

MEMORANDUM OF COOPERATIVE INTENT
INNOVATIVE FINANCING OF THE
LAREDO NORTHWEST INTERNATIONAL TOLL BRIDGE (#4)

Project: Laredo Northwest International Toll Bridge (#4), General Services Administration (GSA) Facilities and Connecting Roadways

Limits: From IH 35 in the United States of America to the International Border Crossing at the Rio Grande River

County: Webb

Length: Approximately 2.5 Miles

The movement of commerce, especially that associated with the North American Free Trade Agreement, is a responsibility that is of utmost interest, not only to the City of Laredo and the State of Texas, but to the United States and the Republic of Mexico. The Texas Department of Transportation (TxDOT) and the Texas Turnpike Authority (TTA) would like to play an important role in the innovative financing of the Laredo Northwest International Toll Bridge (commonly referred to as Laredo Bridge #4).

The City of Laredo will undertake the construction and operation of Laredo Bridge #4 with the TTA, utilizing Federal Interstate Maintenance funds loaned to TTA by TxDOT. The City of Laredo has hired Smith Barney, Harris Upham and Company, Inc., and Apogee Research, Inc. to facilitate the financing of the City's participation in the project using a combination of federal, state, local and private funding. TxDOT, with the approval of the Federal Highway Administration (FHWA), has agreed to lend an estimated \$11.3 million of Federal Interstate Maintenance apportionments to the TTA for the construction of the bridge structure, toll plaza, export lot and GSA import lot. The proposed loan to the City of Laredo, through the TTA, would be consistent with §1012 of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

The staff level working group which includes representatives of the TTA, the Federal Highway Administration (FHWA), the City of Laredo and TxDOT has developed this working document as the basis for a mutual understanding of the roles each member of the group will play if essential and proper financial and legislative conditions can be achieved.

It is understood that this document is to memorialize present intent of the parties, but is subject to future authorizations or approvals by the respective governing bodies, boards, and commissions as may be required under applicable state and federal law. A general layout of the proposed project is attached to the back of this agreement.

Preliminary estimates have been developed for each segment of the facility. The alignment for each segment will fall immediately south of and adjacent to the alignment of the existing FM 3464 as shown in the public hearing held on January 14, 1993. Each segment, its estimated cost and the party responsible for its financing is shown below:

Financed by the City of Laredo:

Bridge Structure, toll plaza, export lot	\$ 9.5 Million
GSA import lot (excluding GSA building and inspection facilities)	<u>1.8</u>
Subtotal (from TxDOT through TTA)	\$11.3
GSA inspection lot (including GSA building and inspection facilities)	7.2
Laredo Bridge #4 schematic and design	<u>0.4</u>
Subtotal (financed through private sector and toll revenues)	\$ 7.6
Total amount financed	\$18.9
Private sector right-of-way donations	\$18.2

Financed by the Texas Department of Transportation:

Loop 20 - freeway lanes from toll plaza to IH 35	\$ 8.0 Million
Loop 20 - south frontage road (existing FM 3464 - Federal Demo project)	2.2
Westside access ramps from FM 1472 to Loop 20 freeway lanes	1.5
Loop 20 bridge over FM 1472 (Mines Road)	1.8
Temporary ramp from eastbound Loop 20 frontage road to eastbound Loop 20	0.5

Eastside access ramps from FM 1472 to Loop 20 main lanes	0.8
Temporary ramp from existing FM 3464 to westbound Loop 20 freeway lanes	0.2
Temporary ramps eastbound Loop 20 main lanes to eastbound frontage road and Loop 20 underpass on IH 35	<u>0.4</u>
Subtotal of TxDOT construction	\$15.4
Loan of Federal Interstate Maintenance apportionments to TTA for turnpike project	\$11.3

At this early stage of project development, we understand the basic roles of each government entity, federal agency, and state agency is as follows:

Roles of the Texas Department of Transportation:

- Make available an estimated \$11.3 from Interstate Maintenance funds pursuant to 23 USC, Section 129 and Article 6674v.1 to the City of Laredo, through the TTA, for the construction of the bridge structure, toll plaza, export lot and GSA import lot.
- Support legislation to allow ownership of the bridge by the City of Laredo at the completion of bond maturity and/or identify a mechanism to maintain rates and collection of tolls on the project after bonded debt retirement.
- Design, fund and construct freeway lanes from the port facility to IH 35.
- Design, fund and construct grade separation at FM 1472 (Mines Road).
- Fund any necessary reconstruction on north frontage road of Loop 20 (Existing FM 3464).
- Design, fund and construct south frontage road of Loop 20 (new location) as part of an ISTEPA demonstration project.
- Design, fund and construct access ramps from FM 1472 (at frontage road intersections) to the freeway lanes between FM 1472 and the port facility.
- Design, fund and construct an entry and exit ramp to and from the freeway lanes to the frontage roads near FM 1472.

