	21,450,942	26,348,818	190,002,125	106,439,713	13,303,538	119,743,250	1.79	1.59
6/30/2023	206,400,000	21,821,622	27,139,282	201,082,340	110,164,713	13,768,663	123,933,375	1.83	1.62
6/30/2024	216,600,000	22,199,614	27,953,461	210,846,154	114,024,713	14,254,769	128,279,481	1.85	1.64
6/30/2025	226,400,000	22,585,063	28,792,065	220,192,999	118,014,713	14,753,381	132,768,094	1.87	1.66
6/30/2026	233,600,000	22,978,117	29,655,826	226,922,291	122,144,713	15,269,850	137,414,563	1.86	1.65
6/30/2027	242,600,000	23,378,926	30,545,501	235,433,424	126,419,713	15,806,156	142,225,869	1.86	1.66
6/30/2028	253,400,000	23,787,643	31,461,866	245,725,777	130,844,713	16,359,150	147,203,863	1.88	1.67
6/30/2029	262,900,000	24,204,425	32,405,722	254,698,703	135,424,713	16,926,538	152,351,250	1.88	1.67
6/30/2030	272,800,000	24,629,432	33,377,894	264,051,538	140,164,713	17,522,850	157,687,563	1.88	1.67
6/30/2031	282,700,000	25,062,827	34,379,231	273,383,596	145,069,713	18,136,275	163,205,988	1.88	1.68
6/30/2032	293,700,000	25,504,775	35,410,608	283,794,168	150,149,303	18,767,550	168,916,853	1.89	1.68
6/30/2033	305,900,000	25,955,447	36,472,926	295,382,521	153,204,213	21,610,125	174,814,338	1.93	1.69
6/30/2034	316,400,000	26,415,014	37,567,114	305,247,900	158,885,463	22,047,731	180,933,194	1.92	1.69
6/30/2035	329,500,000	26,883,653	38,694,127	317,689,526	165,095,088	22,172,425	187,267,513	1.92	1.70
6/30/2036	341,600,000	27,361,544	39,854,951	329,106,593	172,299,713	20,839,581	193,139,294	1.91	1.70
6/30/2037	355,600,000	27,848,869	41,050,599	342,398,270	178,329,713	14,805,469	193,135,181	1.92	1.77
6/30/2038	369,600,000	28,345,817	42,282,117	355,663,699	179,334,713	13,804,944	193,139,656	1.98	1.84
6/30/2039	381,900,000	28,852,576	43,550,581	367,201,995	179,334,713	13,804,100	193,138,813	2.05	1.90
6/30/2040	396,500,000	29,369,342	44,857,098	381,012,243	179,333,713	13,798,181	193,131,894	2.12	1.97
6/30/2041	411,700,000	29,896,312	46,202,811	395,393,501	179,330,838	13,809,744	193,140,581	2.20	2.05
6/30/2042	427,300,000	30,433,690	47,588,896	410,144,794	179,329,338	13,811,344	193,140,681	2.29	2.12
6/30/2043	444,000,000	30,981,680	49,016,563	425,965,118	179,324,213	13,810,969	193,135,181	2.38	2.21
6/30/2044	462,200,000	31,540,494	50,487,059	443,253,435	179,324,263	-	179,324,263	2.47	2.47
6/30/2045	479,800,000	32,110,345	52,001,671	459,908,674	179,327,338	-	179,327,338	2.56	2.56
6/30/2046	497,200,000	32,691,453	53,561,721	476,329,732	179,325,013	-	179,325,013	2.66	2.66
6/30/2047	517,200,000	33,284,040	55,168,573	495,315,467	179,322,900	-	179,322,900	2.76	2.76
6/30/2048	535,300,000	33,888,334	56,823,630	512,364,704	179,327,900	-	179,327,900	2.86	2.86
6/30/2049	556,700,000	34,504,567	58,528,339	532,676,228	179,327,244	-	179,327,244	2.97	2.97
6/30/2050	578,300,000	35,132,975	60,284,189	553,148,786	179,325,988	-	179,325,988	3.08	3.08
6/30/2051	600,700,000	35,773,800	62,092,715	574,381,085	179,328,000	-	179,328,000	3.20	3.20
6/30/2052	624,300,000	36,427,287	63,955,496	596,771,791	179,326,100	-	179,326,100	3.33	3.33
6/30/2053	648,600,000	37,093,688	65,874,161	619,819,527	179,326,925	-	179,326,925	3.46	3.46

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget.
2. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling. Growth rate assumed to be 3%
3. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

Foothill/Eastern Transportation Corridor Agency
Summary Cash Flow Model
Interest Rates as of May 24, 2013
Scenario 3: Base Case Revenue with Existing Debt Service

Exhibit 3

Fiscal Year	Gross Toll Revenues[1]	Other Revenues	Current Expenses[2]	Net Toll Revenues	Total Senior Net Debt Service[3]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	116,080,000	18,545,700	23,708,349	110,917,351	104,078,605	-	104,078,605	1.07	1.07
6/30/2015	118,300,000	19,049,346	21,424,000	115,925,346	107,658,102	-	107,658,102	1.08	1.08
6/30/2016	125,700,000	19,372,663	22,066,720	123,005,943	118,569,349	-	118,569,349	1.04	1.04
6/30/2017	135,500,000	19,702,355	22,728,722	132,473,633	123,294,599	-	123,294,599	1.07	1.07
6/30/2018	146,100,000	20,038,548	23,410,583	142,727,965	132,064,599	-	132,064,599	1.08	1.08
6/30/2019	158,100,000	20,381,371	24,112,901	154,368,470	136,430,724	-	136,430,724	1.13	1.13
6/30/2020	172,200,000	20,730,954	24,836,288	168,094,667	146,488,994	-	146,488,994	1.15	1.15
6/30/2021	183,000,000	21,087,433	25,581,376	178,506,056	150,941,139	-	150,941,139	1.18	1.18
6/30/2022	194,900,000	21,450,942	26,348,818	190,002,125	159,376,139	-	159,376,139	1.19	1.19
6/30/2023	206,400,000	21,821,622	27,139,282	201,082,340	161,685,991	-	161,685,991	1.24	1.24
6/30/2024	216,600,000	22,199,614	27,953,461	210,846,154	170,630,844	-	170,630,844	1.24	1.24
6/30/2025	226,400,000	22,585,063	28,792,065	220,192,999	173,685,844	-	173,685,844	1.27	1.27
6/30/2026	233,600,000	22,978,117	29,655,826	226,922,291	183,013,969	-	183,013,969	1.24	1.24
6/30/2027	242,600,000	23,378,926	30,545,501	235,433,424	184,615,584	-	184,615,584	1.28	1.28
6/30/2028	253,400,000	23,787,643	31,461,866	245,725,777	196,961,119	-	196,961,119	1.25	1.25
6/30/2029	262,900,000	24,204,425	32,405,722	254,698,703	200,323,906	-	200,323,906	1.27	1.27
6/30/2030	272,800,000	24,629,432	33,377,894	264,051,538	211,379,650	-	211,379,650	1.25	1.25
6/30/2031	282,700,000	25,062,827	34,379,231	273,383,596	215,144,650	-	215,144,650	1.27	1.27
6/30/2032	293,700,000	25,504,775	35,410,608	283,794,168	226,454,240	-	226,454,240	1.25	1.25
6/30/2033	305,900,000	25,955,447	36,472,926	295,382,521	230,539,150	-	230,539,150	1.28	1.28
6/30/2034	316,400,000	26,415,014	37,567,114	305,247,900	245,304,150	-	245,304,150	1.24	1.24
6/30/2035	329,500,000	26,883,653	38,694,127	317,689,526	249,204,400	-	249,204,400	1.27	1.27
6/30/2036	341,600,000	27,361,544	39,854,951	329,106,593	262,429,650	-	262,429,650	1.25	1.25
6/30/2037	355,600,000	27,848,869	41,050,599	342,398,270	261,884,650	-	261,884,650	1.31	1.31
6/30/2038	369,600,000	28,345,817	42,282,117	355,663,699	276,829,650	-	276,829,650	1.28	1.28
6/30/2039	381,900,000	28,852,576	43,550,581	367,201,995	278,224,531	-	278,224,531	1.32	1.32
6/30/2040	396,500,000	29,369,342	44,857,098	381,012,243	297,879,706	-	297,879,706	1.28	1.28
6/30/2041	411,700,000	29,896,312	46,202,811	395,393,501	-	-	-		
6/30/2042	427,300,000	30,433,690	47,588,896	410,144,794	-	-	-		
6/30/2043	444,000,000	30,981,680	49,016,563	425,965,118	-	-	-		
6/30/2044	462,200,000	31,540,494	50,487,059	443,253,435	-	-	-		
6/30/2045	479,800,000	32,110,345	52,001,671	459,908,674	-	-	-		
6/30/2046	497,200,000	32,691,453	53,561,721	476,329,732	-	-	-		
6/30/2047	517,200,000	33,284,040	55,168,573	495,315,467	-	-	-		
6/30/2048	535,300,000	33,888,334	56,823,630	512,364,704	-	-	-		
6/30/2049	556,700,000	34,504,567	58,528,339	532,676,228	-	-	-		
6/30/2050	578,300,000	35,132,975	60,284,189	553,148,786	-	-	-		
6/30/2051	600,700,000	35,773,800	62,092,715	574,381,085	-	-	-		
6/30/2052	624,300,000	36,427,287	63,955,496	596,771,791	-	-	-		
6/30/2053	648,600,000	37,093,688	65,874,161	619,819,527	-	-	-		

