

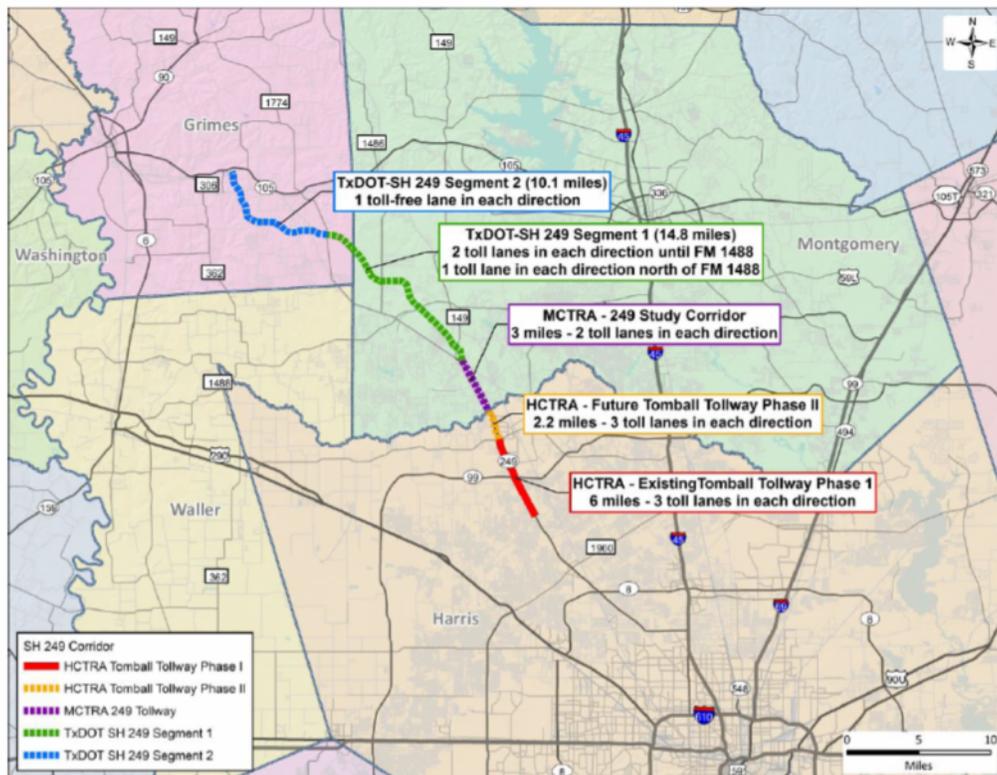
"Aggie Expressway" Update

Members of George's Coffee Club who attended the meeting on May 21, 2018 will recall our discussion of need for Montgomery County Toll Road Authority ("MCTRA") to fund and operate approximately 3.05 miles of toll lanes consistent with its agreement with TXDOT to advance George Mitchell's vision for the "Aggie Expressway" that will connect institutions in Texas A&M with the Texas Medical Center in Houston. Approximately 25 years ago, this effort was initiated by Mitchell and The Woodlands Development Company by donation of ROW and a contribution to funding in support of TXDOT's construction of non-tolled service lanes which will continue to operate as non-tolled lanes. As described in the following article issued by County Judge Craig Doyal's office, MCTRA SOLD \$87,680,000 IN REVENUE BONDS ON JUNE 5, 2018 FOR THE CONSTRUCTION OF ITS PORTION OF THE AGGIE EXPRESSWAY WHICH IS EXPECTED TO BE COMPLETE BY MARCH 2020 according to the following issued article.



Revenue bonds sold to fund 249 toll road; investors show high demand for bonds

Figure 2-1 MCTRA 249 Tollway – Proposed Corridor Alignment



FOR IMMEDIATE RELEASE

June 6, 2018

Conroe, TX -- The Montgomery County Toll Road Authority sold \$87,680,000 in revenue bonds Tuesday, June 5, 2018 for the construction of its portion of the SH 249 project.

The bonds will fund the construction of the toll road, immediately reimburse Montgomery County for funds it has loaned the Authority — with interest — and will pay for its share of a bridge for 249 between Harris and Montgomery Counties. According to MCTRA financial adviser Terrell Palmer, with the repayment of the county, no county tax dollars have been used or pledged for the payment of the revenue bonds. Revenue bonds, unlike general obligation bonds, are repaid from the toll revenues raised by a project.

The sale of the bonds generated a great deal of interest from investors. According to Palmer, the underwriting team, led by JP Morgan, initially priced the bonds at a yield of 3.902% to the call date of September 15, 2025. Due to the high demand from institutional investors, JP Morgan was able to lower the yield to 3.826%. The lower than expected yields increase the estimated coverage (net revenues divided by debt service) to an average of 1.86 times over the first 5 years of operations. The typical estimated coverage for bond issues of this type is 1.25, Palmer said.

At the initial price, the county had \$1.19 billion in orders for roughly \$90 million in bonds.

"That is a phenomenal amount," Palmer said. "Because of that we were able to negotiate a lower interest rate on our bonds."

County Judge Craig Doyal said the high demand for the bonds was just one more indication of the strength of the project and proof of its viability.

"Critics have made numerous false statements about this project and tried to suggest it would be a failure. With Tuesday's sale of these bonds, it shows investors have complete faith in this project and its promise for Montgomery County. It is shameful that so much misinformation has been distributed about this project, but its success is proving them all wrong.

"I appreciate the strong community support from southwest Montgomery County that helped us to deliver a quality project that will help meet their transportation and mobility needs for years to come."

According to a financial analysis of a completed traffic and revenue study for the proposed SH 249, the project is highly viable, with the proposed revenue from projected traffic counts easily paying for the project. The project will generate in excess of \$400 million in revenue in its first 20 years, from 2020 to 2040 — more than enough to pay for the bonds needed to finance the toll road authority's segment of 249, including a plan to add a third lane in each direction.

The bond issuance will close June 21, 2018 and the Toll Road is expected to be complete by March 1, 2020.

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