SH 99 Harris and Montgomery Counties
Initial Project
SB 1420 Committee

November 29, 2011 – 1:00pm to 3:00pm
Houston-Galveston Area Council
Conference Room A, 2nd Floor
3555 Timmons, Suite 120
Houston, TX 77027

AGENDA

1. Welcome
2. Committee Introductions
3. Protocol and Purpose of Committee (Handout 3.1 – Shell Report)
4. Presentation by the Texas Department of Transportation on the requirements of Section 228.013, Transportation Code, added by Senate Bill 1420, 82nd Legislature, Regular Session, 2011, and Title 43, Texas Administrative Code, Sections 27.90-27.92

   (Handout 4.1 – Harris County Resolution)
   (Handout 4.2 – Montgomery County Resolution)
   (Handout 4.3 – Texas Administrative Code on SB 1420 Committee)
   (Handout 4.4 – Correspondence on SB 1420 Committee)
   (Handout 4.5 – Toll Rate Policy and Methodology)
5. Election of committee chair and vice-chair - **ACTION ITEM**
6. Discussion of issues to be addressed by the committee
7. Set date for next meeting - **ACTION ITEM**
8. Adjourn - **ACTION ITEM**

DRAFT

SH 99 (Grand Parkway)
Harris and Montgomery Counties Project

SB 1420 Committee Report

In accordance with Texas Transportation Code Section 228.013, added by SB 1420, and Texas Administrative Code Sections 27.90 – 27.92 (the Rules), this committee (the Committee), consisting of the members identified below, was formed for the purpose of making certain statutorily required determinations with respect to the portions of SH 99 (Grand Parkway) in Harris and Montgomery counties (the Project). The Committee held its duly noticed initial meeting on November 29, 2011. At the initial meeting of the Committee, _____ was elected to serve as Chair and _____ was elected to serve as Vice Chair of the Committee.

At its duly noticed meeting(s) on November ____, 2011, *[add other meeting dates if the required determinations were made at multiple meetings]* the Committee made the following determinations concerning the Project, as required by SB 1420 and the Rules:

1. Distribution of the Project's financial risk.

Distribution of Project financial risk is defined in the Rules as the allocation of revenue risk for a toll project between the Texas Department of Transportation (TxDOT) and the private entity with which TxDOT enters into an agreement for the project. Revenue risk will be allocated as follows between TxDOT and private entity:

[describe revenue risk allocation]

2. Method of financing for the project.

The method of financing is defined in the Rules as the determination of whether the Project should be funded with private or public funding or a combination of private and public funding. The method of financing for the Project will be [*describe method of financing*]

3. Tolling structure and methodology.

The SB 1420 Committee for the Project has determined to utilize the existing tolling structure and methodology as set out in the terms and conditions of the Market Valuation Waiver Agreement dated as of March 25, 2009, between TxDOT and each of Brazoria County, Texas, Chambers County, Texas, Fort Bend County, Texas, Galveston County, Texas, Harris County, Texas, Liberty County, Texas, and Montgomery County, Texas. The Project's tolling structure and methodology are set forth in Appendix 1 to this Report.

DRAFT

Submitted and approved by:

SH 99 (Grand Parkway)
Harris and Montgomery Counties Project
SB 1420 Committee Members

_____ _____
[signature and printed name]

_____ _____

_____ _____

_____ _____

Handout 3.1

Transportation Code, §228.0111, establishes a process for providing local toll project entities, defined as regional tollway authorities, regional mobility authorities, or counties acting under Transportation Code, Chapter 284, with the first option to develop, construct, and operate toll projects located within the boundaries of the local toll project entity.

In Minute Order 111410, dated June 26, 2008, the Texas Transportation Commission (commission) adopted policies relating to the implementation of this process, which determines whether the Texas Department of Transportation (department) or a local toll project entity will develop, construct, and operate a toll project located within the boundaries of the local toll project entity.

In accordance with the requirements of Transportation Code, §228.0111 and the policies included in Minute Order 111410, the department and the counties in which State Highway 99 (Grand Parkway) is located entered into a Market Valuation Waiver Agreement, effective March 25, 2009, in which the parties agreed on the terms and conditions for the development, construction, and operation of the Grand Parkway, agreed to waive the development of a market valuation of the Grand Parkway, and agreed to certain other provisions applicable to the development, construction, and operation of the Grand Parkway.

As required by Transportation Code, §228.0111(e), the agreed terms and conditions were approved by the Houston-Galveston Transportation Policy Council, the metropolitan planning organization for the area in which the Grand Parkway is located, in Resolution No. 2008-08, dated August 22, 2008.

In accordance with the requirements of Transportation Code, §228.0111(g), on September 15, 2009, Harris County (county) elected to exercise its option to develop, construct, and operate the portion of the Grand Parkway located within the county (project). On January 11, 2011, the Harris County Commissioners Court rescinded the September 15, 2009, action to exercise the county's option, effectively failing to exercise its option, and providing for the reversion to the department of the right to develop, construct, and operate the project.

Transportation Code, §228.0111(i) provides that if a local toll project entity does not exercise the option to develop, finance, construct, and operate a toll project, or does not enter into a contract for the construction of the project and make a commitment described in Transportation Code, §228.0111(g)(2) within the prescribed two-year period, the department has the option to develop, finance, construct, and operate the toll project under the agreed terms and conditions.

The department has determined that its option to develop, finance, construct, and operate the portion of the Grand Parkway located within the county should be exercised. Minute Order 111410 provides that the commission must approve any department determination to exercise an option to develop, finance, construct, and operate a toll project under Transportation Code, §228.0111.

TEXAS TRANSPORTATION COMMISSION

HARRIS County

MINUTE ORDER

HOUSTON District

Transportation Code, §201.619 authorizes the department to enter into an agreement with a county identifying future transportation corridors within the county, and Local Government Code, §232.0033 authorizes a county to refuse to approve a plat of a subdivision if all or part of the subdivision is located within the area of the alignment of a transportation project as shown in the final environmental decision document that is applicable to a future transportation corridor identified in such an agreement, thereby limiting the impact of development on both the acquisition price and damage to property needed for the transportation project. Entering into the agreement will accordingly assist in reducing project costs by limiting the cost to acquire right of way needed for the project.

IT IS THEREFORE ORDERED by the commission that the department's determination to exercise its option to develop, finance, construct, and operate the portion of State Highway 99 (Grand Parkway) in Harris County, pursuant to Transportation Code, §228.0111(i), is approved, and the project is authorized with DEVELOP authority.

IT IS FURTHER ORDERED that the executive director of the department is authorized to enter into an agreement with Harris County under Transportation Code, §201.619 that includes the future transportation corridor in which the project is located.

Submitted and reviewed by:

Director, Texas Turnpike Authority Division

Recommended by:

Executive Director

112558 JAN 27 11

Minute Number

Date Passed

Handout 4.1

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 5th Floor
Houston, Texas 77002
(713) 755-4400

June 23, 2011

Mr. Amadeo Saenz, Jr., P.E.
Executive Director, TxDOT
125 E. 11th Street
Austin, TX 78701-2483

SUBJECT: Waiver of Primacy, S.H. 99

Dear Mr. Saenz:

In compliance with your request by letter dated June 13, 2011, the Harris County Commissioners Court has confirmed their earlier action to waive primacy for development of S.H. 99, the Grand Parkway. That action was taken on June 21, 2011 confirming action from January 11, 2011. Copies of both letters describing the actions are enclosed.