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget.
2. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling. Growth rate assumed to be 3%
3. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

Foothill/Eastern Transportation Corridor Agency
Summary Cash Flow Model
Interest Rates as of May 24, 2013
Scenario 4: 0% Revenue Growth with Existing Debt Service

Exhibit 4

Fiscal Year	Gross Toll Revenues[1]	Other Revenues	Current Expenses[2]	Net Toll Revenues	Total Senior Net Debt Service[3]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	110,300,000	18,545,700	23,708,349	105,137,351	104,078,605	-	104,078,605	1.01	1.01
6/30/2015	110,300,000	19,049,346	21,424,000	107,925,346	107,658,102	-	107,658,102	1.00	1.00
6/30/2016	110,300,000	19,372,663	22,066,720	107,605,943	118,569,349	-	118,569,349	0.91	0.91
6/30/2017	110,300,000	19,702,355	22,728,722	107,273,633	123,294,599	-	123,294,599	0.87	0.87
6/30/2018	110,300,000	20,038,548	23,410,583	106,927,965	132,064,599	-	132,064,599	0.81	0.81
6/30/2019	110,300,000	20,381,371	24,112,901	106,568,470	136,430,724	-	136,430,724	0.78	0.78
6/30/2020	110,300,000	20,730,954	24,836,288	106,194,667	146,488,994	-	146,488,994	0.72	0.72
6/30/2021	110,300,000	21,087,433	25,581,376	105,806,056	150,941,139	-	150,941,139	0.70	0.70
6/30/2022	110,300,000	21,450,942	26,348,818	105,402,125	159,376,139	-	159,376,139	0.66	0.66
6/30/2023	110,300,000	21,821,622	27,139,282	104,982,340	161,685,991	-	161,685,991	0.65	0.65
6/30/2024	110,300,000	22,199,614	27,953,461	104,546,154	170,630,844	-	170,630,844	0.61	0.61
6/30/2025	110,300,000	22,585,063	28,792,065	104,092,999	173,685,844	-	173,685,844	0.60	0.60
6/30/2026	110,300,000	22,978,117	29,655,826	103,622,291	183,013,969	-	183,013,969	0.57	0.57
6/30/2027	110,300,000	23,378,926	30,545,501	103,133,424	184,615,584	-	184,615,584	0.56	0.56
6/30/2028	110,300,000	23,787,643	31,461,866	102,625,777	196,961,119	-	196,961,119	0.52	0.52
6/30/2029	110,300,000	24,204,425	32,405,722	102,098,703	200,323,906	-	200,323,906	0.51	0.51
6/30/2030	110,300,000	24,629,432	33,377,894	101,551,538	211,379,650	-	211,379,650	0.48	0.48
6/30/2031	110,300,000	25,062,827	34,379,231	100,983,596	215,144,650	-	215,144,650	0.47	0.47
6/30/2032	110,300,000	25,504,775	35,410,608	100,394,168	226,454,240	-	226,454,240	0.44	0.44
6/30/2033	110,300,000	25,955,447	36,472,926	99,782,521	230,539,150	-	230,539,150	0.43	0.43
6/30/2034	110,300,000	26,415,014	37,567,114	99,147,900	245,304,150	-	245,304,150	0.40	0.40
6/30/2035	110,300,000	26,883,653	38,694,127	98,489,526	249,204,400	-	249,204,400	0.40	0.40
6/30/2036	110,300,000	27,361,544	39,854,951	97,806,593	262,429,650	-	262,429,650	0.37	0.37
6/30/2037	110,300,000	27,848,869	41,050,599	97,098,270	261,884,650	-	261,884,650	0.37	0.37
6/30/2038	110,300,000	28,345,817	42,282,117	96,363,699	276,829,650	-	276,829,650	0.35	0.35
6/30/2039	110,300,000	28,852,576	43,550,581	95,601,995	278,224,531	-	278,224,531	0.34	0.34
6/30/2040	110,300,000	29,369,342	44,857,098	94,812,243	297,879,706	-	297,879,706	0.32	0.32
6/30/2041	110,300,000	29,896,312	46,202,811	93,993,501	-	-	-		
6/30/2042	110,300,000	30,433,690	47,588,896	93,144,794	-	-	-		
6/30/2043	110,300,000	30,981,680	49,016,563	92,265,118	-	-	-		
6/30/2044	110,300,000	31,540,494	50,487,059	91,353,435	-	-	-		
6/30/2045	110,300,000	32,110,345	52,001,671	90,408,674	-	-	-		
6/30/2046	110,300,000	32,691,453	53,561,721	89,429,732	-	-	-		
6/30/2047	110,300,000	33,284,040	55,168,573	88,415,467	-	-	-		
6/30/2048	110,300,000	33,888,334	56,823,630	87,364,704	-	-	-		
6/30/2049	110,300,000	34,504,567	58,528,339	86,276,228	-	-	-		
6/30/2050	110,300,000	35,132,975	60,284,189	85,148,786	-	-	-		
6/30/2051	110,300,000	35,773,800	62,092,715	83,981,085	-	-	-		
6/30/2052	110,300,000	36,427,287	63,955,496	82,771,791	-	-	-		
6/30/2053	110,300,000	37,093,688	65,874,161	81,519,527	-	-	-		

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget.
2. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling. Growth rate assumed to be 3%
3. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

Foothill/Eastern Transportation Corridor Agency

Summary Cash Flow Model

Interest Rates as of May 24, 2013

Scenario 5: 0% Growth with Restructured Debt Service

Exhibit 5

Fiscal Year	Gross Toll Revenues[1]	Other Revenues	Current Expenses[2]	Net Toll Revenues	Total Senior Net Debt Service[3]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	116,080,000	18,545,700	23,708,349	110,917,351	80,297,280	11,287,124	91,584,404	1.38	1.21
6/30/2015	116,080,000	19,049,346	21,424,000	113,705,346	85,329,713	11,576,538	96,906,250	1.33	1.17
6/30/2016	116,080,000	19,372,663	22,066,720	113,385,943	87,269,713	11,576,538	98,846,250	1.30	1.15
6/30/2017	116,080,000	19,702,355	22,728,722	113,053,633	89,249,713	11,576,538	100,826,250	1.27	1.12
6/30/2018	116,080,000	20,038,548	23,410,583	112,707,965	92,769,713	11,576,538	104,346,250	1.21	1.08
6/30/2019	116,080,000	20,381,371	24,112,901	112,348,470	96,004,713	12,000,663	108,005,375	1.17	1.04
6/30/2020	116,080,000	20,730,954	24,836,288	111,974,667	99,364,713	12,422,538	111,787,250	1.13	1.00
6/30/2021	116,080,000	21,087,433	25,581,376	111,586,056	102,839,713	12,855,788	115,695,500	1.09	0.96
6/30/2022	116,080,000	21,450,942	26,348,818	111,182,125	106,439,713	13,303,538	119,743,250	1.04	0.93
6/30/2023	116,080,000	21,821,622	27,139,282	110,762,340	110,164,713	13,768,663	123,933,375	1.01	0.89
6/30/2024	116,080,000	22,199,614	27,953,461	110,326,154	114,024,713	14,254,769	128,279,481	0.97	0.86
6/30/2025	116,080,000	22,585,063	28,792,065	109,872,999	118,014,713	14,753,381	132,768,094	0.93	0.83
6/30/2026	116,080,000	22,978,117	29,655,826	109,402,291	122,144,713	15,269,850	137,414,563	0.90	0.80
6/30/2027	116,080,000	23,378,926	30,545,501	108,913,424	126,419,713	15,806,156	142,225,869	0.86	0.77
6/30/2028	116,080,000	23,787,643	31,461,866	108,405,777	130,844,713	16,359,150	147,203,863	0.83	0.74
6/30/2029	116,080,000	24,204,425	32,405,722	107,878,703	135,424,713	16,926,538	152,351,250	0.80	0.71
6/30/2030	116,080,000	24,629,432	33,377,894	107,331,538	140,164,713	17,522,850	157,687,563	0.77	0.68
6/30/2031	116,080,000	25,062,827	34,379,231	106,763,596	145,069,713	18,136,275	163,205,988	0.74	0.65
6/30/2032	116,080,000	25,504,775	35,410,608	106,174,168	150,149,303	18,767,550	168,916,853	0.71	0.63
6/30/2033	116,080,000	25,955,447	36,472,926	105,562,521	153,204,213	21,610,125	174,814,338	0.69	0.60
6/30/2034	116,080,000	26,415,014	37,567,114	104,927,900	158,885,463	22,047,731	180,933,194	0.66	0.58
6/30/2035	116,080,000	26,883,653	38,694,127	104,269,526	165,095,088	22,172,425	187,267,513	0.63	0.56
6/30/2036	116,080,000	27,361,544	39,854,951	103,586,593	172,299,713	20,839,581	193,139,294	0.60	0.54
6/30/2037	116,080,000	27,848,869	41,050,599	102,878,270	178,329,713	14,805,469	193,135,181	0.58	0.53
6/30/2038	116,080,000	28,345,817	42,282,117	102,143,699	179,334,713	13,804,944	193,139,656	0.57	0.53
6/30/2039	116,080,000	28,852,576	43,550,581	101,381,995	179,334,713	13,804,100	193,138,813	0.57	0.52
6/30/2040	116,080,000	29,369,342	44,857,098	100,592,243	179,333,713	13,798,181	193,131,894	0.56	0.52
6/30/2041	116,080,000	29,896,312	46,202,811	99,773,501	179,330,838	13,809,744	193,140,581	0.56	0.52
6/30/2042	116,080,000	30,433,690	47,588,896	98,924,794	179,329,338	13,811,344	193,140,681	0.55	0.51
6/30/2043	116,080,000	30,981,680	49,016,563	98,045,118	179,324,213	13,810,969	193,135,181	0.55	0.51
6/30/2044	116,080,000	31,540,494	50,487,059	97,133,435	179,324,263	-	179,324,263	0.54	0.54
6/30/2045	116,080,000	32,110,345	52,001,671	96,188,674	179,327,338	-	179,327,338	0.54	0.54
6/30/2046	116,080,000	32,691,453	53,561,721	95,209,732	179,325,013	-	179,325,013	0.53	0.53
6/30/2047	116,080,000	33,284,040	55,168,573	94,195,467	179,322,900	-	179,322,900	0.53	0.53
6/30/2048	116,080,000	33,888,334	56,823,630	93,144,704	179,327,900	-	179,327,900	0.52	0.52
6/30/2049	116,080,000	34,504,567	58,528,339	92,056,228	179,327,244	-	179,327,244	0.51	0.51
6/30/2050	116,080,000	35,132,975	60,284,189	90,928,786	179,325,988	-	179,325,988	0.51	0.51
6/30/2051	116,080,000	35,773,800	62,092,715	89,761,085	179,328,000	-	179,328,000	0.50	0.50
6/30/2052	116,080,000	36,427,287	63,955,496	88,551,791	179,326,100	-	179,326,100	0.49	0.49
6/30/2053	116,080,000	37,093,688	65,874,161	87,299,527	179,326,925	-	179,326,925	0.49	0.49

