



## MEMORANDUM

**DATE:** November 27, 2015

**RE:** Segments F-1, F-2 & G of Grand Parkway Project

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### **SUBSEQUENT EVENTS UPDATE**

#### Segments F-1, F-2 and G

As previously disclosed, Segment D (in Harris County) and Segment E are open to traffic and tolling commenced in February 2014. Segments F-1, F-2 and G have been expected to open to traffic by January 2016 with tolling beginning February 2016. However, Zachry-Odebrecht Parkway Builders, J.V., the developer of Segments F-1, F-2 and G (the "Developer"), pursuant to a Development Agreement between the Developer and the Texas Department of Transportation (the "Department"), which agreement was assigned to the Corporation (the "Development Agreement"), has initiated discussions with the Department and the Corporation regarding the impact of multiple flooding events in Harris and Montgomery Counties that may affect opening to traffic and tolling commencement on such segments. Both Harris and Montgomery Counties were included in Presidential and Gubernatorial Disaster Declarations issued for flooding events which began on May 4, 2015.

The Developer has claimed the right to use the *force majeure* provisions in the Development Agreement that permit extension of the substantial completion date of F-1, F-2 and G. The Department, the Corporation and the Developer initially discussed a possible substantial completion date of February 2016 for such segments; however, an estimated March 2016 substantial completion date is now being considered for Segment G. A phased opening of Segments F-1, F-2 and G is currently anticipated which will allow motorists to take advantage of such segments as soon as available. Segments F-1 and F-2 are expected to open prior to Segment G and are in the final stages of completion, tolling equipment is being installed and testing of such equipment will begin shortly. The estimated March 2016 completion date for Segment G does not take into account, however, the time needed for installation of the tolling equipment for Segment G and a tolling commencement date has not yet been discussed or determined for Segment G. To date, Transcore LP, the toll integrator for the Grand Parkway System, has not had access to Segment G to the full extent required to meet the existing tolling equipment installation schedule. Additional information regarding the substantial completion and tolling commencement dates will be provided once discussions with the Developer and toll integrator are finalized.

The bonds issued in 2013 and 2014 to finance and refinance Segments D (in Harris County), E, F-1, F-2 and G include, proceeds, when combined with revenue generated by Segments D (in Harris County) and E that are sufficient to fund all interest payments on the 2014 bonds through December 2016 and all of the interest payments of the 2013 bonds through October 1, 2016.

*A Grand Parkway Transportation  
Corporation Project*

Quarter Ended September 30, 2015  
*(July 1, 2015 – September 30, 2015)*



Construction Progress Report  
**THE GRAND PARKWAY SYSTEM**

Submitted November 27, 2015

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## GEC PRINCIPAL IN CHARGE LETTER

CH2M was selected as the Texas Department of Transportation's General Engineering Consultant (GEC) for the implementation of Grand Parkway Segments F-1, F-2, and G with a Master Service Agreement executed in November 2012. Subsequently, CH2M was appointed as the GEC for the Grand Parkway Transportation Corporation (GPTC) as defined in the Trust Agreement Section 704(a).

As described in the requirements set forth in the GPTC Trust Agreement Section 407, the General Engineering Consultant shall prepare a progress report at least quarterly during the acquisition and construction of any portion of the Grand Parkway System which is financed in whole or in part with Obligations, commencing within 120 days from the initial delivery of the initial Obligations or Obligations financing an additional System Segment. The quarters used for reporting will be calendar quarters.

GPTC adheres to the requirements outlined in the Trust Agreement which governs the acquisition or construction of such System Segments financed with Obligations. As specified in the Trust Agreement, this report includes current estimates of: (i) the date on which such System Segment will be opened for traffic, unless such System Segment shall have been opened for traffic prior to such progress report, (ii) the Estimated Date of Completion and an Estimated Date of Substantial Completion of such System Segment, (iii) the cost of such System Segment, but excluding any Obligation discount, and the interest during construction and for one year after completion of construction, and (iv) the amount of funds required each six (6) months during the remaining estimated period of construction to meet the above described cost of such System Segment exclusive of funds provided for construction contingencies, and accompanied by a progress schedule for such construction, and further including, as to construction, comparisons between the actual times elapsed and the actual costs, and the original estimates of such times and costs. This information, as well as other items relevant to each System Segment, is presented in greater detail within this report.

Respectfully submitted by CH2M, Inc.  
General Engineering Consultant

Philip S. Yerby, P.E.  
Southeast Region General Manager  
Transportation Business Group, CH2M, Inc.  
Principal in Charge, GPTC GEC

# Introduction

The Grand Parkway (State Highway 99) Project is a proposed 184-mile highway around the greater Houston area from State Highway 146 in Galveston County, Texas to State Highway 146 in Baytown, Texas and spread across the seven counties of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty and Montgomery (the "Grand Parkway Project"). The primary purpose of the Grand Parkway Project is to provide an outer loop around the Houston metropolitan area to improve connectivity within the existing network, reduce transportation congestion and enhance mobility and travel options, reduce unsafe "stop and go" conditions and accommodate demographic and economic growth. The Grand Parkway Project is divided into 11 segments designated A through I-2 as depicted on the map on page 17.