Sincerely,

Arthur L. Storey, Jr., P.E.
Executive Director

Enclosures
cc: Judge Ed Emmett
Mr. Delvin Dennis
Mr. Peter Key
Mr. Jackie Freeman

Handout 4.1

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 5th Floor
Houston, Texas 77002
(713) 755-4400

11 JAN -4 AM 11:19
HARRIS COUNTY
MANAGEMENT SERVICES

January 4, 2011

Vote of the Court:

	Yes	No	Abstain
Judge Emmett	☐	☐	☐
Comm. Lee	☐	☐	☐
Comm. Morman	☐	☐	☐
Comm. Radack	☐	☐	☐
Comm. Eversole	☐	☐	☐

Commissioners Court
Administration Building
Houston, Texas 77002

SUBJECT: Recommendation that TxDOT be challenged to reimburse HCTRA for project initiation costs on the Grand Parkway Project, Segment E, and to begin construction on the Grand Parkway segments in Harris County in year 2011 - for court to take appropriate action

Dear Court Members:

It is recommended that TxDOT be challenged to reimburse HCTRA for project initiation costs on the Grand Parkway, Segment E, and to begin construction on the Grand Parkway segments in Harris County in year 2011. HCTRA proposes to complete development of plans, permits, and right-of-way acquisitions presently in process, then to transfer Segment E to TxDOT for development in accordance with the Advance Funding Agreement between Harris County and TxDOT. Pursuant to that Agreement, Harris County costs are eligible for reimbursement.

For TxDOT to begin development of Grand Parkway segments in Harris County, the county must waive the first option declaration adopted on September 15, 2009. Since the option period has been used to develop an immediate option for timely construction, but without a TxDOT Agreement to do so on terms favorable to the county, it is suggested that project responsibility should be returned to TxDOT. The mechanism for doing that is waiver of primacy which is now recommended.

It is helpful to remember that Harris County is party to a multi-county Agreement with TxDOT (the waiver of "market valuation") which requires that the Grand Parkway be developed under the "single project" concept. There has been no change to that concept during the "first option" period, a concept to which the counties agreed. There has been, however, progress in Harris County which enables an immediate start (with reimbursement to the county). That being the case, it is appropriate to return Harris County's sector of this 200-mile highway, which traverses seven counties and is estimated to cost $5 billion, to TxDOT, the agency basically responsible for its development. After all, the first name of this proposed parkway is "state highway," as in State Highway 99.

Sincerely,

Arthur L. Storey, Jr., P.E.
Executive Director

Presented to Commissioner's Court
JAN 11 2011
APPROVE R/L
Recorded Vol____ Page____

cc: County Attorney
Jackie Freeman
Dick Raycraft
John Tyler
Peter Key
Delvin Dennis

Handout 4.1

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 5th Floor
Houston, Texas 77002
(713) 755-4400

June 15, 2011

Commissioners Court
Administration Building
Houston, Texas 77002

SUBJECT: Recommendation that previous action by Commissioners Court to waive primacy for development of the Grand Parkway (S.H. 99) be confirmed

Dear Court Members:

To accommodate a TxDOT administrative requirement, it is recommended that previous action by Commissioners Court to waive primacy for development of the Grand Parkway (S.H. 99) be confirmed. Some revised definitions by actions of the recent session of the Texas Legislature make this action appropriate and helpful to TxDOT. The previous action by Court occurred on January 11, 2011.

Sincerely,

Arthur L. Storey, Jr., P.E.
Executive Director

Vote of the Court:

	Yes	No	Abstain
Judge Emmett	☒	☐	☐
Comm. Lee	☒	☐	☐
Comm. Morman	☒	☐	☐
Comm. Radack	☒	☐	☐
Comm. Eversole	☒	☐	☐

11 JUN 15 AM 8:44
HARRIS COUNTY
MANAGEMENT SERVICES

RID-copy

TRA-copy

Presented to Commissioner's Court

JUN 21 2011

APPROVE m/L

Recorded Vol____ Page____

Handout 4.1

COPY

Texas Department of Transportation

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

June 13, 2011

The Honorable Ed Emmett
Harris County Judge
1001 Preston, Suite 911
Houston, Texas 77002

Dear Judge Emmett:

As I am sure you are aware, S.B. 19, 82nd Legislature, Regular Session, 2011, establishes a streamlined primacy determination process that replaces the market valuation and primacy determination process established in Section 228.0111, Transportation Code, added by S.B. 792, 80th Legislature, Regular Session, 2007. S.B. 19 repeals Section 228.0111, and establishes a new primacy determination process in new Chapter 373, Transportation Code.

Section 13 of S.B. 19 provides that the repeal of Section 228.0111 does not affect any market valuation waiver agreement or other agreement entered into between the Texas Department of Transportation (TxDOT) and a local toll project entity, or any resolution or minute order adopted by TxDOT or a local toll project entity, under that repealed section.

As you know, TxDOT and the seven counties through which the State Highway 99 (Grand Parkway) project traverses entered into a Market Valuation Waiver Agreement, effective March 25, 2009 relating to the Grand Parkway project and, on September 15, 2009, Harris County exercised its option to develop, construct, and operate the portion of the project in Harris County. On January 11, 2011, the Harris County Commissioners Court rescinded their previous decision, thereby "waiving" their options for this project.

Arguably, the intent of Section 13 of S.B. 19 is to exempt projects that have already gone through the market valuation/primacy process in Section 228.0111 from having to go through the primacy process in new Chapter 373, Transportation Code. This is supported by the remainder of Section 13, which states that if a waiver of market valuation or waiver of first option to develop, finance, construct, or operate a toll project is withdrawn or terminated subsequent to the effective date of S.B. 19, TxDOT and the local toll project entity have the rights regarding the applicable project as exists under Chapter 373, Transportation Code.

However, Section 13 does not clearly provide that projects subject to the agreements, resolutions, or minute orders described in that section are exempt from Chapter 373. It is important that it be absolutely clear whether a toll project is subject to Chapter 373. A number of parties will be required to deliver opinions regarding compliance with the legal requirements applicable to the development, construction, financing, and operation of the Grand Parkway toll project, including the Office of the Attorney General, the counsel for any developers or lenders, and bond counsel. We are concerned that one or more of those parties could refuse to deliver such an opinion because of a failure to complete this new primacy determination process for the Grand Parkway project.

TX DOT
RECEIVED
JUN 21 2011
HOUSTON MAIL OPERATION

Handout 4.1

It is also likely that those opinions would not be delivered until after TxDOT had completed a comprehensive development agreement procurement for the Grand Parkway project, as authorized by S.B. 1420, 82nd Legislature, Regular Session, 2011, and had expended significant funds in the development of the project. Failure to satisfy the requirements of new Chapter 373 could delay the development of the project.

To provide greater certainty for the procurement and contracting process for the Grand Parkway project, we request that the Harris County Commissioners Court confirm its previous decision to rescind the exercise of its option by waiving or declining to exercise its option to develop, construct, finance, and operate the portion of the Grand Parkway project in Harris County under new Chapter 373, as authorized in Section 373.055, Transportation Code. We request that the Commissioners Court consider this matter as soon as practical in order to document the Court's decision prior to July 1, 2011, if possible.

We appreciate the partnership that we have with Harris County and your efforts to advance the development of the Grand Parkway. We will continue to work with you on developing this and other projects as efficiently and expeditiously as possible. If you have any questions or would like additional information, please contact me at (512) 305-9501, or should your staff have any questions, they may contact Delvin Dennis, Houston District Engineer, at (713) 802-5001.

Sincerely,

Amadeo Saenz, Jr., P.E.
Executive Director

Attachment
cc: Members, Harris County Commissioners Court
The Honorable Joe King, Brazoria County Judge
The Honorable Jimmy Sylvia, Chambers County Judge
The Honorable Robert Hebert, Fort Bend County Judge
The Honorable James D. Yarbrough, Galveston County Judge
The Honorable Phil Fitzgerald, Liberty County Judge
The Honorable Alan B. Sadler, Montgomery County Judge
Arthur L. Storey Jr., P.E., Director, Harris County Public Infrastructure Department
Texas Transportation Commission
Steven E. Simmons, P.E., Deputy Executive Director, TxDOT
John Barton, P.E., Assistant Executive Director for Engineering Operations, TxDOT
Delvin Dennis, P.E., Houston District Engineer, TxDOT
Mark Tomlinson, P.E., Texas Turnpike Authority Division, TxDOT

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 5th Floor
Houston, Texas 77002
(713) 755-4400

January 12, 2011

Mr. Delvin Dennis, P.E.
District Engineer
Texas Department of Transportation
P.O. Box 1386
Houston, Texas 77251

SUBJECT: State Highway 99, The Grand Parkway

Dear Mr. Dennis:

By a unanimous vote, Commissioners Court on 1-11-2011 approved my recommendation captioned, "Recommendation that TxDOT be challenged to reimburse HCTRA for project initiation costs on the Grand Parkway Project, Segment E, and to begin construction on the Grand Parkway segments in Harris County in year 2011," copy enclosed. The principal elements of Court's action are:

1. Local "primacy" enacted by Harris County via their first option declaration on September 15, 2009 was "waived," or rescinded, with responsibility and authority for the sector of the Grand Parkway in Harris County being returned to TxDOT.

