

Harris County Toll Road Authority Achieves Significant Savings Through Ambac-Insured Refunding



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\$145,570,000 Harris County Toll Road Authority Toll Road Senior Lien Revenue Refunding Bonds, Series 2007B

For nearly 25 years, the Harris County Toll Road Authority (the "Authority") has helped facilitate the significant economic growth of the Houston, Texas region. The county's system of toll roads includes almost 500 lane miles of roads, including the Sam Houston Tollway, the beltway around Houston. As measured by toll revenues, the Harris County system is one of the top seven toll facilities in the U.S.

In mid-2007, the Authority, a well-known participant in the bond market, sought to refund some of its existing debt with a large bond offering. Competitive bids for a triple-A financial guarantee to back the bonds were solicited by the Authority's financial advisor, First Southwest, a distinguished market leader in the toll road sector. Ambac, which was familiar with the credit from earlier issues, offered one of the winning bids and was chosen to insure the series 2007B bonds.

Ambac continues to view the Harris County toll road system as a solid credit due to its large size, breadth and history of efficient operations. Moreover, what further distinguishes this credit is that traffic demand has remained strong even in the face of recent toll increases. Ambac has a broad presence in the Houston region having insured many different bond types. As a result, the credit committee is well acquainted with regional growth patterns, demographics and economic activity. This background, combined with Ambac's experience insuring toll roads, translated easily into a high level of comfort with the Authority's toll road operations. The primary credit challenge was the Authority's large pipeline of capital projects under consideration that would further leverage the system. However, the Authority's past success at implementing a variety of major projects while maintaining an exceptionally strong financial profile were important credit considerations that were critical to Ambac's decision to insure the bonds.

Ambac guaranteed \$146 million of variable rate bonds, series 2007B. The Authority used the proceeds to refund earlier bond issues, resulting in significant net present value savings.

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