

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

FEASIBILITY STUDY SEGMENT D- GRAND PARKWAY

1/1/2011

Grand Parkway- Segment D- Updated Feasibility Report

December 2010

The following report updates the Project Development Plan prepared in May 2010. This update is intended to advance the decision process on proceeding with the development of Segment D by Fort Bend Grand Parkway Toll Road Authority (Authority).

Attached to this update are the following:

1. Preliminary schedule of development which allows for construction to begin by September 2011.
2. Cash flow analyses based on preliminary Wilbur Smith Investment grade study- dated Dec 6, 2010
3. TxDOT use agreement (Preliminary)

Design & Construction

A surveying contract was let by the Authority in November 2010 for the entire Segment D from US 59 to Westpark. Work began in early December 2010 and surveying is complete on several of the overpasses. This surveying will provide the necessary design topography and alignment for design teams.

In December the Authority recommended to Commissioners Court that negotiations with design teams begin on the 10 bridges. Negotiations are currently under way with the initial contract for River Park West and West Airport to be completed by late January 2011. All design contracts will be negotiated by April 2011. River Park West and West Airport were selected for initial construction due to relative non-complex design and construction in order to meet the September 2011 construction start.

Schedule & Interim Financing

As shown on the project development schedule the final investment grade study report will be completed by April 2011. However, with the completion of the demographic study by late December 2010, the traffic and revenue estimates will take into account these new numbers. This update should be done late January 2011. As we have done with other projects, interim financing for design costs (approximately \$10 million) will be obtained either through loans from the Fort Bend County Toll Road Authority or outside sources. Bond sale for construction is proposed in August at the beginning of construction. Construction will begin in September 2011 with all bridges projected to be complete for revenue service by mid 2013.

Financing & Feasibility

Two cash flow analyses are attached. The first is for a stand alone revenue bond while the second assumes a tax pledge on the bonds from the County. Both cash flows indicate that the debt service on the projected bonds can be covered by the toll revenues. There are some important factors and assumptions which are included in the cash flow:

1. The initial toll rate per tolling station is set at \$0.35
2. Toll rates are automatically increased at a minimum of 2.5% /year or CPI
3. Transaction costs are projected at \$0.10 per transaction
4. Cash flow two assumes a County tax pledge as credit enhancement to obtain the lowest possible bond financing rate and a reduction in reserve requirements.
5. Interim financing is to be obtained to fund engineering costs so that bonds are issued immediately prior to the award of first construction contract.

TxDOT Agreement

Under terms of Senate Bill 792 the Authority has prepared and submitted to TxDOT an operating agreement for transfer of the existing Grand Parkway Right of Way and for maintenance obligations between the parties. The agreement is currently being reviewed by TxDOT.

Recommendations

1. Based on the pro-forma cash flows it is recommended that the Authority continue advancement of the project as outlined in the attached schedule with final decision to proceed with financing and construction by April 18, 2011.
2. Authorize the financial consultant (First Southwest) to obtain interim financing for design costs (Approximately \$10 million.)
3. Begin preparation for bond financing to be available concurrent with construction to begin no later than September 1, 2011.

SOURCES AND USES OF FUNDS

Fort Bend County, Texas
Unlimited Tax Toll Road Bonds, Series 2011
(Grand Parkway Segment D Project)
*** PRELIMINARY; FOR DISCUSSION ONLY ***

Sources:

Bond Proceeds:	
Par Amount	161,915,000.00
	<hr/> 161,915,000.00 <hr/>

Uses:

Project Fund Deposits:	
Initial Costs	143,358,985.41
Other Fund Deposits:	
Capitalized Interest	16,191,500.00
Delivery Date Expenses:	
Cost of Issuance	1,147,660.00
Underwriter's Discount	<hr/> 1,214,362.50
	2,362,022.50
Other Uses of Funds:	
Contingency	2,492.09
	<hr/> 161,915,000.00 <hr/>

NET DEBT SERVICE

Fort Bend County, Texas
 Unlimited Tax Toll Road Bonds, Series 2011
 (Grand Parkway Segment D Project)
 *** PRELIMINARY; FOR DISCUSSION ONLY ***