2. Considerations leading to this action included the understanding and expectation that TxDOT would accept "the challenge" to begin project development (including actual construction of Segment E) in year 2011. It was also understood that TxDOT intends (to the extent possible) to use "traditional" project delivery methods such as construction letting via a bidding process and design assignments to local engineers.

3. We are prepared to transfer to TxDOT all project plans, permits, and rights-of-way developed by HCTRA, with the understanding that Harris County costs for those elements are eligible for reimbursement pursuant to the Advance Funding Agreement between Harris County and TxDOT. I assume that our staffs will coordinate those transfers and prepare documentation for the reimbursement.

As recently as this morning, I have learned that representatives of the Sierra Club have secured an appointment with the Commander of the Galveston District, U.S. Army Corps of Engineers, to seek delay of the federal permit needed for construction of Segment E. That permit was expected to be available in February (next month), and I am now attempting to confirm that status.

Handout 4.1

We look forward to a continuing relationship on this and other projects of mutual interest during and after the transfer of project leadership for State Highway 99, the Grand Parkway.

Sincerely,

Arthur L. Storey, Jr., P.E.
Executive Director

Enclosure
cc: Members of Commissioners Court
Amadeo Saenz, Jr., P.E., Executive Director TxDOT
Vince Ryan, County Attorney
Dick Raycraft, County Budget Officer
Peter Key, HCTRA Director
John Tyler, HCTRA Deputy Director, Engineering
Jackie Freeman, PID Deputy Executive Director
Arthur Janecka, Corps of Engineers
Robert Collie, Andrews and Kurth
James F. Thompson, AECOM

TEXAS TRANSPORTATION COMMISSION

MONTGOMERY County

MINUTE ORDER

HOUSTON District

Transportation Code, §228.0111, recently repealed by Senate Bill 19, 82nd Legislature, Regular Session, 2011, established a process for providing local toll project entities, defined as regional tollway authorities, regional mobility authorities, or counties acting under Transportation Code, Chapter 284, with the first option to develop, construct, and operate toll projects located within the boundaries of the local toll project entity.

In accordance with the requirements of Transportation Code, §228.0111, the Texas Department of Transportation (department) and the counties in which State Highway 99 (Grand Parkway) is located entered into a Market Valuation Waiver Agreement, effective March 25, 2009, in which the parties agreed on the terms and conditions for the development, construction, and operation of the Grand Parkway, agreed to waive the development of a market valuation of the Grand Parkway, and agreed to certain other provisions applicable to the development, construction, and operation of the Grand Parkway.

In accordance with the requirements of Transportation Code, §228.0111(g), on September 14, 2009, Montgomery County (county) elected to exercise its option to develop, construct, and operate the portion of the Grand Parkway located within the county (project).

The Texas Legislature, in Senate Bill 19, which became effective on June 17, 2011, enacted Transportation Code, Chapter 373, establishing a new streamlined primacy determination process that replaces the market valuation and primacy determination process established in Transportation Code, §228.0111. Section 13 of Senate Bill 19 provides that the repeal of Section 228.0111 does not affect any market valuation waiver agreement or other agreement entered into between the department and a local toll project entity, or any resolution or minute order adopted by the department or a local toll project entity, under that repealed section.

However, Senate Bill 19 does not clearly provide that projects subject to the agreements, resolutions, or minute orders described in Section 13 of that bill are exempt from Chapter 373. In order to ensure the timely development of a project, it is important that it be absolutely clear whether a toll project is subject to the new primacy determination process in Chapter 373.

On June 20, 2011, the Montgomery County Commissioners Court elected to rescind the County's previous exercise of its option to develop, construct, and operate the portion of the Grand Parkway located within the county. To provide certainty for the procurement and contracting process for the project, the Montgomery County Commissioners Court further elected, pursuant to Transportation Code, §373.055, to waive and decline to exercise the county's option to develop, construct, finance, and operate the portion of the Grand Parkway project located in the county.

Transportation Code, §373.053 provides that if a local toll project entity fails or declines to exercise its option to develop, finance, construct, and operate a toll project, the department has 60 days after that date to decide whether it will exercise its option to develop, finance, construct, and

operate that project. The department has determined that its option to develop, finance, construct, and operate the portion of the Grand Parkway located within the county should be exercised.

IT IS THEREFORE ORDERED by the commission that the department's determination to exercise its option to develop, finance, construct, and operate the portion of State Highway 99 (Grand Parkway) in Montgomery County, pursuant to Transportation Code, §373.053, is approved, and the project is authorized with DEVELOP authority.

Submitted and reviewed by:

Assistant Executive Director for
Engineering Operations

Recommended by:

Executive Director

112725 JUN 30 11

Minute Number | Date Passed

Handout 4.2

Texas Administrative Code

TITLE 43	TRANSPORTATION
PART 1	TEXAS DEPARTMENT OF TRANSPORTATION
CHAPTER 27	TOLL PROJECTS
SUBCHAPTER H	DETERMINATION OF TERMS FOR CERTAIN TOLL PROJECTS

RULE §27.90 Purpose

Transportation Code, §228.013 requires, for certain department toll projects in which a private entity has a financial interest in the project's performance, that the distribution of the project's financial risk, the method of financing for the project, and the tolling structure and methodology be determined by a committee comprised of representatives from the department, any local toll project entity for the area in which the project is located, the applicable metropolitan planning organization, and each municipality or county that provides revenue or right of way for the project. This subchapter prescribes the process for a committee's issuance of its determination.

Source Note: The provisions of this §27.90 adopted to be effective September 15, 2011, 36 TexReg 5951

RULE §27.91 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

1) Availability payment contract--A comprehensive development agreement under which payments are made to a private entity from project and other revenue to compensate the private entity for capital, operating, and financial costs, which may be based on the private entity's performance under the agreement.
2) Commission--The Texas Transportation Commission.
3) Committee--A committee established under this subchapter.
4) Comprehensive development agreement--An agreement with a private entity authorized under Transportation Code, Chapter 223, Subchapter E that, at a minimum, provides for the design and construction, reconstruction, extension, expansion, or improvement of a toll project and may also provide for the financing, acquisition, maintenance, or operation of a toll project.
5) Concession agreement--A comprehensive development agreement under which a private entity agrees to develop, finance, and construct a toll project, and to assume operation or maintenance responsibilities for a toll project, in exchange for rights to revenue of the project.
6) Department--The Texas Department of Transportation.
7) Executive director--The executive director of the department or the executive director's designee.
8) Local funds--Funds of a city or county, any other funds paid by a city or county to meet

local participation requirements, and money deposited in a subaccount created under Transportation Code, §228.012.

9) Local toll project entity--Has the meaning assigned by Transportation Code, §373.001.
10) Metropolitan planning organization--The organization or policy board of an organization created and designated under 23 U.S.C. §134 and 49 U.S.C. §5303, as amended, to make transportation planning decisions for a metropolitan planning area in which a toll project is located and to carry out the metropolitan transportation planning process.
11) Toll project--Has the meaning assigned by Transportation Code, §201.001.