The segments located in Harris and Montgomery Counties comprise the Grand Parkway System which was originally financed with the Grand Parkway System, Toll Revenue Bonds, Series 2013. The proceeds of the Bonds are being used to finance the design, development, acquisition and construction of five segments of the Grand Parkway Project including the portion of Segment D located in Harris County, Texas and Segments E, F-1, F-2, and G located in northeast Harris County and southwest Montgomery County. These segments total approximately 54.8 miles of tollway.

Segment D (Harris County) and Segment E were constructed under five different design-bid-build contracts. Segments F-1, F-2, and G are being constructed as part of a single design-build comprehensive development agreement. On March 22, 2013, TxDOT and Zachry-Odebrecht Parkway Builders, J.V. executed the Development Agreement and TxDOT issued the first Notice to Proceed (NTP) under the Development Agreement. The second NTP was issued by TxDOT on June 14, 2013. The third NTP was issued by TxDOT for the 365-day period from April 3, 2014 to April 2, 2015. NTP 3 was timely completed on April 1, 2015.

Roadway within Segments D and E will be maintained by TxDOT, Houston District, but paid for by the System. Roadway within Segments F-1, F-2, and G will be maintained by the Developer under a Capital Maintenance Agreement (CMA) for the first five years with the possibility of CMA extension for two additional five year periods. The CMA commences at the end of the one-year warranty period or one year after Final Acceptance of the first Segment of Segments F-1, F-2, or G to be constructed.



Segment F-1



Segment F-2



Segment G

# Segment D (Harris County)

Segment D (Harris County) extends 2.6 miles from the Fort Bend/Harris County line to 0.30 miles north of Colonial Parkway. Segment D (Harris County) was constructed by TxDOT on behalf of the Corporation pursuant to two design bid build contracts.

The main lanes of Segment D opened to traffic on December 21, 2013 and tolling began February 1, 2014. All of the direct connectors serving Segment D (Harris County) are now open for traffic.

In accordance with the Project Agreement, TxDOT has assigned the two design bid build contracts to the Corporation. CSJ No. 3510 05 018 pertains to work in both Segment D (Harris County) and Segment E.

**CSJ No. 3510-05-017**

**Contractor: Lone Star Company, Inc.**

Within the existing IH10 corridor, this project constructed four new direct connectors between the IH10 Eastbound to SH99 Southbound, IH10 Eastbound to SH99 Northbound, SH99 Northbound to IH10 Westbound and SH99 Southbound to IH10 Westbound.

The contracts for Segments D and E reached substantial completion in December 2013 with the exception of three of the four direct connectors constructed by the Lone Star Company, Inc. in Segment D. Direct Connector D (SH99 Southbound to IH10 Westbound) was opened to traffic at substantial completion on December 21, 2013.

The remaining direct connectors opened to traffic on the following dates:

- Direct Connector B (IH10 Eastbound to SH99 Northbound) on June 16, 2014
- Direct Connector E (IH10 Eastbound to SH99 Southbound) on June 16, 2014
- Direct Connector F (SH99 Northbound to IH10 Westbound) on August 2, 2014.

TxDOT District Construction issued Segment D for final acceptance on December 12, 2014. Final payment estimate has been approved and project closed. The Total Paid to date Contract Value is \$33,364,196.



Segment D



Segment E

## Segment E

Segment E is a 14.4 mile, four lane, controlled access toll road with intermittent frontage roads from 0.30 miles north of Colonial Parkway to US290 through northwest Harris County. Segment E was constructed by TxDOT on behalf of the Corporation pursuant to three design bid build contracts.

Segment E opened to traffic on December 21, 2013 and tolling began February 1, 2014.

In accordance with the Project Agreement, TxDOT has assigned three design bid build contracts to the Corporation. CSJ No. 3510 05 018 pertains to work in both Segment D (Harris County) and Segment E.

### CSJ No. 3510-05-018

Contractor: Williams Brothers Construction, Co., Inc.

The project involved constructing the new SH99 mainlanes from north of Kingsland Blvd to north of Colonial Parkway (including new direct connector ramps from IH10 WB to SH99 and from SH99 SB to IH10 EB). A portion of this project is located in Segment D (Harris County) and a portion is located in Segment E.

TxDOT District Construction issued this section for final acceptance on November 17, 2014. Project closeout is underway pending final payment estimate approval. The Total Paid to date Contract Value at September 30, 2015 is \$49,706,802.

### CSJ No. 3510-05-022

Contractor: Hassell Construction Company, Inc.

The project constructed the new SH99 from north of Colonial Parkway to north of Morton Road and opened to traffic on December 21, 2013.

TxDOT District Construction issued this section for final acceptance on October 9, 2014. Final payment estimate has been approved and project closed. The Total Paid to date Contract Value is \$33,688,969.

