



## SUMMARY OF NORTHWEST PARKWAY CONCESSION AND LEASE AGREEMENT

The Northwest Parkway Concession and Lease Agreement (the “Agreement”) is an agreement between the Northwest Parkway Public Highway Authority (the “Authority”) and the Northwest Parkway LLC (the “Concessionaire”), owned by Brisa Auto-estradas de Portugal, S.A. (“Brisa”) and Companhia de Concessões Rodoviárias (“CCR”). Brisa is based in Lisbon, Portugal and is the largest motorway operator in Portugal. Brisa is also a leading player in the European sector, which has utilized the long-term concession and lease model to operate toll roads for several decades. CCR is based in Sao Paulo, Brazil and is the largest toll road concessionaire in Latin America.

Pursuant to the Agreement, the Authority continues to own the Northwest Parkway (the “Parkway”) and grants to the Concessionaire a leasehold interest in the land on which the Parkway is located and the exclusive right to use, possess, operate, manage, maintain, rehabilitate and toll the Parkway for a term of 99 years. In return, the Concessionaire will pay to the Authority approximately \$200 million over the term of the lease to offset Authority operating expenses during the lease period, and payments at closing consisting of \$50 million in rent, \$40 million to be placed in escrow and released to the Authority if the Parkway is extended within certain time frames set forth in the Agreement and the remainder as payment for the privilege of operating the Parkway during the term of Agreement and paying off bond indebtedness of the Authority at closing. The total amount of these sums paid by the Concessionaire to the Authority is \$543 million. The Concessionaire also agrees to contribute an additional \$60 million toward the extension of the Parkway if the Parkway is extended within certain time frames set forth in the Agreement.

The following is a summary of the key terms of the Agreement.

**Price.** The proceeds to be received by the Authority for the lease represent the largest price ever paid for a lease of a U.S. toll road as a multiple of revenues or earnings, substantially exceeding the price paid for the leasehold rights in the Chicago Skyway in 2005 or the Indiana Toll Road in 2006, the only prior U.S. transactions of this nature.

**Term.** The Agreement will commence on the date the transaction closes and will continue for a period of 99 years. The parties currently anticipate that the transaction will close on or prior to October 1, 2007. The Agreement may be terminated earlier by either party upon the occurrence of certain events. Upon termination, all rights to the Parkway will revert back to the Authority.

**Parkway Operations.** The Concessionaire must operate the Parkway in accordance with the terms of the Agreement and all applicable laws and must keep the Parkway continuously open and operational for use by all members of the public, 24 hours a day, every day, except for necessary closures permitted by the Agreement.

**Safety and Other Operating Standards.** The Concessionaire must operate and maintain the Parkway in a safe and reliable manner during the term of the Agreement. The Concessionaire must adhere to a specific set of operating standards (the “Operating Standards”) relating to the operation, maintenance and rehabilitation of the Parkway and must undertake certain capital improvements to the Parkway during the term, including, at such time as the Parkway reaches a certain capacity, expanding the Parkway to include an additional lane in each direction. The Concessionaire must undertake all such activities at its own cost and expense. The Concessionaire is required to retain an independent engineer, approved by the Authority to monitor and report to the Authority on the Concessionaire’s operation, maintenance and rehabilitation of the Parkway and compliance with the Agreement. Near the end of the term, the Concessionaire must post a letter of credit to guarantee that it continues to meet its maintenance and rehabilitation requirements.

**Police and Fire Services.** The Concessionaire must contract with a municipal or state law enforcement agency approved by the Authority to provide appropriate levels of traffic control and traffic law enforcement services on the Parkway. The Concessionaire must permit access to the Parkway, without notice or compensation, to any police, fire and emergency services and any other security or emergency personnel and any governmental entity with jurisdiction over the Parkway as necessary for emergency management and homeland security purposes. The Agreement does not affect the police powers of any governmental entity.