Source Note: The provisions of this §27.91 adopted to be effective September 15, 2011, 36 TexReg 5951

RULE §27.92 Financial Terms

---

a) Applicability. This subchapter applies only to a department toll project that will be developed under a concession agreement or an availability payment contract, and for which:
    1. funds allocated to a metropolitan planning organization are expected to be used to pay for project costs;
    2. local funds are expected to be used to pay for project costs; or
    3. property of a city or county is expected to be used as project right of way or a city or county is expected to pay for the acquisition of right of way for the project.
b) Formation and membership of committee. For a project subject to Transportation Code, Chapter 373, Subchapter B, the committee shall be formed after the department exercises its option under that subchapter to develop, finance, construct, and operate the project. The membership of a committee shall be determined after the commission authorizes the department to initiate a procurement for a toll project that provides for the potential delivery of the project through a concession agreement or an availability payment contract. A committee consists of the following members:
    1. one member appointed by each metropolitan planning organization within whose boundaries all or part of the proposed project may be located;
    2. one member appointed by each local toll project entity within whose boundaries all or part of the proposed project may be located;
    3. one member appointed by each city and county which has:
        A. provided local funds to pay for right of way acquisition or other project costs or to acquire right of way for the project, or has provided property of the city or county for use as project right of way; or
        B. submitted to the department an order or resolution adopted by the city council or county commissioners court committing local funds or property to the project; and
    4. one member appointed by the executive director to represent the department.
c) Officers. The committee will, subject to the concurrence of the commission, elect a chair and vice-chair by majority vote of the members of the committee.
d) Duties. A committee established under this subchapter shall submit a report to the executive director before the date the department issues a request for qualifications for

the toll project, except for a project for which the department and a local toll project entity have agreed on the terms and conditions for the project under Transportation Code, §228.0111, or for which a local toll project entity has waived its option to develop, construct, and operate the project, in which case the report shall be submitted before the date the department issues a request for proposals for the project. If the project is subject to a market valuation agreement, market valuation waiver agreement, or similar agreement entered into under Transportation Code, §228.0111, or a toll project agreement entered into under Transportation Code, §373.006, the report may not include determinations that are inconsistent with the provisions of the agreement that relate to the determinations to be included in the report. A report shall contain the following determinations:

1. the distribution of project financial risk, which is the allocation of revenue risk for a toll project between the department and the private entity with which the department enters into an agreement for the project;
2. the method of financing for the project, which is a determination of whether the project should be funded with private or public funding or a combination of private and public funding; and
3. unless the project is subject to a regional tolling policy, the project's tolling structure and methodology.

e) Failure to submit report. All members of a committee will utilize their best efforts to support the generation of a report. If a committee does not submit a report by the date the department is scheduled to issue a request for qualifications or request for proposals, as applicable, for a project, the department will use any business terms applicable to the project that have been adopted by the metropolitan planning organization and that relate to the determinations to be included in the report.

f) Meetings.

1. Meeting requirements. The department's Office of General Counsel will submit to the Office of the Secretary of State notice of a meeting of the committee at least eight days before the date of the meeting. The notice will provide the date, time, place, and purpose of the meeting. A meeting of a committee will be open to the public. A committee will follow the agenda set for each meeting under paragraph (2) of this subsection.
2. Scheduling of meetings. Meeting dates, times, places, and agendas will be set by the office designated under subsection (g) of this section. Any committee member may suggest an agenda item, provided that the agenda item must be approved by the chair of the committee and the department. A committee's report may only discuss items that are within the committee's jurisdiction. The office designated under subsection (g) of this section will provide notice of the time, date, place, and purpose of meetings to the members, by mail, email, telephone, or any combination of the three, at least eight calendar days before each meeting. All meetings must take place in Texas and must be held in a location that is readily accessible to the general public.
3. Committee action. A quorum of the committee is one half or more of the number of members appointed to the committee. A committee may act only by majority vote of the members present at the meeting and voting.
4. Record. Minutes of all committee meetings shall be prepared and filed with the

executive director. The complete proceedings of all committee meetings must also be recorded by electronic means.

5. Public information. All minutes, transcripts, and other records of the committees are records of the department and as such, are subject to disclosure under the provisions of Government Code, Chapter 552.

g) Administrative support. For each committee, the executive director will designate an office or division of the department that will be responsible for providing any necessary administrative support essential to the functions of the committee. The department will provide project information and other information to the committee to assist the committee in carrying out its duties, including the project procurement schedule.

h) (h) Duration. After a committee submits the report described in subsection (d) of this section, the committee ceases to exist. The department may, in its discretion, reconvene a committee if changed circumstances may result in a change in the committee's determinations.

Source Note: The provisions of this §27.92 adopted to be effective September 15, 2011, 36 TexReg 5951

Transportation Policy Council
For the Houston-Galveston Transportation Management Area
3555 Timmons Lane
Houston, Texas 77027
P.O. Box 22777
Houston, Texas 77227-2777
Telephone: 713.627.3200
Fax: 713.993.4508

November 16, 2011

Mr. John Barton, P.E.
Interim Deputy Executive Director
Texas Department of Transportation
125 E. 11th Street
Austin, Texas 78701-2483

RE: H-GAC Appointment to TxDOT Senate Bill 1420 Committee

Dear Mr. Barton:

In response to your letter of November 4th, the Houston-Galveston Area Council (H-GAC) Metropolitan Planning Organization will be represented on the Texas Department of Transportation's Senate Bill 1420 Committee by Commissioner James Patterson, Chairman of the H-GAC Transportation Policy Council. I am providing his contact information below:

The Honorable James Patterson
County Commissioner, Precinct 4
Fort Bend County
12919 Dairy Ashford, Ste. 200
Sugar Land, Texas 77478
Phone: (281) 980-2235
Fax: (281) 980-9077
Email: james.patterson@co.fort-bend.tx.us

I would be most appreciative of receiving a copy of any correspondence regarding the 1420 Committee sent to Chairman Patterson. I will provide technical and logistical support at his request while he is a member on this committee.

Sincerely,

Alan Clark
MPO Director

Handout 4.4

AC/lm

Cc: The Honorable James Patterson, TPC
The Honorable Judge Ed Emmett, TPC
The Honorable Tom Reid, TPC
The Honorable Norman Brown, TPC
Mr. Mike Alford, P.E., TxDOT
Mr. Eddie Sanchez, P.E. ,TxDOT

Texas Department of Transportation
DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

November 4, 2011

Mr. Alan C. Clark
MPO Director
Houston-Galveston Area Council
P. O. Box 22777
Houston, Texas 77227-2777

RE: Senate Bill 1420 Committee Members

Dear Mr. Clark:

As you are aware, the Texas Department of Transportation (TxDOT) is engaged with project development activities associated with the planned advancement of SH 99 Segments D, E, F-1, F-2, and G, in Harris and Montgomery Counties, also known as the Grand Parkway project.

In Minute Order 112629, dated March 31, 2011, the Texas Transportation Commission authorized TxDOT to issue a request for qualifications (RFQ) to develop, design, construct, finance, maintain, and operate the Grand Parkway, subject to Montgomery County rescinding the exercise of its option. TxDOT and local stakeholders are currently analyzing options for financing and delivery of the Grand Parkway Project, including the possible use of a design-build contract or a concession agreement.

Transportation Code §228.013, and TxDOT's rules implementing the section, provide that a committee, comprised of representatives from TxDOT, the Houston-Galveston Area Council (HGAC), Harris County Toll Road Authority (HCTRA), Montgomery County Toll Road Authority (MCTRA), and each city or county providing funding or right-of-way for the Grand Parkway project, must be formed if the project will be developed under an agreement in which the private entity has an interest in the projects performance. The committee must issue a report containing the committee's determinations concerning the distribution of the project's financial risk, the method of financing for the project, and, unless the project is subject to a regional tolling policy, the project's tolling structure and methodology. The committee's report may not include determinations that are inconsistent with the provisions of the Market Valuation Agreement that relate to those determinations. The committee's report will be used to determine the project's delivery method.

To facilitate the project schedule, TxDOT intends to issue the RFQ in mid-November 2011. The RFQ will request submittal of statements of qualifications (SOQs) from qualified teams interested in entering into a design-build contract for the Grand Parkway Project, and, from qualified teams interested in entering into a privately financed concession agreement. TxDOT anticipates the committee's determinations will have the effect of determining whether the procurement will move forward with an approach that includes a concession delivery model. Further information regarding the financial analysis for the proposed project, as well as procurement options, will be provided to SB 1420 committee members.