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget.
2. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling. Growth rate assumed to be 3%
3. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

Foothill/Eastern Transportation Corridor Agency
Summary Cash Flow Model
Interest Rates as of May 24, 2013
Scenario 6: 2020 Recession

Exhibit 6

Fiscal Year	Gross Toll Revenues[1]	Base Case Growth Rate	Recession Scenario[2]	Other Revenues	Current Expenses[3]	Net Toll Revenues	Total Senior Net Debt Service[4]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	116,080,000		85,792,692	18,545,700	23,708,349	80,630,043	80,297,280	11,287,124	91,584,404	1.00	0.88
6/30/2015	118,300,000		87,433,455	19,049,346	21,424,000	85,058,801	85,329,713	11,576,538	96,906,250	1.00	0.88
6/30/2016	125,700,000		92,902,666	19,372,663	22,066,720	90,208,608	87,269,713	11,576,538	98,846,250	1.03	0.91
6/30/2017	135,500,000		100,145,674	19,702,355	22,728,722	97,119,307	89,249,713	11,576,538	100,826,250	1.09	0.96
6/30/2018	146,100,000		107,979,948	20,038,548	23,410,583	104,607,912	92,769,713	11,576,538	104,346,250	1.13	1.00
6/30/2019	158,100,000		116,848,937	20,381,371	24,112,901	113,117,407	96,004,713	12,000,663	108,005,375	1.18	1.05
6/30/2020	172,200,000		127,270,000	20,730,954	24,836,288	123,164,667	99,364,713	12,422,538	111,787,250	1.24	1.10
6/30/2021	183,000,000	6.27%	135,252,091	21,087,433	25,581,376	130,758,147	102,839,713	12,855,788	115,695,500	1.27	1.13
6/30/2022	194,900,000	6.50%	144,047,172	21,450,942	26,348,818	139,149,297	106,439,713	13,303,538	119,743,250	1.31	1.16
6/30/2023	206,400,000	5.90%	152,546,620	21,821,622	27,139,282	147,228,960	110,164,713	13,768,663	123,933,375	1.34	1.19
6/30/2024	216,600,000	4.94%	160,085,261	22,199,614	27,953,461	154,331,415	114,024,713	14,254,769	128,279,481	1.35	1.20
6/30/2025	226,400,000	4.52%	167,328,269	22,585,063	28,792,065	161,121,268	118,014,713	14,753,381	132,768,094	1.37	1.21
6/30/2026	233,600,000	3.18%	172,649,663	22,978,117	29,655,826	165,971,954	122,144,713	15,269,850	137,414,563	1.36	1.21
6/30/2027	242,600,000	3.85%	179,301,405	23,378,926	30,545,501	172,134,830	126,419,713	15,806,156	142,225,869	1.36	1.21
6/30/2028	253,400,000	4.45%	187,283,496	23,787,643	31,461,866	179,609,272	130,844,713	16,359,150	147,203,863	1.37	1.22
6/30/2029	262,900,000	3.75%	194,304,779	24,204,425	32,405,722	186,103,482	135,424,713	16,926,538	152,351,250	1.37	1.22
6/30/2030	272,800,000	3.77%	201,621,696	24,629,432	33,377,894	192,873,234	140,164,713	17,522,850	157,687,563	1.38	1.22
6/30/2031	282,700,000	3.63%	208,938,612	25,062,827	34,379,231	199,622,208	145,069,713	18,136,275	163,205,988	1.38	1.22
6/30/2032	293,700,000	3.89%	217,068,519	25,504,775	35,410,608	207,162,687	150,149,303	18,767,550	168,916,853	1.38	1.23
6/30/2033	305,900,000	4.15%	226,085,325	25,955,447	36,472,926	215,567,846	153,204,213	21,610,125	174,814,338	1.41	1.23
6/30/2034	316,400,000	3.43%	233,845,691	26,415,014	37,567,114	222,693,591	158,885,463	22,047,731	180,933,194	1.40	1.23
6/30/2035	329,500,000	4.14%	243,527,671	26,883,653	38,694,127	231,717,197	165,095,088	22,172,425	187,267,513	1.40	1.24
6/30/2036	341,600,000	3.67%	252,470,569	27,361,544	39,854,951	239,977,162	172,299,713	20,839,581	193,139,294	1.39	1.24
6/30/2037	355,600,000	4.10%	262,817,724	27,848,869	41,050,599	249,615,994	178,329,713	14,805,469	193,135,181	1.40	1.29
6/30/2038	369,600,000	3.94%	273,164,878	28,345,817	42,282,117	259,228,577	179,334,713	13,804,944	193,139,656	1.45	1.34
6/30/2039	381,900,000	3.33%	282,255,592	28,852,576	43,550,581	267,557,587	179,334,713	13,804,100	193,138,813	1.49	1.39
6/30/2040	396,500,000	3.82%	293,046,196	29,369,342	44,857,098	277,558,440	179,333,713	13,798,181	193,131,894	1.55	1.44
6/30/2041	411,700,000	3.83%	304,280,250	29,896,312	46,202,811	287,973,751	179,330,838	13,809,744	193,140,581	1.61	1.49
6/30/2042	427,300,000	3.79%	315,809,936	30,433,690	47,588,896	298,654,730	179,329,338	13,811,344	193,140,681	1.67	1.55
6/30/2043	444,000,000	3.91%	328,152,613	30,981,680	49,016,563	310,117,731	179,324,213	13,810,969	193,135,181	1.73	1.61
6/30/2044	462,200,000	4.10%	341,603,914	31,540,494	50,487,059	322,657,349	179,324,263	-	179,324,263	1.80	1.80
6/30/2045	479,800,000	3.81%	354,611,765	32,110,345	52,001,671	334,720,440	179,327,338	-	179,327,338	1.87	1.87
6/30/2046	497,200,000	3.63%	367,471,800	32,691,453	53,561,721	346,601,532	179,325,013	-	179,325,013	1.93	1.93
6/30/2047	517,200,000	4.02%	382,253,449	33,284,040	55,168,573	360,368,917	179,322,900	-	179,322,900	2.01	2.01
6/30/2048	535,300,000	3.50%	395,630,842	33,888,334	56,823,630	372,695,546	179,327,900	-	179,327,900	2.08	2.08
6/30/2049	556,700,000	4.00%	411,447,207	34,504,567	58,528,339	387,423,435	179,327,244	-	179,327,244	2.16	2.16
6/30/2050	578,300,000	3.88%	427,411,388	35,132,975	60,284,189	402,260,174	179,325,988	-	179,325,988	2.24	2.24
6/30/2051	600,700,000	3.87%	443,966,835	35,773,800	62,092,715	417,647,920	179,328,000	-	179,328,000	2.33	2.33
6/30/2052	624,300,000	3.93%	461,409,181	36,427,287	63,955,496	433,880,972	179,326,100	-	179,326,100	2.42	2.42
6/30/2053	648,600,000	3.89%	479,368,885	37,093,688	65,874,161	450,588,412	179,326,925	-	179,326,925	2.51	2.51