### CSJ No. 3510-05-023

Contractor: J.D. Abrams, L.P.

The project constructed the new SH99 from north of Morton Road to south of Bridgeland Lake Parkway.

TxDOT District Construction issued this section for final acceptance on September 23, 2014. Final payment estimate has been approved and project closed. The Total Paid to date Contract Value is \$126,263,752.

### CSJ No. 3510-05-019

Contractor: WW Webber, LLC

The project constructed the new SH99 from south of Bridgeland Lake Parkway to US290 including four direct connector ramps at the SH99 – US290 interchange and reconstructed portions of the US290 frontage roads.

TxDOT District Construction final acceptance process is underway for this section. Change orders for toll plaza revisions and quantity reconciliation adjustments have been approved. Project closeout is underway pending final payment estimate approval. The Total Paid to date Contract Value at September 30, 2015 is \$116,735,141.

**All information pertaining to Segment D (Harris County) and Segment E is provided by Atkins, the General Engineering Consultant, for those segments through September 30, 2015.**

## Segments F-1, F-2, and G

Segment F-1 will be a 12.1-mile, four-lane, controlled access toll road with intermittent frontage roads from US290 to SH249 through northwest Harris County. Segment F-2 will be a 12.2-mile, four-lane, controlled access toll road with intermittent frontage roads from SH249 to IH45(N) through northwest Harris County. Segment G will be a 13.5-mile, four-lane, controlled access toll road with intermittent frontage roads from IH45(N) to IH69(N)/US59(N) through northeast Harris County and southwest Montgomery County. Segments F-1, F-2, and G are currently expected to be open to traffic by January 2016.

Segments F-1, F-2, and G are being developed, designed and

constructed pursuant to the Development Agreement between TxDOT and the Developer. On March 22, 2013, TxDOT issued the first Notice to Proceed under the Development Agreement. The second NTP was issued by TxDOT on June 14, 2013. The third NTP was issued by TxDOT for the 365-day period from April 3, 2014 to April 2, 2015 and was timely completed on April 1, 2015. In accordance with the Project Agreement, TxDOT has assigned the Development Agreement to GPTC, however, TxDOT will retain certain obligations, including obligations with respect to environmental risks, hazardous substances risks and the cost of right-of-way acquisition.



Segment F-1 (September 2015)



Segment G (September 2015)

### Project Schedule

The following are project timelines showing milestones and deadlines. ZOPB's approved baseline schedule, PBS3, indicates that ZOPB will reach substantial completion and final acceptance per contractual deadlines. As of September 30, 2015, there were no known pieces of major equipment whose delivery status had the potential to materially change the construction schedule of the project.

| Milestone                               | Completion Dates & Future Deadlines |
|---|-------------------------------------|
| Contract Signature Effective Date       | 3/22/2013                           |
| NTP 1 Issued                            | 3/22/2013                           |
| NTP 2 Issued                            | 6/14/2013                           |
| Construction Work Commencement          | 6/25/2013                           |
| NTP 3 Work Commencement                 | 4/3/2014                            |
| NTP 3 Frontage Roads Completion at IH45 | 4/1/2015                            |
| Substantial Completion for Segment F-1* | 10/3/2015                           |
| Substantial Completion for Segment F-2* | 10/3/2015                           |
| Substantial Completion for Segment G*   | 10/3/2015                           |
| Service Commencement Deadline           | 1/1/2016                            |
| Final Acceptance for Segment F-1*       | 1/31/2016                           |
| Final Acceptance for Segment F-2*       | 1/31/2016                           |
| Final Acceptance for Segment G*         | 1/31/2016                           |
| Final Acceptance for All Segments*      | 1/31/2016                           |

\*Adjusted dates based on executed Change Order No. 1 and Change Order No. 6. The schedule includes an additional 80 days, granted by TxDOT to Developer for substantial completion and final acceptance deadlines.

| Right of Way Parcels                            | TxDOT Acquired | ZOPB Segments |     |     | Total |
|---|----------------|---------------|-----|-----|-------|
|   |                | F 1           | F 2 | G   |       |
| Total Number of Parcels                         | 33             | 56            | 166 | 178 | 433   |
| Possession & Use Agreements Currently in Effect | 0              | 0             | 0   | 0   | 0     |
| Parcels Closed By Deed or Award <sup>1</sup>    | 33             | 56            | 166 | 178 | 433   |
| Parcels Clear for Construction <sup>2</sup>     | 33             | 56            | 166 | 178 | 433   |
| Remaining Parcels to Acquire <sup>3</sup>       | 0              | 0             | 0   | 0   | 0     |

2,124 out of 2,124 acres are released-for-construction (100% complete as of March 16, 2015).