Period Ending	Principal	Interest	Total Debt Service	General Fund	Capitalized Interest	Net Debt Service
09/30/2012		8,095,750.00	8,095,750.00	(70,837.81)	8,166,587.81	
09/30/2013		8,095,750.00	8,095,750.00	(30,359.07)	8,126,109.07	
09/30/2014		8,095,750.00	8,095,750.00	101,196.88		7,994,553.12
09/30/2015		8,095,750.00	8,095,750.00			8,095,750.00
09/30/2016		8,095,750.00	8,095,750.00			8,095,750.00
09/30/2017		8,095,750.00	8,095,750.00			8,095,750.00
09/30/2018		8,095,750.00	8,095,750.00			8,095,750.00
09/30/2019		8,095,750.00	8,095,750.00			8,095,750.00
09/30/2020		8,095,750.00	8,095,750.00			8,095,750.00
09/30/2021		8,095,750.00	8,095,750.00			8,095,750.00
09/30/2022	100,000.00	8,093,250.00	8,193,250.00			8,193,250.00
09/30/2023	190,000.00	8,086,000.00	8,276,000.00			8,276,000.00
09/30/2024	800,000.00	8,061,250.00	8,861,250.00			8,861,250.00
09/30/2025	1,455,000.00	8,004,875.00	9,459,875.00			9,459,875.00
09/30/2026	2,105,000.00	7,915,875.00	10,020,875.00			10,020,875.00
09/30/2027	2,795,000.00	7,793,375.00	10,588,375.00			10,588,375.00
09/30/2028	3,810,000.00	7,628,250.00	11,438,250.00			11,438,250.00
09/30/2029	4,660,000.00	7,416,500.00	12,076,500.00			12,076,500.00
09/30/2030	5,585,000.00	7,160,375.00	12,745,375.00			12,745,375.00
09/30/2031	5,875,000.00	6,873,875.00	12,748,875.00			12,748,875.00
09/30/2032	6,175,000.00	6,572,625.00	12,747,625.00			12,747,625.00
09/30/2033	6,490,000.00	6,256,000.00	12,746,000.00			12,746,000.00
09/30/2034	6,825,000.00	5,923,125.00	12,748,125.00			12,748,125.00
09/30/2035	7,175,000.00	5,573,125.00	12,748,125.00			12,748,125.00
09/30/2036	7,540,000.00	5,205,250.00	12,745,250.00			12,745,250.00
09/30/2037	7,930,000.00	4,818,500.00	12,748,500.00			12,748,500.00
09/30/2038	8,335,000.00	4,411,875.00	12,746,875.00			12,746,875.00
09/30/2039	8,765,000.00	3,984,375.00	12,749,375.00			12,749,375.00
09/30/2040	9,215,000.00	3,534,875.00	12,749,875.00			12,749,875.00
09/30/2041	9,685,000.00	3,062,375.00	12,747,375.00			12,747,375.00
09/30/2042	10,180,000.00	2,565,750.00	12,745,750.00			12,745,750.00
09/30/2043	10,705,000.00	2,043,625.00	12,748,625.00			12,748,625.00
09/30/2044	11,255,000.00	1,494,625.00	12,749,625.00			12,749,625.00
09/30/2045	11,830,000.00	917,500.00	12,747,500.00			12,747,500.00
09/30/2046	12,435,000.00	310,875.00	12,745,875.00			12,745,875.00
	161,915,000.00	214,665,625.00	376,580,625.00	0.00	16,292,696.88	360,287,928.12

Projected Cash Flow and Debt Service Coverage

Fort Bend County, Texas \$161,915,000 Unlimited Tax Toll Road Bonds, Series 2011 (Grand Parkway Segment D Project)