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget.
2. For years 2014 through 2020, gross toll revenues reduced by approximately 27%.
3. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling. Growth rate assumed to be 3%
4. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

Foothill/Eastern Transportation Corridor Agency
Summary Cash Flow Model
Interest Rates as of May 24, 2013
Scenario 7: 50% Elasticity of Demand

Exhibit 7

Fiscal Year	Gross Toll Revenues[1]	Other Revenues	Current Expenses[2]	Net Toll Revenues	Total Senior Net Debt Service[3]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	116,080,000	18,545,700	23,708,349	110,917,351	80,297,280	11,287,124	91,584,404	1.38	1.21
6/30/2015	118,300,000	19,049,346	21,424,000	115,925,346	85,329,713	11,576,538	96,906,250	1.36	1.20
6/30/2016	125,700,000	19,372,663	22,066,720	123,005,943	87,269,713	11,576,538	98,846,250	1.41	1.24
6/30/2017	135,500,000	19,702,355	22,728,722	132,473,633	89,249,713	11,576,538	100,826,250	1.48	1.31
6/30/2018	146,100,000	20,038,548	23,410,583	142,727,965	92,769,713	11,576,538	104,346,250	1.54	1.37
6/30/2019	158,100,000	20,381,371	24,112,901	154,368,470	96,004,713	12,000,663	108,005,375	1.61	1.43
6/30/2020	172,200,000	20,730,954	24,836,288	168,094,667	99,364,713	12,422,538	111,787,250	1.69	1.50
6/30/2021	183,000,000	21,087,433	25,581,376	178,506,056	102,839,713	12,855,788	115,695,500	1.74	1.54
6/30/2022	194,900,000	21,450,942	26,348,818	190,002,125	106,439,713	13,303,538	119,743,250	1.79	1.59
6/30/2023	206,400,000	21,821,622	27,139,282	201,082,340	110,164,713	13,768,663	123,933,375	1.83	1.62
6/30/2024	216,600,000	22,199,614	27,953,461	210,846,154	114,024,713	14,254,769	128,279,481	1.85	1.64
6/30/2025	226,400,000	22,585,063	28,792,065	220,192,999	118,014,713	14,753,381	132,768,094	1.87	1.66
6/30/2026	233,600,000	22,978,117	29,655,826	226,922,291	122,144,713	15,269,850	137,414,563	1.86	1.65
6/30/2027	242,600,000	23,378,926	30,545,501	235,433,424	126,419,713	15,806,156	142,225,869	1.86	1.66
6/30/2028	190,050,000	23,787,643	31,461,866	182,375,777	130,844,713	16,359,150	147,203,863	1.39	1.24
6/30/2029	197,175,000	24,204,425	32,405,722	188,973,703	135,424,713	16,926,538	152,351,250	1.40	1.24
6/30/2030	204,600,000	24,629,432	33,377,894	195,851,538	140,164,713	17,522,850	157,687,563	1.40	1.24
6/30/2031	212,025,000	25,062,827	34,379,231	202,708,596	145,069,713	18,136,275	163,205,988	1.40	1.24
6/30/2032	220,275,000	25,504,775	35,410,608	210,369,168	150,149,303	18,767,550	168,916,853	1.40	1.25
6/30/2033	229,425,000	25,955,447	36,472,926	218,907,521	153,204,213	21,610,125	174,814,338	1.43	1.25
6/30/2034	237,300,000	26,415,014	37,567,114	226,147,900	158,885,463	22,047,731	180,933,194	1.42	1.25
6/30/2035	247,125,000	26,883,653	38,694,127	235,314,526	165,095,088	22,172,425	187,267,513	1.43	1.26
6/30/2036	256,200,000	27,361,544	39,854,951	243,706,593	172,299,713	20,839,581	193,139,294	1.41	1.26
6/30/2037	266,700,000	27,848,869	41,050,599	253,498,270	178,329,713	14,805,469	193,135,181	1.42	1.31
6/30/2038	277,200,000	28,345,817	42,282,117	263,263,699	179,334,713	13,804,944	193,139,656	1.47	1.36
6/30/2039	214,818,750	28,852,576	43,550,581	200,120,745	179,334,713	13,804,100	193,138,813	1.12	1.04
6/30/2040	223,031,250	29,369,342	44,857,098	207,543,493	179,333,713	13,798,181	193,131,894	1.16	1.07
6/30/2041	231,581,250	29,896,312	46,202,811	215,274,751	179,330,838	13,809,744	193,140,581	1.20	1.11
6/30/2042	240,356,250	30,433,690	47,588,896	223,201,044	179,329,338	13,811,344	193,140,681	1.24	1.16
6/30/2043	249,750,000	30,981,680	49,016,563	231,715,118	179,324,213	13,810,969	193,135,181	1.29	1.20
6/30/2044	259,987,500	31,540,494	50,487,059	241,040,935	179,324,263	-	179,324,263	1.34	1.34
6/30/2045	269,887,500	32,110,345	52,001,671	249,996,174	179,327,338	-	179,327,338	1.39	1.39
6/30/2046	279,675,000	32,691,453	53,561,721	258,804,732	179,325,013	-	179,325,013	1.44	1.44
6/30/2047	218,193,750	33,284,040	55,168,573	196,309,217	179,322,900	-	179,322,900	1.09	1.09
6/30/2048	225,829,688	33,888,334	56,823,630	202,894,391	179,327,900	-	179,327,900	1.13	1.13
6/30/2049	234,857,813	34,504,567	58,528,339	210,834,040	179,327,244	-	179,327,244	1.18	1.18
6/30/2050	243,970,313	35,132,975	60,284,189	218,819,098	179,325,988	-	179,325,988	1.22	1.22
6/30/2051	253,420,313	35,773,800	62,092,715	227,101,397	179,328,000	-	179,328,000	1.27	1.27
6/30/2052	263,376,563	36,427,287	63,955,496	235,848,353	179,326,100	-	179,326,100	1.32	1.32
6/30/2053	273,628,125	37,093,688	65,874,161	244,847,652	179,326,925	-	179,326,925	1.37	1.37

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget.
2. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling. Growth rate assumed to be 3%
3. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

Foothill/Eastern Transportation Corridor Agency
Summary Cash Flow Model
Interest Rates as of May 24, 2013
Scenario 8: Coverage Breakeven

