

Problem Set 4

Please read and study KSG case: “The Tribasa Toll Road Trust” and respond to the following:

1. Diagram the principal agents and the flow of funds for this transaction to trace how toll road revenue received by the Trust is used to pay taxes and operating expenses and to make interest and principal payments as required by the terms of the offering. (1 page)
2. What did the parties involved have to gain from this scheme?
3. What risks to investors are inherent in this financing scheme?
4. How was the transaction structure designed to minimize investor exposure to project risk?
5. The Mexican government's decision to float the peso was unanticipated at the time of the offering. How would you expect the devaluation to affect the performance of the Notes?

Problem Set DUE Session 21, before class.