Calendar Year	Projected Revenues ⁽¹⁾	Less: Projected Annual Transaction Expense ⁽²⁾	Less: Projected Annual Maintenance & Operating Expense ⁽²⁾	Projected Revenues Available for Debt Service	Projected Net Debt Service ⁽³⁾	Projected Net Debt Service Coverage Ratio	Annual Projected Net Revenue After Debt Service and Expenses	Calendar Year
2011	-	-	-	-	-	-	-	2011
2012	-	-	-	-	-	-	-	2012
2013	-	-	-	-	-	-	-	2013
2014	13,546,000	(3,297,700)	(1,250,000)	8,998,300	7,994,553	1.13	1,003,747	2014
2015	17,862,000	(4,236,800)	(1,500,000)	12,125,200	8,095,750	1.50	4,029,450	2015
2016	19,943,000	(4,720,000)	(1,530,000)	13,693,000	8,095,750	1.69	5,597,250	2016
2017	21,852,000	(5,041,100)	(1,560,800)	15,250,300	8,095,750	1.88	7,154,550	2017
2018	23,743,000	(5,338,300)	(1,591,812)	16,812,888	8,095,750	2.08	8,717,138	2018
2019	25,700,000	(5,635,500)	(1,823,648)	18,440,852	8,095,750	2.28	10,345,102	2019
2020	28,089,000	(6,010,200)	(1,658,121)	20,422,679	8,095,750	2.52	12,326,929	2020
2021	29,904,000	(6,249,300)	(1,689,244)	21,965,456	8,095,750	2.71	13,869,706	2021
2022	32,425,000	(6,489,300)	(1,723,029)	24,212,671	8,193,250	2.96	16,019,421	2022
2023	34,396,000	(6,733,500)	(1,757,489)	25,905,011	8,276,000	3.13	17,629,011	2023
2024	36,510,000	(6,987,000)	(1,792,639)	27,730,361	8,861,250	3.13	18,869,111	2024
2025	38,685,000	(7,250,100)	(1,828,492)	29,616,408	9,459,875	3.13	20,156,533	2025
2026	40,690,000	(7,480,200)	(1,865,061)	31,364,739	10,020,875	3.13	21,343,864	2026
2027	42,727,000	(7,676,500)	(1,902,363)	33,148,137	10,588,375	3.13	22,559,762	2027
2028	45,638,000	(7,899,000)	(1,940,410)	35,798,590	11,438,250	3.13	24,360,340	2028
2029	47,914,000	(8,128,100)	(1,979,218)	37,806,682	12,076,500	3.13	25,730,182	2029
2030	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,745,375	3.13	27,156,922	2030
2031	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,748,875	3.13	27,153,422	2031
2032	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,747,625	3.13	27,154,672	2032
2033	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,746,000	3.13	27,156,297	2033
2034	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,748,125	3.13	27,154,172	2034
2035	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,748,125	3.13	27,154,172	2035
2036	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,745,250	3.13	27,157,047	2036
2037	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,748,500	3.13	27,153,797	2037
2038	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,746,875	3.13	27,155,422	2038
2039	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,749,375	3.13	27,152,922	2039
2040	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,749,875	3.13	27,152,422	2040
2041	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,747,375	3.13	27,154,922	2041
2042	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,745,750	3.13	27,156,547	2042
2043	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,748,625	3.13	27,153,672	2043
2044	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,749,625	3.13	27,152,672	2044
2045	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,747,500	3.13	27,154,797	2045
2046	50,285,000	(8,363,900)	(2,018,803)	39,902,297	12,745,875	3.13	27,156,422	2046
	\$ 1,354,479,000	\$ (241,338,900)	\$ (61,509,768)	\$ 1,051,630,332	\$ 360,287,928		\$ 691,342,404	

NOTES:

- (1) Source: Wilbur Smith & Associates (December 6, 2010).
- (2) Estimated at \$0.10 per toll transaction.
- (3) Based on a project fund deposit of \$143,358,985, as estimated by Brown & Gay Engineers Inc. and LJA Engineering & Surveying, Inc. (5/11/2010). Assumes an interest rate on the Bonds of 5.00%. Net of capitalized interest.

This is a projection of cash flow based on assumptions, current market conditions, and a flow of funds that allows for the accumulation of reserves. These cash flows will change based on market conditions at the time of the sale of the bonds, actual revenues and investment income, and actual construction costs and timing. There are usually differences in estimated and actual revenues because events and circumstances frequently do not occur as expected. Such differences may be material.

SOURCES AND USES OF FUNDS

Fort Bend Grand Parkway Toll Road Authority
Toll Road Revenue Bonds, Series 2011
(Grand Parkway Segment D Project)
*** PRELIMINARY; FOR DISCUSSION ONLY ***

Sources:

Bond Proceeds:	
Par Amount	184,040,000.00
	<u>184,040,000.00</u>

Uses:

Project Fund Deposits:	
Initial Costs	143,358,985.41
Other Fund Deposits:	
Debt Service Reserve Fund	15,978,400.00
Capitalized Interest	<u>22,084,800.00</u>
	38,063,200.00
Delivery Date Expenses:	
Cost of Issuance	1,236,160.00
Underwriter's Discount	<u>1,380,300.00</u>
	2,616,460.00
Other Uses of Funds:	
Contingency	1,354.59
	<u>184,040,000.00</u>

NET DEBT SERVICE

Fort Bend Grand Parkway Toll Road Authority
Toll Road Revenue Bonds, Series 2011
(Grand Parkway Segment D Project)