TxDOT and local stakeholders have determined those entities that may be eligible to appoint members of the committee under Section 228.013 and TxDOT's rules. The purpose of this letter is to request that your agency appoint one member to represent you on the committee, and, that you provide a copy of the resolution or other action making or authorizing the appointment to Mr. Eddie Sanchez at our Houston District Office which is located at 7600 Washington Avenue in Houston, Texas 77007.

Since the committee's report will determine the delivery method for the Grand Parkway project, the report should be issued as soon as practicable, but in any event, prior to the issuance of the request for proposals for the project. Under TxDOT's current project schedule, the request for qualifications will be issued in mid-November. After formation of the committee, meeting dates and meeting agendas must be set. Committee meetings will be open to the public. TxDOT's rules require that notices of these meetings are submitted to Office of the Secretary of State at least eight days prior to the date of the meeting.

To maintain this schedule, committee members should be appointed by November 18, 2011. This would allow the committee to hold multiple meetings, if necessary, to approve the required determinations and issue a report by December 16, 2011, sufficiently in advance of receipt of SOQs to be able to issue any required addenda to the RFQ. In accordance with the TxDOT rules, the latest the committee's determinations may be made and the report issued is prior to the issuance of the request for proposals, which is currently scheduled for the end of April 2012.

TxDOT looks forward to working with you and the other stakeholders in the successful development, construction, and operation of the Grand Parkway Project. If you have any questions or would like additional information, please contact me at (512) 305-9504. Should your staff have any questions, they may contact Mike Alford, our Houston District Engineer, at (713) 802-5000.

Sincerely,

John A. Barton, P.E.

John A. Barton, P.E.
Interim Deputy Executive Director

cc: Michael W. Alford, P.E., Houston District Engineer, TxDOT

Handout 4.4

Texas Department of Transportation

P.O. BOX 1386 • HOUSTON, TEXAS 77251-1386 • (713) 802-5000

November 23, 2011

CONTACT: DE

Senate Bill 1420 Committee Members

Mr. Peter W. Key, Director
Harris County Toll Road Authority
7701 Wilshire Place Drive
Houston, Texas 77040-5326

Dear Mr. Key:

The purpose of this letter is to confirm our recent discussion regarding Harris County Toll Road Authority's (HCTRA) participation on the committee that is established pursuant to the requirements of Texas Transportation Code Section 228.013, recently added by Senate Bill 1420, 82nd Legislature, Regular Session, 2011. As set forth in the letter from John Barton dated November 4, 2011, HCTRA is entitled to appoint a representative to be a member on the committee to make the required determinations regarding the Grand Parkway initial project in Harris and Montgomery Counties.

It is TxDOT's understanding based on your discussions with Mr. Eddie Sanchez that HCTRA has declined to appoint a representative to participate as a member of the committee, and thus HCTRA will not be represented on the committee. If this is not your intent or understanding, please let us know as soon as possible. The initial meeting of the committee is scheduled for November 29, 2011, at 1:00 p.m. We hope that HCTRA will attend the meeting and participate in the discussions even if HCTRA does not appoint a member of the committee.

We look forward to continuing to work with you and other stakeholders as we develop this important project. If you should have any questions concerning this matter, please contact me at (713) 802-5001.

Sincerely,

Michael W. Alford, P.E.
District Engineer
Houston District

cc: Mr. Eddie Sanchez, P.E.

Texas Department of Transportation
DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

November 4, 2011

Mr. Peter Key
Director, Harris County Toll Road Authority
7701 Wilshire Place Drive
Houston, Texas 77040

RE: Senate Bill 1420 Committee Members

Dear Mr. Key:

As you are aware, the Texas Department of Transportation (TxDOT) is engaged with project development activities associated with the planned advancement of SH 99 Segments D, E, F-1, F-2, and G, in Harris and Montgomery Counties, also known as the Grand Parkway project.

In Minute Order 112629, dated March 31, 2011, the Texas Transportation Commission authorized TxDOT to issue a request for qualifications (RFQ) to develop, design, construct, finance, maintain, and operate the Grand Parkway, subject to Montgomery County rescinding the exercise of its option. TxDOT and local stakeholders are currently analyzing options for financing and delivery of the Grand Parkway Project, including the possible use of a design-build contract or a concession agreement.

Transportation Code §228.013, and TxDOT's rules implementing the section, provide that a committee, comprised of representatives from TxDOT, the Houston-Galveston Area Council (HGAC), Harris County Toll Road Authority (HCTRA), Montgomery County Toll Road Authority (MCTRA), and each city or county providing funding or right-of-way for the Grand Parkway project, must be formed if the project will be developed under an agreement in which the private entity has an interest in the projects performance. The committee must issue a report containing the committee's determinations concerning the distribution of the project's financial risk, the method of financing for the project, and, unless the project is subject to a regional tolling policy, the project's tolling structure and methodology. The committee's report may not include determinations that are inconsistent with the provisions of the Market Valuation Agreement that relate to those determinations. The committee's report will be used to determine the project's delivery method.

To facilitate the project schedule, TxDOT intends to issue the RFQ in mid-November 2011. The RFQ will request submittal of statements of qualifications (SOQs) from qualified teams interested in entering into a design-build contract for the Grand Parkway Project, and, from qualified teams interested in entering into a privately financed concession agreement. TxDOT anticipates the committee's determinations will have the effect of determining whether the procurement will move forward with an approach that includes a concession delivery model. Further information regarding the financial analysis for the proposed project, as well as procurement options, will be provided to SB 1420 committee members.

TxDOT and local stakeholders have determined those entities that may be eligible to appoint members of the committee under Section 228.013 and TxDOT's rules. The purpose of this letter is to request that your agency appoint one member to represent you on the committee, and, that you provide a copy of the resolution or other action making or authorizing the appointment to Mr. Eddie Sanchez at our Houston District Office which is located at 7600 Washington Avenue in Houston, Texas 77007.

Since the committee's report will determine the delivery method for the Grand Parkway project, the report should be issued as soon as practicable, but in any event, prior to the issuance of the request for proposals for the project. Under TxDOT's current project schedule, the request for qualifications will be issued in mid-November. After formation of the committee, meeting dates and meeting agendas must be set. Committee meetings will be open to the public. TxDOT's rules require that notices of these meetings are submitted to Office of the Secretary of State at least eight days prior to the date of the meeting.

To maintain this schedule, committee members should be appointed by November 18, 2011. This would allow the committee to hold multiple meetings, if necessary, to approve the required determinations and issue a report by December 16, 2011, sufficiently in advance of receipt of SOQs to be able to issue any required addenda to the RFQ. In accordance with the TxDOT rules, the latest the committee's determinations may be made and the report issued is prior to the issuance of the request for proposals, which is currently scheduled for the end of April 2012.

TxDOT looks forward to working with you and the other stakeholders in the successful development, construction, and operation of the Grand Parkway Project. If you have any questions or would like additional information, please contact me at (512) 305-9504. Should your staff have any questions, they may contact Mike Alford, our Houston District Engineer, at (713) 802-5000.

Sincerely,

John A. Barton, P.E.

John A. Barton, P.E.
Interim Deputy Executive Director

cc: Michael W. Alford, P.E., Houston District Engineer, TxDOT

Handout 4.4

MARK TURNBULL
COUNTY CLERK
MONTGOMERY COUNTY

P.O. BOX 959
CONROE, TX 77305

(936) 539-7885
(281) 364-4200 EXT. 7885

COMMISSIONERS' COURT DOCKET, NOVEMBER 14, 2011
SPECIAL SESSION

THE STATE OF TEXAS ( )
KNOW ALL MEN BY THEIR PRESENTS:
COUNTY OF MONTGOMERY ( )

"7. APPOINTMENT APPROVED - JOHN HOLZWARTH - SENATE BILL 1420 COMMITTEE

Motion by Commissioner Meador, seconded by Commissioner Chance, to approve John Holzwarth to be the consultant to the Montgomery County Toll Road Authority, and to represent Montgomery County on the Senate Bill 1420 Committee. Motion carried."

