



## Highways & Transportation Authority (HTA)

**Miguel A. Torres Díaz, PE**  
Secretary

Department of Transportation and Public Works

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# Introduction

Created in 1965 to assume responsibility for the construction of roads, highways and related transportation facilities in Puerto Rico.

## Mission

- To stimulate economic growth in Puerto Rico by executing innovative infrastructure and transportation plans, programs and projects that effectively and reliably facilitate the movement of people and goods

## Vision

- To develop and promote an integrated transportation system where roadway infrastructure, public works and outstanding customer service come together to facilitate Puerto Rico's economic development in harmony with the environment

# Key objectives & strategic projects

## Key Objectives

- Strengthen relationship with FHWA and FTA to maximize grants and ensure compliance within 12 months
- Improve conditions of the road network within the term of the 5-year Capital Improvement Program
- Establish a feasible model for mass transit components within 24 months

## Strategic Projects

- Continue HTA's vital role in the economy of Puerto Rico as an administrator and a facilitator of world class infrastructure
- CIP projects eligible for federal grants from FHWA and FTA will be given priority
- Major strategic infrastructure projects to be led by the P3 Authority with technical assistance from HTA

# Credit quality highlights

- Large and diverse revenue stream
- Bondholders benefit from a gross revenue pledge, debt service reserve funds, and toll revision authority
- Adequate debt service coverage
- History of continued timely debt service payments

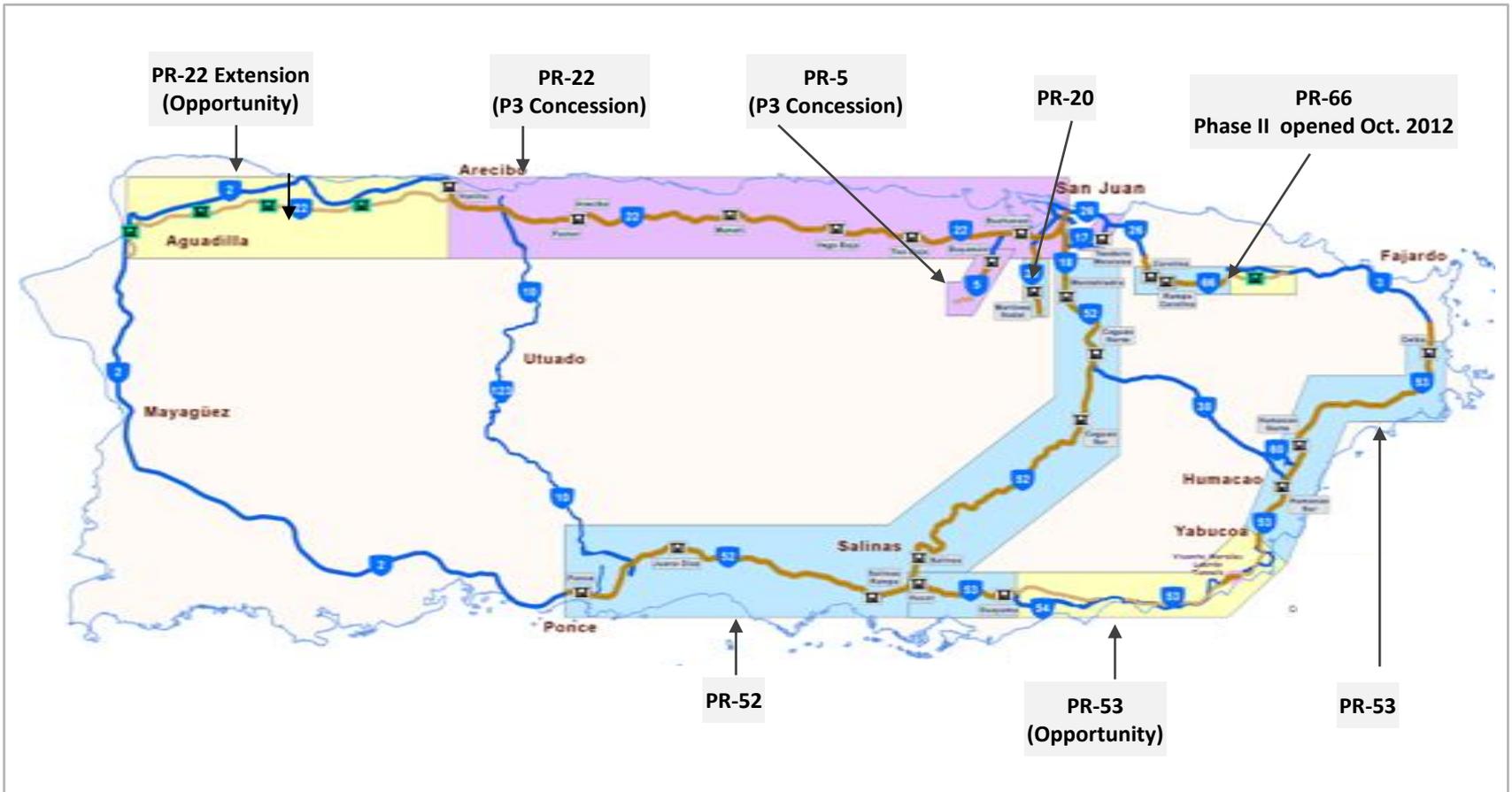
As the Authority restores its fiscal self sufficiency,  
HTA's credit will strengthen.

