Texas Department of Transportation

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

December 7, 2011

CONTACT: Houston MPO

SB 1420 Committee Members

SH 99/Grand Parkway in Harris and Montgomery Counties (Initial Project) – SB 1420 Committee Meeting

7600 Washington Avenue
Houston, Texas 77007

Dear Committee Members:

The Texas Department of Transportation (TxDOT), Houston Major Project Office is submitting this letter to you in response to the action items listed in the November 29, 2011 meeting minutes. As mentioned at the meeting, the Houston Major Project Office has been designated as your administrative support office should you need any other assistance during your evaluation of the Project and preparation of the Committee's report.

Action Items

1. Consider bankruptcy as a risk for Concessionaire. Exhibits 1
2. Add lane miles to project description slide. Exhibits 2
3. TxDOT Finance to provide the committee on how the $550 million subsidy was determined as well as the "preliminary financial results". Exhibits 3 – Currently the Texas Transportation Commission has not taken any action to commit funding. The TxDOT working group for the Grand Parkway is not aware of any additional funds being committed to the project other than the $350 million already committed for Segment E of the project.
4. TxDOT to look into toll rate and escalation methodology and report to committee. Exhibit 4
5. TxDOT to update project description slides to include specific direct connector traffic direction and orientation. Exhibit 2
6. TxDOT to add into attachment an official document in which Montgomery County rescinds primacy. Exhibit 5 – we will insert the entire approved Commissioner Courts agenda but for our response we will provide page 14 of the agenda.
7. TxDOT to provide committee members with a copy of the RFI and RFQ. Enclosed and Exhibit 6
8. TxDOT to provide committee members with a deadline for submitting report.

   Pursuant to Texas Administrative Code, the report is due prior to the scheduled date for issuance of the RFP – that date would be on or before April 30, 2012. However, the report should be provided to the TxDOT Executive Director as soon as possible in order to ensure that the aggressive schedule is maintained.
9. TxDOT to provide committee members with a detailed procurement schedule. Exhibit 7
10. TxDOT to provide committee members with a financial and O&M assumptions comparison. Exhibit 8

Should you have any questions, please contact me at (713) 866-7040.

Sincerely,

Eddie Sanchez

Eddie, Sanchez, P .E.
Major Project Office Director - Houston

Cc: File
Mr. Ed Pensock, P.E. w/Attachments
Mr. John Munoz, CPA w/Attachments
Ms. Rebecca Bronson w/Attachments

MEETING SUMMARY

Date: November 29, 2011 **Time:** 1:00 p.m.

Subject: SH 99/Grand Parkway in Harris and Montgomery Counties (Initial Project) SB 1420 Committee Meeting

Location: Houston-Galveston Area Council (H-GAC), 3555 Timmons Lane, Houston Tx 77027

Attendees: See Sign-in Sheet

Note: The meeting agenda, presentation and attachments are provided as an attachment.

1. Welcome

Mike Alford called the meeting to order and reviewed the agenda.

2. Committee Introductions

The following committee members and attendees representing SB 1420 Committee member organizations were present:

- Mike Alford – Committee Member appointed as representative of the Texas Department of Transportation
- John Holzwarth – Committee Member appointed as representative of the Montgomery County Toll Road Authority
- James Patterson – Committee Member appointed as representative of the HGAC Transportation Policy Council
- Art Storey – Attending on behalf of the Harris County Engineering
- Peter Key – Attending on behalf of the Harris County Toll Road Authority

Art Storey noted that the Harris County Toll Road Authority will have representatives in attendance at the meetings by Peter Key, Judge Ed Emmett or himself.

3. Protocol and Purpose of Committee

Mike Alford reviewed the Presentation and Purpose of the Committee as outlined in the presentation. Slide 3

4. Presentation

Mike Alford requested TxDOT staff cover the remainder of the presentation. Committee members were asked to hold questions until the conclusion of the presentation.

John Munoz presented Project Delivery Models and discussed Design-Bid-Build (DBB), Design-Build (DB), Design-Build TELA (DB/TELA), Availability Payment, Revenue-Based Concession. Mr. Munoz also reviewed the Allocation of Risk based on Project Delivery Models and Risk Transfer from public to private sector. Slides 4 thru 6

Mike Alford reviewed the Grand Parkway Project Description for Segments E, F1, F2 and G including Design-Build Configuration and Concession Project Configuration. Mr. Alford also discussed the proposed Construction of Project along Segments F1, F2 and G along with TxDOT's Summary of Total Cost Estimate. Slides 7 thru 10

John Munoz discussed efforts to-date by the TxDOT team, including: Slides 11 thru 13

1. Issuance of Request for Information (RFI);
2. Recent on-going activities including issuance of the Request for Qualifications (RFQ) and,
3. Project status relating to:
    a. Environmental,
    b. Permitting,
    c. ROW Mapping,
    d. Design, and
    e. On-going review of Operations and Maintenance (O&M) assumptions.

Mr. Munoz also outlined Preliminary Financial Results and the Project Schedule. Slides 14 & 15

Rebecca Bronson briefed the committee on the SB 1420 Committee Requirements including: Slides 16 thru 19

1. Applicable Statute;
2. Committee Requirements;
3. Committee Membership;
4. Election of Chair/Vice Chair;
5. Duties, Reporting and Meetings;
6. Administrative Support; and,
7. Duration of Committee.

Attendees were provided an attachment to their presentation that included a summary of the statutory requirements and adopted rules that govern the committee requirements.

5. Election of Chair and Vice Chair

The floor was then opened to the committee to offer nominations and elect their Chair and Vice Chair.

By unanimous consent of the members present, James Patterson was elected as Chair. By unanimous consent of the members present, John Holzwarth was elected Vice Chair.

Members were advised that the Texas Transportation Commission would be asked to concur with the elections of the Chair and Vice Chair at the next meeting of the commission which is scheduled for December 15, 2011.

6. Discussion of Issues to be addressed by the Committee

The meeting was opened for discussion by committee members and representatives of SB 1420 Committee member organizations.

Committee member James Patterson requested that in the discussion of risk, slides 4 thru 6, consideration be given to risks associated with potential bankruptcy by concessionaire. Mr. Patterson also asked that the calculated lane miles for the project be identified on the Project Description, slides 7 thru 10, to help in understanding the effects on O&M since that is the measure used in determining and evaluating O&M cost.

John Munoz responded that this request could be accommodated and that the issue of lane miles and its relation to O&M costs could be discussed in greater detail at a future committee meeting.

Commissioner Patterson referred to page 12 of the handout that addressed the SB 1420 Committee Rules and asked if the RFQ could be released without the SB 1420 committee being established or issuing a report.

Rebecca Bronson responded by noting that because the Grand Parkway had an adopted Market Valuation Waiver Agreement (MVWA), the SB 1420 rules permit the RFQ to advance prior to the SB 1420 committee being established.

Commissioner Patterson asked why there is a $550 million upfront public subsidy required for the design-build option and asked that it be confirmed that this represented cash that TxDOT would need to provide for the project under this scenario.

John Munoz responded that the $550 million subsidy was anticipated shortfall of revenue estimated to be

generated from E, F and G compared to the anticipated project development costs. Mr. Munoz added that there had not been any Commission action to commit $550 million in funds to the project.

Commissioner Patterson asked where in the rules it states TxDOT is a member of the committee.

Rebecca Bronson referred members to the provisions of the statute governing the membership and work of the committee which entitled TxDOT to be represented on the committee.

John Holzwarth asked that the committee be provided with information on how the numbers presented on the "Preliminary Financial Results" were derived.

John Munoz noted that details on the preliminary financial results were provided at past meeting with stakeholders for the Grand Parkway and could be shared again with the committee.

Art Storey commented that it was helpful to have Transportation Policy Council representation through Commissioner Patterson being on the committee given the regional nature of the Grand Parkway project. Mr. Storey noted that Segments E, F and part of G are in Harris County and it was a very important project for the county requiring an aggressive schedule. Mr. Storey acknowledged his appreciation for TxDOT's role as a mobility partner for the region along with the Texas State Legislature's role in establishing the committee but noted that the process seemed cumbersome. Mr. Storey noted the following five key points that he wanted to express to the committee:

1. Harris County waived primacy, sees this as TxDOT's project and considers that some of the issues before the SB 1420 Committee are not issues that Harris County will weigh in on as members of the committee.
2. Reiterated concerns by Harris County that the use of concession delivery model is controversial but not to consider this statement as being against moving forward with a concession delivery model.
3. Harris County will insist that in regards to fairness that the terms of the MVWA be upheld by actions of the SB 1420 Committee and TxDOT.
4. Harris County's concerns are that costs are being underestimated and the development schedules projected too optimistically because a full set of design documents have not been available for staff review by Harris County. Harris County believes that the project will take longer and cost more when Harris County's concerns are addressed by the selected provider.
5. Expects that if alternatives before the committee are not successful that the partners would be able to work with TxDOT on options to advance the project.