*** PRELIMINARY; FOR DISCUSSION ONLY ***

Period Ending	Principal	Interest	Debt Service	General Fund	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service
09/30/2012		11,042,400.00	11,042,400.00	(176,513.00)	79,892.00	11,139,021.00	
09/30/2013		11,042,400.00	11,042,400.00	(121,301.00)	79,892.00	11,083,809.00	
09/30/2014		11,042,400.00	11,042,400.00	297,814.00	79,892.00		10,664,694.00
09/30/2015		11,042,400.00	11,042,400.00		79,892.00		10,962,508.00
09/30/2016		11,042,400.00	11,042,400.00		79,892.00		10,962,508.00
09/30/2017		11,042,400.00	11,042,400.00		79,892.00		10,962,508.00
09/30/2018		11,042,400.00	11,042,400.00		79,892.00		10,962,508.00
09/30/2019		11,042,400.00	11,042,400.00		79,892.00		10,962,508.00
09/30/2020		11,042,400.00	11,042,400.00		79,892.00		10,962,508.00
09/30/2021		11,042,400.00	11,042,400.00		79,892.00		10,962,508.00
09/30/2022		11,039,400.00	11,139,400.00		79,892.00		10,962,508.00
09/30/2023	100,000.00	11,033,400.00	11,133,400.00		79,892.00		11,059,508.00
09/30/2024	100,000.00	11,027,400.00	11,127,400.00		79,892.00		11,053,508.00
09/30/2025	860,000.00	10,998,600.00	11,858,600.00		79,892.00		11,047,508.00
09/30/2026	1,635,000.00	10,923,750.00	12,558,750.00		79,892.00		11,778,708.00
09/30/2027	2,470,000.00	10,800,600.00	13,270,600.00		79,892.00		12,478,858.00
09/30/2028	3,720,000.00	10,614,900.00	14,334,900.00		79,892.00		13,190,708.00
09/30/2029	4,775,000.00	10,360,050.00	15,135,050.00		79,892.00		14,255,008.00
09/30/2030	5,935,000.00	10,038,750.00	15,973,750.00		79,892.00		15,055,158.00
09/30/2031	6,305,000.00	9,671,550.00	15,976,550.00		79,892.00		15,893,858.00
09/30/2032	6,695,000.00	9,281,550.00	15,976,550.00		79,892.00		15,896,658.00
09/30/2033	7,110,000.00	8,867,400.00	15,977,400.00		79,892.00		15,896,658.00
09/30/2034	7,550,000.00	8,427,600.00	15,977,600.00		79,892.00		15,897,508.00
09/30/2035	8,015,000.00	7,960,650.00	15,975,650.00		79,892.00		15,895,758.00
09/30/2036	8,510,000.00	7,464,900.00	15,974,900.00		79,892.00		15,895,008.00
09/30/2037	9,040,000.00	6,938,400.00	15,978,400.00		79,892.00		15,898,508.00
09/30/2038	9,595,000.00	6,379,350.00	15,974,350.00		79,892.00		15,894,458.00
09/30/2039	10,190,000.00	5,785,800.00	15,975,800.00		79,892.00		15,895,908.00
09/30/2040	10,820,000.00	5,155,500.00	15,975,500.00		79,892.00		15,895,608.00
09/30/2041	11,490,000.00	4,486,200.00	15,976,200.00		79,892.00		15,896,308.00
09/30/2042	12,200,000.00	3,775,500.00	15,975,500.00		79,892.00		15,895,608.00

NET DEBT SERVICE

Fort Bend Grand Parkway Toll Road Authority
Toll Road Revenue Bonds, Series 2011
(Grand Parkway Segment D Project)

*** PRELIMINARY; FOR DISCUSSION ONLY ***

Period Ending	Principal	Interest	Debt Service	General Fund	Debt Service Reserve Fund	Capitalized Interest	Net Debt Service
09/30/2043	12,955,000.00	3,020,850.00	15,975,850.00		79,892.00		15,895,958.00
09/30/2044	13,755,000.00	2,219,550.00	15,974,550.00		79,892.00		15,894,658.00
09/30/2045	14,605,000.00	1,368,750.00	15,973,750.00		79,892.00		15,893,858.00
09/30/2046	15,510,000.00	465,300.00	15,975,300.00		16,018,346.00		(43,046.00)
	184,040,000.00	298,529,700.00	482,569,700.00	0.00	18,734,674.00	22,222,830.00	441,612,196.00

Projected Cash Flow and Debt Service Coverage

Fort Bend Grand Parkway Toll Road Authority \$184,040,000 Toll Road Revenue Bonds, Series 2011 (Grand Parkway Segment D Project)

