



SH249 SYSTEM QUARTERLY CONSTRUCTION PROGRESS REPORT

June 1 thru August 31, 2019



Prepared by: **Brown & Gay Engineers, Inc.**



28 October 2019

Mr. Benjamin H. Asher
TxDOT Director, Project Finance, Debt and Strategic Contracts Division
125 East 11th Street
Austin, TX 78701

RE: SH 249 System
Quarterly Construction Progress Report for Fiscal Quarter Ended August 31, 2019

Dear Mr. Asher,

As the General Engineering Consultant to the SH 249 System and in accordance with Section 407 of the Master Trust Agreement dated February 1, 2019 between the Texas Transportation Commission and U.S. Bank National Association, as Trustee (the "Master Trust Agreement"); BGE, Inc. submits the Quarterly Construction Progress Report for the SH 249 System. This report covers quarterly construction progress from June 1st to August 31st, 2019.

As described in the requirements set forth in Section 407 of the Master Trust Agreement, the General Engineering Consultant shall prepare a progress report at least quarterly during the acquisition and construction of System Segments with Obligations, by the last day of the second month after each fiscal quarter, commencing with the first full fiscal quarter after delivery of the initial Obligations or Obligations financing such System Segment. The quarters used for reporting is based on the Department's fiscal year.

The Department adheres to the requirements outlined in the Master Trust Agreement which governs the acquisition or construction of such SH 249 System financed with Obligations. As specified in the Master Trust Agreement, this report includes current estimates of: (i) the date on which such System Segment will be opened for Traffic which is found in the Current Project Schedule section of the report (page 11), (ii) the Estimated Date of Completion and an estimated date of Substantial Completion of such System Segment, also discussed in the Current Project Schedule section (page 11), (iii) the cost of such System Segment, but excluding any Obligation discount, and the interest during construction and for one year after completion of construction

found in the Project Cost Status section of the report (page 25), (iv) the amount of funds required each six (6) months during the remaining estimated period of construction to meet the above described cost of such System Segment exclusive of funds provided for construction contingencies, and accompanied by a progress schedule for such construction, and further including, as to construction, comparisons between the actual times elapsed and the actual costs, and the original estimates of such times and costs found in the Project Cost Status section of the report (page 25), and (v) a general description of the construction progress and estimated completion date of Segment 2 found in Construction Status section (page 16).

Sincerely,

DocuSigned by:
Chris Kuykendall
6B1226E59CA346F...

Chris Kuykendall, P.E.

Principal

Brown & Gay Engineers, Inc



Table of Content

LIST OF FIGURES 4

LIST OF TABLES 4

ACRONYMS AND ABBREVIATIONS 5

EXECUTIVE SUMMARY 6

PURPOSE OF THE REPORT 8

CURRENT PROJECT SCHEDULE 11

CURRENT PROJECT PROGRESS 13

DESIGN STATUS 14

RIGHT-OF-WAY STATUS 14

UTILITY STATUS 15

CONSTRUCTION STATUS 16

CONSTRUCTION OF THE TOLLING SYSTEM 17

CONSTRUCTION QUALITY STATUS 18

PUBLIC INFORMATION STATUS 19

EXECUTED CHANGE ORDERS 20

PENDING CHANGE ORDERS 21

SYSTEM COST STATUS 22

GEC FINDINGS 24

APPENDIX A: PHOTOGRAPHS OF CURRENT CONSTRUCTION 25



LIST OF FIGURES

FIGURE 1: PROJECT LOCATION MAP 9

FIGURE 2: SH 249 EXTENSION SEGMENTS 1 – 5 10

FIGURE 3: SOUTHERN LIMIT OF THE PROJECT 25

FIGURE 4: INTERSECTION WITH FM 149 26

FIGURE 5: BRIDGE STRUCTURE IN SEGMENT 1 27

FIGURE 6: DECK STEEL 28

FIGURE 7: BRIDGE DECK POUR 29

FIGURE 8: MIDPOINT OF SEGMENT 1 30

FIGURE 9: FUTURE NOISE WALL 31

LIST OF TABLES

TABLE 1: PROJECT MILESTONES 11

TABLE 2: UTILITY STATUS 15

TABLE 3: EXECUTED AND PENDING CHANGE ORDERS 21

TABLE 4: SEGMENT 1 ACTUALS 22

TABLE 5: SEGMENT 1 FORECASTS 23

TABLE 6: SEGMENT 1 DBA CONSTRUCTION DRAWS 23



ACRONYMS AND ABBREVIATIONS

BGE	Brown & Gay Engineers, Inc.
CMA	Capital Maintenance Agreement
CO	Change Order (addition to scope)
CSBE	Concrete Stabilized Backfill Embankment
DB	Design-Build
DBA	Design-Build Agreement
DBE	Disadvantaged Business Enterprises
EJ	Engineering Judgement
FA	Final Acceptance
FHWA	Federal Highway Administration
FM	Farm to Market Road
FPAU	Financial Plan Annual Update
FY	Fiscal Year
GEC	General Engineering Consultant
HCTRA	Harris County Toll Road Authority
IQF	Independent Quality Firm (aka QA)
MCTRA	Montgomery Toll Road Authority
NCR	Non-Compliance Report
NTP	Notice to Proceed
OV	Owner's Verification Firm
PBS	Project Baseline Schedule
PAAA	Project Utility Adjustment Agreement
QA	Quality Assurance (aka IQF)
QC	Quality Control
ROW	Right-of-Way
SC	Substantial Completion (Open to Traffic)
SH	State Highway
T&R	Toll & Revenue
TOD	Toll Operations Division (of TxDOT)
TxDOT	Texas Department of Transportation
UAAA	Utility Adjustment Agreement Amendment
UPRR	Union Pacific Railroad
USACE	United States Corps of Engineers
US	United States Highway
WOTUS	Waters of the United States