<sup>1</sup> *Parcels Closed by Deed or Award: Total number of parcels which TxDOT has taken possession of by deed or award.*

<sup>2</sup> *Parcels Clear for Construction: Total number of parcels that are ready for the construction process to begin.*

<sup>3</sup> *Remaining Parcels to Acquire: Total number of parcels which TxDOT has not yet taken possession of by deed or award.*

### Right-of-Way

Although the right of way activities have progressed well and GPTC has possession for construction purposes, there remain 64 eminent domain actions pending to finalize parcel acquisition as of September 30, 2015. These resolution activities will continue for several years after construction is complete. The activities include settlements, court ordered mediations, agreed judgements and jury trial awards.

### Utility Relocation

| Utilities  | TxDOT Acquired | F 1, F 2, and G* | Total |
|--|----------------|------------------|-------|
| Project Utility Adjustment Agreements (PUAA) Required/Executed         | 1/1            | 51/51            | 52/52 |
| Supplemental Utility Adjustment Agreements (UAAA) Anticipated/Executed | 2/2            | 56/56            | 58/58 |

\*As PUAAs and UAAAs were executed, several spanned multiple segments.

- » 100% of the PUAAs have been executed (52 of 52) by ZOPB.
- » 100% of the UAAAs have been executed (58 of 58) by ZOPB.

**Design**

- » ZOPB’s design effort for the Grand Parkway project are almost complete. Additional design work is now being done only on an as needed basis and is targeted for a specific purpose. Ensuing supplementary design work now occurring is implemented to economize or improve specific items to lessen the cost of the construction while still providing the specified product. Additionally design modifications are required when field conditions differ from the initial design conditions.
- » TxDOT’s ongoing design support of the project is tailored to support all continuing design activities. The submissions of the ongoing design are in the nature of change orders, Field Design Change (FDC), Notice of Design Change (NDC), Requests for Information (RFI), and other miscellaneous design submittals. Each design submittal must be reviewed on a case-by-case basis to ensure compliance with applicable contract requirements as well as local, state, and national design codes.



Segment F-1, US 290 at SH 99



Segment G, I-45 at SH 99



Segment F-2

**Construction Indicators - Segment F-1**

- » Substructure work (drilled shafts, columns, caps) is now complete at all bridges in Segment F-1.
- » Bridge girders were completed at Cypress-Rosehill Road.
- » Bridge decks are now complete at Lindsey Lane and Cypress-Rosehill Road.
- » Excavation/embankment continued at several locations in advance of roadway construction. Excavation also continued at detention ponds throughout the segment.
- » Subgrade stabilization and cement treated base placement continued for the mainlanes and frontage roads throughout the segment, as well as for Future Cypresswood Drive, Future Cumberland Road, Schiel Road, Cypress-Rosehill Road and Telge Road.
- » Concrete paving activities continued from Segment E to US 290; from US 290 to Future Cypresswood Drive; from Future Cypresswood Drive to Future Cumberland Drive; from Future Cumberland Drive to Schiel Road; from Schiel Road to Little Cypress Creek; from Mueschke Road to Future Cypress-Hill Road; from Future Cypress-Hill Road to Willow Creek; from Willow Creek to Cypress-Rosehill Road; from Cypress-Rosehill Road to Cedar Lane; from Cedar Lane to Telge Road; and from Future Shaw Road to Segment F-2.
- » Asphalt paving activities are in progress from Future Cypresswood Drive to Future Cumberland Drive; from Future Cumberland Drive to Schiel Road; and from Mueschke Road to Future Cypress-Hill Road.
- » MSE wall construction was completed at Future Botkins Road/Juergen Road; Cypress-Rosehill Road; Future Shaw Road; and Telge Road.
- » Installation of drainage structures/aprons continued in various locations throughout the segment.
- » Installation of concrete traffic barrier, guard rail, cable barrier and small/large signs is on-going throughout the segment.
- » Installation of roadway lighting, multi-purpose ITS poles, and traffic signals continued throughout the segment.
- » Pulling, splicing and testing of fiber optic cable, and the installation of electrical services, is now complete at all toll gantry locations.
- » Bridge approach slabs, barrier rail and grinding/grooving continued at various locations throughout the segment.
- » Bridge/MSE wall painting continued at various locations throughout the segment.
- » Topsoil and seeding/sodding are underway at various locations throughout the segment.

**Construction Indicators - Segment F-2**

- » Substructure work (drilled shafts, columns, caps) continued at Kuykendahl Road.
- » Bridge girders are now complete at Future Max Conrad Drive.
- » Bridge decks are now complete at SH 249; Future Max Conrad Drive; Boudreaux Road; Rothwood Drive/UPRR; and Mossy Oaks Road.
- » Excavation/embankment continued at several locations in advance of roadway construction, primarily in the area of the FM 2920 underpass.
- » Excavation also continued at detention ponds throughout the segment.
- » Subgrade stabilization and cement treated base placement continued from Gleannloch Forest Drive to Champions Forest Drive; from Champions Forest Drive to Future Max Conrad Drive; from Future Max Conrad Drive to FM 2920; from FM 2920 to Boudreaux Road; from Boudreaux Road to New Boudreaux Road; from Kuykendahl Road to Hildebrandt Road; from Hildebrandt Road to Northcrest Drive; from Gosling Road to Rothwood