Peter Key asked that TxDOT understand that the provisions of the MVWA relating to establishment of toll rates and the escalation structure for the project contain some ambiguities and that the project may be impacted by future changes by Harris County to their own toll rates and structures. The committee's report may refer to possible changes to Harris County's toll structure, and TxDOT should be prepared to take those changes into account in the development of the project.

Mike Alford asked that the committee be provided with clarification to the direction and orientation of the direct connectors identified in the project description.

Commissioner Patterson whether the description of the purpose of the committee cited in the presentation provided to the committee members could be altered to consider inserting the term 'possible' along with 'financial interest of private entities.'

Rebecca Bronson advised that the language was taken from statute upon which Commissioner Patterson concurred that it should not be changed.

Commissioner Patterson noted that Ft. Bend County has undertaken their portion of the Grand Parkway under specific criteria. There is an issue if a concession is chosen and there is a risk number perceived in the concession then Ft. Bend County will be at the table to discuss it because we built and financed our segment under certain terms which is a delta of approximately $30 million dollars from the way Ft. Bend County implemented the project versus how TxDOT is proposing. If the rules of the game are changing so be it but we need to revisit the rules. By Ft. Bend County putting their credit on the line, they are financing $170 million to develop the project. If they did not put their (the citizens) credit on the line, they would have to finance $192 million, a delta of $22 million plus interest over 30-years. So if we are going to pay some concessionaire that risk factor, as TPC chair there would be discussion that we shouldn't have put our citizens at risk and we should have followed the TxDOT approach and we should be paid back.

John Munoz noted that the MVWA does not prohibit that TxDOT or Ft Bend County enter into a concession agreement and that Ft Bend County could procure their segment in the same manner as TxDOT and acknowledged that Ft Bend County, TxDOT and others would need to abide by the terms of the MVWA.

John Holzwarth echoed the comments of Art Storey on the importance of understanding the impact on development and drainage from future construction for the Grand Parkway. Mr. Holzwarth asked that TxDOT include in the committee documents to be handed out in the future a copy of the document from Montgomery County rescinding primacy and noted that at the time of its rescission of primacy, Montgomery County did not have information that was subsequently provided by the Traffic and Revenue study of Wilbur Smith and Associates. Mr. Holzwarth also commented that he was not sure that the preference of availability payment stated in the summary of feedback from the RFI clearly compared the availability payment option to the design-build option and that respondents to the RFI may not have been aware of the inclusion of Segment E as a portion of the proposed Grand Parkway Comprehensive Development Agreement (CDA).

John Munoz responded that written responses to the RFI were used to derive input on delivery models and that this information was previously presented to stakeholders and would be shared again if needed.

Commissioner Patterson commented that at the last stakeholders meeting it was recommended that two committees be formed (Technical and Financial) to evaluated O&M and financial numbers. The Commissioner also stated his concern that a concessionaire would be allowed to construct the project below standard TxDOT practice and stated that construction of the road should be built to TxDOT standards as Ft Bend County is doing so.

Ed Pensock noted that under every CDA, TxDOT requires that the respondents are encouraged to use TxDOT design and construction standards but recognizing that under a 50 year maintenance agreement of the CDA, TxDOT permits some flexibility in the standards that are applied to potential developers who are also asked to assume responsibility to future maintenance and must meet strict performance standards.

Commissioner Patterson advised that he felt it was important for TxDOT to ensure consistency in the standards that are used and feels that it is important that the road be constructed accordingly. The stakeholders' technical committee has reviewed the proposed standards and believes that lower initial design/construction standards may be causing future operations and maintenance costs to be higher for the project and that meeting these standards may be a problem for potential operators.

John Munoz responded that the requirements in concession contracts have performance based standards that are typically higher standards than exist for TxDOT. If those performance standards are not achieved, then liquidated damages are assessed against the operator.

Commissioner Patterson added that he is concerned that if an operator leaves the contract 20-years into the contract, TxDOT could be left with a maintenance nightmare.

Art Storey noted that the SB 1420 process is important and that the members representing Harris County's entities will be vigilant about making sure that the SB 1420 committee report not be a deterrent for TxDOT being able to develop the project. Furthering the construction of the project was very important to Harris County.

John Holzwarth noted that Montgomery County wants the project built as quickly and appropriately as possible and asked if copies of the RFI and RFQ could be provided to the committee members. Mr. Holzwarth asked if respondents to the RFI had commented on a dual procurement process.

John Munoz noted that the RFI respondents had expressed concerns about a dual procurement approach because of various concerns related to teaming, managing responses to the RFP's, and how alternative delivery models would be compared. Additionally, Mr. Munoz noted that TxDOT was going to be sharing the anticipated approach for comparing alternative business models with the public for comment.

John Holzwarth asked if teams could respond to both options and noted that doing so would be potentially complicated and costly for respondents.

John Munoz confirmed that teams could respond to both options.

Art Storey noted that he expects respondents would take advantage of as many different options to submit proposals as possible.

Commissioner Patterson asked if there were any comments from the audience.

No comments were offered from the public.

Commissioner Patterson inquired if the committee issued a report in a few weeks that supported a specific approach, would TxDOT consider this and move forward if approved by the Commission and asked to confirm the deadline for a committee report.

Rebecca Bronson noted that under the rules, the committee must deliver a report to TxDOT's executive director relating to the matters to be determined by the committee prior to the scheduled date of issuance of a final RFP. The current schedule shows May 1, 2012 as the date for issuance of the final RFP.

Commissioner Patterson asked if an early submission of the report would expedite the schedule.

Ed Pensock acknowledged that early issuance of a report by the committee could help expedite the schedule.

Rebecca Bronson reminded the committee members that they could work through the Major Project Office led by Eddie Sanchez to obtain information that they would like to have to assist them in their work effort.

Commissioner Patterson asked that the committee be advised of commission meetings that involve the work of the SB 1420 committee and the Grand Parkway Project and then asked members for recommendations for items to be considered in the next meeting agenda.

Peter Key asked TxDOT to provide a schedule with more specific dates and asked if the committee could meet weekly.

Rebecca Bronson noted that open meetings requirements mandate an 8-day prior notice of dates and agendas, making it difficult to schedule committee meetings more frequently than every ten days or so.

Art Storey volunteered to draft initial text for the committee to consider for the pending committee report and proposed 'consideration of draft language' as a primary topic for the next committee meeting.

John Munoz noted that the members were provided a 'template' of the report in their attachment to consider for their use.

Commissioner Patterson encouraged committee members to provide any suggested report language to Eddie Sanchez.

Eddie Sanchez confirmed that his office was the designated administrative support office for the committee.

Commissioner Patterson asked that 'Draft Report' be first agenda item. Other agenda items are recommended to include:

1. Goals of Project,
2. Public fund subsidy requirements including sources and availability. (Commissioner Patterson added that TxDOT put the assumptions in writing for the sources of those funds).

Commissioner Patterson commented that he has information from First Southwest that notes that Segment E of the Grand Parkway provide an estimated net positive proceeds of $8M per year and would carry bonds for Segments F and G.

John Munoz noted that there are some differences in opinion between TxDOT and First Southwest on some of the assumptions and a report could be provided to the committee to compare these assumptions.

Commissioner Patterson asked if a copy of the comparison report could be provided to the committee in advance of the next meeting.

Eddie Sanchez indicated that the stakeholder technical and financial committees have met to discuss the options and he is awaiting responses from the committee members who have been working to refine and reconcile their assumptions.

Action Items

- Consider bankruptcy as a risk for Concessionaire.
- Add lane miles to project description slide.
- TxDOT Finance to provide the committee on how the $550 million subsidy was determined as well as the "preliminary financial results".
- TxDOT to look into toll rate and escalation methodology and report to committee.
- TxDOT to update project description slides to include specific direct connector traffic direction and orientation.
- TxDOT to add into attachment an official document in which Montgomery County rescinds primacy.
- TxDOT to provide committee members with a copy of the RFI and RFQ.
- TxDOT to provide committee members with a deadline for submitting report.
- TxDOT to provide committee members with a detailed procurement schedule.
- TxDOT to provide committee members with a financial assumptions comparison.

7. Set Date for Next Meeting

Commissioner Patterson asked staff to confirm the specific open meeting requirements for the committee.

Rebecca Bronson noted that a meeting date would need to be set at a time that would allow publication of the meeting date and agenda eight days in advance of the meeting.

Commissioner Patterson advised the committee that he would get with Eddie Sanchez to confirm the final date.

John Holzwarth requested that the next meeting be scheduled in the morning.