Exhibit 8

Fiscal Year	Gross Toll Revenues[1]	Breakeven Decrease $	Breakeven Decrease %	Other Revenues	Current Expenses[2]	Net Toll Revenues	Total Senior Net Debt Service[3]	2013 Junior Debt Service	Aggregate Net Debt Service	Senior Debt Service Coverage Ratio	Aggregate Debt Service Coverage Ratio
6/30/2014	116,080,000	(30,620,071)	-26%	18,545,700	23,708,349	80,297,280	80,297,280	11,287,124	91,584,404	1.00	0.88
6/30/2015	118,300,000	(30,595,634)	-26%	19,049,346	21,424,000	85,329,713	85,329,713	11,576,538	96,906,250	1.00	0.88
6/30/2016	125,700,000	(35,736,230)	-28%	19,372,663	22,066,720	87,269,713	87,269,713	11,576,538	98,846,250	1.00	0.88
6/30/2017	135,500,000	(43,223,921)	-32%	19,702,355	22,728,722	89,249,713	89,249,713	11,576,538	100,826,250	1.00	0.89
6/30/2018	146,100,000	(49,958,252)	-34%	20,038,548	23,410,583	92,769,713	92,769,713	11,576,538	104,346,250	1.00	0.89
6/30/2019	158,100,000	(58,363,757)	-37%	20,381,371	24,112,901	96,004,713	96,004,713	12,000,663	108,005,375	1.00	0.89
6/30/2020	172,200,000	(68,729,954)	-40%	20,730,954	24,836,288	99,364,713	99,364,713	12,422,538	111,787,250	1.00	0.89
6/30/2021	183,000,000	(75,666,344)	-41%	21,087,433	25,581,376	102,839,713	102,839,713	12,855,788	115,695,500	1.00	0.89
6/30/2022	194,900,000	(83,562,412)	-43%	21,450,942	26,348,818	106,439,713	106,439,713	13,303,538	119,743,250	1.00	0.89
6/30/2023	206,400,000	(90,917,628)	-44%	21,821,622	27,139,282	110,164,713	110,164,713	13,768,663	123,933,375	1.00	0.89
6/30/2024	216,600,000	(96,821,441)	-45%	22,199,614	27,953,461	114,024,713	114,024,713	14,254,769	128,279,481	1.00	0.89
6/30/2025	226,400,000	(102,178,286)	-45%	22,585,063	28,792,065	118,014,713	118,014,713	14,753,381	132,768,094	1.00	0.89
6/30/2026	233,600,000	(104,777,578)	-45%	22,978,117	29,655,826	122,144,713	122,144,713	15,269,850	137,414,563	1.00	0.89
6/30/2027	242,600,000	(109,013,712)	-45%	23,378,926	30,545,501	126,419,713	126,419,713	15,806,156	142,225,869	1.00	0.89
6/30/2028	253,400,000	(114,881,064)	-45%	23,787,643	31,461,866	130,844,713	130,844,713	16,359,150	147,203,863	1.00	0.89
6/30/2029	262,900,000	(119,273,990)	-45%	24,204,425	32,405,722	135,424,713	135,424,713	16,926,538	152,351,250	1.00	0.89
6/30/2030	272,800,000	(123,886,826)	-45%	24,629,432	33,377,894	140,164,713	140,164,713	17,522,850	157,687,563	1.00	0.89
6/30/2031	282,700,000	(128,313,884)	-45%	25,062,827	34,379,231	145,069,713	145,069,713	18,136,275	163,205,988	1.00	0.89
6/30/2032	293,700,000	(133,644,865)	-46%	25,504,775	35,410,608	150,149,303	150,149,303	18,767,550	168,916,853	1.00	0.89
6/30/2033	305,900,000	(142,178,308)	-46%	25,955,447	36,472,926	153,204,213	153,204,213	21,610,125	174,814,338	1.00	0.88
6/30/2034	316,400,000	(146,362,438)	-46%	26,415,014	37,567,114	158,885,463	158,885,463	22,047,731	180,933,194	1.00	0.88
6/30/2035	329,500,000	(152,594,439)	-46%	26,883,653	38,694,127	165,095,088	165,095,088	22,172,425	187,267,513	1.00	0.88
6/30/2036	341,600,000	(156,806,881)	-46%	27,361,544	39,854,951	172,299,713	172,299,713	20,839,581	193,139,294	1.00	0.89
6/30/2037	355,600,000	(164,068,558)	-46%	27,848,869	41,050,599	178,329,713	178,329,713	14,805,469	193,135,181	1.00	0.92
6/30/2038	369,600,000	(176,328,987)	-48%	28,345,817	42,282,117	179,334,713	179,334,713	13,804,944	193,139,656	1.00	0.93
6/30/2039	381,900,000	(187,867,282)	-49%	28,852,576	43,550,581	179,334,713	179,334,713	13,804,100	193,138,813	1.00	0.93
6/30/2040	396,500,000	(201,678,531)	-51%	29,369,342	44,857,098	179,333,713	179,333,713	13,798,181	193,131,894	1.00	0.93
6/30/2041	411,700,000	(216,062,663)	-52%	29,896,312	46,202,811	179,330,838	179,330,838	13,809,744	193,140,581	1.00	0.93
6/30/2042	427,300,000	(230,815,457)	-54%	30,433,690	47,588,896	179,329,338	179,329,338	13,811,344	193,140,681	1.00	0.93
6/30/2043	444,000,000	(246,640,905)	-56%	30,981,680	49,016,563	179,324,213	179,324,213	13,810,969	193,135,181	1.00	0.93
6/30/2044	462,200,000	(263,929,172)	-57%	31,540,494	50,487,059	179,324,263	179,324,263	-	179,324,263	1.00	1.00
6/30/2045	479,800,000	(280,581,337)	-58%	32,110,345	52,001,671	179,327,338	179,327,338	-	179,327,338	1.00	1.00
6/30/2046	497,200,000	(297,004,719)	-60%	32,691,453	53,561,721	179,325,013	179,325,013	-	179,325,013	1.00	1.00
6/30/2047	517,200,000	(315,992,567)	-61%	33,284,040	55,168,573	179,322,900	179,322,900	-	179,322,900	1.00	1.00
6/30/2048	535,300,000	(333,036,804)	-62%	33,888,334	56,823,630	179,327,900	179,327,900	-	179,327,900	1.00	1.00
6/30/2049	556,700,000	(353,348,984)	-63%	34,504,567	58,528,339	179,327,244	179,327,244	-	179,327,244	1.00	1.00
6/30/2050	578,300,000	(373,822,798)	-65%	35,132,975	60,284,189	179,325,988	179,325,988	-	179,325,988	1.00	1.00
6/30/2051	600,700,000	(395,053,085)	-66%	35,773,800	62,092,715	179,328,000	179,328,000	-	179,328,000	1.00	1.00
6/30/2052	624,300,000	(417,445,691)	-67%	36,427,287	63,955,496	179,326,100	179,326,100	-	179,326,100	1.00	1.00
6/30/2053	648,600,000	(440,492,602)	-68%	37,093,688	65,874,161	179,326,925	179,326,925	-	179,326,925	1.00	1.00

1. 2015 -2053 represent amounts set forth in the draft Stantec Traffic and Revenue Study dated January 18, 2013 (AET scenario). 2014 based on proposed FY14 budget
2. FY 2014 source: F/ETCA proposed budget. Includes $3mm budgeted for one-time all-electronic tolling cost. 2015-2053 assumes reduction in FY15 due to conversion to all-electronic tolling.
Growth rate assumed to be 3%
3. Series 1995 debt service includes covenant to redeem Series 1995 Bonds

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Baa3 rating to the second senior lien Series 2013A, 2013C and 2013D bonds and a Ba1 rating to the junior lien bonds Series 2013B of the Foothill/Eastern Transp. Corridor Agency and affirms Baa3 on senior Series 1995 bonds; Outlook stable

Global Credit Research - 10 Jun 2013

$2.4 billion debt expected post refunding

New York, June 10, 2013 --

Moody's Ratings

Issue: Junior Lien Toll Road Refunding Revenue Bonds, Series 2013B; Rating: Ba1; Sale Amount: $206,370,000; Expected Sale Date: 06/11/2013; Rating Description: Revenue: Government Enterprise

Issue: Toll Road Refunding Bonds, Series 2013A; Rating: Baa3; Sale Amount: $1,422,000,000; Expected Sale Date: 06/11/2013; Rating Description: Revenue: Government Enterprise

Issue: Toll Road Refunding Bonds, Series 2013C; Rating: Baa3; Sale Amount: $642,855,000; Expected Sale Date: 06/11/2013; Rating Description: Revenue: Government Enterprise

Issue: Toll Road Refunding Bonds, Series 2013D (Forward Delivery); Rating: Baa3; Sale Amount: $607,165,000; Expected Sale Date: 06/11/2013; Rating Description: Revenue: Government Enterprise

Opinion

Moody's Investors Service ("Moody's") assigns Baa3 rating to the second senior lien Series 2013A, 2013C and 2013D bonds and a Ba1 rating to the junior lien Series 2013B bonds of the Foothill/Eastern Transportation Corridor Agency (F/ETCA or agency). We also affirm the Baa3 rating on the outstanding senior series 1995 bonds, which are not being refunded. The rating outlook is stable.

RATING RATIONALE:

Despite the agency's very high debt load and deferral of principal repayment by 13 years, this refunding smoothes the debt service profile and is forecasted to improve near term debt service coverage ratios (DSCRs). Traffic appears to be stabilizing as the Orange County service area steadily emerges from economic recession. While both traffic and revenue are ahead of the FY 2013 budget, they remain below the 1999 financing forecast. Proactive, almost annual toll rate increases and increases in related fees; timely financial reporting; expected continued recovery and development in the affluent service area and the relief the toll road provides from traffic congestion supports the investment grade rating on the Series 2013 second senior bonds, which are payable after the Series 1995 bonds. We note that, while not a legal defeasance, debt service on the small amount of outstanding senior Series 1995 bonds is satisfied by irrevocable funds until scheduled principal matures in 2033 through 2035. The lower Ba1 rating for the junior bonds is due to their lower standing in the flow of funds; weaker legal covenants and large amount of senior bonds (91%), though junior bonds benefit from a dedicated debt service reserve fund (DSRF) that is the same as for 2013 bonds.

The Orange County/Santa Ana MSA service area has a diverse and broad economic base that is expected to continue to develop, albeit more slowly than in the past. Socio-economic indicators and wealth levels are above national averages and job creation and housing values have been improving over the last several years, which should allow room for future toll rate increases necessary to support steadily escalating debt service. Residential and commercial development along the Foothill/Eastern corridor is forecasted to generate stronger than historic traffic growth, given the availability of large tracts of developable land at the both north and south end of the corridor, though we believe the base case traffic and revenue forecast to be optimistic and therefore reduce forecasted revenue growth by 5% annually in Moody's base case.

There is the potential for a significant amount of additional debt for expansion projects that have not yet been approved, and this adds risk to the agency's credit profile. No plan of finance has yet been developed.

OUTLOOK

The rating outlook is stable based on recent improvement in traffic and revenue; maintenance of ample current unrestricted liquidity levels and our expectation that traffic and revenue will recover in tandem with the economic recovery in Orange County and that toll increases will be implemented to maintain the projected financial profile. We expect that the refunding will enable the agency to meet debt service requirements and the 1.3 times rate covenant primarily with net revenues, though FYs 2014 to 2018 include small transfers from dedicated reserves.

What Could Change the Rating - UP

Upside potential for the rating would be closely correlated with accelerated development in the corridor that generates higher than forecasted growth in traffic and revenues. More clarity regarding the development of a feasible plan of finance for Foothill South, without an adverse impact on F/ETCA's financial operations and DSCRs also could exert positive credit pressure.

What Could Change the Rating - DOWN

The agency's credit rating would be negatively pressured by lower than forecasted traffic and revenue due to slower organic growth or failure to implement rate increase as needed to provide the minimum covenanted 1.3 times DSCR for senior and 1.15 times for all bonds. The rating also would be pressured by risks related to substantial additional borrowing for and construction of the Foothill South extension.

