



TEXAS DEPARTMENT OF TRANSPORTATION SH 249 EXTENSION 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 24 miles of new location roadway in Montgomery and Grimes Counties. This project consists of two Segments (1 and 2). Segment 1 is an approximately 14-mile toll facility from FM 1774 in Pinehurst (Montgomery County) to FM 1774 north of Todd Mission (Grimes County). Segment 1 Base Scope consists of a four-lane divided toll facility from FM 1774 in Pinehurst to just south of FM 149, and a Super-2 (one lane in each direction with intermittent passing lanes) toll facility from just south of FM 149 to FM 1774 north of Todd Mission. Segment 2 is an approximately 10-mile, two-lane, (one lane in each direction) non-tolled facility from FM 1774 north of Todd Mission to SH 105 near Navasota (Grimes County). The DBA also includes two options (Options 1 and 2) for the design and the construction of the ultimate four-lane divided toll facility (two lanes in each direction) within Segment 1. Option 1 consists of a four-lane divided toll facility from just south of FM 149 to FM 1488 in Magnolia. Option 2 consists of a four-lane divided toll facility from FM 1488 to FM 1774 north of Todd Mission (Option 2 will only be exercised in conjunction with Option 1 Work). Any options will be exercised prior to contract execution.

The Segment 1 tolled lanes will be operated by, and the tolls collected by, TxDOT through their Toll Operations Division. On June 29, 2017, in Minute Order 114960, the Texas Transportation Commission (TTC) determined that the proposal submitted by WBCCI, LLC (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, Segment 1 construction work will begin in late 2017 or early 2018 and is scheduled to be completed in mid-2020. Segment 2 construction work will begin in late 2018 or early 2019 and is scheduled to be completed in mid-2022. TxDOT owns and will continue to own the roadway and the right of way.

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. TxDOT intends to fund the SH 249 Extension with federal and state funding sources including financing a portion of the development of Segment 1 with toll revenue obligations issued by TxDOT. Segment 2 of the project will not be tolled. The total amount of debt that has been or will be assumed by TxDOT to acquire right-of-way, design, construct, and finance Segment 1 is projected to be approximately \$325 million. Under TxDOT's plan of finance, the debt will be repaid through toll revenues generated from the operation of the toll lanes on SH 249 Segment 1. The debt will be repaid over a term of up to 40-years from the date of financial close (excluding any refinancing). The projected amount of the interest that will be paid by TxDOT on the debt is approximately \$780 million over the term of the financing. TxDOT does not anticipate assuming any debt for the operation and maintenance of the SH 249 Extension.

Duration of Tolling. TxDOT will collect tolls on Segment 1 to offset the acquisition, design, and construction debt cost. Tolling will continue along Segment 1 after the debt is repaid.

Method for Setting Toll Rates. Designation of SH 249 Segment 1 as a toll facility was adopted by TTC Minute Order 114959 dated June 29, 2017. The initial toll rates and annual escalation policy for Segment 1 are anticipated to be consistent with the Harris County Toll Road Authority (HCTRA) policies and escalation rates on the adjacent SH 249 Toll Lanes in Harris County.

Toll Rates. Based on the demand projections, it is estimated that the toll rates per mile for Segment 1 will be as follows:

Project Status	Year	Estimated \$/mile
Initial Toll Rates	2020	\$0.271
End of 1 st CMA Term	2025	\$0.302
End of 2 nd CMA Term	2030	\$0.337
End of 3 rd CMA Term	2035	\$0.376

Methodology for increasing toll rates. Toll rates for Segment 1 will be static (not changing based on traffic conditions) and increase based on the adopted escalation policy anticipated to be consistent with the terms of the policy utilized by HCTRA.

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.

Concession Payments. There will be no concession payments.

Public Hearings. TxDOT will hold two public hearings concerning this disclosure of financial information for the toll project – one in Montgomery County and one in Grimes County. Hearings will be held at the following dates, times, and locations:

<u>Montgomery County:</u> Date: Thursday, August 24, 2017 Time: 3:00 pm – 5:00 pm Location: Montgomery County Courthouse 501 N. Thompson Courtroom No. 402 Conroe, Texas 77301	<u>Grimes County:</u> Date: Wednesday, August 23, 2017 Time: 6:00 pm – 8:00 pm Location: Anderson Community Center 414 Hill Street Anderson, Texas 77830
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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 HOU-PIOWebMail@txdot.gov with subject line SH 249 Extension. These comments will be accepted until 5 p.m., Thursday, September 7, 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 Bryan District office located at 2591 North Earl Rudder Freeway, Bryan, Texas 77803-5190, and can be accessed on TxDOT's website at www.txdot.gov/business/partnerships/current-cda/sh249-extension/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.