- Drive/UPRR; from Rothwood Drive/UPRR to Mossy Oaks Road; from Mossy Oaks Road to Springwoods Village Parkway; and from Springwoods Village Parkway to Segment G. Subgrade stabilization and cement treated base were also completed for Rocky Road; SH249; Gleannloch Forest Drive; Champions Forest Drive; FM 2920; Boudreaux Road; New Boudreaux Road; and Kuykendahl Road.
- » Concrete paving activities continued from Rocky Road to SH 249; from Huffsmith-Kohrville Road/BNRR to Gleannloch Forest Drive; from Gleannloch Forest Drive to Champions Forest Drive; from Champions Forest Drive to Future Max Conrad Drive; from Boudreaux Road to New Boudreaux Road; from Hildebrandt Road to Northcrest Drive; from Mossy Oaks Road to Springwoods Village Parkway; and from Springwoods Village Parkway to Segment G. Concrete paving was also completed for Rocky Road and Gleannloch Forest Drive.
  - » Asphalt paving activities are in progress from SH 249 to Future Boudreaux Road; from Gleannloch Forest Drive to Champions Forest Drive; from Champions Forest Drive to Future Max Conrad Drive; and from Future Max Conrad Drive to FM 2920.
  - » MSE wall construction was completed at Champions Forest Drive; Future Max Conrad Drive; Hildebrandt Road; and Rothwood Drive/UPRR.
  - » Installation of drainage structures/aprons continued in various locations throughout the segment.
  - » Installation of concrete traffic barrier, guard rail, and cable barrier is underway throughout the segment.
  - » Installation of roadway lighting, multi-purpose ITS poles, and traffic signals is on-going throughout the segment.
  - » Pulling, splicing and testing of fiber optic cable, and the installation of electrical services, is now complete at all toll gantry locations.
  - » Bridge approach slabs, barrier rail and grinding/grooving continued at various locations throughout the segment.
  - » Bridge/MSE wall painting continued at various locations throughout the segment.
  - » Topsoil placement is underway at various locations throughout the segment.

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### **Construction Indicators - Segment G**

- » Substructure work (drilled shafts, columns, caps) continued at Riley Fuzzel Road; Rayford Road; Birnham Woods Drive; Future Townsen Boulevard; Future Riverwalk Drive; and the US 59 E-N direct connector.
- » Bridge girders were completed at Nelson Street/UPRR; Birnham Woods Drive; Future Townsen Boulevard; the San Jacinto River; Future Riverwalk Drive; FM 1314; and the US 59 E-N direct connector.
- » Bridge decks were completed at Nelson Street/UPRR; Spring Creek; Birnham Woods Drive; the San Jacinto River; FM 1314; and the US 59 E-N direct connector.
- » Excavation/embankment continued in numerous locations in advance of bridge and roadway construction. Excavation also continued at detention ponds throughout the segment.
- » Subgrade stabilization and cement treated base placement continued for the IH-45 widening; from IH-45 to Northgate Crossing Boulevard; from Northgate Crossing Boulevard to Nelson Street; from Nelson Street to the Hardy Toll Road; from the Hardy Toll Road to Spring Creek; from Fox Run/Discovery Creek to Rayford Road; from Rayford Road to Birnham Woods Drive; from Birnham Woods Drive to Woodson Gully; from Woodson Gully to Future Townsen Boulevard; from the San Jacinto River to Future Riverwalk Drive; from Future Riverwalk Drive to FM 1314; from FM 1314 to Valley Ranch Boulevard; and for the US 59 widening.

- » Concrete paving activities are on-going for the IH-45 widening; from Future Energy Drive to IH-45; from IH-45 to Northgate Crossing Boulevard; from FM 1314 to Valley Ranch Boulevard; and for the US 59 widening.
- » Asphalt paving activities are in progress from IH-45 to Northgate Crossing Boulevard, and from Riley Fuzzel Road to Rayford Road.
- » MSE wall construction is in progress at numerous locations throughout the segment. MSE wall construction was completed at E. Montgomery Road; Rayford Road; and US 59.
- » Installation of drainage structures/aprons continued in various locations throughout the segment.
- » Installation of ITS/Electrical conduit continued in various locations throughout the segment.
- » Bridge approach slabs, barrier rail and grinding/grooving continued at various locations throughout the segment.
- » Installation of roadway lighting, large signs, and traffic signals is on-going throughout the segment.
- » Bridge/MSE wall painting continued at various locations throughout the segment.

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### **Status of Change Orders**

- » There were no Change Orders executed during the quarter ended September 30, 2015. To date, Change Order Nos. 1-10 have decreased the Contract Price from \$1,043,553,000 (inclusive of eight Options) to \$1,042,702,031 (inclusive of six Options and ten Change Orders). Pending Change Order No. 11 in the amount of \$2,961,096 was executed subsequent to the quarter.