I, Mark Turnbull, Clerk, County Court, in and for said County and State, hereby certify that the above and foregoing is a true and correct excerpt of the Commissioners' Court Minutes of Montgomery County, Texas, sitting in Special Session on the 14th day of November, 2011.

WITNESS MY HAND AND SEAL this the 23rd day of November, 2011.

Mark Turnbull, County Clerk
and Ex-Officio Clerk
Commissioners' Court
Montgomery County, Texas

COMMISSIONER'S COURT
MONTGOMERY COUNTY
TEXAS

By _____
Deputy County Clerk

Texas Department of Transportation
DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

November 4, 2011

The Honorable Alan B. Sadler
Judge of Montgomery County
501 N. Thompson
Suite 401
Conroe, Texas 77301

RE: Senate Bill 1420 Committee Members

Dear Judge Sadler:

As you are aware, the Texas Department of Transportation (TxDOT) is engaged with project development activities associated with the planned advancement of SH 99 Segments D, E, F-1, F-2, and G, in Harris and Montgomery Counties, also known as the Grand Parkway project.

In Minute Order 112629, dated March 31, 2011, the Texas Transportation Commission authorized TxDOT to issue a request for qualifications (RFQ) to develop, design, construct, finance, maintain, and operate the Grand Parkway, subject to Montgomery County rescinding the exercise of its option. TxDOT and local stakeholders are currently analyzing options for financing and delivery of the Grand Parkway Project, including the possible use of a design-build contract or a concession agreement.

Transportation Code §228.013, and TxDOT's rules implementing the section, provide that a committee, comprised of representatives from TxDOT, the Houston-Galveston Area Council (HGAC), Harris County Toll Road Authority (HCTRA), Montgomery County Toll Road Authority (MCTRA), and each city or county providing funding or right-of-way for the Grand Parkway project, must be formed if the project will be developed under an agreement in which the private entity has an interest in the projects performance. The committee must issue a report containing the committee's determinations concerning the distribution of the project's financial risk, the method of financing for the project, and, unless the project is subject to a regional tolling policy, the project's tolling structure and methodology. The committee's report may not include determinations that are inconsistent with the provisions of the Market Valuation Agreement that relate to those determinations. The committee's report will be used to determine the project's delivery method.

To facilitate the project schedule, TxDOT intends to issue the RFQ in mid-November 2011. The RFQ will request submittal of statements of qualifications (SOQs) from qualified teams interested in entering into a design-build contract for the Grand Parkway Project, and, from qualified teams interested in entering into a privately financed concession agreement. TxDOT anticipates the committee's determinations will have the effect of determining whether the procurement will move forward with an approach that includes a concession delivery model. Further information regarding the financial analysis for the proposed project, as well as procurement options, will be provided to SB 1420 committee members.

TxDOT and local stakeholders have determined those entities that may be eligible to appoint members of the committee under Section 228.013 and TxDOT's rules. The purpose of this letter is to request that your agency appoint one member to represent you on the committee, and, that you provide a copy of the resolution or other action making or authorizing the appointment to Mr. Eddie Sanchez at our Houston District Office which is located at 7600 Washington Avenue in Houston, Texas 77007.

Since the committee's report will determine the delivery method for the Grand Parkway project, the report should be issued as soon as practicable, but in any event, prior to the issuance of the request for proposals for the project. Under TxDOT's current project schedule, the request for qualifications will be issued in mid-November. After formation of the committee, meeting dates and meeting agendas must be set. Committee meetings will be open to the public. TxDOT's rules require that notices of these meetings are submitted to Office of the Secretary of State at least eight days prior to the date of the meeting.

To maintain this schedule, committee members should be appointed by November 18, 2011. This would allow the committee to hold multiple meetings, if necessary, to approve the required determinations and issue a report by December 16, 2011, sufficiently in advance of receipt of SOQs to be able to issue any required addenda to the RFQ. In accordance with the TxDOT rules, the latest the committee's determinations may be made and the report issued is prior to the issuance of the request for proposals, which is currently scheduled for the end of April 2012.

TxDOT looks forward to working with you and the other stakeholders in the successful development, construction, and operation of the Grand Parkway Project. If you have any questions or would like additional information, please contact me at (512) 305-9504. Should your staff have any questions, they may contact Mike Alford, our Houston District Engineer, at (713) 802-5000.

Sincerely,

John A. Barton, P.E.

John A. Barton, P.E.
Interim Deputy Executive Director

cc: Michael W. Alford, P.E., Houston District Engineer, TxDOT

Handout 4.4

MEMORANDUM

Texas Department of Transportation

TO: John Barton, P.E.
Mike Alford, P.E.

DATE: November 22, 2011

FROM: Phil Wilson PW

SUBJECT: Designation of SH 99 SB 1420 Committee Representative and Office

---

Transportation Code, §228.013, added by Senate Bill 1420, 82nd Legislature, Regular Session, 2011, requires a committee to be established for certain department toll projects for the purpose of making determinations concerning the distribution of the project's financial risk, the method of financing for the project, and the tolling structure and methodology (SB 1420 Committee).

A SB 1420 Committee is comprised of representatives from the department, any local toll project entity for the area in which the project is located, the applicable metropolitan planning organization, and each municipality or county that provides revenue or right of way for the project.

Rules adopted by the commission to implement Transportation Code, §228.013 require the Executive Director of the department to appoint one member of a SB 1420 Committee to represent the department, and to designate an office or division of the department to provide administrative support to the SB 1420 Committee. The department and local stakeholders are currently analyzing options for the financing and delivery of the portion of SH 99 (Grand Parkway) in Harris and Montgomery counties that require the formation of a SB 1420 Committee for the project.

Pursuant to Transportation Code, §228.013 and 43 TAC §27.92, I appoint Mike Alford, P.E. as the department representative on the SB 1420 Committee for this project and, as applicable, for department projects for other portions of the Grand Parkway, and designate the Houston Major Projects Office as the office that will be responsible for providing any necessary administrative support to those committees. Please have that office work with the Office of General Counsel in scheduling meetings and providing other support to the committees.

cc: Eddie Sanchez, P.E.
Ed Pensock, P.E.
Roger Beall, P.E.
Jack Ingram, OGC

Handout 4.4

SH 99 Grand Parkway
Toll Project Market Valuation
Terms and Conditions

1.	Scope of Work	The Grand Parkway project will be a controlled access toll road from two to six lanes with overpasses at major intersections and direct connectors at interchanges with other major thoroughfares, all as more fully described in Exhibit A attached hereto.
2.	Initial Toll Rate	The initial toll rate for the Grand Parkway project will be a schedule of rates that will not exceed the average per mile toll rates for electronic toll transactions in force and effect for the Harris County toll road system, exclusive of any congestion priced toll corridor or managed lane project (the "HCTRA System Rates"), as of the date of opening of any segment of the Grand Parkway project. Such initial toll rate shall be no lower than the toll rates in effect as of September 1, 2008.
3.	Toll Rate Escalation Methodology	The toll rate escalation methodology for the Grand Parkway project will be the escalation methodology set forth in Harris County's tolling policy in force and effect as of any period of determination. Such methodology shall provide for an annual adjustment no less than the annual adjustment provided in Section II (A) of the current Harris County Tolling Policy. (A copy of the current Harris County tolling policy, which includes the current toll rate schedule and toll rate escalation methodology, is attached hereto as Exhibit B.).

GRAND PARKWAY TERMS AND CONDITIONS

EXHIBIT B

Handout 4.5

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 5th Floor
Houston, Texas 77002
(713) 755-4400

Vote of the Court:	Yes	No	Abstain
Judge Emmett	☐	☐	☐
Comm. Lee	☐	☐	☐
Comm. Garcia	☐	☐	☐
Comm. Radack	☐	☐	☐
Comm. Eversole	☐	☐	☐

June 13, 2007

Commissioners Court
Administration Building
Houston, Texas 77002

SUBJECT: Recommendation that a toll increase and toll setting policy for the toll road system be approved.