Action Items

- TxDOT to provide committee members “open meeting” advertisement requirements

8. Adjournment

John Holzwarth moved for adjournment, the members concurred and the meeting was adjourned at 3:00 p.m.

Texas Department of Transportation

SB 1420 SIGN-IN SHEET

Date: 11/29/2011 Time: 1:00 PM **Location: H-GAC Conference Room A**

SH 99/ Grand Parkway Project

NAME	COMPANY / DEPARTMENT	TELEPHONE NUMBER	E - MAIL ADDRESS
1. Nelson B. Nuckles	S&B Infrastructure	713-845-4905	nbnuckles@sbinfra.com
2. Frank Abugattas	KBR	713 753 2563	abraham.abugattas@kbr.com
3. GARY K TRIETSCH	DEC	713 527 6812	gary.trietsch@dannenbaum.com
4. Jam Patterson	F.B.C.		
5. Rosalind Hebert	H-GAC		
6. Kelvin Brandt	H-GAC		
7. RICHARD ZIENTEK	HARRIS COUNTY JUDGE EMMETTS OFFICE	7-755-4015	RICHARD.ZIENTEK@CJC.HCIX.NET
8. DAVID WURDLOW	H-GAC	713-993-2490	david.wurdlow@h-gac.com
9. Tim Lyng	Huitt Zollars	2/496-0066	tlyng@huitt-zollars.com
10. GABE JOHNSON			
11. Marco Bracamont		8/681-25-05	HGAC.
12. Sargon Youhannazad	TxDOT	713-866-7043	
13. Ed Pensock	TxDOT	512-936-0965	
14.			
15			
16			
17			
18			
19			
20			

SB 1420 Committee
Meeting Register

Date: November 29, 2011 **Time:** 1:00p.m.

NAME	AGENCY	EMAIL	PHONE	ELECTED OFFICIAL? (PLEASE CHECK BOX)
1. DAVID GORNET	GPA	dgornet@grandpky.com	713 965 0871	YES ☐
2 David Simmons	Atkins	david.simmons@atkinsglobal.com	8322987336	YES ☐
3. Jerry Ramos	Grand Parkway GEC	jerry.ramos@rsandh.com	713-914-4462	YES ☐
4. Alan Clark	H-GAC	alan.clark@h-gac.com	713 993 4585	YES ☐
5. Mike Alfred	Tx DOT	Mike.Alfred@txdot.gov		YES ☐
6. Rebecca Bronson	TxDOT	Rebecca.Bronson@txdot.gov	512 463-8630	YES ☐
7. Peter Key	HCTRA	Peter.Key@hctra.org	7-587-7978	YES ☐
8. John Holzwarth	MCTRA	Johnholzwarth@cs.com	713-705-5410	YES ☐
9.				YES ☐
10.				YES ☐
11.				YES ☐
12.				YES ☐
13.				YES ☐
14.				YES ☐
15.				YES ☐
16.				YES ☐

SB 1420 Committee
Meeting Register

Date: November 29, 2011 **Time: 1:00p.m.**

NAME	AGENCY	EMAIL	PHONE	ELECTED OFFICIAL? (PLEASE CHECK BOX)
1. Eddie Sanchez	TxDOT-MPO	eddie.sanchez@txdot.gov	713-860-7040	YES ☐
2. Justin Clarke	KPMG	justin.clarke@kpmg.com	214840-2309	YES ☐
3. Steven Gee	KBR	stevengee@KBR.com	7137533054	YES ☐
4. Bill Jameson	FBCTRA	billj@wjinterests.com	281-6399400	YES ☐
5. Bert Storey	HCTRA			YES ☐
6. Tim Samples	Hogan Lovells	tim.samples@hoganlovells.com	713-632-1432	YES ☐
7. Matt Estes	URS	matt.estes@urs.com	713-914-6864	YES ☐
8.				YES ☐
9.				YES ☐
10.				YES ☐
11.				YES ☐
12.				YES ☐
13.				YES ☐
14.				YES ☐
15.				YES ☐
16.				YES ☐

SB 1420 Committee Meeting Register

Date: November 29, 2011 **Time:** 1:00p.m.

NAME	AGENCY	EMAIL	PHONE	ELECTED OFFICIAL? (PLEASE CHECK BOX)
1. John Munoz	TxDOT	John.Munoz@txdot.gov	512-486-5597	YES ☐
2 Roger Beall	TxDOT	Roger.Beall@txdot.gov	512 904 1636	YES ☐
3. Marc Williams	JACOBS	Marc.Williams@jacobs.com	512-423-3448	YES ☐
4.				YES ☐
5.				YES ☐
6.				YES ☐
7.				YES ☐
8.				YES ☐
9.				YES ☐
10.				YES ☐
11.				YES ☐
12.				YES ☐
13.				YES ☐
14.				YES ☐
15.				YES ☐
16.				YES ☐

EXHIBITS

EXHIBIT 1

Risk of Bankruptcy

1. Under the P3 agreement, TxDOT will at all times own the project, including if a bankruptcy occurs.
2. There are safeguards to ensure project quality,
    a. The project must be designed and constructed in accordance with specified performance standards.
    b. QA/QC is performed by the developer with oversight by an Independent Engineer and TxDOT.
3. A developer bankruptcy would not expose TxDOT or the project to any liability for the developer's debt or jeopardize continuing safe use and availability of the completed project to the public.
4. The P3 agreement is an executory contract,
    a. In bankruptcy, the developer must either assume or reject the contract.
    b. In the meantime, TxDOT can insist that continuing operation of the project not be impaired.
5. If developer assumes the contract, developer must come up with a reorganization plan acceptable to creditors and the bankruptcy court to cure prior breaches and assure future performance.
6. If developer rejects the contract,
    a. TxDOT has the right to terminate the contract and apply for damages (if any) with bankruptcy court.
    b. Lenders would have the right to a new contract on the same terms if the lenders cure all breaches.
    c. If the lenders do not enter into a new agreement, TxDOT would be free to pursue completion and/or operation the project in whatever manner is best for the State.
    d. There are strong incentives for the lenders to step in and cure any breaches.
7. If a bankruptcy occurs during construction, completion may be delayed and TxDOT may have to pay new contractors to complete the project,
    a. Offsetting increased costs are the value of any upfront payment received from the developer, the cost of the construction performed to date, and potentially, the availability of proceeds from insurance, payment and performance security and guarantees.

EXHIBIT 2

Project Description

Design Build

- Construction of 37.8 miles of 4-lane toll road with discontinuous frontage roads (173.38 mainlane lane miles and 97.73 frontage roads lane miles).
- Direct connectors at:
    - US 290 (4) - NB to EB, WB to SB, SB to EB, WB to NB
    - IH 45 North (2) - SB to WB, EB to NB
    - US 59 North (2) - SB to WB, EB to NB

Concession

- Construction of 37.8 miles of 4-lane toll road with discontinuous frontage roads (Segments F-1, F-2 and G).
- Direct connectors at:
    - IH 10 (2) – WB to SB, SB to EB
    - US 290 (4) - NB to EB, WB to SB, SB to EB, WB to NB
    - IH 45 North (2) - SB to WB, EB to NB
    - US 59 North (2) - SB to WB, EB to NB
- Operation and maintenance of full 53.1 miles (Segments E, F-1, F-2 & G) and new construction frontage roads (243.37 mainlane lane miles and 127.16 frontage roads lane miles).

EXHIBIT 3

12/5/2011

SH 99 Grand Parkway (Segment E, F1, F2 and G)
Proforma Cash Flows
Design Buid Financing