**Tolls.** Parkway tolls are subject to specific tolling limits set forth in a tolling schedule in the Agreement. From the date of the closing until December 31, 2009, the maximum toll that the Concessionaire may charge to travel the entire length of the Parkway in one direction will be \$3.00 for two-axle vehicles and \$3.00 for the first two axles and \$3.00 for each additional axle for vehicles with more than two axles. Beginning on January 1, 2010, the maximum toll level will increase each year based on the greater of (i) an adjustment for inflation; (ii) an adjustment based on an increase in per capita GDP (i.e., consumer purchasing power); or (iii) 2%.

The Concessionaire may charge tolls lower than the applicable maximum toll levels and may offer discount programs. The Concessionaire also may utilize time-of-day variable rate tolling, congestion-related tolling, including high-occupancy-toll lanes, or any other method of charging tolls, so long as it stays within the maximum toll levels on an average basis throughout the year. The Concessionaire must provide advance notice to the public if it intends to change the toll levels or the methodology used for charging tolls.

The Concessionaire may not charge tolls on the existing Parkway at any location other than those locations at which tolls are collected as of the date of the Agreement. The Concessionaire will have the right to enforce the payment of tolls and may contract with a private security service to identify toll violators and an approved law enforcement agency to apprehend toll violators.

Electronic tolling transponders must be compatible with E-470 and the Colorado Tolling Enterprise, pursuant to state law.

**Revenues.** The Concessionaire is entitled to retain all toll revenues, reasonable fees and charges related to toll devices, all violation enforcement fines and penalty payments and reasonable fees and charges related to violation enforcement proceedings. The Concessionaire also is entitled to keep other sources of revenues generated from activities that the Concessionaire elects to undertake with respect to the Parkway, so long as such activities are conducted in compliance with all applicable laws.

The Concessionaire is required to share a certain portion of its excess revenue with the Authority if the Concessionaire reaches certain profit levels during the term.

**Costs and Expenses.** All costs and expenses relating to the Parkway operations will be the responsibility of the Concessionaire from the date of closing until the end of the term.

**Authority Costs.** The Concessionaire must pay to the Authority \$263,200.00 annually (adjusted each year for inflation) to cover the Authority's costs and expenses to monitor the Concessionaire's operations and its compliance with the Agreement. Over the term of the lease, this will total about \$200M. In addition, the Concessionaire must pay various other costs and expenses incurred by the Authority related to specific actions taken by the Authority on behalf of the Concessionaire. The Concessionaire also must provide office space for two Authority employees during the term.

**\$40 Million Escrow for Extension of the Parkway.** At the closing of the transaction, \$40 million of the Concessionaire's payment to the Authority will be placed in escrow. If a notice to proceed with construction has been issued with respect to the extension of the Parkway to State Highway 128 and to State Highway 93 at approximately 64th Street by December 31, 2018 or if both extensions are completed by December 31, 2020, the funds in the escrow (including any investment earnings and interest) will be transferred to the Authority to be used for any purposes as determined by the Authority. If not, the funds will transfer back to the Concessionaire.

**\$60 Million Contribution to Extension of the Parkway.** The Concessionaire agrees to contribute \$60 million toward the extension of the Parkway to State Highway 128 under certain conditions. This obligation is triggered if a notice to proceed with construction has been issued with respect to the extension of the Parkway to State Highway 128 and to State Highway 93 at approximately 64th Street by December 31, 2018 or if both extensions are completed by December 31, 2020. After those dates, the Concessionaire may elect to contribute \$60 million to the extension of the Parkway to State Highway 128 if the extension is approved for construction. If the Concessionaire makes this contribution for the construction to State Highway 128, it will have the right to operate, toll and maintain the extension of the Parkway to State Highway 128 under the terms and conditions set forth in the Agreement.

**Authority Employees.** The Concessionaire is required to interview any current Authority employee (other than the Authority's Executive Director) that wishes to be interviewed and that has not otherwise accepted continued employment with the Authority. If the Concessionaire does not make an offer of employment at the Parkway to such an employee on terms at least equivalent to the terms of the employee's current employment with the Authority, the

Concessionaire must pay to the employee an amount equal to 12 months of that employee's Authority salary, health insurance and retirement contribution.