# Management key initiatives to restore fiscal balance

- Increases in pledged revenue sources will allow HTA to restore fiscal balance
- Continue enforcing operational expense efficiencies
- CIP driven by federal funding opportunities

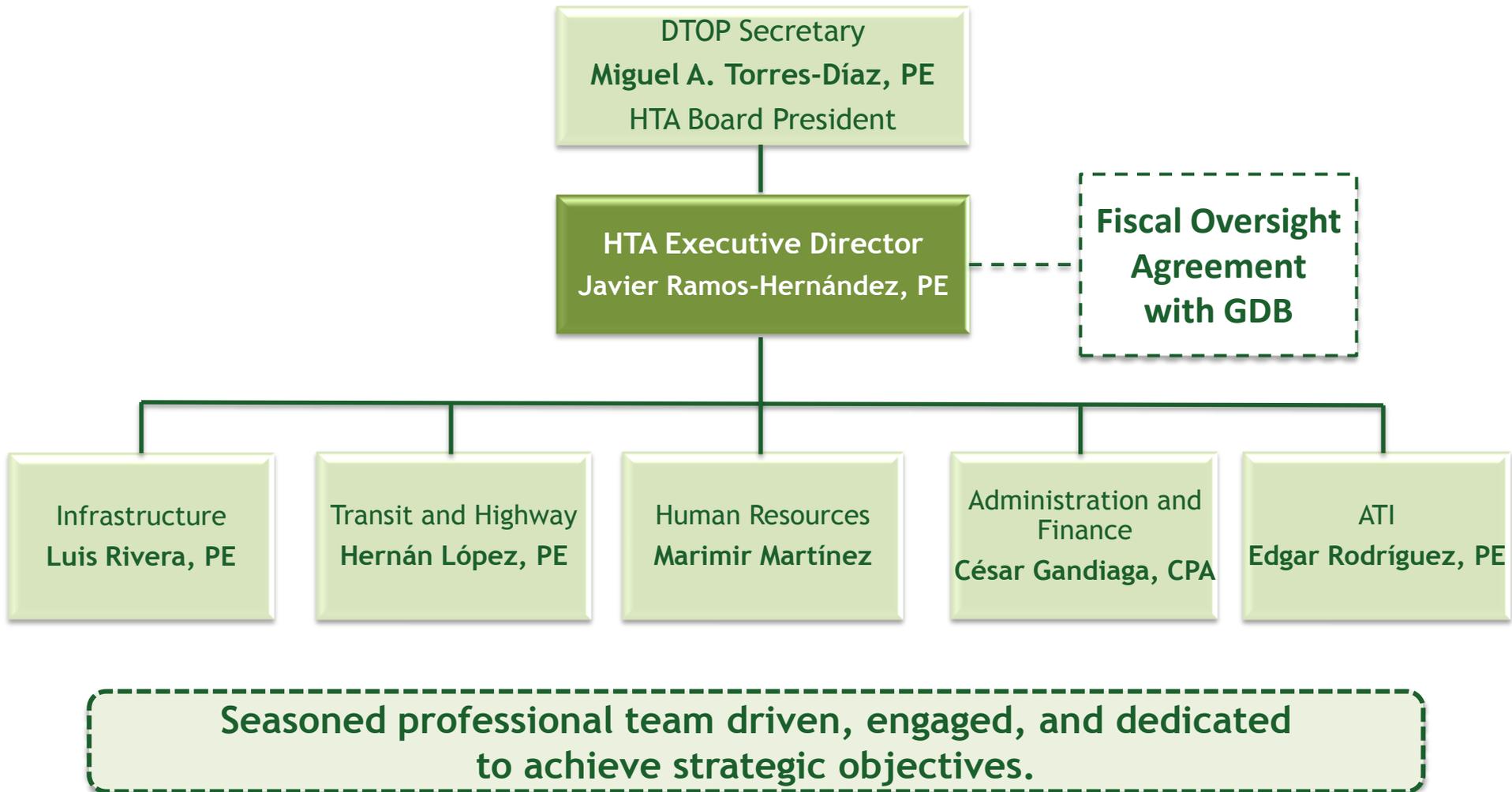
As the Authority restores its fiscal self sufficiency, HTA's credit will strengthen.