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### **Related Third Party Agreements**

- » Change Order No. 2 deleted Options B & C for the design and construction of Direct Connectors at the Hardy Toll Road Interchange Area. The Hardy Toll Road Interchange Design, Construction, Maintenance, and Funding Agreement incorporating the Direct Connectors scope was fully executed on October 29, 2014 in an amount not to exceed \$20 million.
- » There is also a draft Funding Agreement with Harris County for the reimbursement of Options D-H costs and for Rhetta Lane Engineering and Self Road Right-of-Way, Design, and Construction which has not yet been approved or executed by either party.
- » Two zero value Third Party Agreements were executed with Montgomery County and with Harris County Municipal Utility District 383 on August 28, 2015 for construction within the Grand Parkway right-of-way.

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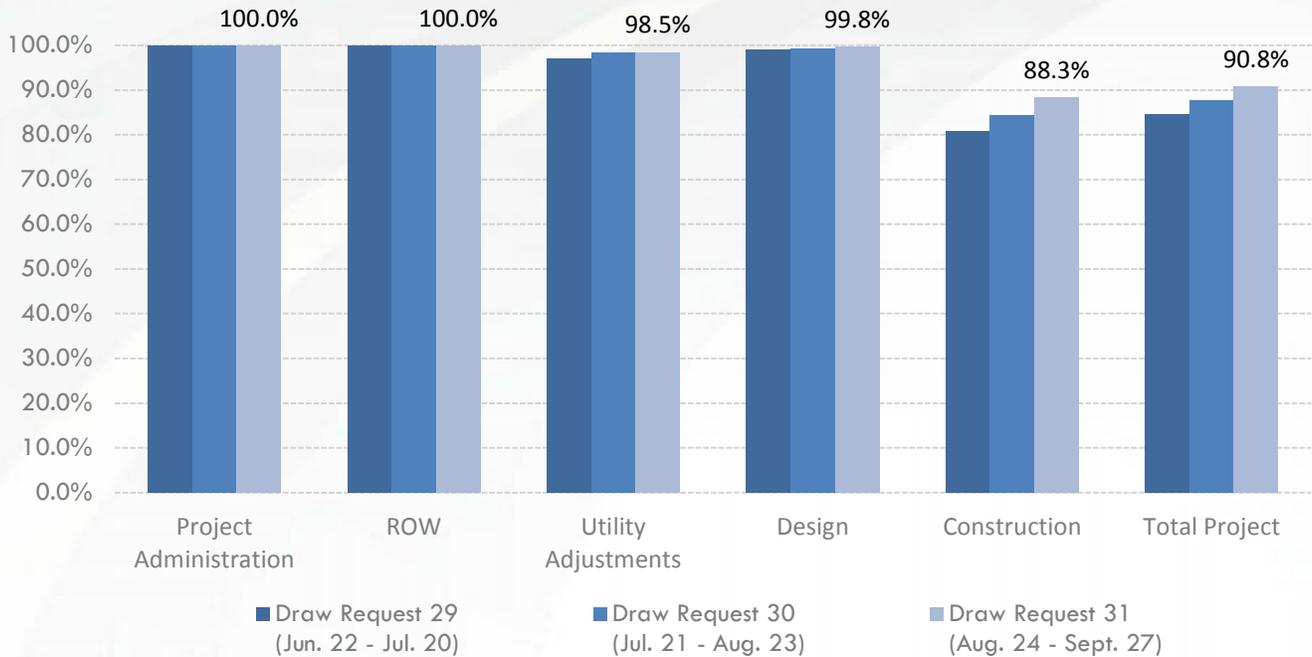
### **Approved Project Baseline Schedule 3**

A revision to the latest approved PBS3 baseline schedule (PBS3Rev3) was approved by TxDOT on December 29, 2014. This schedule revision reflects the Substantial Completion Deadline of October 3, 2015 for all three segments as defined in Change Order No. 6. Subsequent schedule updates have not been approved by TxDOT pending submission of the Recovery Schedule requested by TxDOT on March 31, 2015 because the intervening schedule updates were deemed to be incomplete.

During the quarter ended June 30, 2015, Harris and Montgomery Counties were both included in the Presidential and Gubernatorial Disaster Declarations issued beginning on May 4, 2015. Both the Developer and TxDOT evaluated the flooding impact to Segments F-1, F-2 and G under the Force

Majeure provisions of the Development Agreement during the quarter ended September 30, 2015. The Development Agreement provides entitlement to extension of Completion Deadlines and compensation for additional costs directly attributable to the force majeure, if any, but no entitlement to additional costs for delay and disruption damages.

**Cumulative Earned Value**



- » The Cumulative Earned Value estimate is calculated on the draw request submitted monthly by the developer.
- » The value of the total work completed to date is \$946.6 million, approximately 90.8% of the total project cost of \$1.043 billion (based on PBS3, including executed Change Orders Nos. 1-10).
- » Since execution of the Development Agreement, 919 days have elapsed, which is approximately 99.35% of the total contracted schedule time (925 days) to substantial completion.