EXECUTIVE SUMMARY

The SH 249 Project (the “Project”) is a proposed 25.5-mile new-location roadway in Montgomery and Grimes Counties, northwest of Houston, developed by the Texas Department of Transportation (“TxDOT”). The Project begins at the current terminus of State Highway (SH) 249 frontage roads at Farm to Market (FM) 1774 in Pinehurst, Texas (Montgomery County) and extends to SH 105 near Navasota, Texas (Grimes County). The Project consists of (a) 14.8 miles of four new toll lanes from FM 1774 in Pinehurst to FM 1774 in Todd Mission (“Segment 1” or the “System”) and (b) an additional 10.7 miles of two non-tolled lanes from FM 1774 in Todd Mission to SH 105 near Navasota (“Segment 2”) which is not part of the System established pursuant to the Master Trust Agreement between the Texas Transportation Commission (the “Commission”) and U.S. Bank National Association, as Trustee (the “Master Trust Agreement”). The Project provides greater mobility for residents and travelers in northwest Houston to the portions of the Tomball Tollway being built by Montgomery County Toll Road Authority (MCTRA) and Harris County Toll Road Authority (HCTRA). When all portions of the freeway are connected, users will have improved access to other major freeways in northwest Houston including the Grand Parkway and the Sam Houston Tollway.

The Project is being designed and constructed utilizing a lump sum Design-Build Agreement (the “DBA”) executed on October 3, 2017 with the selected best value proposer, WBCCI, LLC (the “DB Contractor”), after a competitive selection process. The DB Contractor is responsible for the design, construction, and optional partial maintenance of the Project. The design-build delivery method is being implemented in accordance with TxDOT and Federal Highway Administration (FHWA) requirements and provides more cost and schedule certainty over traditional delivery projects. Segment 1 is anticipated to be open to traffic on March 15, 2021. Segment 2 is anticipated to be open to traffic in January 2023. The Segment 2 date changed based on the date that the United States Corps of Engineers (USACE) issued the 404 Permit (as defined herein) for Segment 2. See “Current Project Schedule.”

The current estimated total cost to develop the Project is \$791.72M (Segment 1 - \$500.50M; Segment 2 - \$291.62M). This estimated cost includes the negotiated DBA price for design, construction, and all other services required to deliver the Project per the DBA; utility relocation;



Right-of-Way (ROW) costs to acquire necessary property to design, construct, and maintain the Project; tolling equipment and integration; environmental mitigation; TxDOT administration costs; and reasonable Project contingency. Funding for the Project is provided through a combination of Federal, State of Texas, and local government funds (Montgomery County) as well as proceeds of Obligations issued pursuant to the Master Trust Agreement for Segment 1 only (the tolled portion of the Project). Segments 1 (tolled) and 2 (non-tolled) are funded separately even though both segments are being constructed under the same DBA. Maintenance responsibilities will be shared between TxDOT and the DB Contractor pursuant to a Capital Maintenance Agreement (CMA) Notice to Proceed to the DB Contractor 180 days prior to the scheduled Substantial Completion. The costs for operations and maintenance of the Project, including roadway and toll collection system elements, are not included in the total Project development cost estimate.



PURPOSE OF THE REPORT

Per Section 407 of the Master Trust Agreement, the GEC shall prepare a progress report by the last day of the second month after each fiscal quarter during the acquisition and construction of any portion of a System Segment which is financed in whole or in part with Obligations, commencing with the first full fiscal quarter after the delivery of the initial Obligations or Obligations financing an additional System Segment as defined in the Master Trust Agreement.

As the GEC to TxDOT for the System, and in accordance with the requirements set forth in Section 407 of the Master Trust Agreement, Brown and Gay Engineers, Inc. (“BGE”) has prepared this Quarterly Construction Progress Report that describes the Project, schedule, construction progress, and estimates of construction, operation and maintenance costs of the proposed System (Segment 1). This report presents BGE’s opinion on the reasonableness of the schedule and cost estimates for the Project (see “GEC Findings” herein.)