STRENGTHS

* Independent toll raising ability and above average service area socio-economic indicators should support and future toll increases and traffic growth

*Ample liquidity levels and cash funded DSRFs

*No current construction risk or ramp up risk, although this will change if the Foothill South project is undertaken

*Some debt service smoothing and expenditure relief with this refunding

CHALLENGES

*Annual debt service ramps up steadily and repayment relies on higher than historic traffic and revenue growth and annual toll rate increases

*Toll rates are currently among the highest for US toll roads

*Construction of the Foothill South project could pressure agency finances, depending on the ultimate construction cost and financial feasibility of that project

*The mitigation agreement with San Joaquin Hills Transportation Corridor Agency (SJHTCA), including a potential loan of up to $1.04 billion, may impact the agency's ability to accumulate cash, though recent amendments and debt restructuring for SJHTCA make this less likely

RATING METHODOLOGY

The principal methodology used in this rating was Government Owned Toll Roads published in October 2012. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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Research

Foothill-Eastern Transportation Corridor Agency, California; Toll Roads Bridges

11-Jun-2013

Current Ratings

Credit Profile		
US$1430.0 mil current interest bnds ser 2013A due 06/30/2053		
Long Term Rating	BBB-/Stable	New
US$650.0 mil current interest bnds ser 2013C due 06/30/2047		
Long Term Rating	BBB-/Stable	New
US$607.0 mil forward delivery bnds ser 2013D due 06/30/2047		
Long Term Rating	BBB-/Stable	New
US$207.0 mil junior lien bnds ser 2013B due 06/30/2047		
Long Term Rating	BB+/Stable	New

Rationale

Standard & Poor's Ratings Services assigned its 'BBB-' long-term rating to the **Foothill-Eastern Transportation Corridor Agency** (F/ETCA or agency), Calif.'s approximately $1.43 billion series 2013A toll road refunding revenue bonds, $650 million series 2013C toll road refunding revenue bonds, and $607 million series 2013D forward delivery toll road refunding revenue bonds. In addition, Standard & Poor's assigned its 'BB+' long-term rating to the agency's approximately $207 million series 2013B junior lien toll road refunding revenue bonds. At the same time, Standard & Poor's affirmed its 'BBB-' long-term and underlying rating (SPUR) on the agency's existing toll road revenue bonds. The outlook on all ratings is stable.

In our opinion, specific credit risks include the agency's:

- High debt levels and a debt service schedule that increases by a 3.5% average annual rate through 2036;
- Recent negative operational performance, with traffic down 5.7% in fiscal 2010 and 0.4% in fiscal 2011, flat growth in 2012, and a 1.6% decrease in year-to-date fiscal 2013;
- Uncertainty regarding the elasticity of tolls and management's financial forecast plans small annual toll increases throughout the forecast period (although recent toll increases have increased revenues);
- Uncertainty regarding the Foothill South toll road extension project, which may require substantial additional debt; and
- Slim aggregate coverage levels and the subordinate nature of the of the junior lien bonds.

We believe these risks are partly mitigated by a service area with high wealth levels, high traffic on free highways, and a population that is reliant on the highway network.

The 2013 bonds are being issued to refund and restructure existing debt. The 2013C bonds are expected to be refunded by the forward delivery 2013D bonds. Upon closing of the 2013D forward refunding bonds in October 2013, the agency will have approximately $2.4 billion in outstanding debt including:

- $180 million in series 1995A bonds;
- $1.42 billion in series 2013A bonds;
- $607 of series 2013D bonds; and
- $207 million of junior lien 2013B bonds.

A pledge of toll revenues from the Foothill-Eastern system, net of operating expenses, secures the outstanding toll revenue bonds, with toll revenues first applied to the senior 1995A bonds and with the 2013D bonds subordinate to all outstanding debt. Interest on the series 1995A bonds is capitalized through 2032. Development impact fees (DIF) are also pledged to the series 2013 bonds, subject to the agency's right to use $2.5 million of fee revenues for any lawful purpose during each semi-annual period ending July 15 or Jan. 15.

Through fiscal 2007, traffic and toll revenues on the Foothill-Eastern toll road system have met or slightly exceeded projections in the 1999 traffic and revenue study; however, recently the system has experienced declines, putting both traffic and revenue below the 1999 forecast starting in 2009 through 2012. Traffic has declined or been flat every year since 2007, with a total decline of 17% from fiscal 2007 to fiscal 2012. Most of the traffic decline occurred in 2008 through 2010, and traffic in 2011 and 2012 was flat. Traffic year to date in 2013 is down 1.6% although revenue performance has improved due to toll increases. Revenues declined 3.8% in 2008 and 8.1% in 2009. Revenues increased 6% in 2010, 0.5% in 2011, and 7.0% in 2012 due to two toll increases. The agency also increased tolls for 2013 and year to date toll revenues are up 4%. Revenues have responded well to recent toll increases, and we view the willingness to increase tolls by management as a positive credit factor, however, they could depress traffic trends going forward depending on the elasticity of tolls as tolls are forecast to increase annually through the forecast. According to the latest traffic and revenue (T&R) study, the road is operating below the revenue maximization toll level and tolls could be increased resulting in a 14% increase in revenues in 2035 under a revenue maximization scenario. We will monitor annual toll increases and traffic levels and any signs that the agency has reached its revenue maximization toll level would be a credit risk.

Financial performance has weakened as recent traffic declines have affected revenues and decreased coverage. Coverage was 1.75x in fiscal 2007, 1.54x in fiscal 2008, 1.39x in 2009, 1.36x in 2010, and 1.38x in 2011. The agency's debt is structured with escalating debt service, which requires future toll revenue growth to provide coverage under the rate covenant. The agency has been escrowing a portion of the debt service each year since 2009 to maintain the required coverage of 1.3x. Based on the 2013 budget, the agency escrowed $13.5 million in debt service and expects coverage of 1.32x. The coverage in 2013 without the escrow account is expected to be 1.14x. Based on the preliminary 2014 budget, the agency has escrowed $19 million in debt service and expects budgeted coverage at 1.32x. The 2014 budget does not reflect the refunding and restructuring of debt service.

The series 2013 refunding is restructuring debt service and extending the final maturity from 2040 to 2053. Prior to the restructuring, debt service increased by a 4.4% average annual rate through 2040 to a maximum annual debt service (MADS) of approximately $298 million. Under the proposed restructuring scenario the final maturity is extended to 2053 and the aggregate (senior and junior lien) debt service grows at a slower, though still ascending, rate of approximately 3.5% through 2036 and then debt service is level at approximately $193 million through 2043, and then is lowered (after the junior lien bonds final maturity) to approximately $179 million through 2053. The maximum annual aggregate debt service post restructuring is more than $100 million lower compared to existing debt service and ascends at a lower rate. We believe the restructured debt service provides the agency additional flexibility and better matches the debt service schedule with forecasted revenues. We did not view the recent practice of escrowing of debt service as sustainable and the restructured debt service and financial forecast provided by management does not require the use of escrowed funds going forward to maintain coverage requirements. To test the sensitivity to lower revenues, we estimated the reduction in revenues that would bring aggregate coverage down to approximately 1.0x. This reduction in revenues was approximately 17%, which resulted in coverage of approximately 1.0x in 2015. A stress scenario provided by management that held land use constant until 2020 implying zero economic growth resulted in a reduction in revenues of 27% in 2020 which results in coverage of approximately 1.09x in 2020. The agency has also pledged development impact fee revenue above $2.5 million during any semi-annual period and the forecast above does not include any potential revenue from this source. DIF revenues have ranged from approximately $2 million to $31 million since 2000.

The potential revenue from this source adds additional financial flexibility to the agency. We view the steady annual increases forecasted in traffic and financial performance as a credit risk given the potential for unforeseen lower economic conditions or other factors that could negatively impact traffic and cause the agency to underperform the financial forecast. Financial performance below forecast would be a credit risk and could lead to a lower rating.

Average weekday transaction peaked in 2007 at 211,580 and according to the latest T&R study, the agency is expected to surpass the 2007 peak in 2020. This anticipates average growth of approximately 4% per year from 2014 to 2020 with slower growth in the early years. After 2020, average weekday transactions growth declines until it reaches 1% per year starting in 2026. Throughout the forecast, tolls are forecast to increase annually -- resulting in 6% average annual revenue growth through 2025 and before growth drops to approximately 4% annually. The financial forecast of coverage ranges from 1.36 to 1.87x on the senior lien through 2026 and 1.20x to 1.66x on an aggregate basis, including both senior and junior lien debt with the low in 2015 in both cases. While we view these levels as adequate for the rating level given the mature nature of the road and the strength of the region, any declines in traffic or financial performance below forecast could result in a lower rating.

The agency's liquidity position is good, in our view, relative to its operating expenses. As of March 31, 2013, unrestricted cash totaled $117.6 million, representing more than 1,900 days' operating funds.

