

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

SEGMENT D- GRAND PARKWAY

PROJECT UPDATE

4/18/2011

Grand Parkway- Segment D- Project Update

April 2011

The following report updates the Project Feasibility Plan prepared in December 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. Cash flow analyses based on updated Traffic & Revenue Wilbur Smith Investment grade study- dated April 18, 2011
2. TxDOT use agreement

Design & Construction

Project design is being financed by a loan from the Fort Bend County Toll Road Authority and Fort Bend County in the combined amount of \$12 million to be repaid upon bond sale. Two design contracts for the overpasses at River Park and West Airport Boulevard are currently under design with a completion date of May 2011. The remaining design contracts are in various stages of negotiations with 9 additional design contracts to be submitted for approval at the Authorities April meeting.

Financing & Feasibility

Attached are traffic, revenue and debt service cash flow schedules based on the revised Wilbur Smith & Associates investment grade Traffic and Revenue Study.

The base case of the study includes the completion of the Grand Parkway system through Harris and Montgomery Counties over time.

Also attached is an alternate schedule which discounts the traffic and revenue figures. The 30% discount rate (70% multiplier) generally would take into consideration various factors which would reduce traffic and revenue, including primarily lower economic growth rates than forecasted.

The initial toll rate per tolling station is set at \$0.35

1. Toll rates are automatically increased at a minimum of 2.25% until 2015 and 2.5% /year thereafter.
2. Transaction costs are projected at \$0.10 per transaction
3. Both cash flow tables assume County tax pledge as credit enhancement to obtain the lowest possible bond financing rate and a reduction in reserve requirements.
4. Interim financing to fund engineering costs has been obtained. Bond or other financing is to be obtained immediately prior to the award of the first construction contracts.

TxDOT Agreement

Under terms of Senate Bill 792 the Authority has prepared and submitted to TxDOT an operating agreement for transfer or use of the existing Grand Parkway Right of Way and for maintenance obligations between the parties. The agreement has been negotiated with TxDOT and will be presented for approval at the April meeting of the Toll Road Authority.

Recommendations

1. Based on the updated Investment Grade Traffic and Revenue study and corresponding cash flows it is recommended that the Authority continue advancement of the project.

2. Continue project financing activity in preparation for bond financing to be available concurrent with construction to begin no later than September 1, 2011.

Projected Cash Flow and Debt Service Coverage

Fort Bend County, Texas \$171,570,000 Unlimited Tax Toll Road Bonds, Series 2011 (Grand Parkway Segment D Project) Scenario 2: Base Case Forecast with 3 Years of Capitalized Interest

Calendar Year	Projected Revenues ⁽¹⁾	Less: Projected Annual Transaction Expense ⁽²⁾	Less: Projected Annual Maintenance & Operating Expense ⁽³⁾	Projected Revenues Available for Debt Service	Projected Net Debt Service ⁽⁴⁾	Projected Net Debt Service Coverage Ratio	Annual Projected Net Revenue After Debt Service and Expenses	Calendar Year
2011	-	-	-	-	-	-	-	2011
2012	-	-	-	-	-	-	-	2012
2013	-	-	-	-	-	-	-	2013
2014	12,125,000	(2,920,900)	(1,250,000)	7,954,100	-	-	7,954,100	2014
2015	15,327,000	(3,583,300)	(1,500,000)	10,243,700	8,353,314	1.23	1,890,386	2015
2016	18,621,000	(4,331,500)	(1,530,000)	12,759,500	8,578,500	1.49	4,181,000	2016
2017	22,403,000	(5,067,500)	(1,560,600)	15,774,900	8,578,500	1.84	7,196,400	2017
2018	26,447,000	(5,820,600)	(1,591,812)	19,034,588	8,578,500	2.22	10,456,088	2018
2019	31,879,000	(6,831,700)	(1,623,648)	23,423,652	8,578,500	2.73	14,845,152	2019
2020	37,657,000	(7,861,700)	(1,656,121)	28,139,179	8,578,500	3.28	19,560,679	2020
2021	41,402,000	(8,458,900)	(1,689,244)	31,253,856	8,578,500	3.64	22,675,356	2021
2022	46,296,000	(9,079,800)	(1,723,029)	35,493,171	8,676,000	4.09	26,817,171	2022
2023	50,566,000	(9,719,200)	(1,757,489)	39,089,311	8,671,000	4.51	30,418,311	2023
2024	55,269,000	(10,403,000)	(1,792,639)	43,073,361	9,177,875	4.69	33,895,486	2024
2025	59,849,000	(11,051,200)	(1,828,492)	46,969,308	10,004,625	4.69	36,964,683	2025
2026	63,074,000	(11,417,100)	(1,865,061)	49,791,839	10,607,000	4.69	39,184,839	2026
2027	66,369,000	(11,795,300)	(1,902,363)	52,671,337	11,223,375	4.69	41,447,962	2027
2028	71,028,000	(12,186,500)	(1,940,410)	56,901,090	12,124,250	4.69	44,776,840	2028
2029	74,737,000	(12,591,000)	(1,979,218)	60,166,782	12,820,250	4.69	47,346,532	2029
2030	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,543,375	4.69	50,035,422	2030
2031	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,544,000	4.69	50,034,797	2031
2032	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,544,000	4.69	50,034,797	2032
2033	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,547,500	4.69	50,031,297	2033
2034	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,543,750	4.69	50,035,047	2034
2035	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,546,875	4.69	50,031,922	2035
2036	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,545,875	4.69	50,032,922	2036
2037	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,544,875	4.69	50,033,922	2037
2038	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,547,750	4.69	50,031,047	2038
2039	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,543,500	4.69	50,035,297	2039
2040	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,546,000	4.69	50,032,797	2040
2041	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,544,000	4.69	50,034,797	2041
2042	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,546,250	4.69	50,032,547	2042
2043	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,546,375	4.69	50,032,422	2043
2044	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,543,125	4.69	50,035,672	2044
2045	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,545,000	4.69	50,033,797	2045
2046	78,607,000	(13,009,400)	(2,018,803)	63,578,797	13,545,375	4.69	50,033,422	2046
	\$ 2,029,368,000	\$ (354,279,000)	\$ (61,509,768)	\$ 1,613,579,232	\$ 373,396,314		\$ 1,240,182,918	

NOTES:

- (1) Source: Wilbur Smith & Associates (4/15/2011).
- (2) Estimated at \$0.10 per toll transaction.
- (3) Source: Wilbur Smith & Associates (12/6/2010).
- (4) 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.