# HTA operates and maintains Puerto Rico's principal transportation network



The toll road network provides substantial benefits to travelers in terms of convenience, time, and safety over alternative free routes

# Management team and fiscal oversight relationship with GDB



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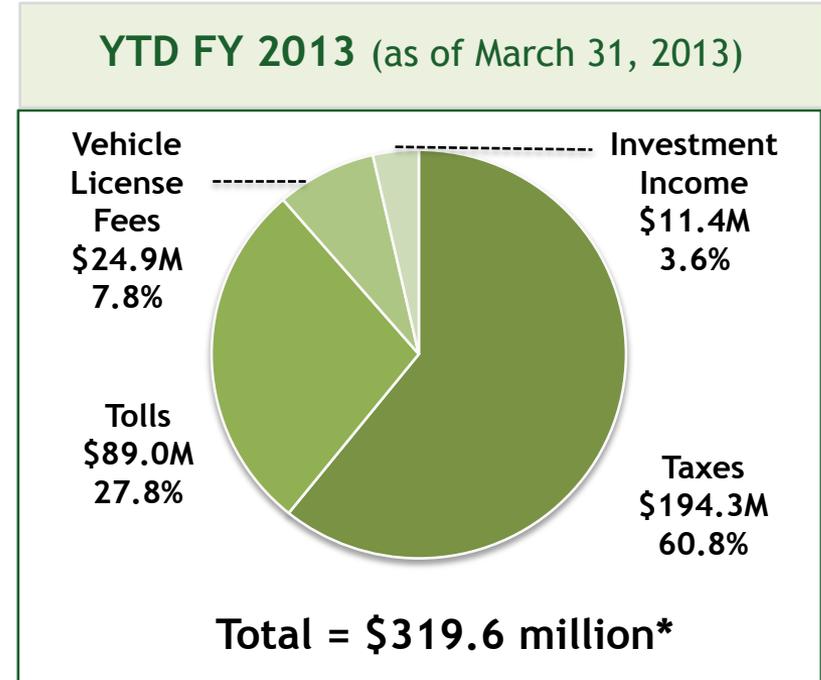
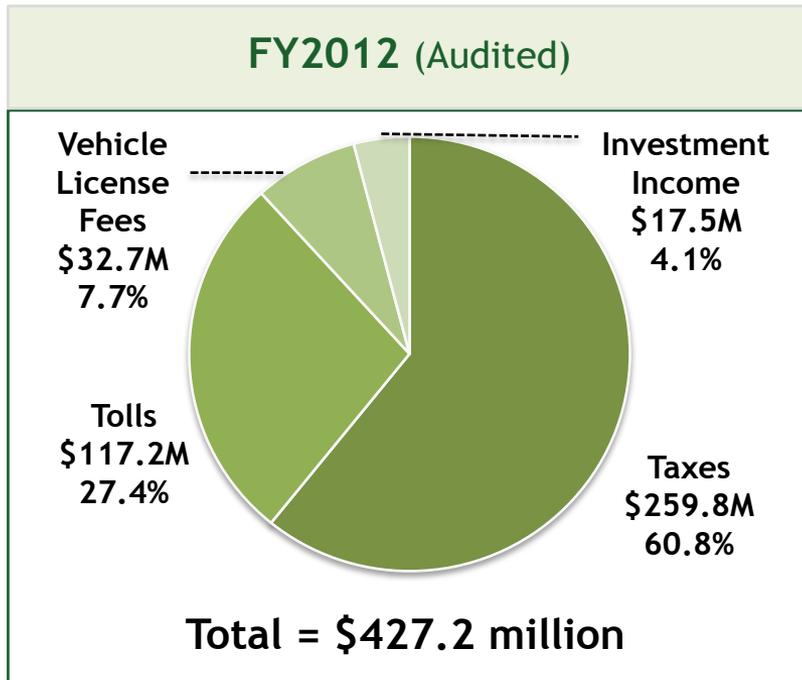
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# Pledged revenue by sources