The agency plans to construct an extension to Foothill, known as Foothill South, a 16-mile southern segment leading from the current Foothill toll road terminus to Interstate 5 near the San Diego County border. However, on Feb. 6, 2008, the California Coastal Commission rejected certification of the project, a decision that the U.S. Commerce Department upheld on Dec. 18, 2008. We understand that the agency has not abandoned its plans and is currently working with stakeholders and exploring options, including other alignments. The agency is also currently evaluating a shorter, five-mile extension referred to as the Tesoro Project, which extends the existing Foothill corridor to the south. In our view, the potential still exists for substantial new debt to finance extensions, although details are very uncertain at this time. If any extension moves forward, we will evaluate the associated traffic and revenue study and financing structure to determine its impact on the finances of Foothill-Eastern. However, we view the ability to add additional debt as limited at the current rating level given the low aggregate coverage levels in the near term.

Outlook

The stable outlook reflects our expectation that traffic and toll revenue will perform as forecast in the consultant T&R study, resulting in coverage as forecast in management's financial forecast. Given the agency's high leverage and escalating debt service schedule, we do not expect to raise the rating during the two-year outlook period. Declines in traffic or drop in revenue that results in reduced debt service coverage below managements financial forecast could lead to a lower rating. Additional debt associated with expansion projects that increase operational and financial risk could also pressure the rating.

Issuer And Toll Road System

The F/ETCA is a joint powers agency organized under an agreement among Orange County and 12 cities within it. The agency is empowered to construct and operate the Foothill Transportation Corridor, the Eastern Transportation Corridor, and to establish and collect tolls to finance the cost of construction and toll collection. The F/ETCA currently has 15 members on its board of directors (one member per city and three from the county). The F/ETCA is a sister agency to the San Joaquin Hills Transportation Corridor Agency, which administers another toll facility in the county. The two agencies, generally referred to as the TCAs (transportation corridor agencies), share staff but are two separate joint powers agencies and have different board members based on the relevant member cities along each road.

The F/ETCA is an approximately 36-mile toll road corridor, comprising three different highways: State Route 241, State Route 261, and a portion of State Route 133. The longest highway segment is SR 241, a 24-mile road extending southeastward from SR 91 in Anaheim to Oso Parkway (the current southern terminus) in Rancho Santa Margarita. Two segments, each approximately 5 miles in length, extend off of SR 241 and SR 261. The operating portions of the Foothill and Eastern toll roads are owned and operated by Caltrans. F/ETCA owns and operates the toll collection and revenue management system on the roads. F/ETCA has planned to construct a southern segment to the Foothill corridor, known as Foothill South, to connect the current southern terminus to Interstate 5 near the San Diego County border. However, it is uncertain whether this project will be pursued as planned after the plan was denied approval by the California Coastal Commission -- a decision that was upheld in December 2008 by the U.S. Department of Commerce.

Bond Provisions

The series 1995 and 2013 bonds are secured by a pledge of toll revenues from the Foothill/Eastern system, net of operating expenses, with toll revenues first applied to the senior 1995 bonds. Interest on the series 1995A bonds is capitalized through 2032. Development impact fees are additionally pledged to the series 2013 bonds, subject to the right of the agency to use $2.5 million of the fee revenue for any lawful purpose during each semi-annual period ending June 30 or Dec. 31. The development impact fees are based on development within the area of benefit of the Foothill/Eastern system and are assessed so that future development contributes a share of the Foothill/Eastern system construction costs in proportion to the usage generated by the development. The senior lien rate covenant is 1.30x and 1.15x on all bonds, including the junior lien. Failure to achieve such rate is not a violation of the covenant if the agency employs a traffic and revenue consultant and implements the recommendations. The debt service reserve fund for each lien will be cash funded at the least of the three IRS tests and the senior lien reserve will be based on aggregate debt service of the 1995 and 2013 bonds. Amounts on deposit in the senior lien reserve fund will be applied for the purpose of paying the principal of or interest on, first the series 1995 bonds and then the 2013 senior lien bonds and any other senior lien bonds.

Related Criteria And Research

USPF Criteria: **Toll Road And Bridge Revenue Bonds**, June 13, 2007

Ratings Detail (As Of 11-Jun-2013)

Foothill-Eastern Transp Corridor Agy 2nd lien		
Long Term Rating	BBB-/Stable	Affirmed
Foothill-Eastern Transp Corridor Agy 1st ln		
Unenhanced Rating	BBB-(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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Fitch Rates CA's Foothill/Eastern Transportation Corridor Revs 'BBB-/BB'; Outlook Stable

Ratings Endorsement Policy
14 Jun 2013 5:44 PM (EDT)

Fitch Ratings-Chicago-14 June 2013: Fitch Ratings has assigned the following ratings to the Foothill/Eastern Transportation Corridor Agency (F/ETCA or the agency), CA.

--Second senior lien toll road refunding revenue bonds, series 2013 'BBB-';
--Junior lien toll road refunding revenue bonds, series 2013B 'BB'.

The Rating Outlook is Stable for all bonds.

KEY RATING DRIVERS

--Limited Traffic Profile: The Foothill/Eastern Transportation Corridor (F/ETC or the facility) serves as a highway connection for commuters in Orange and Riverside Counties. Traffic has grown only marginally over the last decade due to seven, mostly above inflationary toll increases since fiscal 2000. Future growth potential is limited in part by the narrow corridor in which development can take place. Revenue Risk Volume: Midrange.

--Price Sensitive Commuter Traffic: The F/ETCA has limited economic rate-making flexibility as current toll rates are close to the revenue maximization point. The average toll rate is higher than peers at more than 30 cents per mile. It is Fitch's view that inflationary increases are achievable over time. A history of pro-active decisions by management to raise rates is a credit strength. Revenue Risk Price: Weaker.

--Back Loaded and Long Dated Debt: The revised debt service schedule which extends debt by 13 years is better tailored to the risks of the project and provides growing financial flexibility. The debt service profile increases steadily to maximum annual debt service of $193 million (down from $297 million) in fiscal 2042. The agency's various reserves for debt service are projected to remain healthy at $217 million in fiscal 2013. There are no cross default or acceleration provisions which protect the senior debt. Debt Structure Risk: Midrange (senior lien) / Weaker (junior lien).

--Growing Financial Flexibility: The F/ETCA is dependent on continued toll rate increases and traffic and revenue growth throughout the life of the debt to maintain coverage levels at or above 1.30x. In fiscal 2012, the debt service coverage ratio (DSCR) was 1.42x utilizing $16.4 million of the escrow defeasance fund (EDF) and 1.17x without the assistance. The Fitch base case combined senior/junior lien DSCRs indicate a minimum of 1.19x in fiscal 2014 and an average of 1.52x through 2053 without use of the EDF. The agency's various reserves, totaling $604 million in fiscal 2013, serve as a key mitigant to weak short-term financial performance. Total leverage is high at 23x. Debt Service Risk: Midrange (senior lien) / Weaker (junior lien).

--Manageable Approved Capital Program: The F/ETC corridor is less than 15 years old and does not currently have any material state of good repair needs. The agency's fiscal 2013-2014 capital improvement program (CIP) is small at $47 million. A large portion of the CIP has not received the necessary environmental permits or record of decisions to proceed. The State of California's obligation to maintain the physical assets and a covenant to budget for capital expenditures annually provides some protection. Infrastructure Development/Renewal Risk: Stronger.

RATING SENSITIVITIES

--Weaker traffic growth than projected by the traffic and revenue consultant over a sustained period.

--Toll rate increases that are materially below inflation for a sustained period.

--A decision to increase leverage to support the Foothill South project without commensurate financial mitigants.

--Dependence on the EDF for a prolonged period of time to meet the 1.30x/1.15x rate covenants.

The ratings are subject to execution of the Caltrans Cooperative Agreement in substantially its current form. Should the proposed transaction close, Fitch will withdraw the existing ratings on the outstanding series 1995 and 1999 bonds, excluding the 2035 maturity of the 1995 bonds that is not planned to be refunded. The current rating on these bonds is 'BBB-' with a Negative Outlook.

SECURITY

The bonds are secured by a pledge of net revenues and certain other pledged revenues such as development impact fees (DIF). F/ETCA has the right to withdraw up to $5 million DIFs to be used for any lawful purpose.

TRANSACTION SUMMARY

The agency is restructuring its debt to create more credit stability and capacity for future investment in expansion projects. The proposal includes second senior series 2013A, C, and D bonds and junior lien series 2013B bonds with a 1.3x and 1.15x rate covenant, respectively. These bonds will refinance the $2.2 billion in outstanding series 1999 bonds. Importantly, a default on the junior lien bonds shall not cause an event of default on the senior lien bonds. In addition, one maturity on the senior series 1995 bonds will remain as this will not be refunded.

The F/ETCA is a joint power authority with its sister agency, the San Joaquin Hills Transportation Corridor Agency (SJTCA) that was formed by the California legislature in 1986 to plan, finance, construct and operate Orange County's public toll road system. The Foothill/Eastern corridor, fully open in 1999, is 36-miles long comprising of State Routes (SR) 241, 261, and 133 while the SJTCA is a separate and distinct legal entity that manages the 15-mile SR 73 toll road (Newport Beach to southwest Orange County). A common staff manages both agencies but the projects are governed by separate boards, are financed independently, and funds cannot be commingled. The agencies appointed both a new CEO and CFO in the last seven months.

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Additional information is available at www.fitchratings.com.

Applicable Criteria and Related Research:
--'Rating Criteria for Infrastructure and Project Finance' (July 12, 2012);
--'Rating Criteria for Toll Roads, Bridges, and Tunnels' (Aug. 2, 2012).