	Projected Revenues (WSA - Oct 2011)	DSRA Interest Income	CAPI Withdrawals	Interest earned on Interest during Construction Account	Tolling Operations	Net Revenues	Funds available for O&M and Debt Service	O&M	Funds available for Debt Service	Debt Service	Lifecycle	Cash Flow Available after Debt Service and Lifecycle	Cumulative Cash Flow Available after Debt Service and Lifecycle	Projected Gross Coverage	Projected Coverage (Net Revenue / O&M)
2013	-	3,822,108	36,358,101	26,985,643	-	-	67,165,851	-	67,165,851	-	-	67,165,851	-	0.00x	0.00x
2014	11,202,000	3,984,456	36,358,101	17,372,094	876,000	10,326,000	68,040,651	6,156,647	61,884,004	-	1,523,953	60,360,051	60,360,051	0.00x	0.00x
2015	36,044,000	4,067,149	36,358,101	2,038,341	2,753,000	33,291,000	75,754,591	20,265,766	55,488,826	-	5,037,631	50,451,195	110,811,246	0.00x	0.00x
2016	78,033,000	4,078,252	36,358,101		5,947,000	72,086,000	112,522,353	19,203,489	93,318,864	-	5,413,873	87,904,991	198,716,237	0.00x	0.00x
2017	96,909,000	4,089,416			7,373,000	89,536,000	93,625,416	19,748,429	73,876,987	36,358,101	5,344,672	32,174,214	230,890,451	2.67x	2.03x
2018	113,722,000	4,100,550			8,591,000	105,131,000	109,231,550	22,410,403	86,821,147	36,358,101	13,324,934	37,138,112	268,028,563	3.13x	2.39x
2019	130,265,000	4,111,683			9,819,000	120,446,000	124,557,683	23,394,216	101,163,468	36,358,101	32,635,444	32,169,923	300,198,486	3.58x	2.78x
2020	145,747,000	4,105,556			10,957,000	134,790,000	138,895,556	29,902,800	108,992,756	36,358,101	6,096,889	66,537,766	366,736,253	4.01x	3.00x
2021	160,989,000	4,064,887			12,079,000	148,910,000	152,974,887	33,131,369	119,843,518	36,358,101	6,040,642	77,444,775	444,181,028	4.43x	3.30x
2022	177,513,000	4,024,330			13,299,000	164,214,000	168,238,330	31,785,897	136,452,433	36,358,101	10,361,549	89,732,783	533,913,811	4.88x	3.75x
2023	195,460,000	3,983,774			14,540,000	180,920,000	184,903,774	33,119,777	151,783,997	50,955,607	19,289,393	81,538,997	615,452,808	3.84x	2.98x
2024	215,237,000	3,943,330			15,988,000	199,249,000	203,192,330	36,259,739	166,932,591	50,955,607	49,567,542	66,409,442	681,862,250	4.22x	3.28x
2025	237,029,000	3,909,119			17,143,000	219,886,000	223,795,119	34,828,598	188,966,521	50,955,607	20,626,817	117,384,097	799,246,347	4.65x	3.71x
2026	251,191,000	3,887,779			18,175,000	233,016,000	236,903,779	35,703,069	201,200,710	50,955,607	20,323,604	129,921,499	929,167,847	4.93x	3.95x
2027	266,210,000	3,866,438			19,271,000	246,939,000	250,805,438	39,077,744	211,727,694	50,955,607	25,135,509	135,636,578	1,064,804,425	5.22x	4.16x
2028	282,140,000	3,845,157			20,316,000	261,824,000	265,669,157	37,528,159	228,140,998	50,955,607	32,160,281	145,025,110	1,209,829,535	5.54x	4.48x
2029	299,034,000	3,823,757			21,540,000	277,494,000	281,317,757	38,476,073	242,841,684	50,955,607	58,478,774	133,407,303	1,343,236,838	5.87x	4.77x
2030	316,956,000	3,798,916			22,843,000	294,113,000	297,911,916	42,112,436	255,799,480	50,955,607	24,048,165	180,795,708	1,524,032,545	6.22x	5.02x
2031	336,006,000	3,767,161			24,226,000	311,780,000	315,547,161	40,439,158	275,108,003	50,955,607	23,210,285	200,942,110	1,724,974,656	6.59x	5.40x
2032	356,214,000	3,735,494			25,692,000	330,522,000	334,257,494	41,461,626	292,795,867	50,955,607	29,541,778	212,298,482	1,937,273,138	6.99x	5.75x
2033	377,654,000	6,775,781			27,248,000	350,406,000	357,181,781	45,379,311	311,802,470	146,116,175	49,748,521	115,937,774	2,053,210,912	2.58x	2.13x
2034	400,401,000	7,197,726			28,900,000	371,501,000	378,698,726	43,585,662	335,113,064	156,557,512	92,737,531	85,818,021	2,139,028,933	2.56x	2.14x
2035	424,604,000	7,569,290			30,652,000	393,952,000	401,521,290	44,688,771	356,832,519	166,075,653	57,598,328	133,158,538	2,272,187,471	2.56x	2.15x
2036	443,210,000	7,745,267			31,996,000	411,214,000	418,959,267	48,895,794	370,063,473	171,428,038	29,662,607	168,972,828	2,441,160,299	2.59x	2.16x
2037	462,663,000	8,106,552			32,567,000	430,096,000	438,202,552	46,959,326	391,243,226	181,021,894	36,384,811	173,836,521	2,614,996,820	2.56x	2.16x
2038	482,996,000	8,369,400			33,998,000	448,998,000	457,367,400	48,141,790	409,225,610	188,565,566	113,094,617	107,565,427	2,722,562,248	2.56x	2.17x
2039	502,360,000	8,527,929			35,361,000	466,999,000	475,526,929	52,679,176	422,847,753	193,874,016	80,842,178	148,131,559	2,870,693,806	2.59x	2.18x
2040	522,513,000	8,868,683			36,778,000	485,735,000	494,603,683	50,593,145	444,010,538	202,836,091	34,984,397	206,190,049	3,076,883,856	2.58x	2.19x
2041	541,906,000	9,168,140			38,142,000	503,764,000	512,932,140	51,854,366	461,077,774	209,684,997	34,146,462	217,246,316	3,294,130,172	2.58x	2.20x
2042	562,025,000	9,396,085			39,558,000	522,467,000	531,863,085	56,739,935	475,123,149	214,898,318	42,416,850	217,807,981	3,511,938,153	2.62x	2.21x
2043	582,900,000	-			41,024,000	541,876,000	541,876,000	54,492,127	487,383,873	-	63,760,491	423,623,381	3,935,561,534	0.00x	0.00x
2044	604,560,000	-			42,548,000	562,012,000	562,012,000	55,860,485	506,151,515	-	107,342,668	398,808,847	4,334,370,381	0.00x	0.00x
2045	627,033,000	-			44,129,000	582,904,000	582,904,000	61,122,184	521,781,816	-	43,242,518	478,539,298	4,812,909,680	0.00x	0.00x
Total	10,240,726,000	160,734,165	145,432,403	46,396,078	734,329,000	9,506,397,000	9,858,959,646	1,245,997,470	8,612,962,176	2,558,762,932	1,174,123,713	4,880,075,531			

12/5/2011

SH 99 Grand Parkway (Segment E, F1, F2 and G)
Proforma Cash Flows
Design Buid Financing with TELA Backstop