Figure 1: Project Location Map

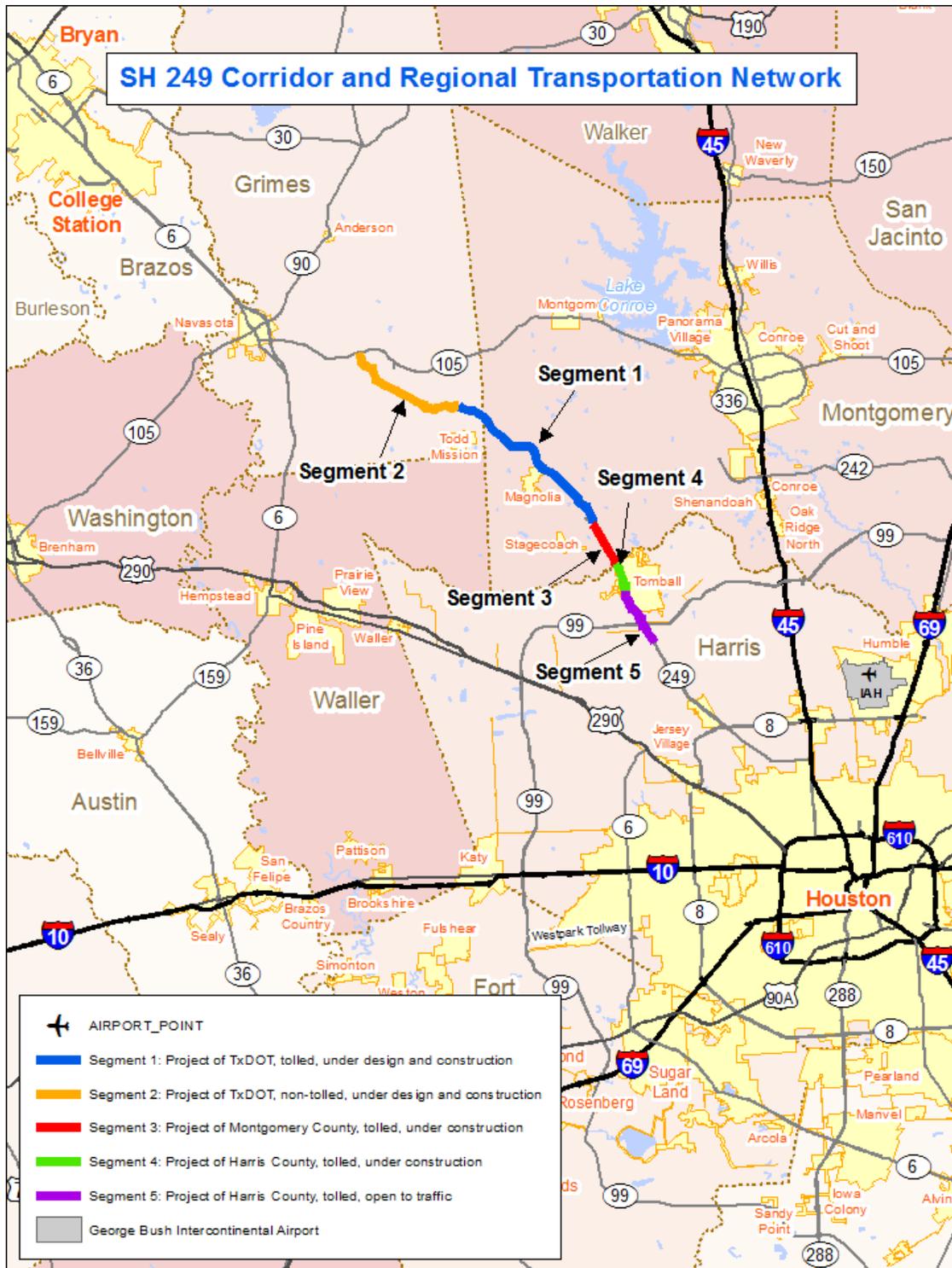
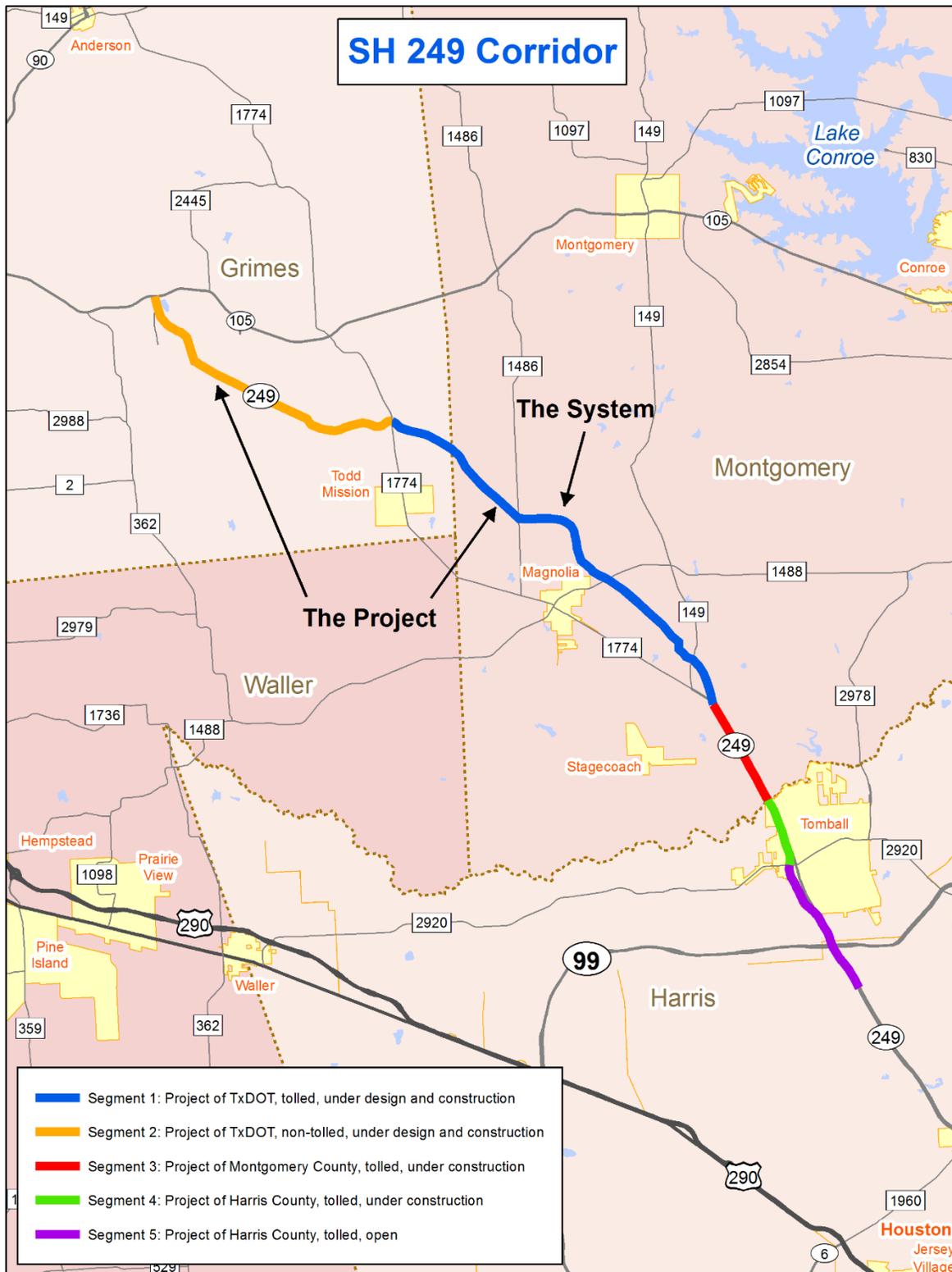


