



## TEXAS DEPARTMENT OF TRANSPORTATION SH 99 GRAND PARKWAY SEGMENTS H, I-1 & I-2 TOLL LANES PROJECT DISCLOSURE OF FINANCIAL INFORMATION

**Disclosure of Financial Information:** Pursuant to the authority granted under Texas Transportation Code, Chapter 223, Subchapter F, the Texas Department of Transportation (TxDOT) has solicited proposals and recommended selection of a proposer for award of a design-build agreement (DBA) and the associated capital maintenance agreement (CMA) to design, construct and maintain portions of approximately 52 miles of new and existing toll lanes, within Segments H, I-1, and I-2 of State Highway (SH) 99 (Grand Parkway) in Montgomery, Liberty, Harris and Chambers Counties. SH 99 Segments H and I-1 consist of an approximately 37.5-mile two-lane toll facility (one lane in each direction) with intermittent four-lane sections for passing from Interstate Highway (IH) 69/US Highway (US) 59 to IH 10 (the DBA also includes an option for the design and the construction of the western portion of Segment H as a four-lane section for 7.9 miles, H-West Option); Segment I-2 is made up of Segments I-2A and I-2B. Segment I-2B consists of an approximately 6.1 mile four-lane toll facility from SH 146 to Farmer-to-Market Road (FM) 1405; and Segment I-2A consists of tolling equipment upgrades and other improvements for an approximately 8.7 miles existing four-lane facility from FM 1405 to IH 10.

Upon execution, the DBA and the CMA are to be assigned to the Grand Parkway Transportation Corporation (GPTC), which is a public non-profit Texas corporation created by and authorized by the Texas Transportation Commission (TTC) to design, construct, reconstruct, expand, operate and/or maintain Segments H, I-1, and I-2. The tolled lanes will be operated by, and the tolls collected by, GPTC. On March 28, 2017, in Minute Order 114879, the TTC determined that the proposal submitted by Grand Parkway Infrastructure (DB Contractor) provides the apparent best value to TxDOT and authorized TxDOT to commence and complete negotiations necessary to finalize the DBA and the CMA.

Under the DBA, construction work will begin in late 2017 and is scheduled to be completed in early 2022. GPTC will design, develop, construct, operate, maintain, and collect the tolls from, the H&I Project. TxDOT owns and will continue to own the roadway and the right of way. The tolled lanes will be operated by GPTC upon substantial completion of the Project.

Pursuant to Transportation Code, Chapter 371, Subchapter D, TxDOT is publishing financial information regarding the project and providing notice of a public hearing that will be held regarding the financial disclosure.

Project Financing. GPTC intends to finance the development of Segments H, I-1, and I-2 with toll revenue obligations issued by GPTC. The total amount of debt that has been or will be assumed by the GPTC to acquire right-of-way, design, construct, and finance Segments H, I-1, and I-2 is projected to be approximately \$2.0 billion including \$181 million in obligations from the Grand Parkway D through G Project that were established

to support development of Segments H, I-1, and I-2. Under the GPTC’s plan of finance, the debt will be repaid through toll revenues generated from the operation of the toll lanes on Segments H, I-1, and I-2. The debt will be repaid over a 40-year term from the beginning of construction (excluding any refinancing). The projected amount of the interest that will be paid by GPTC on the debt is approximately \$2.3 billion over the term of the financing. GPTC and TxDOT does not anticipate assuming any debt for the operation and maintenance of Segments H, I-1, and I-2.

Duration of Tolling. GPTC will collect tolls on Segments H, I-1, and I-2 to offset the acquisition, design, and construction debt cost. Tolling will continue after the debt is repaid.