Applicable Criteria and Related Research:
Rating Criteria for Infrastructure and Project Finance
Rating Criteria for Toll Roads, Bridges, and Tunnels

Additional Disclosure
Solicitation Status

FOOTHILL/EASTERN TRANSPORTATION
CORRIDOR AGENCY
Pro Forma Statement of Revenues, Expenses, and Changes in Net Deficit
For years 2013 to 2023
(In thousands)

Exhibit 12

Foothill-Eastern Transportation Corridors Agency
Pro-Forma Financials

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues:													
Tolls, fees, and fines[2,7]	$ 114,715	122,948	133,298	133,426	136,131	143,836	153,948	164,865	177,189	191,619	202,756	214,999	226,850
Development impact fees[1]	11,613	4,752	9,271	11,885	13,407	14,836	18,668	20,401	21,186	21,654	16,429	16,815	17,186
Other revenues[3]	601	1,342	1,200	1,200	1,218	1,236	1,255	1,274	1,293	1,312	1,332	1,352	1,371
Grant revenues[5]	0	376	252	72	0	0	0	0	0	0	0	0	0
Total operating revenues	126,929	129,418	144,021	146,583	150,756	159,909	173,870	186,540	199,667	214,585	220,516	233,166	245,407
Operating Expenses:													
Toll compliance and customer service[4,8]	7,233	7,222	8,100	8,562	8,819	9,083	9,356	9,637	9,926	10,223	10,530	10,846	11,171
Salaries and wages[8]	3,332	3,469	3,573	3,680	3,791	3,904	4,022	4,142	4,266	4,394	4,526	4,662	4,802
Toll systems[4,8]	3,128	3,130	3,371	3,379	3,480	3,585	3,692	3,803	3,917	4,035	4,156	4,280	4,409
Depreciation[4]	3,034	2,625	2,704	2,785	2,868	2,954	3,043	3,134	3,228	3,325	3,425	3,528	3,634
Toll collections[4,8]	2,151	2,175	2,309	2,354	2,425	2,497	2,572	2,649	2,729	2,811	2,895	2,982	3,071
Contribution of capital improvements to Caltrans[8]	12,847	1,370	1,411	1,453	1,497	1,542	1,588	1,636	1,685	1,735	1,788	1,841	1,896
Marketing[4]	1,030	1,002	1,032	1,063	1,095	1,128	1,162	1,196	1,232	1,269	1,307	1,347	1,387
Toll facilities[4,8]	918	784	998	1,105	1,138	1,172	1,207	1,244	1,281	1,319	1,359	1,400	1,442
Insurance[8]	708	717	739	761	783	807	831	856	882	908	936	964	992
Professional services[8]	337	305	314	324	333	343	354	364	375	386	398	410	422
Facilities operations, maintenance, and repairs[8]	187	209	215	222	228	235	242	250	257	265	273	281	289
Other operating expenses[8]	385	356	367	378	389	401	413	425	438	451	464	478	493
Total operating expenses	35,290	23,364	25,133	26,065	26,847	27,653	28,482	29,337	30,217	31,123	32,057	33,019	34,009
Operating income	91,639	106,054	118,888	120,517	123,909	132,256	145,388	157,203	169,451	183,462	188,459	200,147	211,397
Nonoperating revenue (expenses):													
Investment income[6]	9,497	27,190	23,968	23,968	23,968	23,968	23,968	23,968	23,968	23,968	23,968	23,968	23,968
Interest expense (existing debt service)[10,11,12]	(132,872)	(89,690)	(88,990)	(87,918)	(86,452)	(84,579)	(94,377)	(111,477)	(79,159)	(102,905)	(127,302)	(134,950)	(106,891)
***Principal payment (existing debt service)[13,14]**	(4,540)	(11,390)	(15,705)	(25,160)	(30,205)	(42,990)	(18,513)	(20,587)	(57,272)	(43,584)	(23,640)	(24,426)	(54,795)
Interest expense (refinancing)[10,11,12]	(132,872)	(89,690)	(88,990)	(91,584)	(96,906)	(98,846)	(100,826)	(104,346)	(107,570)	(110,897)	(114,316)	(117,833)	(121,448)
***Principal payment (refinancing)[13,14]**	(4,540)	(11,390)	(15,705)	0	0	0	0	0	(435)	(890)	(1,380)	(1,910)	(2,485)
Settlement expense recovery, net[9]	118	0	0	0	0	0	0	0	0	0	0	0	0
Nonoperating expenses, net (existing debt service)	(127,797)	(73,890)	(80,728)	(89,111)	(92,690)	(103,602)	(88,923)	(108,097)	(112,463)	(122,521)	(126,974)	(135,409)	(137,718)
Nonoperating expenses, net (refinancing)	(127,797)	(73,890)	(80,728)	(67,617)	(72,939)	(74,879)	(76,859)	(80,379)	(84,038)	(87,820)	(91,728)	(95,776)	(99,966)
Change in net deficit (existing debt service)	(36,158)	32,164	38,161	31,407	31,220	28,655	56,465	49,106	56,987	60,940	61,486	64,739	73,679
Change in net deficit (refinancing)	(36,158)	32,164	38,161	52,901	50,970	57,377	68,529	76,824	85,413	95,642	96,731	104,372	111,432
Net deficit at beginning of year (existing debt service)	(1,378,798)	(1,414,956)	(1,382,792)	(1,344,631)	(1,313,224)	(1,282,004)	(1,253,350)	(1,196,885)	(1,147,779)	(1,090,791)	(1,029,851)	(968,365)	(903,627)
Net deficit at beginning of year (refinancing)	(1,378,798)	(1,414,956)	(1,382,792)	(1,344,631)	(1,291,731)	(1,240,760)	(1,183,383)	(1,114,853)	(1,038,029)	(952,616)	(856,975)	(760,243)	(655,871)
Net deficit at end of year (existing debt service)	(1,414,956)	(1,382,792)	(1,344,631)	(1,313,224)	(1,282,004)	(1,253,350)	(1,196,885)	(1,147,779)	(1,090,791)	(1,029,851)	(968,365)	(903,627)	(829,948)
Net deficit at end of year (refinancing)	$ (1,414,956)	(1,382,792)	(1,344,631)	(1,291,731)	(1,240,760)	(1,183,383)	(1,114,853)	(1,038,029)	(952,616)	(856,975)	(760,243)	(655,871)	(544,440)

FOOTHILL/EASTERN TRANSPORTATION
CORRIDOR AGENCY
Pro Forma Statement of Revenues, Expenses, and Changes in Net Deficit
For years 2013 to 2023
(In thousands)

Notes:

1. DIF figures for FY2013 to FY2023 derived from Development Impact Fee Study, Appendix D, Table 13: 'Project Net DIF Revenues 2013 - 2035'; figures are net, & calculated by subtracting the projected DIF credit drawdown amount from the gross DIFs in each year

2. FY2014 to FY2023 projections for 'tolls, fees, and fines' are based on F/ETCA coverage model & does not include 'other revenues'; which is a separate line item
3. 'Other Revenues' figures generated from F/ETCA coverage model, 'Other Revenues and Expenses' tab

4. Expense categories to grow at CAGR of 3% for pro forma forecast (will be applied to all projections unless projected figures are provided by other source such as F/ETCA coverge model, Stantec T&R Study, Official Statement, & F/ETCA FY2014 Proposed Budget)

5. Assumption that 'grants' revenues will not be provided in future, following FY2014
6. FY2013 to FY2023 'investment income' figures based on arithmetic mean from FY2004 to FY2012 CAFRs
7. FY2013 figure derived from Table 7-1 of Stantec T&R Study & revenue figures from the Official Statement under the section 'Historical Operating Revenues and Debt Service Coverage'; figure is equal to projected 'annual revenue' for gross AET plus projected 'account maintenance fees', projected 'interest earnings' & projected 'violation penalty revenue'; 'other revenues' is a separate line item & therefore not included as is in the F/ETCA coverage model
8. FY2013 & FY2014 figures provided by F/ETCA 'estimated actuals' & 'budget' within the Official Statement, 'Operating Expenditures for Toll Operations' section
9. 'Settlement expense recovery, net' assumed to be zero for all projected FYs
10. FY2018 to FY2023 existing debt service 'interest expense' figures & FY2014 to FY2023 refinancing 'Interest expense' figures are net, & include all interest payments, CAPI, & revenue guarantee fund (RGF) amounts less principal payments; derived from F/ETCA coverage model; ***accrued interest only calculated into FY2011; assumption that forward closes in all refinancing projections***
11. FY2011 'interest expense' figure provided by F/ETCA 2012 CAFR; **includes accrued interest but not principal payments**
12. FY2012 to FY2017 existing debt service 'interest expense' figures & FY2012 to FY2013 refinancing 'interest expense' figures derived from F/ETCA 2012 CAFR; **does not include accrued interest**
13. ***Principal payments are not income statement line items; these are derived from the F/ETCA coverage model & are displayed to help portray the overall savings benefits from the refinancing**
14. FY2011 to FY2013 principal payments derived from F/ETCA 2012 CAFR

Additional Information:
*Pg. 64 of Official Statement displays detailed notes regarding 'Operating Expenditures for Toll Operations'