## RELEVANT TRANSPORTATION CASE STUDIES

In addition to the representative transactions mentioned above, below please find Acacia's relevant experience to the Authority. Acacia's professionals have extensive experience advising transportation entities. Acacia also serves many issuers in the State of Illinois. Our experience with these entities is further detailed below.

### Illinois Regional Transportation Authority

In July 2010, Acacia advised the Regional Transportation Authority ("RTA") in connection with the issuance of $140 million two year taxable working cash notes. Acacia participated in drafting documents and directing rating agency presentations. In conjunction with posting the POS, Acacia assisted the RTA and State of Illinois to obtain a non-impairment of appropriation letter of transit taxes for debt service from GOMB and updated all financial tables to comply with the newly released CAFR.

Acacia has also advised the RTA on the establishment of a $260 million commercial paper program supported by a letter of credit from JP Morgan. Acacia was able to structure the commercial paper program by creating a subordinate lien for the working cash notes which would require a lower coverage level so that the RTA could pay off its short-term notes while freeing up capacity for its long-term bonds. These notes were issued in four stages (the first of which occurred in January 2011) in $65 million tranches in order to make deposits on outstanding notes coming due in June 2011. The commercial paper program is on-going.

### Illinois Department of Transportation

Acacia serves as a member of the Ernst & Young team to IDOT. As part of our role we assisted in drafting successful P3 and design build finance legislation for IDOT (HB 1091). We worked with IDOT staff to identify how funds flowed from the Federal government and private sector to IDOT, and then set up a mechanism to allow the State to leverage private sector and federal dollars to the fullest extent possible. HB 1091 was a collaborative effort of a number of groups in the State including the Chicago Metropolitan Planning Counsel, ACEC and the Road Builders trade association. Currently, Acacia is assisting IDOT in drafting an amendment to include all changes which will fully allow IDOT to undertake P3 projects. Our team will also work with IDOT to promulgate administrative rules to implement the projects.

### Chicago Transit Authority, IL

Acacia advised Chicago Transit Authority ("CTA") in connection with the issuance of $175,000,000 Capital Grant Receipt Bonds, Series 2008. The bonds were issued to provide funds to finance the Authority's long-term capital plan. This included the purchase of replacement rail cars, the rehabilitation of existing rail cars, the replacement of the signals and rails on several branches of the system, the reconstruction of existing rail stations and other capital improvements. The bonds were secured by federal grant monies received under Federal Transit Administration Section 5309 Fixed Guideway Modernization Funds. The professionals at Acacia have also served as financial advisor on the Chicago Transit Authority's $550.0 million of Sales Tax Receipt Revenue Bonds, Series 2010A and its inaugural issue of Build America Bonds ("BABs") Series 2010B.

### Delaware River Port Authority

Acacia's professionals have served as FA for DRPA since 1998. DRPA is the federally created, bi-State agency that operates the toll bridges and high speed rail service ("PATCO") across the Delaware River joining Southeastern Pennsylvania (and Philadelphia) with Southern New Jersey. Over the past decade, Acacia's professionals have assisted in developing its long-term capital plans, identifying refunding opportunities, and providing other budgetary and financial advice on an as needed basis. We have served as FA for more than $1 billion of bonds and more than $800 million of swaps.

DRPA recently increased tolls to fund the capital plan relating to the toll bridges and the PATCO high speed line (which is subsidized by the toll bridges). The DRPA has a bifurcated credit structure with the bridge revenue (senior) bonds bearing A3/A- ratings and the economic development (subordinate) bonds bearing Baa3/BBB- ratings. The DRPA is sensitive to any downgrades as its swap agreements and Variable Rate Demand Bonds ("VRDB"). Letters of Credit ("LOCs") have collateral and default triggers below investment grade status. Recent highlights of Acacia's services include:

- **Bond Defeasance.** In 2012, Acacia was FA for a cash defeasance to redeem $24 million of near-term bridge revenue bonds and $71 million of economic development bonds utilizing general fund monies.
- **LOC Replacement.** Acacia is currently advising on a LOC procurement process to replace an existing Bank of America facility in light of the potential downgrade out of Tier 1 status, including drafting of the RFP for LOC facilities and alternative products (e.g., floating rate index based notes). Acacia also assisted in securing a Fitch rating on the BofA LOC secured VRDBs as a short-term "back-stop" (DRPA otherwise carries no Fitch ratings).
- **2012 Debt Issuances.** Acacia anticipates assisting with issuance of approximately $200 million of economic development refunding bonds and $350 million of bridge revenue new money bonds.
- **Testimony regarding Deferral of Toll Increase.** In 2010, Acacia provided testimony to the Board regarding potential negative credit consequences of postponing the previously approved toll increases, which had been postponed several times during 2009. Specific outreach to the rating agencies was instrumental, thereby avoiding (i) possible collateralization requirements relating to certain outstanding swaps (~$200 million) and (ii) possible cross default to certain VRDB LOC reimbursement agreements leading to acceleration requirements (~$700M of VRDBs).
- **Series 2010 Fixed Rate New Money Issuance.** Acacia served as FA for Series 2010 ($300 million); detailed cash-flow model provided the tools to analyze any combination of toll increase and timing.
- **1998 PDP B Swaption Termination (12/1/08 Settlement).** In December 2008, Acacia served as co-swap advisor to the DRPA in connection with termination of existing LIBOR based swap relating to the Authority's 1998 PDP Bonds. The swap counterparty, Lehman Brothers Financial Products ("LBFP"), declared bankruptcy in fall of 2008. LBFP had petitioned the bankruptcy court to permit LBFP to assign its swap agreements to other (non-defaulting) swap counterparties. The DRPA, along with hundreds of others, contested the LBFP petition. Given the difficulty of securing LOC capacity for its subordinated credit, the DRPA elected to terminate the swap using the Market Quotation process with LBFP as the Affected Party (with termination amount calculated on DRPA's side of the bid/ask spread). The termination cost was approximately $2.9 million less than the calculated mid-market value.

## New York State Bridge Authority

Acacia has assisted NYSBA with the development of a long-term financing plan to implement anticipated future toll increases, a long-term capital borrowing and a current refunding transaction for debt service savings. NYSBA operates five toll bridges crossing the Hudson River north of the Tappan Zee Bridge. Acacia's professional have worked with NYSBA since the beginning of 2011 in several capacities.

- Acacia developed a debt capacity model that allows the NYSBA to consider multiple variables, including future toll revenues, future operating expenses, future "pay-go" capital expenditure target amounts, inclusion or non-inclusion of refunding savings and differing coverage requirements. The model allows for NYSBA make real-time modifications to quickly analyze alternative financing scenarios within the framework of its existing bond resolution and toll revenue structure. Acacia's professionals worked with NYSBA to evaluate and modernize (where necessary) its existing bond resolution. Our review incorporated those factors which drive rating agency and investor actions such as coverage ratios and additional bonds test as well as peripheral requirements such as permitted investments, treatment of federal subsidies, allowable redemption provisions and balloon indebtedness.

- Acacia advised the NYSBA in 2011 with the issuance of $32.4 million of General Revenue Refunding Bonds, Series 2011 producing $3.3 million of present value savings (9.3% of the par amount of 2002 bonds refunded). This issuance included a special optional redemption provision upon the adoption of a "Legislative Event" (in addition to a 10 year par call feature) to permit the immediate refunding of these obligations in the event that the State of New York desired to have the obligations of the NYSBA assumed by another authority. Acacia provided bond structuring, ratings coordination, underwriter procurement, and document review, as well as a review of New York State debt guidelines in connection with the refinancing.

- Acacia advised the NYSBA in 2012 in connection with the issuance of $90,325,000 of General Revenue Bonds, Series 2012 for new capital purposes. This issuance included a "make-whole" redemption provision (in addition to a 10 year par call feature) to permit the immediate refunding of these obligations in the event that the State of New York desired to have the obligations of the NYSBA assumed by another authority. NYSBA staff utilized its custom-built model to structure NYSBA's bonds within the confines of its new toll structure and modified bond resolution.