Method for Setting Toll Rates. The initial toll rates and annual escalation policy for Segments H, I-1, and I-2 were adopted by the TTC by Minute Order 114881 dated March 28, 2017. The toll rates and escalation policy are in accordance with the Market Valuation Waiver Agreement (MVWA) for the Grand Parkway. The MVWA was entered into by Brazoria County, Chambers County, Fort Bend County, Galveston County, Harris County, Montgomery County, Liberty County and TxDOT and provides the terms and conditions for the development, construction, and operation of the Grand Parkway. In accordance with the MVWA, the toll rates for all segments of the Grand Parkway will not exceed the average per-mile rates set in the current policy of the Harris County toll road system and the toll rate escalation methodology will be as set forth in Harris County’s tolling policy in effect at the time.

Competing Facilities. There are no terms in the DBA related to competing facilities and there are no penalties associated with their construction.

Termination for Convenience. TxDOT has the right to terminate the DBA at any time without cause. If TxDOT elects to exercise this right, TxDOT must pay the DB Contractor for the design and construction work already performed under the DBA, the costs of terminating subcontracts, and certain out of pocket costs incurred by the DB Contractor.

Toll Rates. Based on the demand projections, it is estimated that the toll rates per mile will be as follows:

Toll Rate	2022 (in today’s \$)	2037 (in today’s \$)
ETC	\$0.222	\$0.307

Methodology for increasing toll rates. Toll rates will be static (not changing based on traffic conditions) and increase based on the adopted escalation policy. The current policy calls for annual escalation of the toll rates based on the higher of 2% or the most recently published non-revised index of Consumer Prices for Urban Wage Earners and Clerical Workers.

Concession Payments. There will be no concession payments.

Public Hearings. TxDOT will hold four public hearings concerning this disclosure of financial information for the toll project. Hearings will be held at the following dates, times, and locations: Tuesday, May 23, 2017 from 5:00 p.m. – 7:00 p.m. at the TxDOT Houston District, Ned Holmes Auditorium, located at 7600 Washington Avenue, Houston, Texas 77007; Wednesday, May 24, 2017 from 3:00 p.m. – 5:00 p.m. at the Montgomery County Commissioner’s Courtroom, located at 501 North Thompson Street, Suite 402, Conroe, Texas 77301; Wednesday, May 24, 2017 from 5:00 p.m. – 7:00 p.m. at the Chambers County American Legion Hall, located at 704 South Main Street, Anahuac, Texas 77514; and Thursday, May 25, 2017 from 5:00 p.m. – 7:00 p.m. in Liberty County at the Jack Hartel Building, located at 318 San Jacinto, Liberty, Texas 77575. Questions and comments concerning the financial information will be accepted by TxDOT at the public hearing.

Questions and comments may also be submitted to the department by U.S. mail addressed to Varuna Singh, P.E., Texas Department of Transportation, 7600 Washington Avenue, Houston, Texas 77007; or email written comments to either [HOU-PIOWebMail@txdot.gov](mailto:HOU-PIOWebMail@txdot.gov) with subject line SH 99 Segments H&I or to [sarah.dupre@txdot.gov](mailto:sarah.dupre@txdot.gov) with the subject line SH 99 Segments H&I. These comments will be accepted until 5 p.m., June 5, 2017. Copies of the DBA will be made available for viewing at the public hearing, at TxDOT’s Houston District office located at 7600 Washington Avenue, Houston, Texas 77007, and at TxDOT’s Beaumont District office located at 8350 Eastex Freeway, Beaumont, Texas 77708, and can be accessed on TxDOT’s website at <http://www.txdot.gov/business/partnerships/current-cda/sh99-grand-parkway/99hi-rfp.html>. Copies of the DBA also may be purchased from TxDOT’s Houston District office at the cost of reproduction. TxDOT will consider all properly submitted questions and comments and will prepare a summary and analysis of the comments received. The summary and analysis will be posted on TxDOT’s website and made available upon request. Persons interested in attending any of the hearings who have special communication or accommodation needs are encouraged to contact Elizabeth Halliburton-Riddick at the TxDOT Houston District at (713) 866-7037. Requests should be made at least 72 hours prior to the public hearing. Because the public hearings will be conducted in English, any requests for language interpreters or other special communication needs should also be made at least 72 hours prior to the public hearing. TxDOT will make every reasonable effort to accommodate these needs.