Figure 2: SH 249 Extension Segments 1 – 5



CURRENT PROJECT SCHEDULE

Segment 1 and Segment 2 of the Project are running on different design and construction schedules to allow Segment 1 to open to traffic before Segment 2. Segment 1, the tolled segment of the Project, is referred to as the System pursuant to the Master Trust Agreement.

While developing the Toll & Revenue (T&R) study, TxDOT's consultants accounted for the staggered opening dates. TxDOT is moving forward with two (2) separate opening dates for the different segments.

Table 1: Project Milestones

Project Milestone	Original Milestones	Q3, FY 2019	Q4, FY 2019
Contract Execution	October 3, 2017	October 3, 2017	October 3, 2017
NTP1**	October 4, 2017	October 4, 2017	October 4, 2017
Segment 1 Limited NTP2	October 25, 2017	October 25, 2017	October 25, 2017
Segment 1 NTP2	March 15, 2018	March 15, 2018	March 15, 2018
Segment 2 Limited Design NTP	June 7, 2018	June 7, 2018	June 7, 2018
Segment 2 Limited Construction NTP	October 15, 2018	October 15, 2018	October 15, 2018
Segment 2 NTP2	Spring 2019	Q1 FY 2020*	August 5, 2019
Segment 1 Substantial Completion (Open to Traffic)	March 15, 2021	March 15, 2021	March 15, 2021
Segment 1 Final Acceptance	July 2021	July 13, 2021	July 13, 2021
Segment 2 Substantial Completion (Open to Traffic)	September 2022	Q2 FY 2023*	January 6, 2023
Segment 2 Final Acceptance (Anticipated)	Q3 FY 2022	Q3 FY 2023*	May 6, 2023

* shown in Q3 represented tentative dates that became contractual when NTP2 for Segment 2 was issued.
 ** NTP means Notice to Proceed, or TxDOT's formal corespondence to the DB Contractor to move forward with a major work item

BGE reviews the DB Contractor's construction Project Baseline Schedule (PBS) each month to verify that the schedule accurately reflects work completed during the previous pay period. During this review, BGE's staff compares the schedule to contractual requirements, prior months and other factors such as weather. BGE then reviews the reported construction progress to field observations and inspection reports to verify that the progress reported by the DB Contractor is accurate.

Based on the PBS submitted September 11, 2019, the DB Contractor is on track to meet the Project Milestones shown above in [Table 1](#).



TxDOT currently anticipates opening the System to traffic on March 15, 2021 which is the scheduled Substantial Completion (SC). Opening the System allows traffic access to the roadway and TxDOT can collect tolls. TxDOT determines that SC is met when the roadway is generally complete and safe for the public. The DB Contractor may finish minor cleanup/punch list work for items such as painting, landscaping or other aesthetic finishes between SC and Final Acceptance (FA).

The DB Contractor is required have the System completed by March 15, 2021 so that TxDOT can open it to traffic on such date. If the DB Contractor fails to complete construction by this date, it is obligated to pay daily liquidated damages to TxDOT to cover any loss of revenue which TxDOT can then use to satisfy its obligations under the Master Trust Agreement. TxDOT may add to the current scope or experience a Force Majeure event as outlined in DBA Section 13.8 which could impact the March 15, 2021 deadline.

Additionally, the FA for the System is scheduled for July 13, 2021 and this represents the date that all construction and close-out activities must be finished.

The schedule for the construction of Segment 2 is linked to final approval of an environmental permit (the 404 Permit) from the USACE. TxDOT received the 404 Permit from the USACE and issued the NTP2 for Segment 2 on August 5, 2019. The 404 Permit was expected in April 2019 but was delayed when the USACE requested additional investigation of a potentially historic site outside of the Project's ROW limits but on an effected parcel. With NTP 2 the DB Contractor could move forward with all construction activities on Segment 2.

As of August 31, 2019; the SC for Segment 2 is scheduled to occur on January 6, 2023 and this is the same date that TxDOT plans to open Segment 2 to traffic. The DB Contractor is anticipated to achieve Segment 2 FA by May 6, 2023.

Based on our review of the current PBS, BGE, Inc. believes that the DB Contractor and TxDOT can meet the milestones shown in Table 1 on page 11 of this Report.