## South Jersey Transportation Authority

The SJTA operates the Atlantic City Expressway ("ACE"), a toll road primarily connecting the Philadelphia / Camden area to Atlantic City, and Atlantic City International Airport ("ACY"). ACE is the primary revenue producer for the SJTA, while the ACY has historically operated at a deficit. The SJTA, not unlike other sister toll agencies, has historically been required to financially assist the State DOT, contributing an annual $2.5 million payment since 1983 pursuant to a State Contract.

In 2008, SJTA instituted a 50% toll increase on the ACE (its first toll increase since 1999) to fund various capital projects for ACE and ACY. However, the economic crisis and competing gambling facilities in PA and DE contributed to a greater decline in transactions than was projected in the SJTA's traffic study. SJTA intended to issue senior fixed rate parity bonds, then rated A3/BBB+/BBB+, to fund its capital program. Also, the SJTA was requested by the State to serve as a "stand-in" borrower for infrastructure improvements in the "South Inlet" area of Atlantic City. While the credit and security for this borrowing would be the SJTA, the State would make (unrelated) payments to the SJTA in the amount of the debt service encumbered by the SJTA for this project to make the SJTA whole. Acacia recommended that SJTA implement a comprehensive financing program including the following components:

- Since existing swaptions were virtually certain to be exercised by the counterparties (since they were heavily in the money), Acacia recommended that SJTA issue a portion of its pending fixed rate capital bonds as variable rate and apply the swaptions, when exercised, against them to (i) avoid cash settling the swaps in a costly interest rate environment, (ii) avoid having to issue stand-alone variable rate bonds in the fall of 2009 to refund the 1999 Bonds, and (iii) preserve the ability to refund the 1999 Bonds in the future on a fixed rate basis when conditions provide for savings. Acacia negotiated with the swap counterparties to permit the assignment of the swaptions to the new bonds and eliminated the requirement for CIFG insurance on the swaps with no cost to the SJTA.
- Acacia directed the RFP process for credit support (pursuant to State law), but received no responses. Acacia directed a negotiated process to secure facilities, and succeeded in locking in a trigger to reduce the facility fee if the senior bonds were upgraded from either S&P or Fitch.

- Recommended that SJTA conduct the "South Inlet" borrowing on a subordinated basis, subject to achieving an investment grade rating, due to the financial projections and the rate covenant applying to senior and subordinated debt service. A positive by-product of this structure was the intrinsic increase in coverage for senior debt service (given the senior debt's preference in payment order).
- Acacia advised on including certain additional near-term outstanding senior bonds so that the resulting par of the new issuance would be greater than the existing bonds post issuance, in order to allow SJTA to modernize its existing bond indenture without bondholder consent.
- Developed and directed rating agency process, featuring the strength of management in the face of declining transactions, along with the technical/legal provisions of the lien, resulting in an upgrade from S&P on the senior ratings (now A3/A-/BBB+) and assignment of investment grade ratings on the subordinate bonds (Baa1/BBB/BBB-), thereby improving the marketing of the bonds.

## Tappan Zee Bridge ("TZ"), NY

**Bond Financing:** Acacia served as co-financial advisor to the New York State Thruway Authority (the "Authority") in connection with the issuance of its $1.1 billion General Revenue Bonds, Series I. The Series I Bonds were issued to permanently finance approximately $885 million in outstanding Bond Anticipation Notes and provide $250 million in funds for the Authority's general capital and maintenance programs.

Acacia's role in the financing included a review of all bond documents, an evaluation of the credit and investor presentations, the compilation of a term sheet for bidding of the investment of bond proceeds, and the structuring and verification of all cash flows. The Series I Bonds were sold during a week inundated with new supply from various New York issuers. Acacia worked with the Authority and the financing team to devise a schedule that would allow for the greatest retail and institutional participation given the heavy supply in the market. The Authority was able to garner almost $400 million in retail orders resulting in improved pricing during the institutional order period and an extremely favorable all-in interest cost.