	Projected Revenues (WSA - Oct 2011)	DSRA Interest Income	CAPI Withdrawals	Interest earned on Interest during Construction Account	Tolling Operations	Net Revenues	Funds available for O&M and Debt Service	O&M	Funds available for Debt Service	Net Debt Service	Lifecycle	Cash Flow Available after Debt Service and Lifecycle	Cumulative Cash Flow Available after Debt Service and Lifecycle	Projected Gross Coverage	Projected Coverage (Net Revenue / O&M)
2013	-	5,934,728	59,812,338	40,951,968	-	-	106,699,034	-	106,699,034	-	-	106,699,034	-	0.00x	0.00x
2014	11,202,000	6,138,637	59,812,338	26,510,827	876,000	10,326,000	102,787,801	6,156,647	96,631,154	-	1,523,953	95,107,202	95,107,202	0.00x	0.00x
2015	36,044,000	6,138,637	59,812,338	3,039,310	2,753,000	33,291,000	102,281,284	20,265,766	82,015,518	-	5,037,631	76,977,888	172,085,089	0.00x	0.00x
2016	78,033,000	6,138,637	59,812,338		5,947,000	72,086,000	138,036,974	19,203,489	118,833,485	-	5,413,873	113,419,612	285,504,701	0.00x	0.00x
2017	96,909,000	6,138,637	-		7,373,000	89,536,000	95,674,637	19,748,429	75,926,208	59,812,338	5,344,672	10,769,198	296,273,899	1.62x	1.27x
2018	113,722,000	6,138,637	-		8,591,000	105,131,000	111,269,637	22,410,403	88,859,234	59,812,338	13,324,934	15,721,962	311,995,861	1.90x	1.49x
2019	130,265,000	6,138,637	-		9,819,000	120,446,000	126,584,637	23,394,216	103,190,421	59,812,338	32,635,444	10,742,640	322,738,501	2.18x	1.73x
2020	145,747,000	6,138,637	-		10,957,000	134,790,000	140,928,637	29,902,800	111,025,837	59,812,338	6,096,889	45,116,610	367,855,111	2.44x	1.86x
2021	160,989,000	6,138,637	-		12,079,000	148,910,000	155,048,637	33,131,369	121,917,268	59,812,338	6,040,642	56,064,288	423,919,400	2.69x	2.04x
2022	177,513,000	6,138,637	-		13,299,000	164,214,000	170,352,637	31,785,897	138,566,740	59,812,338	10,361,549	68,392,853	492,312,253	2.97x	2.32x
2023	195,460,000	6,138,637	-		14,540,000	180,920,000	187,058,637	33,119,777	153,938,860	96,548,894	19,289,393	38,100,573	530,412,826	2.02x	1.59x
2024	215,237,000	6,122,953	-		15,988,000	199,249,000	205,371,953	36,259,739	169,112,215	96,548,894	49,567,542	22,995,778	553,408,604	2.23x	1.75x
2025	237,029,000	6,069,833	-		17,143,000	219,886,000	225,955,833	34,828,598	191,127,235	96,548,894	20,626,817	73,951,524	627,360,129	2.46x	1.98x
2026	251,191,000	6,036,697	-		18,175,000	233,016,000	239,052,697	35,703,069	203,349,629	96,548,894	20,323,604	86,477,131	713,837,260	2.60x	2.11x
2027	266,210,000	6,003,561	-		19,271,000	246,939,000	252,942,561	39,077,744	213,864,817	96,548,894	25,135,509	92,180,414	806,017,673	2.76x	2.22x
2028	282,140,000	5,970,517	-		20,316,000	261,824,000	267,794,517	37,528,159	230,266,358	96,548,894	32,160,281	101,557,183	907,574,856	2.92x	2.38x
2029	299,034,000	5,937,288	-		21,540,000	277,494,000	283,431,288	38,476,073	244,955,215	96,548,894	58,478,774	89,927,547	997,502,403	3.10x	2.54x
2030	316,956,000	5,898,717	-		22,843,000	294,113,000	300,011,717	42,112,436	257,899,281	96,548,894	24,048,165	137,302,221	1,134,804,624	3.28x	2.67x
2031	336,006,000	5,849,409	-		24,226,000	311,780,000	317,629,409	40,439,158	277,190,251	96,548,894	23,210,285	157,431,072	1,292,235,696	3.48x	2.87x
2032	356,214,000	5,800,239	-		25,692,000	330,522,000	336,322,239	41,461,626	294,860,612	96,548,894	29,541,778	168,769,940	1,461,005,636	3.69x	3.05x
2033	377,654,000	14,140,743	-		27,248,000	350,406,000	364,546,743	45,379,311	319,167,432	139,063,715	49,748,521	130,355,195	1,591,360,832	2.72x	2.30x
2034	400,401,000	2,794,295	-		28,900,000	371,501,000	374,295,295	43,585,662	330,709,633	141,229,550	92,737,531	96,742,552	1,688,103,384	2.84x	2.34x
2035	424,604,000	4,400,444	-		30,652,000	393,952,000	398,352,444	44,688,771	353,663,673	146,046,534	57,598,328	150,018,811	1,838,122,195	2.91x	2.42x
2036	443,210,000	4,362,163	-		31,996,000	411,214,000	415,576,163	48,895,794	366,680,368	148,539,403	29,662,607	188,478,358	2,026,600,553	2.98x	2.47x
2037	462,663,000	4,323,668	-		32,567,000	430,096,000	434,419,668	46,959,326	387,460,342	153,003,996	36,384,811	198,071,535	2,224,672,088	3.02x	2.53x
2038	482,996,000	4,285,280	-		33,998,000	448,998,000	453,283,280	48,141,790	405,141,490	156,517,631	113,094,617	135,529,242	2,360,201,330	3.09x	2.59x
2039	502,360,000	4,246,893	-		35,361,000	466,999,000	471,245,893	52,679,176	418,566,716	158,993,741	80,842,178	178,730,797	2,538,932,128	3.16x	2.63x
2040	522,513,000	4,221,446	-		36,778,000	485,735,000	489,956,446	50,593,145	439,363,300	163,166,051	34,984,397	241,212,851	2,780,144,979	3.20x	2.69x
2041	541,906,000	4,221,446	-		38,142,000	503,764,000	507,985,446	51,854,366	456,131,080	166,349,914	34,146,462	255,634,704	3,035,779,683	3.26x	2.74x
2042	562,025,000	4,221,446	-		39,558,000	522,467,000	526,688,446	56,739,935	469,948,510	168,773,440	42,416,850	258,758,221	3,294,537,904	3.33x	2.78x
2043	582,900,000	-			41,024,000	541,876,000	541,876,000	54,492,127	487,383,873	-	63,760,491	423,623,381	3,718,161,285	0.00x	0.00x
2044	604,560,000	-			42,548,000	562,012,000	562,012,000	55,860,485	506,151,515	-	107,342,668	398,808,847	4,116,970,133	0.00x	0.00x
2045	627,033,000	-			44,129,000	582,904,000	582,904,000	61,122,184	521,781,816	-	43,242,518	478,539,298	4,595,509,431	0.00x	0.00x
Total	10,240,726,000	172,228,134	239,249,350	70,502,105	734,329,000	9,506,397,000	9,988,376,589	1,245,997,470	8,742,379,119	2,866,046,941	1,174,123,713	4,702,208,465			

Explanation of Subsidy Requirements

- Under the DB and DB/TELA models the amount of bonding capacity is based on:
  - estimated revenues;
  - estimated O&M costs;
  - interest rates; and
  - debt service coverage (DSC) assumptions.
- DB Results
  - The DB model has higher DSC requirements because the bonds are secured solely by toll revenues generated by the project
  - The DB model has higher interest rates because the expected credit ratings are low investment grade (BBB-)
  - As a result, the amount of bonding capacity is approximately $798M, of Gross Bond Proceeds, resulting in a shortfall of $607M ($547M in PV terms) to fund the project. This shortfall is the "Public Subsidy Requirement" as shown in the sources and uses table below:

Sources and Uses of Funds - DB MUNI

Sources	Nominal	PV
Releases from Construction Fund[1]	798,672,759	732,129,800
Other Sources of Funds		
Net Revenue	7,707,718	6,602,381
Interest Income	58,316,757	52,193,823
	864,697,234	790,926,004
Uses		
Project Costs	1,249,753,366	1,128,714,772
Capitalized Interest Fund Deposit	130,143,642	122,923,348
Debt Service Reserve Deposit	12,013,091	11,344,654
Cost of Issuance	79,867,276	75,436,285
	1,471,777,375	1,338,419,059
Shortfall	(607,080,141)	(547,493,055)
Public Subsidy Requirement	607,080,141	547,493,055

Notes
1. Gross Bond Proceeds are used to fund the construction account, from which funds are drawn to pay for project costs.
2. Project costs include all Project development costs, but does not include reimbursement of HCTRA costs of approximately $80 million.

- DB/TELA Results
  - The DB/TELA model has lower DSC requirements because the TELA provides a backstop in the event revenues are lower than expected and TxDOT is assuming this risk
  - The DB/TELA has lower interest rates because the expected credit ratings are high investment grade (AA-category)
  - As a result, the amount of bonding capacity is higher than for the DB, estimated to be $1,478M, resulting in a shortfall of $56M ($47M in PV terms) to fund the project. This shortfall is the "Public Subsidy Requirement" as shown in the sources and uses table shown below:

Sources and Uses of Funds - DB TELA

Sources	Nominal	PV
Releases from Construction Fund[1]	1,478,302,270	1,355,345,619
Other Sources of Funds		
Net Revenue	7,707,718	6,602,381
Interest Income	95,004,030	85,024,305
	1,581,014,019	1,446,972,305
Uses		
Project Costs	1,249,753,366	1,128,714,772
Capitalized Interest Fund Deposit	217,489,161	205,422,987
Debt Service Reserve Deposit	22,207,534	20,973,515
Cost of Issuance	147,830,227	139,628,691
	1,637,280,288	1,494,739,965
Shortfall	(56,266,269)	(47,767,661)
Public Subsidy Requirement	56,266,269	47,767,661

Notes
1. Gross Bond Proceeds are used to fund the construction account, from which funds are drawn to pay for project costs.
2. Project costs include all Project development costs, but does not include reimbursement of HCTRA costs of approximately $80 million.