**Construction Draw Schedule**

**DEVELOPER CORRIDORWIDE & ROW CONSTRUCTION DRAW SCHEDULE**

| Period Ending | Original Estimate Semiannual | Original Estimate Cumulative | Actual Semiannual | Actual Cumulative | Estimate Semiannual | Estimate Cumulative |
|---------------|------------------------------|------------------------------|-------------------|-------------------|---------------------|---------------------|
| 3/31/2013     | \$2,320,098                  | \$2,320,098                  | \$1,872,678       | \$1,872,678       |                     |                     |
| 9/30/2013     | \$53,024,128                 | \$55,344,226                 | \$92,437,427      | \$94,310,105      |                     |                     |
| 3/31/2014     | \$36,040,666                 | \$91,384,892                 | \$34,074,637      | \$128,384,742     |                     |                     |
| 9/30/2014     | \$29,999,666                 | \$121,384,557                | \$18,786,676      | \$147,171,418     |                     |                     |
| 3/31/2015     | \$2,636,546                  | \$124,021,103                | \$14,250,711      | \$161,422,129     |                     |                     |
| 9/30/2015     | \$1,460,558                  | \$125,481,662                | \$10,581,280      | \$172,003,409     |                     |                     |
| 3/31/2016     | \$4,757,395                  | \$130,239,056                |                   |                   | \$37,757,944        | \$209,761,352       |

\*Original Estimate is based on the Maximum Payment Schedule

**SEGMENT F-1 CONSTRUCTION DRAW SCHEDULE**

| Period Ending | Original Estimate Semiannual | Original Estimate Cumulative | Actual Semiannual | Actual Cumulative | Estimate Semiannual | Estimate Cumulative |
|---------------|------------------------------|------------------------------|-------------------|-------------------|---------------------|---------------------|
| 3/31/2013     | \$1,135,055                  | \$1,135,055                  | \$295,006         | \$295,006         |                     |                     |
| 9/30/2013     | \$36,790,557                 | \$37,925,612                 | \$8,728,890       | \$9,023,896       |                     |                     |
| 3/31/2014     | \$44,801,394                 | \$82,727,006                 | \$24,412,303      | \$33,436,199      |                     |                     |
| 9/30/2014     | \$95,173,798                 | \$177,900,804                | \$77,717,222      | \$111,153,421     |                     |                     |
| 3/31/2015     | \$44,873,705                 | \$222,774,508                | \$56,562,339      | \$167,715,760     |                     |                     |
| 9/30/2015     | \$12,992,005                 | \$235,766,514                | \$34,909,206      | \$202,624,966     |                     |                     |
| 3/31/2016     | \$13,386,463                 | \$249,152,976                |                   |                   | \$12,280,027        | \$214,904,992       |

**SEGMENT F-2 CONSTRUCTION DRAW SCHEDULE**

| Period Ending | Original Estimate Semiannual | Original Estimate Cumulative | Actual Semiannual | Actual Cumulative | Estimate Semiannual | Estimate Cumulative |
|---------------|------------------------------|------------------------------|-------------------|-------------------|---------------------|---------------------|
| 3/31/2013     | \$45,442                     | \$45,442                     | \$1,376,674       | \$1,376,674       |                     |                     |
| 9/30/2013     | \$23,257,875                 | \$23,303,317                 | \$17,340,253      | \$18,716,927      |                     |                     |
| 3/31/2014     | \$42,326,528                 | \$65,629,845                 | \$39,007,377      | \$57,724,304      |                     |                     |
| 9/30/2014     | \$63,120,594                 | \$128,750,438                | \$47,946,412      | \$105,670,716     |                     |                     |
| 3/31/2015     | \$49,924,735                 | \$178,675,173                | \$63,778,945      | \$169,449,661     |                     |                     |
| 9/30/2015     | \$18,113,968                 | \$196,789,142                | \$58,665,827      | \$228,115,488     |                     |                     |
| 3/31/2016     | \$5,726,883                  | \$202,516,025                |                   |                   | \$21,556,301        | \$249,671,789       |

**SEGMENT G CONSTRUCTION DRAW SCHEDULE**

| Period Ending | Original Estimate Semiannual | Original Estimate Cumulative | Actual Semiannual | Actual Cumulative | Estimate Semiannual | Estimate Cumulative |
|---------------|------------------------------|------------------------------|-------------------|-------------------|---------------------|---------------------|
| 3/31/2013     | \$1,481,618                  | \$1,481,618                  | \$1,437,856       | \$1,437,856       |                     |                     |
| 9/30/2013     | \$72,116,933                 | \$73,598,551                 | \$26,243,561      | \$27,681,417      |                     |                     |
| 3/31/2014     | \$118,557,299                | \$192,155,850                | \$61,617,282      | \$89,298,699      |                     |                     |
| 9/30/2014     | \$140,720,113                | \$332,875,963                | \$115,121,251     | \$204,419,950     |                     |                     |
| 3/31/2015     | \$71,887,243                 | \$404,763,206                | \$80,967,370      | \$285,387,320     |                     |                     |
| 9/30/2015     | \$33,853,758                 | \$438,616,964                | \$58,511,833      | \$343,899,153     |                     |                     |
| 3/31/2016     | \$23,027,978                 | \$461,644,942                |                   |                   | \$24,464,745        | \$368,363,898       |