- Design, fund and construct exit ramps from the eastbound freeway lane to the intersection of existing Loop 20 at the IH 35 underpass, and to eastbound frontage road.
- Evaluate the development of direct connectors or a full interchange at Loop 20 and IH 35.
- While agreements are being negotiated, TxDOT and the City of Laredo will continue to investigate the possibilities of developing the facility without a south frontage road.
- Maintain Loop 20 (freeway lanes, frontage roads and exit/entrance ramps) from the toll plaza to IH 35.
- Provide any necessary relocation assistance.
- Ensure compliance consistent with TE-045 and State statutory requirements.

Roles of the Texas Turnpike Authority:

- Utilize an estimated \$11.3 million loan from TxDOT to enter into an agreement with the City of Laredo under the provisions of Article 6674v and 6674v.1, V.T.C.S., for the purpose of funding and constructing the City of Laredo's bridge, toll plaza, export lot and GSA import lot.
- Remit loan payment from the City of Laredo, through the TTA, to TxDOT from tolls or other revenues received by TTA from Laredo Bridge #4.
- Support legislation to allow ownership of the bridge by the City of Laredo at the completion of bond maturity and/or identify a mechanism to maintain rates and collection of tolls on the project after bonded debt retirement.
- Issue no TTA debt instruments and have no regulatory, operational, maintenance, tort liability, and policing obligations or authority.
- Have no financial liability for repayment of debt to TxDOT from any source other than tolls and other revenues received by the TTA from Laredo.

Roles of the Federal Highway Administration:

- Support the innovative nature of the project through guidance and technical assistance.
- Reimburse TxDOT from Interstate Maintenance funds for the loan to TTA.

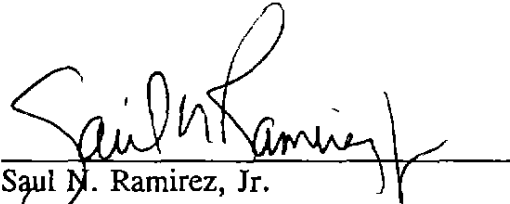
Roles of the City of Laredo:

- Enter an agreement with TTA under the provisions of Article 6674v and 6674v.1, V.T.C.S., for the purpose of funding and constructing the City of Laredo's bridge, toll plaza, export lot, and GSA import lot, and for operating and maintaining, regulating, and policing the facility from the toll plaza through the U.S. portion of the bridge.
- In coordination with Nuevo Laredo, prohibit commercial traffic at Bridges #1 and #2 consistent with Presidential Permit for Laredo Bridge #4.
- Coordinate project with GSA and appropriate inspection agencies.
- Provide all required right-of-way and utility adjustments.
- Through involvement with the Federal Government of Mexico, the State of Tamaulipas, and the concessionaire, provide coordinated project completion date of the facility to include the Mexico portion of the bridge structure and connecting facilities to Mexico's Highway 85.
- Support legislation to allow ownership of the bridge by the City of Laredo at the completion of bond maturity and/or identify a mechanism to maintain rates and collection of tolls on the project after bonded debt retirement.
- Remit toll or other revenues to TTA for TTA's repayment obligation to TxDOT.

We further agree that this is not a contractual obligation, but an understanding which will assist this group in achieving the creation of this mutually beneficial project. Through future financial assessments, engineering studies and future legislation, our specific roles will become more clearly defined, and we pledge to further strengthen this understanding into specific agreements.