- Concession Results
  - The concession model proposal will be based on higher revenues because concession developers are patient equity participants that will take a more optimistic view of toll revenues
  - The project financing sources are a combination of debt and equity based on these higher revenues forecasts
  - As a result, the total amount of upfront financing capacity is higher than for either the DB or the DB/TELA and therefore no subsidy is required

– Depending on how aggressive the developer views the revenue potential of the project, the cash flows will not only fully finance the project but will result in excess financing capacity, which is the concession fee

– The following illustrative graphic shows the difference between the investment grade revenue forecast used by the public sector for DB and DB/TELA structures and the revenue forecast that is likely to be expected to be used by the private sector for a concession bid

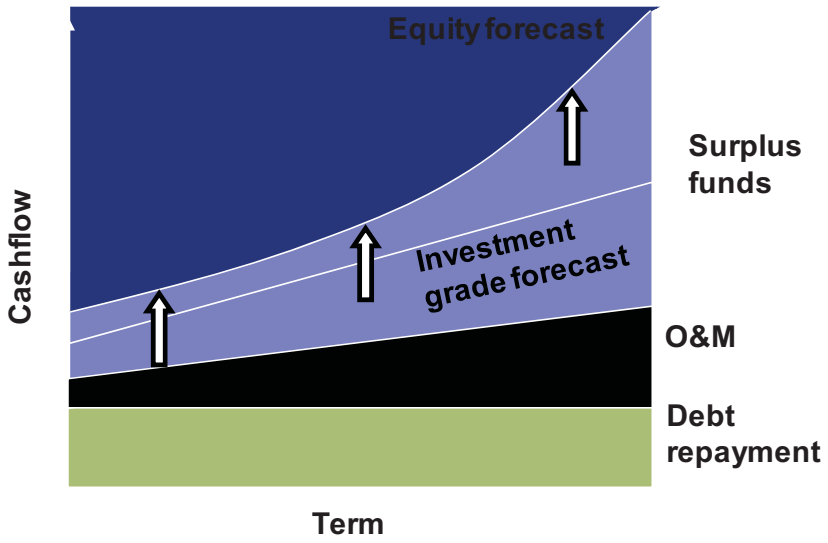

EXHIBIT 4

Tolling Methodology

- The MVWA sets forth the toll rate methodology for the project
- Toll rate methodology will be set forth in the P3 Agreement and will include:
    - Base Toll Rate
    - Toll Escalation Methodology
- Base Toll Rate – assumed to be a schedule of rates calculated based on the average per mile toll rates for electronic toll transactions in force and effect for the Harris County toll road system as of November 1, 2011, as escalated
- Toll Rate Escalation - assumed to be the escalation methodology set forth in Harris County's tolling policy in effect on November 1, 2011
- Toll rates and escalation set forth in the P3 Agreement provide maximum toll rates – actual toll rates may be less
    - Changes to HCTRA rates will not affect P3 Agreement

EXHIBIT 5

Agenda Excerpt from Commissioners' Court Docket JUNE 20, 2011 SPECIAL SESSION

30. AMENDMENT APPROVED – RAMP GRANT – CONTRACT REVIEW COMMITTEE

Motion by Commissioner Meador, seconded by Commissioner Chance, to approve an amendment to the Fiscal Year 2011 RAMP (Routine Airport Maintenance Program) Grant between Montgomery County and the Texas Department of Transportation. Motion carried.

PUBLIC HEARINGS:

Pam Madrigal from AEI Engineering explained the need for a new well in Seven Coves in answer to some concerns voiced by citizens about replatting the land for the new well.

Reed Wilson of 1st National Bank of Edinburg answered citizens questions about concerns in covering a lake and replatting land in Lakewood estates.

31a. PARTIAL REPLAT APPROVED – COMMISSIONER PCT. 1

Motion by Commissioner Meador, seconded by Commissioner Doyal, to approve the partial replat of that certain called 0.7004 acre Water Plant site and Lots 24 and 26, Block 1, Seven Coves, Section One, to be known as Montgomery County Utility District No. 2 Water Plant No. 1, Replat No. 1. Motion carried.

31b. PARTIAL REPLAT APPROVED – COMMISSIONER PCT. 2

Motion by Commissioner Meador, seconded by Commissioner Doyal, to approve the partial replat of Lakewood Estates Section One, to be known as Lakewood Estates Commercial, 11.3 Acres, A.W. Springer Survey, A-490. Motion carried.

31c. ORDER APPROVED – ABANDON RIGHT-OF-WAY – PRECINCT 4

Motion by Commissioner Meador, seconded by Commissioner Doyal, to approve the order closing, abandoning, and vacating the right-of-way described as a portion of Metts Road, which is approximately 60 feet in width, and 74 feet in length, located in the H.B. Littlefield Survey, Abstract 31. Motion carried.

32. PRIMACY RESCINDED – THE GRAND PARKWAY – AGENDA ITEM 10A – COUNTY JUDGE

Motion by Commissioner Rinehart, seconded by Commissioner Chance, to rescind the County's September, 2009 action under Section 228.0111(g), Transportation Code, of Montgomery County's exercise of primacy of segments G and H of the Grand Parkway, located within the County, and return the authority to develop the project to the Texas Department of Transportation with the understanding that the following will apply:

A. A commitment from TXDOT of start and completion dates.

B. Guarantee that TXDOT will develop Segment G in a priority that will be ahead of or concurrently with Segments F-1 and F-2.

C. Agreement to integrate Montgoemry Parkway into the project and construct stub outs in the initial project.

D. That TXDOT will plrovide for environmental mitigation for the project to be a part of the Spring Creek Greenway.

E. After the initial project is complete, Montgomery County will receive pro-rata share of the Grand Parkway revenue for enhancement and connecting roadways as defined by the terms and conditions.

Motion carried with Commissioner Doyal opposed.

EXHIBIT 6

SH99 Grand Parkway

Stakeholder Briefing on Responses to Request for Information

July 15, 2011

CONFIDENTIAL DRAFT –
FOR DISCUSSION PURPOSES ONLY

Agenda

- RFI Overview
  - Purpose of the RFI
  - RFI Overview
  - Respondents
- Summary of Feedback on Key Issues
  - Project Schedule and Initial Project Scope
  - Delivery Model
  - TxDOT Support
  - Revenue Risk Allocation
- Summary of Responses
- Next Steps

CONFIDENTIAL DRAFT – FOR DISCUSSION PURPOSES ONLY

RFI Overview

Purpose for the RFI

- The primary purpose for the RFI was to solicit the views of industry on key decisions necessary to achieve the following primary project objectives:
  - Deliver as much of the Grand Parkway as quickly as possible
  - Structure procurement to generate healthy and fair competition
  - Minimize Fund 6 obligations to the Project
  - Optimize allocation of revenue risk and other project related risks
- Because the delivery model chosen for the initial project will impact how quickly and cost effectively the entire Grand Parkway can be built, the RFI focused on several key metrics for both the Initial Project Scope and the entire Grand Parkway:
  - Optimal scoping and phasing of project delivery
  - Schedule constraints for the Initial Project Scope
  - Amount of public subsidy or TxDOT support that would be required
  - Risk allocation between the public and the private sectors as determined by a particular project delivery model

CONFIDENTIAL DRAFT – FOR DISCUSSION PURPOSES ONLY

RFI Overview

- Strong market interest in the project and the procurement process was evidenced by the number and quality of RFI responses received
  - 23 responses were received, of which 3 consisted solely of marketing materials
  - The remaining 20 responses were reviewed by TxDOT staff and legal, technical and financial advisors
  - Many respondents had already formed teams as indicated on the following pages
  - 17 respondents requested 1-on-1 meetings which have been scheduled for July 18-20
- Respondents represented a broad range of industry participants
  - 5 construction firms
  - 13 PPP developers or firms capable of leading a PPP team
  - 5 other types of firms (e.g. engineering, consulting, financing, real estate development)

Respondents
PPP Developers

Respondent	Firm Type	Additional Identified Team Members
Acciona	PPP Developer/ Investor	None identified
ACS	PPP Developer/Investor/ Construction	Dragados Construction (sub of ACS)
Balfour Beatty	PPP Developer/Investor/ Construction	Parsons Brinkerhoff (Engineering – sub of Balfour Beatty)
China Construction	PPP Developer/Investor/ Construction	None identified
Cintra/Meridiam	PPP Developer/Investor/ Construction	Webber Construction (sub of Cintra)
Edgemoor/Autostrade	PPP Developer/Investor/ Construction	Clark Construction (and subs), Atkinson Construction
FCC	PPP Developer/Investor/ Construction	Global Via (Operations – sub of FCC)

- PPP developers/equity investors are willing to assume most project risks including construction, financing, O&M and lifecycle
- Different PPP developers/equity investors have varying levels of comfort with revenue risk and views on investment returns which defines their preferred PPP delivery models
  - Concession structures can provide maximum revenue risk/reward to PPP developers
  - Availability payment structures provide a more stable return on investment to PPP developers

CONFIDENTIAL DRAFT – FOR DISCUSSION PURPOSES ONLY

Respondents
PPP Developers (Cont'd)

Respondent	Firm Type	Additional Identified Team Members
Hochtief/Flatiron	PPP Developer/Investor/ Construction	None identified
Isolux Corsan	PPP Developer/Investor/ Construction	None identified
Macquarie	PPP Developer/Investor/ Financial Advisor	None identified
OHL	PPP Developer/ Investor	None identified
Shikun Binui	PPP Developer/Investor/ Construction	Alon USA (Construction), Derech Eretz (Operations)
Vinci	PPP Developer/ Investor	None identified