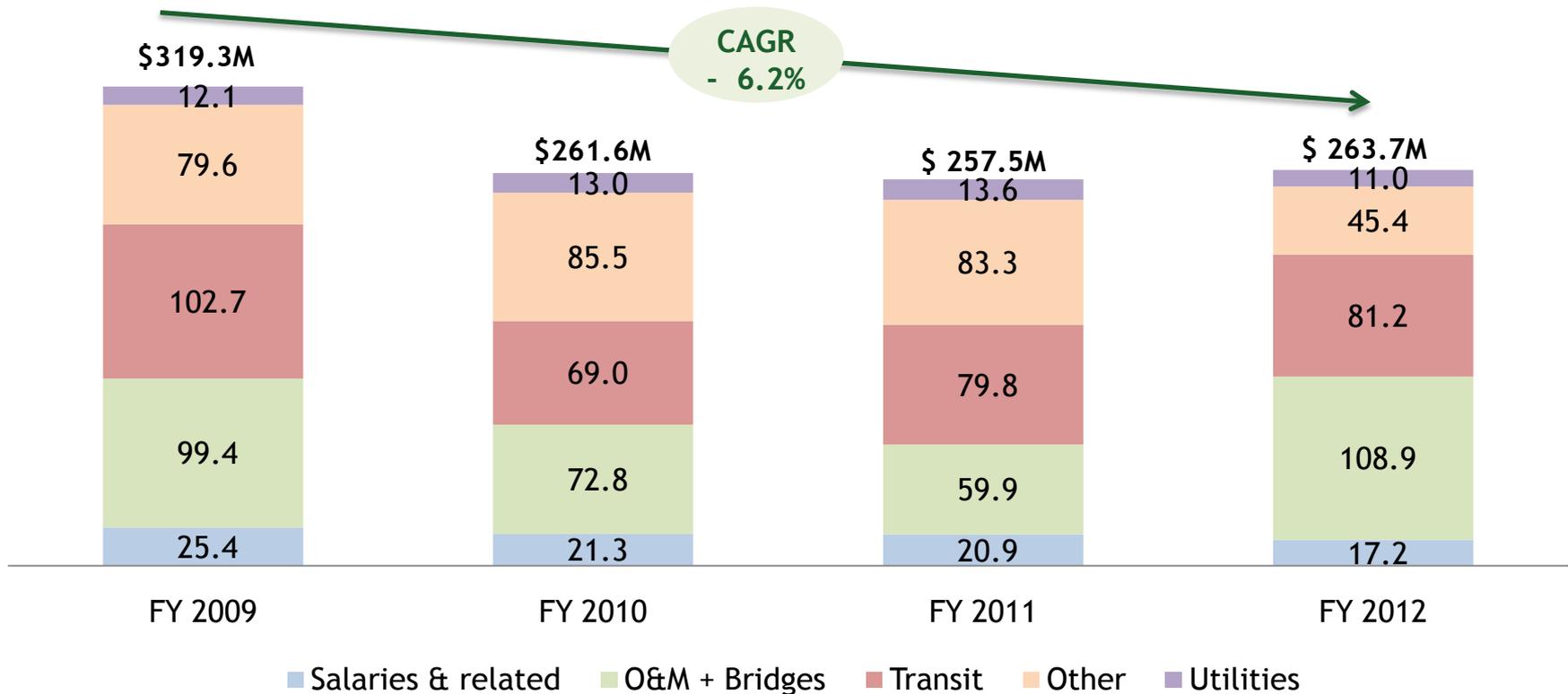
HTA's diverse stream of pledged revenues includes a variety of taxes, fees, reserve fund interest income, and tolls