**Concessionaire Defaults.** If the Concessionaire fails to comply with the terms of the Agreement, including the Operating Standards, the Authority will have the right, subject to the Concessionaire's right to cure and any lenders' right under the Agreement, to step in and take such action as is necessary to ensure compliance. If the default continues without being cured, the Authority may terminate the Agreement and take back the Parkway without any compensation to the Concessionaire.

**Concessionaire's Right to Compensation for Certain Events.** If the Authority (or certain other governmental entities) take any action that is expected to be principally borne by the Concessionaire and has the effect of diminishing the value of the Concessionaire's interest under the Agreement, the Concessionaire will be entitled to compensation from the Authority (subject to the Authority's right to cure the action). If the Authority does not have sufficient funds to compensate the Concessionaire, the Concessionaire may elect to (i) receive any revenue sharing amounts that are otherwise payable to the Authority; (ii) increase tolls beyond the limits set forth in the Agreement; and/or (iii) extend the term of the Agreement, in each case to the extent necessary to restore the Concessionaire to the same economic position it would have been in if the action had not occurred.

**Competing Transportation Facilities.** The Agreement does not limit the right of any governmental entity to build a transportation facility that may compete with or reduce revenues on the Parkway. The Authority is required to compensate the Concessionaire (under the terms described above) only if certain transportation facilities are built and the Concessionaire can demonstrate that the facility reduced toll revenues on the Parkway. Those facilities include (i) a comparable highway that runs for a certain length and within a certain distance of the Parkway; (ii) the extension of 160th Avenue West of Sheridan Parkway to connect to 120th Street; and (iii) a mass transit or rapid transit facility, with the exception of the US 36 Bus Rapid Transit Corridor and any Northwest Rail Corridor projects that were approved by the Regional Transportation District prior to the execution of the Agreement.

**Concessionaire's Right to Terminate.** If the Authority defaults under the Agreement, the Concessionaire may elect to terminate the Agreement, in which case the Parkway will revert back to the Authority and the Authority must pay termination damages. To the extent the Authority does not have sufficient funds to pay the termination damages, the Authority must use its best efforts to lease or borrow against the Parkway to finance the termination damages. If the Authority is unable to finance the full amount, it will be required to pay to the Concessionaire that amount it can finance and must pay the balance from the tolls and other revenues collected from the Parkway. In such an event, the Concessionaire may elect to manage and operate the Parkway until such time as the termination damages have been paid in full.

**Encumbrances and Lender Rights.** The Concessionaire is not permitted do any act or thing that will create any mortgage, lien, or similar encumbrance against the Parkway unless specifically permitted by the Agreement. The Concessionaire may grant one or more leasehold

mortgages with respect to its interest in the Parkway to finance the transaction. The Agreement provides lenders holding a leasehold mortgage with certain rights to protect those interests, including the right to cure any default by the Concessionaire and, if necessary, step into the shoes of the Concessionaire during the term of the Agreement.

**Authority's Right to Access the Parkway, Inspect and Audit.** The Agreement provides the Authority with the continuing right to access the Parkway in order to perform any necessary work and to inspect the Parkway and audit the Concessionaire to ensure the Concessionaire is in compliance with the Agreement and the Operating Standards. The Agreement also requires periodic inspections of the Parkway by the independent engineer that the Concessionaire is required to retain under the Agreement. In addition, the Concessionaire must provide reports to the Authority and must allow the Authority access to all information necessary to monitor the Parkway operations.

**Insurance.** The Concessionaire must maintain all risk and property insurance at full replacement cost, covering all loss, damage or destruction to the Parkway, including improvements. The Agreement also requires the Concessionaire to maintain adequate levels of workers' compensation, commercial general liability, automobile liability, builder's risk, professional liability, pollution legal liability, and railroad protective liability insurance. The Concessionaire must require all contractors to obtain coverages reasonably comparable to these coverages. To the extent all or a portion of the Parkway is damaged or destroyed during the term, the Concessionaire will be responsible for repairing and restoring the Parkway to its pre-existing condition.