- PPP developers/equity investors are willing to assume most project risks including construction, financing, O&M and lifecycle
- Different PPP developers/equity investors have varying levels of comfort with revenue risk and views on investment returns which defines their preferred PPP delivery models
  - Concession structures can provide maximum revenue risk/reward to PPP developers
  - Availability payment structures provide a more stable return on investment to PPP developers

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Respondents
Construction Firms

Respondent	Firm Type	Additional Identified Team Members
Fluor [1]	Construction/ Investor	None identified
Kiewit	Construction	None identified
Odebrecht/Goldman Sachs	Construction/ Underwriting	None identified
Zachry	Construction	None identified

- Construction firms:
  - Typically prefer design/build or availability payment structures where there is no revenue or long term O&M risk
  - Do not typically take financing risk or invest equity and rely on TxDOT to provide project financing
- Construction firms also have the opportunity to participate as a member of a consortium in a PPP delivery model

(1) Fluor is primarily a construction company however has participated in PPP transactions as a quasi or equity investor

Respondents
Consulting Firms

Respondent	Firm Type	Additional Identified Team Members
CDE	Master planning consultant	Public Services Group
IS Engineers	Engineering consultant	None identified
URS	Engineering/design consultant	None identified

- These respondents represent a mix of interests that primarily do not include assumption of many (or any) project risks
- Some of these firms may be included in a PPP team but would be unlikely to lead a PPP team

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Respondents
Non-responsive to questions

Respondent	Firm Type	Additional Identified Team Members
Bank of New York	Revenue distribution/ Trustee services	None identified
CH2M Hill (1)	Developer/ Construction	None identified
Hunt Companies	Real estate development	None identified

- These firms were not included in the summary of responses

(1) CH2M Hill is a firm capable of leading a developer team however they did not provide answers to the RFI so have not been included in this analysis.

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Overview of Feedback on Key Issues

Overview of Feedback on Key Issues
Initial Project Scope

- The Initial Project Scope described in the RFI is the scope expected to be undertaken in the initial phase of the delivery of the Grand Parkway
  - Segments for construction include Segments F1, F2 and G in Harris and Montgomery counties
  - Segments for operations include Segments E, F1, F2, G and the portion of Segment D in Harris County
- The Initial Project Scope was generally thought to be appropriate based on available information although 3 respondents offered no opinion on this issue
  - Several respondents suggested reductions in Initial Project Scope and phased delivery of various initial project segments

Overview of Feedback on Key Issues
Project Schedule

- The majority of respondents felt that the December 2014 schedule was aggressive but achievable as long as TxDOT makes significant progress on several key activities prior to commercial close
- Some respondents indicated that meeting a December 2014 opening date could significantly increase costs
- Extending the opening date by 6 to 12 months was felt by some to be more realistic

Overview of Feedback on Key Issues
Delivery Model

- 19 respondents answered questions regarding recommended delivery models to best meet stated project objectives. The following responses were generally in line with each firm's typical approach and appetite for risk transfer:
  - 5 PPP developers recommended availability payment or concession models
  - 2 respondents recommended either availability payment or design/build models
    - 2 construction firms and 1 PPP developer
  - 5 respondents recommended an availability payment model
    - Including 4 PPP developers and 1 construction firm
  - 3 respondents recommended a concession model
    - No construction firms recommended a concession model
  - 4 respondents recommended a design/build approach
    - 2 construction firms and 2 consulting firms
- Given the limited amount of data available, most respondents were unable to quantify the impact of their recommended delivery approach in meeting some of the key project objectives such as:
  - How quickly the entire Grand Parkway could be delivered
  - How much support TxDOT would need to provide to meet this goal

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Overview of Feedback on Key Issues
TxDOT Support

- Questions regarding TxDOT support were included to assess the amount and type of TxDOT support that may be required due to the potential impact on TxDOT's credit ratings and funding availability for other projects statewide
- Respondents identified several types of TxDOT support that would be required for the Initial Project Scope
  - Direct public subsidy
  - Financing risk through bonds or other funding to be provided by TxDOT, including State Highway Fund (SHF) support for O&M
  - SHF backstop support for availability payments
  - SHF backstop support for TxDOT-issued project revenue bonds (TELA)
- The design/build proponents generally indicated that TxDOT support in the form of securing financing and funding for the project would be necessary, although not all indicated how that would be achieved
  - These respondents provided no indication whether additional TxDOT support would be required to cover O&M and lifecycle costs
- The respondent who recommended the TELA form of support indicated that there could be a material impact on TxDOT's credit rating with this type of support

Overview of Feedback on Key Issues
TxDOT Support (Cont'd)

- Of the 20 respondents that answered questions related to TxDOT support:
  - 8 respondents suggested that TxDOT support in the form of a subsidy would be necessary regardless of delivery model
  - 1 respondent believed that the design/build model would require no public subsidy from TxDOT
  - 7 respondents believed that the availability payment or concession models would require no public subsidy from TxDOT
  - 2 respondents recognized that an availability payment structure would require a SHF backstop (within permitted limits) for payments to the extent project revenues prove insufficient
  - 4 respondents needed more information or their responses were unclear

- 3 respondents suggested that TxDOT support in the form of a revenue "guarantee" in a concession model would provide value and make the project more feasible (although this would be an option only to the extent legally permissible)

Overview of Feedback on Key Issues
Revenue Risk

- Respondents' recommendations regarding transfer of risk were generally in line with their recommended delivery models
  - Design/build proponents were generally unwilling to take revenue risk or did not address this issue
  - The majority of concession proponents indicated a willingness to take revenue risk although some suggested a revenue risk sharing mechanism
  - Most availability payment proponents recommended TxDOT retain revenue risk but most did not recognize TxDOT's limits to backstop revenue shortfalls

- The revenue risk assumed by TxDOT will impact how quickly project revenues become available for delivering additional segments of the Grand Parkway and what level of confidence TxDOT/local stakeholders have in those revenues being realized
  - Design/build and availability payment structures allow for revenues received on an annual basis to be used to secure debt issued in the future for other segments or can be used on a pay-as-you-go basis and are subject to a higher level of risk
  - Any funds received in the form of an upfront concession payment can be deployed immediately on development of additional segments and are not subject to future risk

- Most respondents did not address how the allocation of revenue risk would impact the use of project revenues in the delivery of the entire Grand Parkway, but most acknowledged that revenues needed to be used for this purpose

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Summary of Responses

Summary of Responses
Initial Project Scope and Expansions

18 respondents provided answers to questions relating to Initial Project Scope

- 10 respondents felt the Initial Project Scope was appropriate
- 7 respondents indicated that reducing the Initial Project Scope would help project delivery
  - 4 indicated that delaying the construction of Segment G would help project delivery
  - 1 indicated that Segment G should initially be constructed as a 2-lane facility
  - 1 indicated that one segment should initially be constructed as a 2-lane facility (did not indicate which segment)
  - 1 indicated that F-1 should initially be constructed as a 2-lane facility
- 1 respondent indicated that the Initial Project Scope they would deliver would be the Ultimate Project Scope (as defined in the Market Valuation Waiver Agreement) for Segments F-1, F-2 and G
- In regard to future expansions, the majority of respondents believed expansion triggers would be appropriate
  - 5 respondents recommended demand-based expansion triggers
  - 6 respondents proposed alternative expansion triggers to be considered
  - Responses from design/build proponents were considered not applicable as these firms would not retain responsibility for delivering future improvements under a design/build model

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Summary of Responses
Schedule

17 respondents provided answers to schedule questions

- 6 respondents indicated that the December 2014 schedule was very aggressive and/or unrealistic
- 11 respondents stated that the schedule was challenging but achievable if significant progress is made on several key activities prior to commercial close such as:
  - Adherence to the procurement schedule identified in the RFI
  - Proceed with ROW acquisition
  - Commence utility relocations
  - Secure Federal and State permits (including environmental approvals)
  - Negotiate railroad agreements
  - Construct some advanced works
  - Provide as much technical information as possible (e.g. hydrology reports, geotechnical reports, field and lab tests and mapping)
  - Pay USACE to expedite permit review
  - Implement a process for expedited review of design documents, etc.
  - Identify gravel and borrow sites in ROW
  - Changes in Initial Project Scope (delay open of DCs, reduce # lanes, delay portion of Segment G)
  - Pursue 3 separate procurements for different segments
- In addition, 2 respondents indicated that meeting this schedule would significantly increase costs

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Summary of Responses
Level of Design

17 respondents provided recommendations on the level of project design needed

- 9 respondents indicated that TxDOT should not undertake any design work beyond what is necessary to secure environmental approvals
- 8 respondents suggested that continuation of design could help achieve schedule and other benefits
  - 3 respondents suggested completing levels of design up to 30%