Current Project Progress

For the Project, the design and construction activities are divided between Segment 1 (the System) and Segment 2. The Obligations were issued to finance the System; however, the opening of Segment 2 will impact the traffic volume on the System so this section covers the status of both Segments.

The progress of the Project is discussed in greater detail in the following “Status” sections.

Design Status

The design for Segment 1 began when TxDOT issued NTP1 on October 4, 2017. This allowed the DB Contractor to begin the design of all elements of Segment 1. As of August 31, 2019; the status of Segment 1 design is 99% complete. The remaining 1% is withheld for any revisions that are required based on unknown field conditions that will require design changes prior to TxDOT accepting the as-built plan set. BGE, currently anticipates that the DB Contractor will open Segment 1 to traffic by the contractual deadline of March 15, 2021.

The design for Segment 2 began on June 7, 2018. As of August 31, 2019; the design for Segment 2 is roughly 26% complete and the design efforts are progressing as expected. Little progress was made since the previous report as the team waited for the 404 Permit. Segment 2 is scheduled to open to traffic on January 6, 2023; however, there is a pending CO for additional widening and overpasses. Until the terms of that CO are determined, BGE cannot verify the likelihood of the opening of Segment 2.

Right-of-Way Status

As of August 31, 2019; all parcels required for Segment 1 are in TxDOT possession. For Segment 2, TxDOT is finalizing the purchase of the final parcels; however, TxDOT has access to the parcels and the DB Contractor is clearing on the final parcels. Clearing involves the removal of trees and brush that obstruct the design and construction of the roadway. The ROW is accessible and cleared for construction; therefore, ROW acquisition will not have impact on the Project or the remaining schedule.

UTILITY STATUS

The DB Contractor continues to work with the various utility owners in Segment 1 and Segment 2 of the Project; in addition to working with TxDOT to finalize the utility agreements so that utility owners can be reimbursed for the respective portions of their work. These agreements allow TxDOT to track the utilities in the ROW to avoid them during future activities. During Q4, four (4) additional utilities were identified within Segment 1 limits. Each new utility will require a Project Utility Adjustment Agreement (PUAA). The PUAA process is done to document the relocation of the utility within State ROW. These records allow TxDOT to keep a record of all utilities in the State ROW and their general location to limit future conflicts.

As of August 31, 2019, the utility status for Segment 1 is shown in [Table 2](#):

Table 2: Segment 1 Utility Status

Segment 1 Utility Status						
	PUAA		UAAA*		Total	
	Q3 FY '19	Q4 FY '19	Q3 FY '19	Q4 FY '19	Q3 FY '19	Q4 FY '19
Anticipated	20	24	3	3	23	27
Executed	17	22	3	3	20	25
% Executed	85%	92%	100%	100%	87%	93%

Notes: There are 3 PUAAs remaining for Segment 1 anticipated to be completed during 2019
 Four (4) additional utilities were identified during the past quarter and each require a PUAA prior to relocation
 * UAAA is a Utility Adjustment Agreement Amendment



CONSTRUCTION STATUS

The DB Contractor began construction activities in Segment 1 on March 15, 2018 and moved quickly since that time. The DB Contractor started by clearing trees, grasses and underbrush. This was followed by rough grading work to create a stiff, dense general roadway profile made of soil, so the next phases of construction could follow. Once the rough grade was established, heavy equipment was brought in to begin placing drainage pipe at small water crossings and to build the foundations for bridge structures. Currently, the DB Contractor completed 52% of all construction work activities for Segment 1. Moving forward, the DB Contractor will focus on the placement of bridge beams and deck along with concrete pavement.

The DB Contractor began construction activities in Segment 2 on October 15, 2018 on parcels that were in TxDOT possession and not impacted by the 404 Permit. The construction activities included clearing, rough grading, utility relocation and some bridge work. TxDOT received the 404 Permit and issued NTP 2 on August 5, 2019. With the 404 Permit & NTP 2, the DB Contractor has full authority to move forward with all construction activities within Segment 2. Currently, the DB Contractor has completed 15% of the Segment 2 construction activities.



CONSTRUCTION OF THE TOLLING SYSTEM

TxDOT's Toll Operations Division (TOD) worked with TransCore, the statewide toll systems integrator, to finalize a System specific contract. Atkins, Inc, TOD's design consultant; completed the design efforts for the tolling work of the System and that information was shared with the DB Contractor and TransCore. The DB Contractor is responsible for the earthwork and paving, while TransCore will construct and install the tolling infrastructure.

TxDOT held a tolling kick off meeting on April 30, 2019 to ensure that TxDOT, TransCore, Atkins and the DB Contractor all have the same understanding of timelines and turnover requirements. It was determined that follow up meetings would occur so that all parties can discuss the current status and begin scheduling TransCore construction activities.

As of August 31, 2019 TransCore, is scheduled to begin construction on the tolling system work in early September 2019 which is ahead of the previously anticipated work schedule. TransCore is coordinating work directly with the DB Contractor for access to specific sites to avoid conflicting operations and damage to each other's work.

CONSTRUCTION QUALITY STATUS

TxDOT and the DB Contractor work together with the Quality Control (QC)/Quality Assurance (IQF) and the Owner's Verification (OV) to ensure that all materials pass a strict inspection and testing program. The DB Contractor is responsible for the QC inspections on all material placed within in the Project limits. Once the QC approves the material, the DB Contractor gives notice to the IQF firm that conducts official materials sampling and testing. The IQF firm is responsible for the official acceptance of materials. To ensure accurate reporting, TxDOT hired a separate firm, the OV testing firm, who conducts random inspections and testing of material and procedures on the part of TxDOT. The IQF firm for the DB Contractor is Raba Kistner who has significant work experience in Texas. The OV firm hired by TxDOT for the Project is SAM-Construction Services LLC. SAM-CS is also a Texas based firm with an experienced inspection and testing staff.