FY 2012 figures exclude PR-22 and PR-5 for comparison with YTD 2013 results. Audited PR-22 and PR-5 revenue amounted to additional \$19.9 million for a total Pledged Revenues during FY 2012 of \$447.1 million.

\* Year-to-Date figures as of March 31, 2013 based on actual pledged revenues from July 2012 through March 2013 provided by HTA. Preliminary and subject to change upon audit.

# Continuous operating expense reductions



Upon restructuring and “carve out” of the mass transit components, HTA’s operational expenses would decrease by approximately \$100 million a year.

# Summary financial statements

Operating expense reduction has generally kept pace with trends in pledged revenues with FY 2012 O&M being an outlier due to nonrecurring projects including lane conversion to the Auto Expreso electronic toll system.

(million USD)	Audited FY ended June 30 <sup>th</sup>				2009-12
	2009	2010	2011	2012	CAGR
<b>Pledged Revenues</b>					
Gas Tax	174.5	173.9	169.5	159.7	-2.9%
Gas & Diesel Oil	13.7	9.0	7.5	9.5	-11.6%
License Fees	36.3	32.4	33.1	32.7	-3.4%
Tolls	206.5	209.1	212.2	137.1	-12.8%
Petroleum Taxes	101.3	98.9	94.4	90.6	-3.7%
Interest Income	24.7	19.7	18.1	17.5	-10.9%
<b>Total Pledged Revenues</b>	<b>\$557.1</b>	<b>\$543.0</b>	<b>\$534.7</b>	<b>\$447.1</b>	<b>-7.1%</b>
Salaries & Related	25.4	21.3	20.9	17.2	-12.3%
O&M /Bridges & Roads	99.4	72.8	59.9	108.9	3.1%
Transit	102.7	69.0	79.8	81.2	-7.5%
Utilities	12.1	13.0	13.6	11.0	-3.1%
Other	79.6	85.5	83.3	45.4	-17.1%
<b>Total OpEx</b>	<b>\$319.3</b>	<b>\$261.6</b>	<b>\$257.5</b>	<b>\$263.7</b>	<b>-6.2%</b>

Shows FY 2011 and 2012 net of “Post Employment Benefits” expenses for comparison purposes.

# Debt service coverage on both 1968 and 1998 bond resolutions is strong...

(million USD)	FY 2011	FY 2012	YTD 2013 Annualized*
<b>1968 Resolution:</b>			
Total 1968 Pledged Revenues	\$408.3	\$324.7	\$322.2
Total Adjusted 1968 Res. Debt Service**	132.4	121.5	71.9
<b>1968 Res. Debt Service Coverage</b>	<b>3.08x</b>	<b>2.67x</b>	<b>4.48x</b>
<b>1998 Resolution:</b>			
Total 1998 Pledged Revenues	402.3	325.6	375.5
Total Adjusted 1968 Res. (Snr) Debt Service	259.6	227.7	221.3
<b>1998 Res. (Snr) Debt Service Coverage</b>	<b>1.55x</b>	<b>1.43x</b>	<b>1.70x</b>
Total Adjusted 1998 Res. (Snr+Sub) Debt Service	290.0	257.8	251.3
<b>1998 Res. (Snr+Sub) Debt Service Coverage</b>	<b>1.39x</b>	<b>1.26x</b>	<b>1.49x</b>

## Current Ratings (S&P / Moody's)

- 1968 Highway Revenue Bonds: BBB+ / Baa2
- 1998 Senior Transportation Revenue Bonds: BBB / Baa3
- 1998 Subordinated Transportation Revenue Bonds: BBB- / Ba1

\* Denotes annualized YTD March 2013 unaudited results.

