



ALLIANCE FOR
TOLL-FREE INTERSTATES

TEXAS 130 TOLL ROAD

In October 2012, a 41-mile tollway opened in Texas between south Austin and Seguin, built through a public-private partnership with the state of Texas and SH 130 Concession Company. While the state owns the road, SH 130 Concession Company undertook the responsibility for its design, construction, operation, and maintenance for 50 years. Having invested \$1.3 billion in the project, the company—owned by Spain-based Cintra and San Antonio-based Zachry American Infrastructure—receives a cut of the toll revenue.

However, due to lower-than-expected traffic on the road, revenue performance in the 2013 fiscal year was about 60% below the original forecast, and fiscal 2014 is projected to be 70% below the original forecast. As of December 2013, SH 130 Concession Company owed \$685.7 million to 10 banks, and \$504 million to a federal loan program.

According to Moody's Investors Service, the federal repayment is unaffected now, but the company is scrambling to restructure its bank debt. With all but \$3.3 million of its reserves depleted, the company doesn't have the cash to make the June 30 payment to its creditors. If creditors demand full payment, Texas Department of Transportation officials could dissolve the concession agreement. If the deal is terminated, it would be harder for creditors to get their money back, incentivizing them to exercise their rights to remediate the impending default.

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The tollway was built as an alternative to I-35, but so far has done little to alleviate congestion on the interstate. Though the road connects to a northern stretch of Texas 130 that bypasses Austin, the southern portion goes through a more rural area, making it less appealing than I-35.

SH 130 is yet another example of bad traffic projections driving a tolling company into potential bankruptcy. When you add impediments to travel (like tolls) it is hard to predict with precision how drivers will respond. Texas has created more problems than it's solved with SH 130.

Learn more at www.TollFreeInterstates.com