June 1 thru August 31 (Q4) of FY 2019, IQF conducted 2,453 inspections and the OV firm conducted 874 inspections. During this period, the IQF team took 1,300 material samples while OV firm made 267 material samples.

June 1 thru August 31 (Q4) of FY 2019 there were 5 Non-Conformance Reports (NCRs) for inspections or materials that did not pass all the standards. Of the 5 reports, the material was replaced or repaired in 5 cases. The 25 NCRs that were left open from Q3 were accepted and closed.

Finally, during June 1 thru August 31 (Q4) of FY 2019, the Project had 22 IQF Engineering Judgements (EJ). An EJ is a sample that has minor irregularities but does not fully fail material standards. 98% of the Project EJs are related to sieve analysis for aggregate gradation on a sieve. This is a common occurrence on all transportation projects and is simple to address and does not lead to impacts to the overall final quality.



PUBLIC INFORMATION STATUS

The DB Contractor is responsible for the daily public outreach for the Project. In this role, the DB Contractor hired a 3rd party public relations firm with local ties to ensure that they are meeting with the key shareholders in a way that is best for the local stakeholders. The public information team conducts routine outreach for all lane closures, changes to existing intersecting roadway alignments and upon request from local organizations or governmental groups. During Q4 of FY 2019 the public information team held no (0) meetings to discuss the general construction progress.

EXECUTED CHANGE ORDERS

TxDOT executed six (6) Change Orders (CO) for changes to work or time within the Project limits between June 1st and August 31st. TxDOT confirmed that none of these changes required additional ROW or went beyond the limits of the environmental approved permits. As such, all the additions are acceptable. Table 3 below shows the currently executed and pending change orders.

CO#9 was executed June 10, 2019 for Segment 2. This allowed the DB Contractor to use the lower aesthetic requirements on a portion of a bridge that is not visible from the intersecting roadway. This reduced the cost of the bridge by \$33,409.00.

CO#10 was executed June 19, 2019 for Segment 1. This increased the number of tolling fiber lines from 48 strands to 144 strands. This CO was approved to allow for future connections to the tolling system as technology changes.

CO#11 was executed June 27, 2019 for Segment 1. This CO added for the design of two (2) traffic signals to the System to improve safety. The 1st signal will be added at FM 149 and the 2nd signal will be added at FM 1486.

CO#12 was executed July 29, 2019 for Segment 1. This allowed TxDOT to reduce payment to the DB Contractor for the use of non-conforming material in the sub-grade. This material failed to pass all the testing requirements but was very near the testing limits. After months of research, the material was determined to not have an impact to the final quality or lifecycle of the roadway. The removal of funding for non-conforming material is consistent with TxDOT and FHWA policy.

CO#13 was executed August 9, 2019 for Segment 1. The cost of this CO was paid for with a locally funded Advanced Funding Agreement (AFA) from a land owner so that TxDOT would relocate a ramp and add driveways so that the land owner has greater access to the System and it allows him to develop the land into a housing development.

CO#14 was executed August 21, 2019 for Segment 1. This CO paid for the construction of the two (2) traffic signals that were designed in CO#11.

Table 3: Executed and Pending Change Orders

Change Order No.	Project Segment	Description	Status	Date Executed	Time Impact (days)	Cost Impact (\$)
1	1	Audubon Driveways	Executed	Aug. 16, 2018	-	724,451.72
2	1	98 Day Extension	Executed	Aug. 16, 2018	98	0.00
3	1	Floodway Bridges	Executed	Nov. 16, 2018	150	12,772,814.77
4	1	CCTV Pole Spacing	Executed	Sept. 19, 2018	-	(146,415.00)
5	1	Terra Utility Sleeves	Executed	Dec. 24, 2018	-	633,898.09
6	1	Montgomery Co. Future Crossing	Executed	Jan. 30, 2019	-	182,962.50
7	2	WOTUS Design	Executed	Mar. 5, 2019	90	1,212,612.98
8	2	SH 105 ROW Designation	Executed	June 2, 2019	-	146,025.00
9	2	Bridge Aesthetic Revisions	Executed	June 10, 2019	-	(33,409.00)
10	1	Additional Tolling Fiber	Executed	June 19, 2019	-	199,001.07
11	1	Traffic Signals @ FM 149 & FM 1486 (design only)	Executed	June 27, 2019	-	140,070.00
12	1	Acceptance of Non-Conforming Work CSBE	Executed	June 29, 2019	-	(64,039.11)
13	1	Audubon Ramp Relocation & Driveways	Executed	August 9, 2019	-	1,115,296.47
14	1	Traffic Signals @ FM 149 & FM 1486 (construction only)	Executed	August 22, 2019	-	701,260.69
Subtotal for Executed Change Orders					338	\$17,584,530.18
15	2	Segment 2 Scope Revisions	Pending	N/A	Pending	Under review
Subtotal for Pending Change Orders					-	TBD
Total for Executed and Pending Change Orders					338	\$17,584,530.18

Pending Change Orders

Given the current status of the Project, BGE, Inc does not anticipate any additional change orders for Segment 1.