\*\* Reflects decrease of 1968 Resolution debt service following partial defeasance in relation with Concession Agreement of Sept. 2011.

... and will become stronger with proposed revenues enhancements.



Revised pledged revenue stream will generate additional funds from existing sources to secure HTA's operational self sufficiency and fiscal balance.

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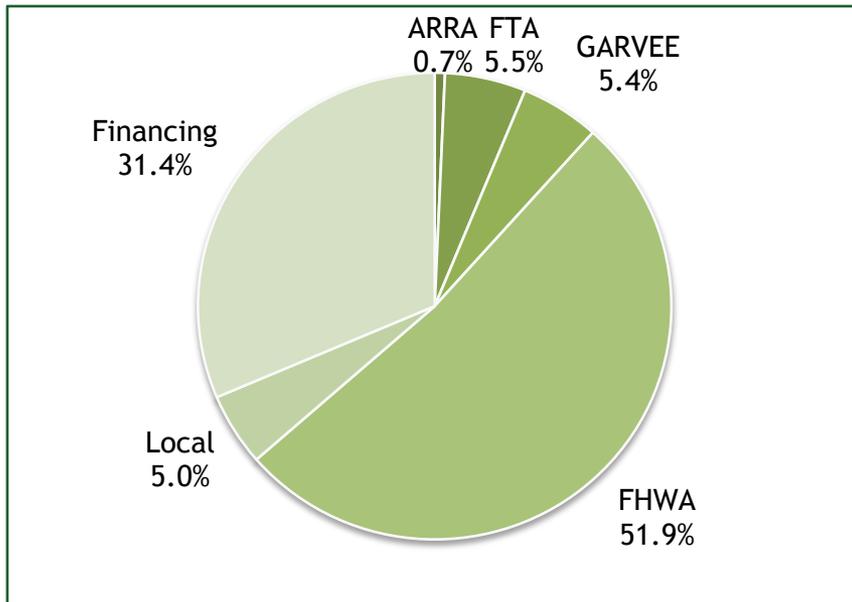
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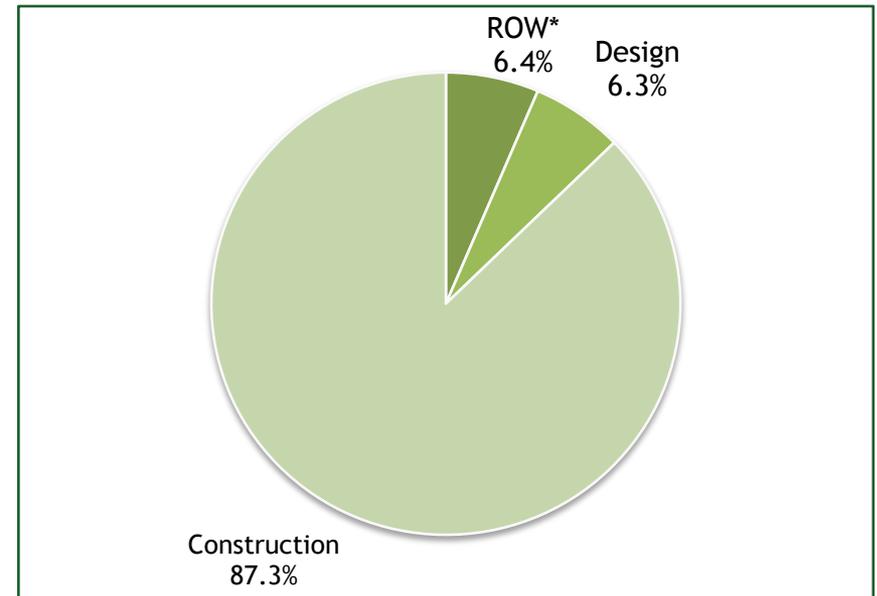
# Management Initiatives

Capital Improvement Program designed to optimize use of federal funds

**FY 2013-17 CIP Source of Funds**



**FY 2013-17 CIP Uses of Funds**



- **CIP has been adjusted to reflect the current availability of funding sources**
  - Current 5 year plan is approximately \$1.4 billion and focuses on optimal CIP investments
  - Federal funds are estimated to represent nearly 64% of total sources of funds
  - Prioritize projects eligible for federal grants in accordance with MAP-21
  - Focus on rehabilitation of bridges and road safety