Dear Court Members:

It is recommended that a toll increase and toll setting policy for the County's toll road system be approved. Attached is a memo (an updated version of the memo published on 6-12-07) that explains the operational and financial justifications for this proposed toll increase that, if approved, would generate approximately $65 million in additional annual revenue for ongoing and future maintenance, debt service, and improvements to the system. I have asked our management staff and financial consultants to be available to discuss these matters in court.

Sincerely,

Arthur L. Storey, Jr., P.E.
Executive Director

Attachment
cc: Dick Raycraft
Gary Stobb
Barbara Schott
Mike Stafford
Jack McCown
Jackie Freeman

PIO
Aud
Budget (Greg)

HARRIS COUNTY
MANAGEMENT SERVICES
07 JUN 13 AM 9:27

Presented to Commissioner's Court

JUN 19 2007

APPROVE R/G

Recorded Vol. Page

Handout 4.5

050061907

On this the 19th day of June, 2007, the Commissioners Court of Harris County, Texas, sitting as the governing body of Harris County, at a regular meeting of the Court, upon motion of Commissioner Radack, seconded by Commissioner Garcia, duly put and unanimously carried,

IT IS ORDERED that a toll increase and toll setting policy for the toll road system as requested by the Public Infrastructure Department be approved, as presented.

The vote of the Court on the above Motion was as follows:

AYES:	Five (Judge Emmett, Commissioners Lee, Garcia, Radack, and Eversole)
NOES:	None
ABSTENTIONS:	None

Presented to Commissioner's Court

JUN 19 2007

APPROVE _____

Recorded Vol_____ Page_____

Handout 4.5

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 5th Floor
Houston, Texas 77002
(713) 755-4400

MEMORANDUM

DATE: June 12, 2007 (Revised 6-13-07)

TO: County Judge Ed Emmett
Commissioner El Franco Lee
Commissioner Sylvia Garcia
Commissioner Steve Radack
Commissioner Jerry Eversole

CC: Gary Stobb
Barbara Schott
Jackie Freeman
Dick Raycraft
Edwin Harrison
Peter Key
Mike Stafford
John Barnhill
Jack McCown

FROM: Art Storey 6/13/07

SUBJECT: **Recommended toll increase / rate-setting policy – Harris County Toll Road Authority**

It is recommended that system-wide and special toll rate adjustments and toll setting policies be adopted for the Harris County Toll Road Authority (HCTRA). These recommendations result from the business planning process which began with the system value studies in 2006 and continued through evaluations by HCTRA's three consultants: First Southwest Company, J.P. Morgan-Chase, and Wilbur Smith Associates.

It is considered that adoption of these recommendations will:

1. balance growth of the HCTRA system
2. bolster the County's ability to provide for future infrastructure, and
3. maintain the financial strength and strong fund balances that we possess today.

Details of the recommendations, with operational and financial justifications follow.

I. Recommended Toll Increase

A. System-Wide

A system-wide rate increase of $0.25 for mainlane plaza and ramp transactions is recommended. This increase is in line with past toll increases (the last adjustment was a $0.25 mainlane increase implemented in November 2003), resulting in rates of $1.25 for mainlane EZ TAG transactions, $1.50 for mainlane cash transactions, and all ramps being tolled at either $0.75 or $1. Recommended exceptions:

- Ramps currently tolled at $1 will remain unchanged for Class 2 (2-axle) vehicles.
- The Ship Channel Bridge rates will remain unchanged to bring mainlane toll rates and the Ship Channel Bridge rates closer to equal.

- Mainlane and ramp toll rates for Class 5 (5-axle) and Class 6 (6-axle) vehicles will have an increase that is a multiple of the Class 2 (2-axle) vehicle rate, which will increase each class by a maximum of $1.25.
- Westpark ramps currently tolled at $0.25 will increase by $0.10. Toll rates for Class 3 (3-axle) and Class 4 (4-axle) vehicles will not change.
- Westpark ramps currently tolled at $0.35 and $0.50 will increase by $0.15. Toll rates for Class 3 (3-axle) and Class 4 (4-axle) vehicles will not change.
- Further, peak-period increases (referred to as time-of-day pricing) over and above the adjusted base toll are recommended for the Westpark Tollway, and are discussed further below.

As part of the rate increase, it is recommended that large trucks (Class 5 and Class 6) incur a higher toll increase since they inflict a disproportionate impact on the life of the system (pavement wear, debris, etc.).

B. Westpark: Time-of-Day Pricing

In order to improve the level of service currently offered by the Westpark Tollway, it is recommended that time-of-day pricing be established for this tollway. Mainlane tolls during peak periods (6-9 AM & 4-7 PM) in the peak direction of travel should increase by $1.25 (to a toll of $2.50). This limited access tollway, having been fully operational less than two (2) years, now experiences gridlock during peak periods of travel (range of speed is 10 - 25 MPH). This decrease in service is partly due to a 21% increase in total transactions within the past year. Furthermore, Westpark lies in a constrained corridor that prevents HCTRA - at present - from expanding the road's capacity. The time-saving value offered to drivers for their toll has diminished as this tollway has become more congested. The recommendation is to increase the toll to $2.50, in order to reduce peak-period traffic volume and increase the peak period traffic speed closer to 50 MPH.

II. Recommended Toll Rate-Setting and Debt Management Policy

The proposed toll rate-setting policy calls for rational and systematic increases in tolls that:

- do not supersede toll rate covenants,
- maintain an investment grade rating for HCTRA of at least "A,"
- are commensurate with toll rate policies associated with private operators of toll roads,
- allow for continued maintenance and orderly improvement of the HCTRA system.

The policy is recommended to be re-evaluated every five (5) years to confirm that the policy is maintaining its designed purpose.

A. For Non-Constrained Cash and EZ TAG Segments
(Sam Houston Tollway, Hardy Toll Road, Fort Bend Parkway Extension)

It is recommended that tolls be adjusted annually at the greater of (a) 2%, or (b) the consumer price index (CPI) that correlates with the Harris County economy. Cash rates should be rounded to the nearest quarter, and EZ TAG rates rounded to the nearest nickel, but always less than or equal to the cash rate. The following chart provides an example of the minimum toll rate increases that would occur with this policy.

Year	Computed EZ TAG	Effective EZ TAG Rate	EZ TAG Escalator	Computed Cash Toll	Effective Cash Toll	Computed Toll Escalator	Differential Between EZ TAG and Cash
0	1.25	$1.25		$1.50	$1.50		$0.25
1	1.25	$1.25	2.50%	$1.50	$1.50	2.50%	$0.25
2	1.28	$1.30	2.50%	$1.54	$1.50	2.50%	$0.20
3	$1.31	$1.30	2.50%	$1.58	$1.50	2.50%	$0.20
4	$1.35	$1.35	2.50%	$1.62	$1.50	2.50%	$0.15
5	$1.38	$1.40	2.50%	$1.66	$1.75	2.50%	$0.35
6	$1.41	$1.40	2.50%	$1.70	$1.75	2.50%	$0.35
7	$1.45	$1.40	2.50%	$1.74	$1.75	2.50%	$0.35
8	$1.49	$1.45	2.50%	$1.78	$1.75	2.50%	$0.30
9	$1.52	$1.50	2.50%	$1.83	$1.75	2.50%	$0.25
10	$1.56	$1.55	2.50%	$1.87	$1.75	2.50%	$0.20
11	$1.60	$1.60	2.50%	$1.92	$2.00	2.50%	$0.40
12	$1.64	$1.65	2.50%	$1.97	$2.00	2.50%	$0.35
13	$1.68	$1.70	2.50%	$2.02	$2.00	2.50%	$0.30
14	$1.72	$1.70	2.50%	$2.07	$2.00	2.50%	$0.30
15	$1.77	$1.75	2.50%	$2.12	$2.00	2.50%	$0.25
16	$1.81	$1.80	2.50%	$2.17	$2.25	2.50%	$0.45
17	$1.86	$1.85	2.50%	$2.23	$2.25	2.50%	$0.40
18	$1.90	$1.90	2.50%	$2.28	$2.25	2.50%	$0.35
19	$1.95	$1.95	2.50%	$2.34	$2.25	2.50%	$0.30
20	$2.00	$2.00	2.50%	$2.40	$2.50	2.50%	$0.50

B. For Constrained EZ TAG Only Segments
(Westpark Tollway)

The toll rate would be adjusted periodically to provide an acceptable level of service. Congestion pricing is necessary to maintain the goal of average traffic speeds between 50 and 60 miles per hour. As required, a nationally recognized traffic and revenue consultant will be contracted to study traffic patterns, in order to establish toll rate targets to obtain desired traffic flows in future years.