Calendar Year	Projected Revenues ⁽¹⁾	Less: Projected Annual Transaction Expense ⁽²⁾	Less: Projected Annual Maintenance & Operating Expense ⁽²⁾	Projected Revenues Available for Debt Service	Projected Net Debt Service ⁽³⁾	Projected Net Debt Service Coverage Ratio	Annual Projected Net Revenue After Debt Service and Expenses	Calendar Year
2011	-	-	-	-	-	-	-	2011
2012	-	-	-	-	-	-	-	2012
2013	-	-	-	-	-	-	-	2013
2014	13,546,000	(3,297,700)	(1,250,000)	8,998,300	10,664,694	0.84	(1,666,394)	2014
2015	17,862,000	(4,236,800)	(1,500,000)	12,125,200	10,962,508	1.11	1,162,692	2015
2016	19,943,000	(4,720,000)	(1,530,000)	13,693,000	10,962,508	1.25	2,730,492	2016
2017	21,852,000	(5,041,100)	(1,580,800)	15,250,300	10,962,508	1.39	4,287,792	2017
2018	23,743,000	(5,338,300)	(1,591,812)	16,812,888	10,962,508	1.53	5,850,380	2018
2019	25,700,000	(5,635,500)	(1,623,848)	18,440,852	10,962,508	1.68	7,478,344	2019
2020	28,089,000	(6,010,200)	(1,656,121)	20,422,679	10,962,508	1.86	9,460,171	2020
2021	29,904,000	(6,249,300)	(1,689,244)	21,965,456	10,962,508	2.00	11,002,948	2021
2022	32,425,000	(6,489,300)	(1,723,029)	24,212,671	11,059,508	2.19	13,153,163	2022
2023	34,396,000	(6,733,500)	(1,757,489)	25,905,011	11,053,508	2.34	14,851,503	2023
2024	36,510,000	(6,987,000)	(1,792,639)	27,730,361	11,047,508	2.51	16,682,853	2024
2025	38,695,000	(7,250,100)	(1,828,492)	29,616,408	11,778,708	2.51	17,837,700	2025
2026	40,890,000	(7,460,200)	(1,865,061)	31,364,739	12,478,858	2.51	18,885,881	2026
2027	42,727,000	(7,676,500)	(1,902,363)	33,148,137	13,190,708	2.51	19,957,429	2027
2028	45,638,000	(7,899,000)	(1,940,410)	35,798,590	14,255,008	2.51	21,543,582	2028
2029	47,914,000	(8,128,100)	(1,979,218)	37,806,682	15,055,158	2.51	22,751,524	2029
2030	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,893,858	2.51	24,008,439	2030
2031	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,896,658	2.51	24,005,639	2031
2032	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,896,658	2.51	24,005,639	2032
2033	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,897,508	2.51	24,004,789	2033
2034	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,897,708	2.51	24,004,589	2034
2035	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,896,758	2.51	24,006,539	2035
2036	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,895,008	2.51	24,007,289	2036
2037	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,898,508	2.51	24,003,789	2037
2038	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,894,458	2.51	24,007,839	2038
2039	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,895,908	2.51	24,006,389	2039
2040	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,895,608	2.51	24,006,689	2040
2041	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,896,308	2.51	24,005,989	2041
2042	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,895,808	2.51	24,006,689	2042
2043	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,895,958	2.51	24,006,339	2043
2044	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,894,658	2.51	24,007,639	2044
2045	50,285,000	(8,363,900)	(2,018,803)	39,902,297	15,893,858	2.51	24,008,439	2045
2046	50,285,000	(8,363,900)	(2,018,803)	39,902,297	(43,046)	-	39,945,343	2046
	\$ 1,354,479,000	\$ (241,338,900)	\$ (61,509,768)	\$ 1,051,630,332	\$ 441,612,196		\$ 610,018,136	

NOTES:

- (1) Source: Wilbur Smith & Associates (December 6, 2010).
- (2) Estimated at \$0.10 per toll transaction.
- (3) Based on a project fund deposit of \$143,358,985, as estimated by Brown & Gay Engineers Inc. and LJA Engineering & Surveying, Inc. (5/11/2010). Assumes an interest rate on the Bonds of 6.00%. Net of capitalized interest.

This is a projection of cash flow based on assumptions, current market conditions, and a flow of funds that allows for the accumulation of reserves. These cash flows will change based on market conditions at the time of the sale of the bonds, actual revenues and investment income, and actual construction costs and timing. There are usually differences in estimated and actual revenues because events and circumstances frequently do not occur as expected. Such differences may be material.