Projected Cash Flow and Debt Service Coverage

Fort Bend County, Texas
\$171,570,000 Unlimited Tax Toll Road Bonds, Series 2011
(Grand Parkway Segment D Project)
Scenario 2: Base Case Forecast with 3 Years of Capitalized Interest

Calendar Year	Projected Revenues ⁽¹⁾	Multiplier ⁽²⁾	Adjusted Projected Revenues ⁽³⁾	Less: Projected Annual Transaction Expense ⁽⁴⁾	Less: Projected Annual Maintenance & Operating Expense ⁽⁵⁾	Projected Revenues Available for Debt Service	Projected Net Debt Service ⁽⁶⁾	Projected Net Debt Service Coverage Ratio	Annual Projected Net Revenue After Debt Service and Expenses	Calendar Year
2011	-		-	-	-	-	-	-	-	2011
2012	-		-	-	-	-	-	-	-	2012
2013	-		-	-	-	-	-	-	-	2013
2014	12,125,000	70.00%	8,487,500	(2,044,630)	(1,250,000)	5,192,870	-	-	5,192,870	2014
2015	15,327,000	70.00%	10,728,900	(2,508,310)	(1,500,000)	6,720,590	8,353,314	0.80	(1,632,724)	2015
2016	18,621,000	70.00%	13,034,700	(3,032,050)	(1,530,000)	8,472,650	8,578,500	0.99	(105,850)	2016
2017	22,403,000	70.00%	15,682,100	(3,547,250)	(1,560,600)	10,574,250	8,578,500	1.23	1,995,750	2017
2018	26,447,000	70.00%	18,512,900	(4,074,420)	(1,591,812)	12,846,668	8,578,500	1.50	4,268,168	2018
2019	31,879,000	70.00%	22,315,300	(4,782,190)	(1,623,648)	15,909,462	8,578,500	1.85	7,330,962	2019
2020	37,657,000	70.00%	26,359,900	(5,503,190)	(1,656,121)	19,200,589	8,578,500	2.24	10,622,089	2020
2021	41,402,000	70.00%	28,981,400	(5,921,230)	(1,689,244)	21,370,926	8,578,500	2.49	12,792,426	2021
2022	46,296,000	70.00%	32,407,200	(6,355,860)	(1,723,029)	24,328,311	8,676,000	2.80	15,652,311	2022
2023	50,566,000	70.00%	35,396,200	(6,803,440)	(1,757,489)	26,835,271	8,671,000	3.09	18,164,271	2023
2024	55,269,000	70.00%	38,688,300	(7,282,100)	(1,792,639)	29,613,561	9,177,875	3.23	20,435,686	2024
2025	59,849,000	70.00%	41,894,300	(7,735,840)	(1,828,492)	32,329,968	10,004,625	3.23	22,325,343	2025
2026	63,074,000	70.00%	44,151,800	(7,991,970)	(1,865,061)	34,294,769	10,607,000	3.23	23,687,769	2026
2027	66,369,000	70.00%	46,458,300	(8,256,710)	(1,902,363)	36,299,227	11,223,375	3.23	25,075,852	2027
2028	71,028,000	70.00%	49,719,600	(8,530,550)	(1,940,410)	39,248,640	12,124,250	3.24	27,124,390	2028
2029	74,737,000	70.00%	52,315,900	(8,813,700)	(1,979,218)	41,522,982	12,820,250	3.24	28,702,732	2029
2030	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,543,375	3.24	30,356,142	2030
2031	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,544,000	3.24	30,355,517	2031
2032	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,544,000	3.24	30,355,517	2032
2033	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,547,500	3.24	30,352,017	2033
2034	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,543,750	3.24	30,355,767	2034
2035	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,546,875	3.24	30,352,642	2035
2036	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,545,875	3.24	30,353,642	2036
2037	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,544,875	3.24	30,354,642	2037
2038	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,547,750	3.24	30,351,767	2038
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2041	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,544,000	3.24	30,355,517	2041
2042	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,546,250	3.24	30,353,267	2042
2043	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,546,375	3.24	30,353,142	2043
2044	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,543,125	3.24	30,356,392	2044
2045	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,545,000	3.24	30,354,517	2045
2046	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	13,545,375	3.24	30,354,142	2046
	\$ 2,029,368,000		\$ 1,420,557,600	\$ (247,995,300)	\$ (61,509,768)	\$ 1,111,052,532	\$ 373,396,314		\$ 737,656,218	

NOTES:

- (1) Source: Wilbur Smith & Associates (4/15/2011).
- (2) Multiplier applied to "Projected Revenues" and "Projected Annual Transaction Expenses."
- (3) "Adjusted Projected Revenues" used to calculate "Projected Net Debt Service Coverage Ratio."
- (4) Estimated at \$0.10 per toll transaction.
- (5) Source: Wilbur Smith & Associates (12/6/2010).
- (6) 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.

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