III. System Maintenance and Improvements

With over 500 toll road lane miles under HCTRA management, efforts continue to maintain, improve, and expand the system in order to meet the increasing mobility needs of this region. Monthly transactions have increased 20% since November 2003, when the last toll increase was implemented. The increased traffic and an aging system require additional effort to maintain the roadway structures. In the past two years, HCTRA has begun a series of concrete overlays for sections of the Hardy and Sam Houston Tollways, and attention will be given to structural issues with joint replacements, pump station rehabilitations, and concrete surface repairs. The cost to make these repairs continues to escalate every year due to the continuing increase of material costs. Additionally, ongoing improvements such as widening lanes ($2 million/lane mile), converting ramps ($600,000 per location), mainlane plaza modifications, upgrades to the electronic tolling system, and an increased reliance on electronic signage are necessary to maintain an appropriate level of service. These efforts must be continued in order to provide the service expected by the public.

IV. Proposed System Expansion

HCTRA plans to continue serving the growing mobility needs of this region and looks forward to implementing the long-range plan established by Court, and in accordance with the 2007 legislative action of SB 792, with the following proposed projects:

Project	Total Cost
1) Hardy Downtown Connector	$300 million
2) BW 8 Northeast	$550 million
3) Hempstead Highway (with 290/610 Interchange)	$ 1.8 billion
4) Fairmont Parkway	$300 million
5) SH 288 Managed Lanes	$ 1.4 billion
6) Fort Bend Parkway Phase II (if/when)	$150 million

These costs do not include any necessary connectivity improvements to promote orderly growth and allow for the system to function effectively; these are significant challenges with significant costs for the future. These challenges are being addressed in the business plan report under development by J.P. Morgan-Chase, and the recommendations in this letter will be incorporated into that plan if Court approves them.

V. The Presentation

The system consultants (Wilbur Smith & Associates) and financial advisors (J.P. Morgan Chase and First Southwest) will be available to present testimony along these lines when this matter is considered in Court.

GRAND PARKWAY TERMS AND CONDITIONS

HGAC APPROVAL

Handout 4.5

Houston-Galveston Area Council

August 27, 2008

Mr. Delvin Dennis, P.E.
Acting District Engineer
TxDOT – Houston District
P.O. Box 1386
Houston, TX 77251-1386

RE: Houston-Galveston Transportation Policy Council Adoption of SH 99 Terms and Conditions

Dear Mr. Dennis:

At its August 22nd meeting, The Houston-Galveston Transportation Policy Council (TPC) approved Resolution No. 2008-08, SH 99 (Grand Parkway) Business Terms and Conditions for the Houston-Galveston Transportation Management Area. The resolution and attached Terms and Conditions are enclosed for your consideration.

The Houston-Galveston Metropolitan Planning Organization (MPO) hosted a series of negotiations meetings for the representatives of TxDOT and the affected seven counties, which were represented by the Harris County Toll Road Authority (HCTRA). The meetings resulted in agreement on three terms and conditions concerning the scope of the project, initial toll rate, and toll escalation methodology. The terms and conditions are viewed by TPC as meeting the requirements set forth in Senate Bill 792.

It is my understanding that TxDOT and our regions local toll authorities will also need to formalize their acceptance of these terms and conditions. Unless TxDOT or the local county toll authorities request material changes to these terms and conditions, this now concludes the MPO's role in the development of the SH 99 Market Valuation study. H-GAC will host at least one additional meeting where TXDOT and Harris County will determine whether or not to waive the Market Valuation study.

Please feel free to contact me if you have any questions concerning this action of the Transportation Policy Council.

Sincerely,

Alan C. Clark
MPO Director

RECEIVED
AUG 29 2008
Public Infrastructure Department

JP/cw
Enclosures

CC: Hon. James Patterson, Chairman, Transportation Policy Council
Hon. Ed Emmett, Harris County Judge
Mr. Art Storey, P.E., Harris County

Mailing Address
PO Box 22777
Houston, Texas 77227-2777
Phone 713-627-3200

Recycled

Physical Address
3555 Timmons Lane, Suite 120
Houston, Texas 77027-6466
Phone 713-627-3200

TPC Agenda Item 9
Mail out–08/15/08

Transportation Policy Council
Metropolitan Planning Organization

Resolution

NO. 2008-08

APPROVING THE SH 99 (GRAND PARKWAY) BUSINESS TERMS AND CONDITIONS FOR THE HOUSTON-GALVESTON TRANSPORTATION MANAGEMENT AREA.

WHEREAS, SB 792 defines a process for determining the market valuation of potential toll road projects (revenues net of costs and expenses), including the proposed SH 99 project (the "Grand Parkway project");

WHEREAS, the Transportation Policy Council of the Houston-Galveston Area Council ("HGAC") is the Metropolitan Planning Organization ("MPO") for the seven counties in which the Grand Parkway project is located, and SB 792 specifically requires MPO approval of the "terms and conditions for procurement and operation" of such project;

WHEREAS, HGAC has hosted a series of meetings between the Texas Department of Transportation ("TxDOT") and Harris County, at which Harris County acted as the authorized representative for all seven counties in which the Grand Parkway project is located;

WHEREAS, the meetings resulted in agreement to the following Terms and Conditions for the Grand Parkway project:

- **Scope of work:** The Grand Parkway project will be a controlled access toll road from two to six lanes with overpasses at major intersections and direct connectors at interchanges with other major thoroughfares, all as more fully described in Exhibit A attached hereto.

- **Initial toll rate:** The initial toll rate for the Grand Parkway project will be a schedule of rates that will not exceed the average per mile toll rates for electronic toll transactions in force and effect for the Harris County toll road system, exclusive of any congestion priced toll corridor or managed lane project (the "HCTRA System Rates"), as of the date of opening of any segment of the Grand Parkway project. Such initial toll rate shall be no lower than the toll rates in effect as of September 1, 2008.

- **Toll rate escalation methodology:** The toll rate escalation methodology for the Grand Parkway project will be the escalation methodology set forth in Harris

Handout 4.5

County's tolling policy in force and effect as of any period of determination. Such methodology shall provide for an annual adjustment no less than the annual adjustment provided in Section II (A) of the current Harris County tolling policy. (A copy of the current Harris County tolling policy, which includes the current toll rate schedule and toll rate escalation methodology, is attached hereto as Exhibit B.)

WHEREAS, to the extent that the project scope shown in Exhibit A lacks specific description of the number of through lanes, preferred alignment or staged project implementation or should TxDOT and the County Toll Authorities agree to materially modify the proposed scope of work, approval of such changes to the project scope shall be required by the Transportation Policy Council; and

WHEREAS, should TxDOT and the County Toll Authorities agree to materially modify the proposed initial toll rate or method of toll rate escalation as shown in Exhibit B, approval of such changes to the initial toll rate or method of toll rate escalation shall be required by the Transportation Policy Council;

NOW, THEREFORE, BE IT RESOLVED BY THE TRANSPORTATION POLICY COUNCIL FOR THE HOUSTON-GALVESTON TRANSPORTATION MANAGEMENT AREA THAT THE SH 99 (GRAND PARKWAY) PROJECT BUSINESS TERMS AND CONDITIONS THAT WILL BE USED IN ANY MARKET VALUATION ARE HEREBY ADOPTED.

UNANIMOUSLY PASSED AND APPROVED THIS 22 day of August 2008, at a regularly called meeting of the Transportation Policy Council for the Houston-Galveston Transportation Management Area.

APPROVED:

James Patterson, Chairman
Transportation Policy Council

ATTEST:

Tom Reid, Secretary
Transportation Policy Council