In Segment 1, there are no change orders under review. As a result, BGE does not anticipate an impact to opening the System to the public in March 2021.

The DB Contractor is seeking CO#15 from TxDOT; however, this was recently received and is beginning to be reviewed to determine if the work is needed and if the cost and time impacts are justified. Once TxDOT has completed the review of CO#15, then more will be known about when Segment 2 will open to the public. CO#15 is related to locally driven safety concerns presented by locally elected officials. The present additional scope would add some passing locations/lanes, overpasses at select intersections and a widened shoulder. Both parties should know the time and cost impacts by the end of Q1, 2020 (the end of November 2019).

System Cost Status

Table 4 provides the most accurate cost information that is available currently for the System. Table 4 reflects construction and financing costs of Segment 1 for the period. As the table reflects, TxDOT has used funding for the DBA to cover all construction costs thru the end of August 31, 2019. TxDOT will use the local funding to cover the scope additions that are being built currently (COs 1,5, & 13). Table 5 reflects the projected spending for the remainder of the Project Construction. Additionally, TxDOT may use contingency funds for the additional scope (COs 10, 11, 12, & 14) unless other State funds become available. Starting in the fall of 2019, TxDOT will begin paying the toll integrator as they begin work on the Project.

Table 4: Segment 1 Actuals (\$ millions)

Element	Project Budget			Actuals			Forecast	Estimate at Completion (Actuals and Forecast) ³
	Original Budget	Adjustments	Adjusted Total	Spent thru May 2019	Spent this Quarter	Spent thru Aug 2019	Estimate to Complete	
Segment 1 (\$ millions)								
Design-Construction (DBA) ¹	359.76	(2.70)	357.06	215.01	31.08	246.09	110.97	357.06
Locally funded CO ²	2.88	3.45	6.33	-	-	-	6.33	6.33
Contingency (DBA) ⁵	21.36	-	21.36	-	-	-	21.36	21.36
Toll Integrator	11.00	-	11.00	-	-	-	11.00	11.00
ROW	81.00	-	81.00	21.67	0.01	21.68	59.32	81.00
Environmental Mitigation	16.00	-	16.00	-	-	-	16.00	16.00
Contingency (ROW)	8.10	-	8.10	-	-	-	8.10	8.10
Construction Subtotal (\$ millions)	\$500.10	\$0.00	\$500.85	\$236.68	\$31.09	\$267.77	\$233.08	\$500.85
Financing Costs								
Capitalized Interest	29.99	-	29.99	-	3.36	3.36	26.63	29.99
Cost of Issuance ⁴	1.59	-	1.59	1.57	0.01	1.58	-	1.58
Debt Service Reserve Funds	24.93	-	24.93	24.93	-	24.93	-	24.93
Rate Stabilization Fund	10.00	-	10.00	10.00	-	10.00	-	10.00
Subtotal Financing Costs	\$66.51	\$0.00	\$66.51	\$36.50	\$3.37	\$39.86	\$26.63	\$66.49
Total Project & Financing Costs	\$566.61	\$0.00	\$567.36	\$273.18	\$34.46	\$307.63	\$259.71	\$567.34

¹ Includes CO 1-6 & 10-14 which apply to the System.

² Locally funded CO increased as local funding became available for CO. As local funding was added, the total State funding decreased

³ The DB Contractor payment is the sum of the DBA & Locally funded CO which totals \$363.39M

⁴ Cost of Issuance Expense included transactions funded by Bond Proceeds only

⁵ A portion of the Contingency maybe used to cover a portion of the CO costs

Table 5: Segment 1 Forecasts (\$ millions)

Element	FY 2020		FY 2021		FY 2022	Total Estimate to Complete
	6 month					
Design Build Agreement Cost ²	\$70.20	\$45.36	\$1.75	\$0.00	\$0.00	\$117.31
ROW Costs	11.86	11.86	11.86	11.86	11.86	59.32
Toll Equipment & Integration ¹	4.78	4.78	1.43	-	-	11.00
Environmental Mitigation	3.20	3.20	3.20	3.20	3.20	16.00
Project Contingencies	5.89	5.89	5.89	5.89	5.89	29.46
Subtotal Project Costs	\$95.94	\$71.10	\$24.14	\$20.96	\$20.96	\$233.09
Financing Costs						
Capitalized Interest	\$3.90	\$3.90	\$3.90	\$3.90	\$11.04	\$26.63
Cost of Issuance	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Financing Costs	\$ 3.90	\$ 3.90	\$ 3.90	\$ 3.90	\$ 11.04	\$ 26.63
Total Project & Financing Costs	\$ 99.84	\$ 75.00	\$ 28.04	\$ 24.86	\$ 31.99	\$ 259.72

¹ The TSI cost for O&M are not shown in this table

² The DBA Costs are the sum of Table 4 DBA and Locally funded CO

Table 6 reflects the actual draws thru the end of August 2019 and the projected draws thru the end of the Project. Please note that as pending Change Orders are executed the total Project cost and the estimated Construction Draw may change to reflect the new scope of work.