Following the sale of the bonds, Acacia provided the Authority with a summary of comparable New York transactions in the market during the week of sale as well as a secondary market trading analysis to allow the Authority to evaluate the trading of its bonds from the date of sale through closing. The transaction closed on July 11, 2012.

**Additional Consulting:** In addition, Acacia is currently serving in a consulting role on the financial advisory team established to evaluate and ultimately finance the construction of the new Tappan Zee Bridge. This project combines the Acacia team's experience with TIFIA Loan and federal grant applications, which is a distinctive competency of the firm, with its ability to develop complex cash flow models in support of capital planning, financial feasibility analysis and customer toll rate planning. Acacia brings extensive experience with positioning credits and designing loan and grant applications to meet funding agency requirements.

The Acacia model constructed for the project is designed to find the lowest cost of capital, a multi-variable assignment that considers current interest bonds, capital appreciation bonds and federal grant monies while taking into account the Authority's current debt portfolio, coverage ratios, and future funding requirements. The model is unique and innovative in that it evaluates the Tappan Zee Project on a stand-alone basis and within the global construct of the Authority's total operations. Acacia utilizes a specialized product to optimize results over a 30 year time horizon using various constraints and potential funding sources. The model operates with consideration for adequate senior and subordinate coverage ratios, minimum liquidity thresholds, and desired pay-go targets. Acacia will continue to work with the Authority and its financial advisory team to hone the model through the various stages of the project.

## Elgin O'Hare Western Bypass ("EOWB") Council

In 2010, Governor Quinn established an advisory council ("Council"), bringing together State and regional transportation agencies, elected officials and public finance groups. Acacia served as an advisor to the IFA to explore financing and implementation of the EOWB project, including:

- **TIFIA.** On behalf of the Council, IDOT (Acacia client) submitted a Letter of Interest ("LOI") for fiscal year 2011; however, the project plan was not fully ready at that time. Subsequently, Acacia assisted the IFA in December of 2011, with drafting a LOI which incorporated a regionally based credit structure. Following presentation to the Council, it chose not to submit, however Acacia continues to work with IFA and Council to consider future opportunities to reach regional consensus.
- **GARVEE.** Allows the use of future federal aid highway apportionments to pay debt service and bond related expenses for major transportation projects, allowing acceleration of construction and spreading costs over useful lives of the project. Project sponsors must reserve a portion of funds for near term projects to pay debt service, which is a concern to IDOT in fulfilling its statewide mission.
- **Value Capture.** Provides for leveraging other resources via tax or fee, such as Tax Increment Financing ("TIF"), one time Impact Fees, Special Service Areas ("SSA"), Business Improvement District ("BID") or other mechanisms. The added private property value which is gained from construction of the infrastructure improvement is captured and used to repay the cost of the project.
- **Tollway Incremental Tolls.** At the request of several mayors, tolling options were examined as a vital component of project revenue. Baseline tolling was then .20 cents per mile and would generate $67 to $97 million annually. Indexing (rate of 2% per year) would generate between $68 million and $110 million per year. Congestion Pricing, including cordon pricing, fixed (time of day) and variable (based on current conditions) was also studied as a way to rebalance traffic conditions. Implementing tolling on a section of free highway of I-290 was considered, although Federal Highway Administration ("FHWA") approval would be required. Ultimately a system wide increase was implemented; however consensus must still be reached on how to fund the local contribution.
- **P3:** Two P3 scenarios were tested under a Design-Build-Finance-Operate-Maintain ("DMFOM") project delivery procurement.
  - **Toll revenue scenario.** In this scenario, Concessionaire would be paid via direct toll revenue receipts and assume the risk for shortfalls, however this was not financially feasible.
  - **Availability payment scenario.** Concessionaire would receive a schedule of payments from the public sector partner, which would bear the risk of potential revenue shortfalls. Analysis indicated that due to the substantial gap, additional analysis and market sounding would be required.