\* ROW = Right of Way

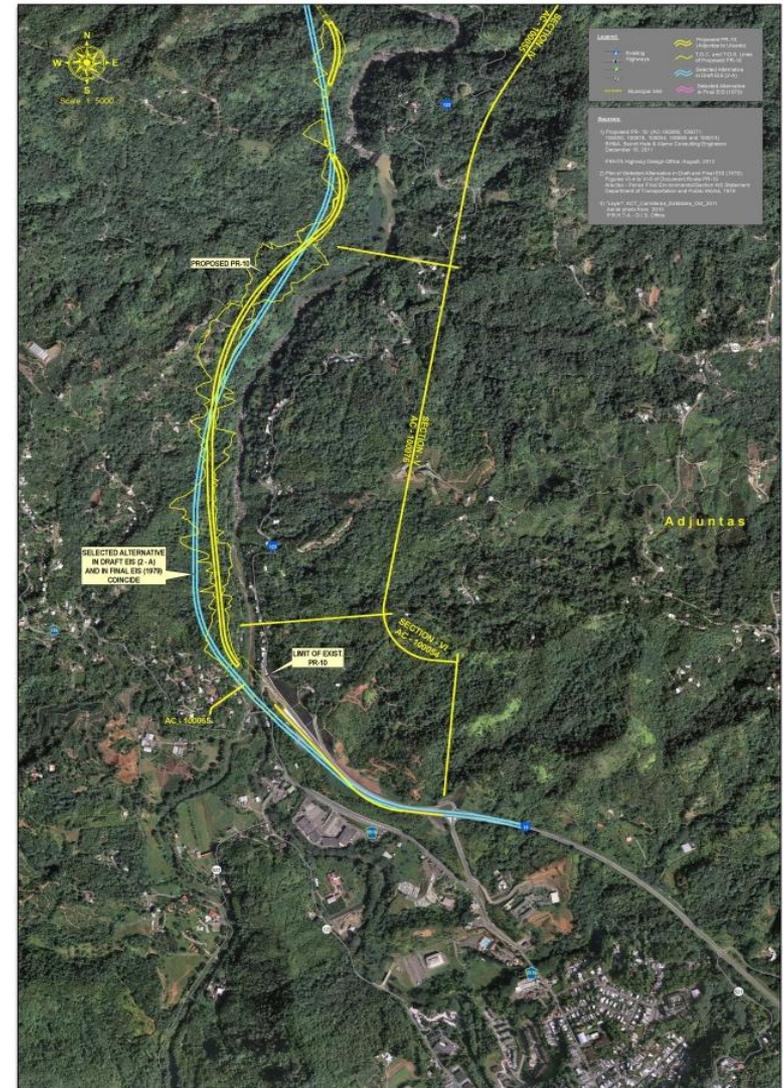
Percentages may not add to 100% due to rounding.