Table 6: Segment 1 DBA Construction Draws

Period (MM-DD-YYYY)		Estimate of Construction Draw (\$ millions)		Paid-to-Date (\$ millions)	
Begin	End	Period	Cululative	Period	Cululative
NTP1	02-28-2018			71.08	71.08
03-01-2018	08-31-2018			59.86	130.94
09-01-2018	02-28-2019			52.99	183.93
03-01-2019	08-31-2019			62.16	246.09
09-01-2019	02-29-2020	70.20	70.20		
03-01-2020	08-31-2020	45.36	115.56		
09-01-2020	02-28-2021	1.75	117.31		
03-01-2021	03-31-2021	0.00	117.31		
Total		\$117.31		\$246.09	
		\$363.40			



GEC FINDINGS

BGE, Inc, has reviewed the Project's overall design and construction progress and finds that the Project is currently on schedule to be completed within the projected schedule and budget with such budget adjusted to account for scope revisions discussed in Table 3 of this Report. BGE, Inc. believes that the DB Contractor should not have any issues with the delivery of the Project. It appears that TxDOT should plan to open the System (Segment 1) to traffic by March 15, 2021.

APPENDIX A: PHOTOGRAPHS OF CURRENT CONSTRUCTION

Figure #3: Southern Limit of the Project



Figure 3 shows the progress of the southernmost bridge of Segment 1 in Pinehurst near the connection to the MCTRA Segment 3. The DB Contractor is working to finish columns and caps before setting beams.

Figure #4: Intersection with FM 149



The picture above was taken for the Q3 report.



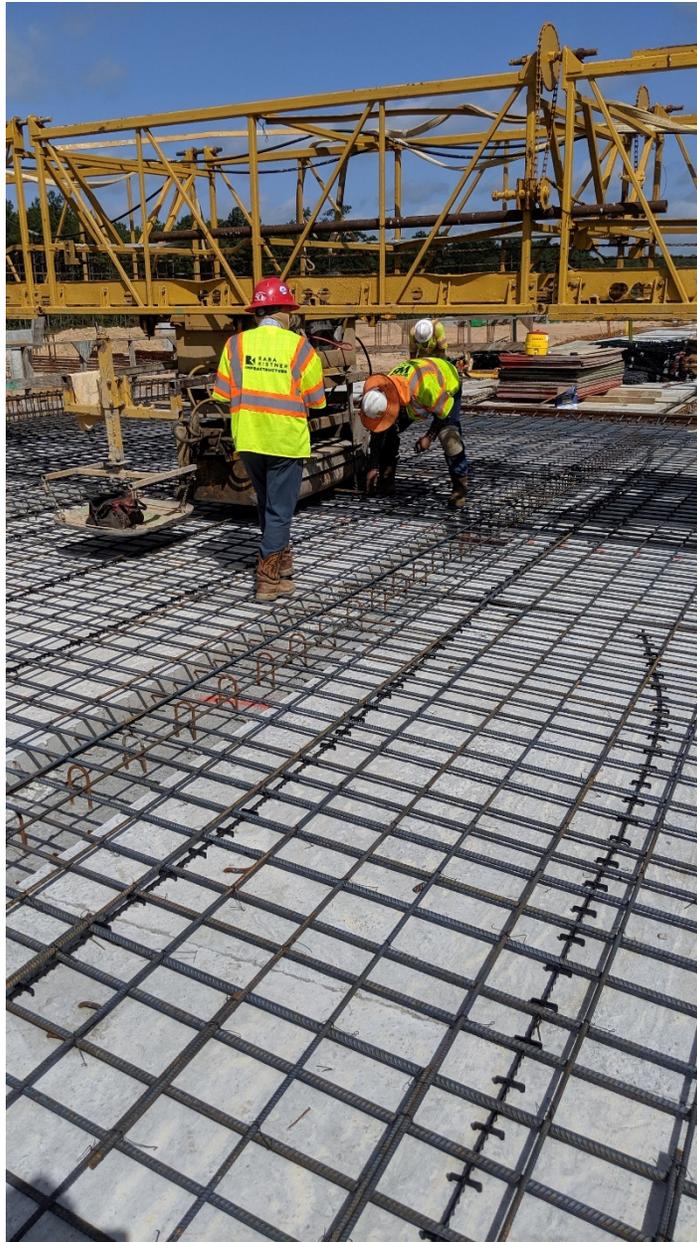
This is the current FM 149 looking north into Segment 1. In the past three months columns were installed and the abutment construction began.

Figure #5: Bridge Structure in Segment 1



This Figure shows the wide beam flange at the approach slab to a bridge. In layman terms, this is the where we transition from a bridge to an embankment structure.

Figure #6: Deck Steel



This Figure shows the reinforcing steel in a bridge prior to the placement of the concrete bridge deck (riding surface). The DB Contractor has performed a superior job of keeping the site clean and the reinforcing steel evenly spaced and properly connected. In southern Texas, it is common not to use epoxy coated steel (the green rebar) because of the warm weather and low likelihood of winter weather.

Figure #7: Bridge Deck Pour



The DB Contractor is pouring/placing the concrete deck on a bridge during the quarter ending August 31, 2019. Concrete pours/placements almost all happen during the evening in Texas because of the temperature restrictions. “Cool” overnight temps have been rare this summer so moving into fall is beneficial to the Project.

Figure #8: Near the Midpoint of Segment 1



Construction is generally at the same pace along the entire length of Segment 1. The DB Contractor is focused on finishing grading, drainage structures, bridge structure placement, and placing bond breaker. This figure shows the grading moving into the bond breaker for the mainlanes and the bond breaker on the frontage roads at this location.

Figure #9: Future Noise wall



This photo shows the drilled shaft foundations for a future noise wall in Segment 1. The DB Contractor is required to build the noise walls prior to opening the roadway to traffic. The noise wall height is determined by several factors and the aesthetics will comply with the Houston area aesthetic guidelines.