  Although the Council presented its final report to the Governor on June 30, 2011 the finance working group of the Council continues to pursue the various options.

## Colorado Department of Transportation

CDOT had been analyzing opportunities to reduce congestion throughout the State. One of the most congested highways, U.S. 36, could be improved by adding managed lanes that would serve BRT, High Occupancy Vehicles ("HOV") and toll paying Single Occupancy Vehicles between Denver and Boulder. CDOT;s toll revenue forecast appeared insufficient, creating a need to identify additional public sources.

- Assisted CDOT with a high level initial feasibility assessment of HOV/BRT lanes in 2008
- Conducted investor market sounding to determine level of P3 interest, determining that while a high level of interest existed for an availability payment structure, the timing could delay project

completion and would be best considered for future phases, given the CDOT's expected design-build ("D-B") efficiencies from the first two phases
- Developed overall Plan of Finance, conducting extensive cash flow modeling of several structures, including various combinations of senior lien debt and a TIFIA loan
- Prepared TIFIA application and led the rating agency indicator and final rating negotiations

### Honolulu High Capacity Transit, HI

In November 2008, voters approved General Excise Tax Surcharge to provide funding for a Light Rail project that will connect West O'ahu with downtown Honolulu. The 20.2-mile system will include 21 stations and ancillary facilities, at an anticipated cost of $5.3 billion (year of expenditure), excluding estimated financing charges of $308 million and prior soft costs. Economic downturn negatively impacted GET Surcharge revenues. As a result, innovative financing and revenue options were actively analyzed and pursued.

We were retained by Jones Lang LaSalle to evaluate the current plan of finance and identify opportunities to enhance project revenues through commercialization, real estate value capture, transit oriented development, P3 and other sources.

- Reviewed all public finance solutions
- Identified opportunities to use the Federal Stimulus program to enhance financing results
- Reviewed the potential credit impact of a sizable debt financing program on the credit and other risk factors that rating agencies would likely flag
- Reviewed commercialization opportunities including usage of advertising, naming rights, vending machines (non-food, such as are becoming popular in Asia), ATM, foreign currency exchange and other options
- Preformed benchmarking analysis of successful commercialization programs in other venues
- Ancillary revenues included airport passenger facility charges ("PFCs") and Tax Increment Financing ("TIF") options
- Explored P3 options for (1) entire light rail line, (2) line extension to Waikiki, (3) maintenance facilities, (4) stations and intermodal transfer points, (5) parking facilities and (6) rental car and airport-related facilities

## RELEVANT ILLINOIS CASE STUDIES

### State of Illinois

Acacia has served as financial advisor on approximately $4 billion in par amount issued for the State of Illinois (the "State"). Most recently in July 2012, Acacia's professionals advised the State on the issuance of approximately $1.47 billion in Unemployment Insurance Fund Building Receipts Revenue Bonds. These bonds were issued for the purposes of i) repaying principal of and interest on unpaid advances to the State's unemployment trust account within the Federal unemployment trust fund and ii) paying unemployment benefits by depositing a portion of the proceeds of the Series 2012 Bonds in the State's unemployment trust account. Acacia's professionals also advised the State on the issuance of $525 million G.O. Bonds and $275 million G.O. Taxable Bonds in the beginning of 2012. In the summer of 2010, Acacia advised the State on the issuance of $1.2 billion in G.O. BABs consisting of: $900 million Taxable Series 2010-5 (competitive sale) and $300 million Taxable Series 2010-4 (negotiated sale). Acacia worked with State on a comprehensive marketing plan that included a two week international road show to Europe and Asia to increase international interest in the bonds. We assisted the State in coordinating the spilt of bonds between the competitive and negotiated sales to comply with State laws. Our professionals assisted in the preparation of rating agency materials and participated in the rating agency presentations, which ongoing rating updates and communication between the time that the State's budget was being amended and negotiated and when it was finally signed by the Governor.