# Management Initiatives Improvements on Project Delivery

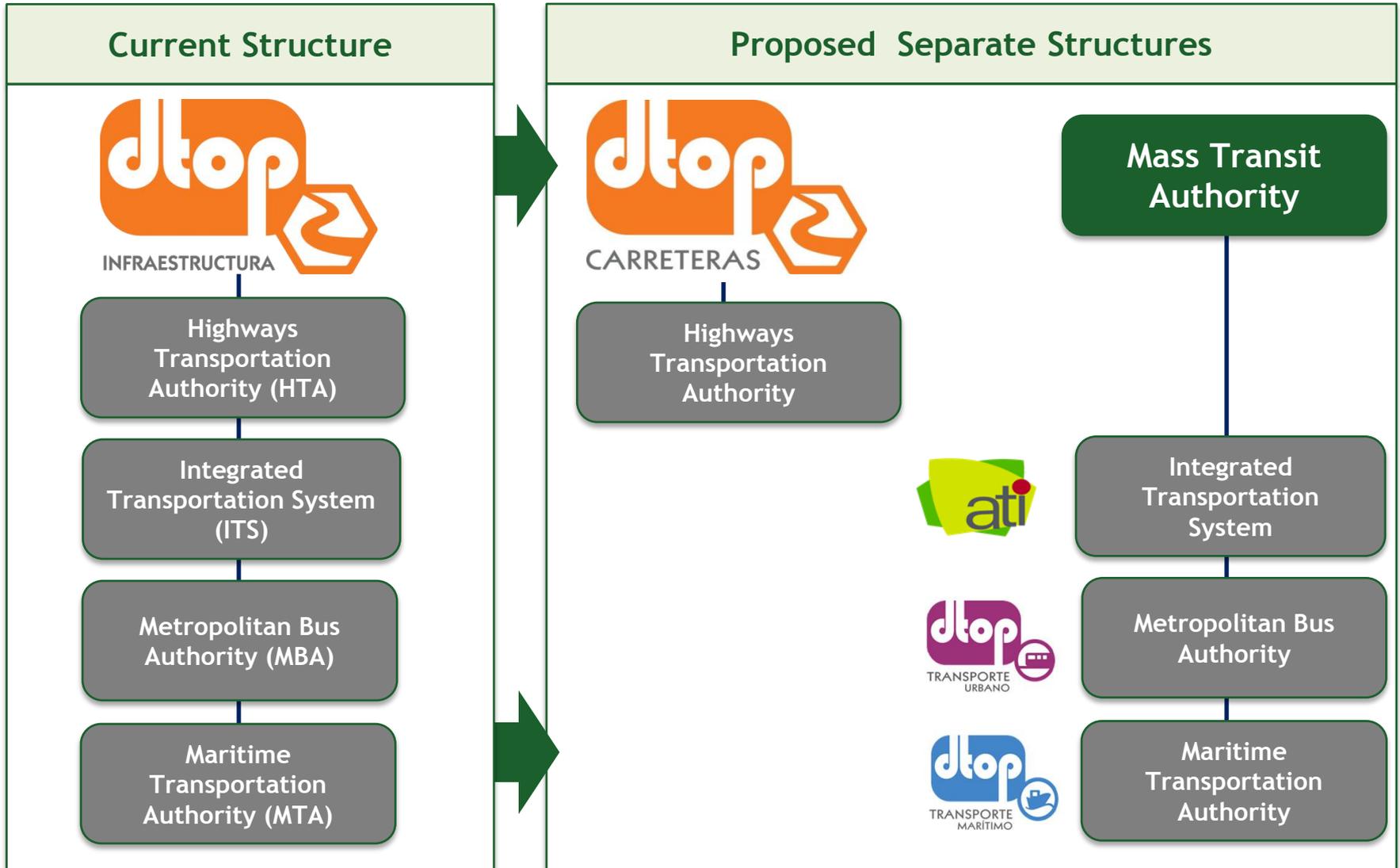
- Value-engineering reviews help to reduce project costs; more realistic schedules
- Optimize budgeting coordination and control between Finance and Construction
- Minimizing change orders: Construction contracts awarded only after all right-of-ways have been obtained
- Better up-front utility coordination to avoid delays that add to project costs

# Sample CIP projects

- PR-9: 1.8 km connector to provide urban congestion relief in Ponce.
  - Total investment of \$90 million
  - Construction ends by Sept. 2015
  - 1,080 jobs
- PR-10: Utuado-Adjuntas extension of Arecibo-Ponce highway.
  - 3 sections in design phase with combined investment of \$98.2 million
  - 1,180 jobs



# HTA's business and operating model will be transformed in order to create a new Mass Transit Authority



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# HTA, in conjunction with the GDB, has developed a plan to restore fiscal balance and self-sufficiency

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## Improved revenue base

- Incremental revenues to come from existing pledged sources
- Provides HTA with “runway” to address operating needs
- Strengthens credit quality and debt service coverage

2

## Enhanced CIP expense control

- Resources dedicated to bridge operational and reporting gaps
- Ensures HTA’s ability to fund priority projects
- Maximize federal funding opportunities and compliance with MAP 21

3

## Transformation of business model

- Reorganization of transit components into a Mass Transit Authority
- Refocus HTA into construction, maintenance and project management entity
- Review of revenue streams and expenses

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