Summary of Responses
Recommended Delivery Model for Initial Project Scope

- Few respondents provided a complete analysis or commentary on how the preferred delivery model would meet the stated project objectives
- The recommended delivery models were generally in line with each firm's typical approach and appetite for risk transfer
- Of the 19 respondents that answered questions related to recommended delivery model:
  - 4 respondents recommended the design/build delivery model
    - TxDOT would need to finance and/or fund the entire Project
    - TxDOT could potentially bear the cost of O&M and major maintenance to the extent project revenues were insufficient
  - 5 respondents indicated that either an availability payment or concession model would achieve project objectives
  - 2 respondents indicated that either availability payment of design/build would achieve project objectives
  - 5 respondents recommended an availability payment delivery model
  - 3 respondents recommended a concession delivery model
  - In addition 3 respondents suggested that sharing revenue risk would be beneficial in meeting project objectives
    - Availability payment revenue risk sharing
    - A minimum revenue guarantee in conjunction with a concession model

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Summary of Responses
Expectations for TxDOT Support

- Several types of TxDOT support for the Initial Project Scope were identified including:
  - Direct public subsidy
  - Financing risk through bonds or other funding to be provided by TxDOT
  - SHF backstop support for availability payments
  - SHF backstop support for TxDOT-issued project revenue bonds (TELA)
- Of the 20 respondents who provided answers to these questions:
  - 4 design/build proponents suggested that 100% TxDOT financing and/or funding of project costs would be required
    - These respondents generally did not indicate if additional TxDOT subsidy would be required for ongoing O&M or lifecycle costs
  - 4 PPP developers indicated that some level of TxDOT funding may be required to support project costs
  - 8 respondents indicated that no TxDOT support would be necessary
    - 1 respondent indicated that this only applied to an AP model
    - 1 respondent indicated that this only applied to a concession model
  - 4 respondents needed more information or their responses were unclear

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Summary of Responses
Pay by Mail Tolling Considerations

18 respondents provided answers to this question

- 7 respondents had positive views of pay by mail for the following reasons:
  - Increased usage
  - Improves revenue collection for users who do not have toll tags
  - 1 firm stated that HCTRA is planning to convert to pay by mail in the near future and indicated that pay by mail would therefore be necessary
- 5 respondents were reluctantly positive, however emphasized risks and interoperability concerns
- 6 respondents cited the following disadvantages of pay by mail tolling:
  - Operating costs are high
  - Pay by mail is not in use in the Houston area and could create confusion
  - Interoperability concerns
  - Toll collection is less reliable
  - Complicates enforcement issues
- Other tolling considerations raised by respondents included:
  - Using a demand or congestion-based pricing toll rate mechanism
  - Establishing a strong legal framework for toll violator collections
  - Maintaining existing toll interoperability

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Summary of Responses
Financing Tools

- Respondents answered questions related to anticipated financing tools to be used in their recommended delivery model
- Respondents that recommended the design/build project delivery method suggested the following financing tools including:
  - Traditional tax-exempt toll revenue bonds (including current interest bonds and capital appreciation bonds)
  - 1 respondent recommended a TELA to backstop project revenue bonds issued by a new local government corporation
  - Some design/build proponents also recommended utilizing a non-for-profit corporation or a new local tolling authority to issue debt
  - Other innovative financing tools included tax increment financing (TIF) and Transportation Infrastructure Finance Investment Act (TIFIA) loans
- Proponents of availability payment or concession project delivery methods generally recommended using the following forms of financing:
  - Private Activity Bonds (PABs)
  - TIFIA debt
  - Bank debt
  - Corporate bonds
  - Equity

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Summary of Responses
Revenue Risk

- Several respondents did not answer this question directly. Therefore, the reviewers determined the preferred allocation of revenue risk based on that respondent's preferred delivery model
- The number of respondents addressing revenue risk allocation may overlap as some respondents recommended more than one delivery model
  - 11 respondents felt TxDOT should take revenue risk
  - 5 respondents indicated that the private sector should take revenue risk
  - 5 respondents suggested that revenue risk could be shared
  - 3 respondents did not provide a clear answer to this question or suggested more than one delivery model
  - 1 respondent did not address this question

Next Steps

Next Steps

- Meetings with respondents scheduled for July 18-20
- Tentative meeting with local stakeholders on July 25, 2011 to further discuss preferred project delivery model
- Issue RFQ mid-August

EXHIBIT 7

SH 99 Grand Parkway

Procurement Schedule

EVENT	DATE	RESPONSIBLE PARTIES	COMMENTS
Issue Request for Qualifications	***November 18, 2011***	***TxDOT***	
Issue notice of SB 1420 Committee Meeting	November 18, 2011	TxDOT	
SB 1420 Committee Meeting	***November 29, 2011***	***SB 1420 Committee***	***Agenda: Elect Chair and Vice-Chair***
Issue notice for SB 1420 Committee meeting	December 6, 2011	TxDOT	
Last Day to Submit Questions	December 15, 2011	Proposers	
SB 1420 Committee Meeting	***December 15,2011***	***SB 1420 Committee***	***Agenda: Determinations required by SB 1420***
Final Responses to Questions	January 5, 2012	TxDOT	
Statement of Qualifications Due Date	***January 18, 2012***	***Proposers***	
SOQ Evaluations	January 18, 2012 – February 17, 2012	TxDOT	
Short-List Announced	***February 17, 2012***	***TxDOT***	
Issue Draft RFP for Industry Review	***February 17, 2012***	***TxDOT***	
Commission Approval of Final RFP	April 26, 2012	Commission	
FHWA Approval of Final RFP	April 27, 2012	FHWA	

EVENT	DATE	RESPONSIBLE PARTIES	COMMENTS
Issue Final RFP	***May 1, 2012***	***TxDOT***	
Environmental re-evaluation for Segments F-1, F-2 and G complete	May 15, 2012	Houston District	
Proposal Due Date	***August 15, 2012***	***Proposers***	
Proposal Evaluation	August 16 – September 17, 2012	TxDOT	
Conditional Award	***September 27, 2012***	***Commission***	
Final CDA Documents, proposal, financial forecast, etc. sent to LBB	October 15, 2012	TxDOT	
Final CDA Documents sent to OAG and FHWA	October 15, 2012	TxDOT	
Contract Execution/Final Award[1]	***December 15, 2012***	***TxDOT & Selected Proposer***	

[1] Under new legislation, Attorney General has 60 business days to provide legal sufficiency review but with notice may extend review period for an additional 30 days.

EXHIBIT 8

Observations/Differences between Ft Bend County and TxDOT Analyses

Observation	FBCTRA (through 2045)	TxDOT (through 2045)	Comments/Impact
Gross Revenues	$10.4 billion	$10.2 billion	▪ TxDOT reveues based on updated delta view from IG report; FBCTRA based on IG report
O&M	$531 million	$2 billion Including toll collection costs	▪ FBCTRA estimates do not include toll collection costs ▪ FBCTRA assumes $68,000 per LM (2024 $) ▪ FBCTRA's cost/LM is cost/ML mile only Additional lane miles for frontage roads are not included ▪ TxDOT assumes $153,861 per LM (2011 $) ▪ TxDOT cost per LM assumes a 50-year term. FBCTRA assumes a 30-year term
Major Maintenance	$12 million reserve fund deposits	$1.2 billion	▪ FBCTRA assumes that actual major maintenance costs may be funded with bond proceeds in the future but has not modeled these costs ▪ We do not have estimates for major maintenance from FBCTRA. FBCTRA is anticipating no significant renewal and replacement expenditures during the early years of the project. ▪ TxDOT is assuming a higher performance standard of maintenance for both public and private sector delivery models
Revenues available for debt service	$9.8 billion	$7.1 billion	
Net Debt Service	$3.5 billion	$2.4 billion	
Net Revenues	$6.3 billion (nominal)	$4.8 billion (nominal) $1.7 (pv @ 5%)	
Interest rates	6.00%	6.5%	
Net DSCR	0.88x, 0.95x, 1.14x ramping up to approx 2.5x	2.0x during ramp up, increasing over time	▪ DSCRs below 1.0x imply insufficient funds for debt service payments
Project cost	$1.168 billion	$1.129 billion	▪ Does not include Segment E costs
Timing of bond issuance	Bonds sold in 2012, 2013 and 2014	Bonds sold in 2013	▪ Generally, a project secured by toll revenues must be fully funded up front to eliminate market access risk and ensure the project can be constructed and open to traffic in time to make debt service payments ▪ FBCTRA assumes that TxDOT will provide short term construction financing that will be taken out with a series of three permanent toll revenue bond financings.

Ave cost/lane mile (E-G)	Current		Previous	
	ML miles only	Total lane miles	ML miles only	Total lane miles
with toll ops	$195,918	$178,606	$229,317	$153,861
w/o toll ops	$120,568	$130,114	$154,270	$115,594