### Illinois Finance Authority

Acacia is the financial advisor for all Illinois Finance Authority ("IFA" or the "Authority") bond issuances. The IFA is a self-financed, state authority principally engaged in issuing taxable and tax-exempt bonds, making loans, and investing capital for businesses, non-profit corporations, and local government units statewide. Acacia advises on all bond issuances, loans, and investments which includes participating on the monthly Credit Review Committee which analyzes the financial viability of all financial transactions the IFA wishes to pursue. These transactions for the Authority include higher education, healthcare, 501(c)(3), Industrial Development and ARRA bonds. Our professionals have also helped develop new programs for the IFA, including energy efficiency and leasing programs. A recent notable transaction for which Acacia advised the IFA was the $145 million Recovery Zone Facility Revenue Bond transaction for the Navistar International Corporation (closed in December 2010), for the acquisition, expansion, and renovation of an 87 acre site in Lisle, Illinois for Navistar's new headquarters.

### Metropolitan Pier and Exposition Authority, IL

Acacia was the lead financial advisor to the Metropolitan Pier and Exposition Authority ("MPEA") in connection to the $866 million Expansion Project Bonds Series 2012 ABC which closed in July 2012. The 2012 A New Money Bonds were used for various upgrade projects at the facilities. The 2012 B&C bonds refunded prior expansion project bonds and all remaining dedicated state tax revenue bonds. In 2010, Acacia advised on the issuance of $1.12 billion Expansion Project Bonds, Series 2010 ABC which closed in October 2010. The 2010 A New Money Bonds were used to undertake the expansion and renovation of the Hyatt Regency McCormick Place Hotel with the construction of an approximately 450-room tower to be located over the existing parking garage structure and the renovation of the existing rooms. The 2010 B&C Bonds were issued to refund a portion of the Expansion Project Bonds and Dedicated State Tax Revenue Bonds and plan to be escrowed. Acacia assisted MPEA with the structuring of the transactions. Our professionals developed numerous restructuring analyses, trying to find the most optimal combination of outstanding bonds which provided the most positive savings for the Authority. Acacia prepared ratings agency presentations and RFPs and selected the escrow agent, verification agent, printer, and trustee. Acacia participated in the pricing of the bonds, also negotiating the underwriter's discount and liability splits on behalf of the Authority.

### Chicago Public Schools, IL

Acacia was asked to serve as FA for CPS's existing short-term portfolios which are in excess of $1 billion. Key goals included 1) reducing costs (tighter spreads, lower credit charges and lower remarketing fees), 2) limit and diversify bank risk and 3) normalize renewal schedule. Acacia has assisted CPS by preparing a detailed outline of the options, developing and administering a comprehensive procurement for LOC's and alternative structures, underwriting services and remarketing services. Acacia prepared a detailed memorandum to summarize results and formalize recommendations to CPS, and then subsequently assisted with Board communications. The subsequent negotiations with multiple parties and transaction execution were carried out on an expedited basis.

### Chicago Public Building Commission ("Commission"), IL

Acacia's professionals have been advising the Commission since 2010, on several of its programs, including the City Colleges of Chicago $1.0 billion five year capital improvement program ("CIP"), and Energy Performance Contracting projects. For City Colleges, Acacia has performed extensive financial feasibility analysis of the program, consisting of multiple iterations of the sources and uses and cash flows. The scenarios incorporate multiple funding sources including Tax Increment Financing ("TIF"), commercial redevelopment (and other real estate value capture mechanisms), various taxes and fees, and rent from each agency.

*ESCO Program.* Acacia has been assisting the Commission with the formulation and financing of its ESCO program. Several of the tasks Acacia's professionals have performed include:

- Assisted with drafting RFQ and evaluating RFQ responses from potential participating ESCO's
- Working with staff and legal counsel to identify and evaluate potential financing sources and structures
- Conducted outreach to financial market participants (underwriters, direct loans, etc.)
- Developed a preliminary finance plan to permit evaluation process to proceed
- Review program documents to ensure consistency with preliminary finance plan
- Formulated schedule for the financial elements of the program