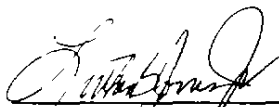
David E. Bernsen
Chairman, Texas Transportation Commission
Texas Department of Transportation



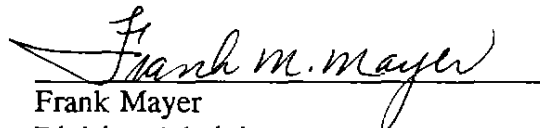
Saul N. Ramirez, Jr.
Mayor, City of Laredo

12-21-94
Date

12-23-94
Date



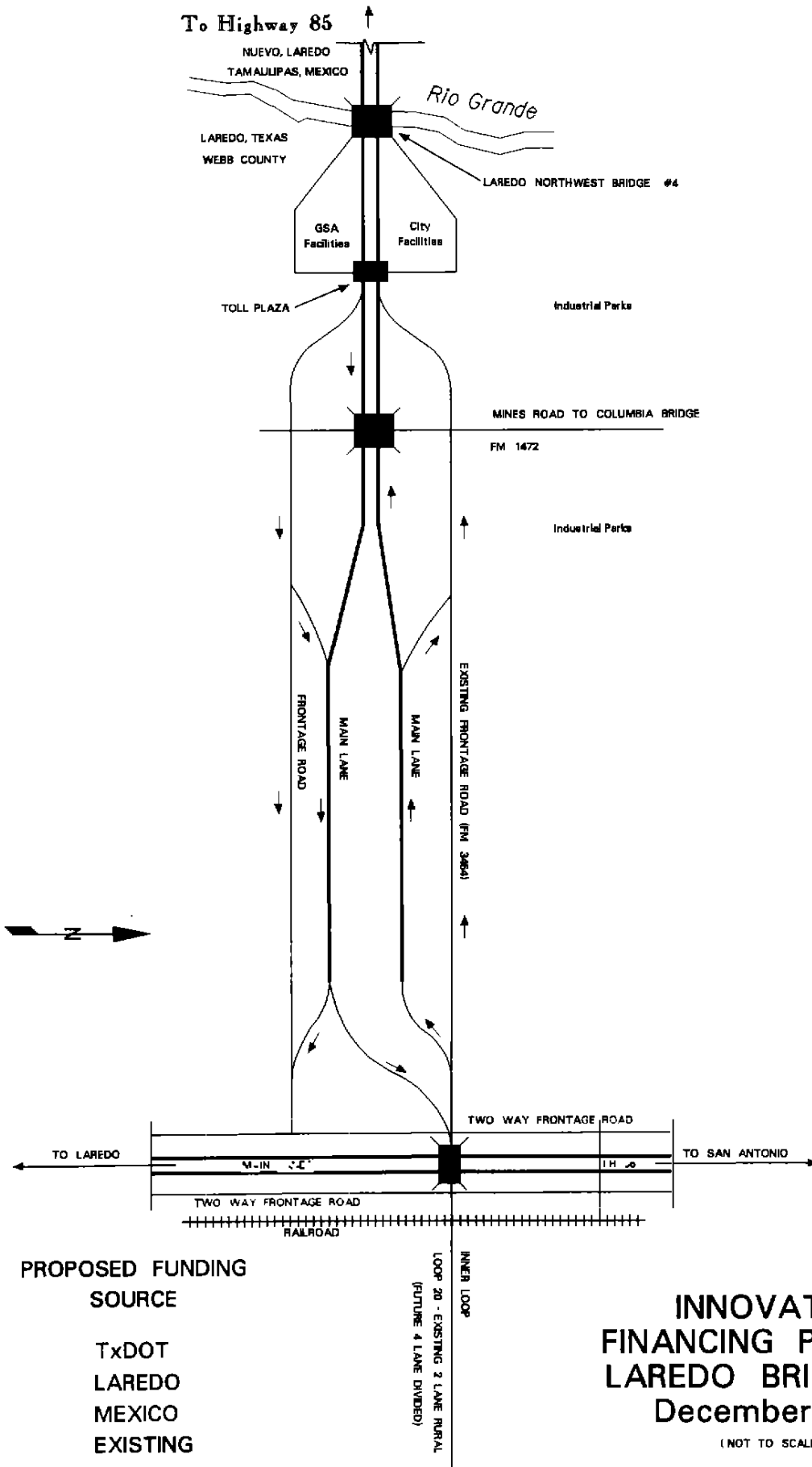
Luther G. Jones, Jr.
Chairman, Texas Turnpike Authority
Board of Directors



Frank Mayer
Division Administrator
Texas Division
Federal Highway Administration

1/4/95
Date

1/17/95
Date



PROPOSED FUNDING SOURCE
 TxDOT
 LAREDO
 MEXICO
 EXISTING

INNER LOOP
 LOOP 20 - EXISTING 2 LANE RURAL
 (FUTURE 4 LANE DIVIDED)

INNOVATIVE FINANCING PROJECT
LAREDO BRIDGE #4
December, 1994

(NOT TO SCALE)