**AGGREGATE CONSTRUCTION DRAW SCHEDULE**

| Period Ending | Original Estimate Semiannual | Original Estimate Cumulative | Actual Semiannual | Actual Cumulative | Estimate Semiannual | Estimate Cumulative |
|---------------|------------------------------|------------------------------|-------------------|-------------------|---------------------|---------------------|
| 3/31/2013     | \$4,982,213                  | \$4,982,213                  | \$4,982,214       | \$4,982,214       |                     |                     |
| 9/30/2013     | \$185,189,493                | \$190,171,706                | \$144,750,131     | \$149,732,345     |                     |                     |
| 3/31/2014     | \$241,725,886                | \$431,897,592                | \$159,111,599     | \$308,843,944     |                     |                     |
| 9/30/2014     | \$329,014,170                | \$760,911,762                | \$259,599,000     | \$568,442,944     |                     |                     |
| 3/31/2015     | \$169,322,229                | \$930,233,991                | \$215,559,365     | \$783,974,870     |                     |                     |
| 9/30/2015     | \$66,420,290                 | \$996,654,281                | \$162,668,145     | \$946,643,015     |                     |                     |
| 3/31/2016     | \$46,898,719                 | \$1,043,553,000              |                   |                   | \$96,059,016        | \$1,042,702,031     |

\*Original Estimate is based on the Maximum Payment Schedule

- » Draw Schedule source data includes: (a) The Original Estimate that is based on the Maximum Payment Schedule. The Original Estimate includes the base price (\$1.007 billion) and assumes that all options are executed (\$36.5 million), which aggregates to \$1.0435 billion; (b) the Actual amounts, which reflect actual draw requests received; and (c) the Estimate, including Change Orders Nos. 1-10, which are based on the approved baseline schedule, PBS3r3, provided by ZOPB, which aggregates to \$1.0427 billion.
- » The exact distribution of the Estimate broken down by segments (F-1, F-2, G, and Corridorwide & ROW) depend upon ROW sequencing and could vary significantly. The Estimate derived from the PBS3 schedule is the only data source aligned according to calendar months. The Original Estimate and Actual draw requests do not contain breakout by segments. Therefore, an approximation has been used for the breakout of costs for Segments F-1, F-2, G, and the Corridorwide & ROW costs based on the PBS2r2 schedule for the Original Estimate and the PBS3r3 schedule for the Estimate.

### Project Cost Summary (In Thousands)

The table below reflects costs for the calendar quarter ended September 30, 2015, costs expended since inception through September 30, 2015, remaining costs required to complete the project, and the total project cost estimate.

|   | Costs<br>Jul-Sep'15<br>(current quarter) | Costs<br>Inception - Sep'15<br>(all costs to-date) | Remaining Costs<br>to Complete<br>Project | Total Project<br>Cost Estimate |
|---|--|--|---|--------------------------------|
| <b>Construction Costs</b>                               |  |  |   |                                |
| <b>Segments D and E</b>                                 |  |  |   |                                |
| Construction  | \$167                                    | \$359,672  | \$603                                     | \$360,275                      |
| Management, Oversight & Mtl. Testing                    | 20                                       | 16,405   |   | 16,405                         |
| Right-of-Way Acquisition                                |  | 10,571   |   | 10,571                         |
| Toll Integration  |  | 7,922  | 397                                       | 8,319                          |
| <b>Total Segments D and E</b>                           | <b>\$187</b>                             | <b>\$394,570</b>                                   | <b>\$1,000</b>                            | <b>\$395,570</b>               |
| <b>Segments F1, F2, and G</b>                           |  |  |   |                                |
| Construction - ZOPB                                     | \$75,417                                 | \$914,001  | \$131,662                                 | \$1,045,663                    |
| Management, Oversight & Mtl. Testing                    | 4,060                                    | 62,437   | 7,450                                     | 69,887                         |
| Right-of-Way Acquisition                                | 1,380                                    | 406,205  | 65,204                                    | 471,409                        |
| Toll Integration Costs                                  | 6,575                                    | 20,687   | 15,250                                    | 35,937                         |
| <b>Total Segments F1, F2, and G</b>                     | <b>\$87,432</b>                          | <b>\$1,403,330</b>                                 | <b>\$219,566</b>                          | <b>\$1,622,896</b>             |
| <b>Total Segments D-G</b>                               | <b>\$87,619</b>                          | <b>\$1,797,900</b>                                 | <b>\$220,566</b>                          | <b>\$2,018,466</b>             |
| <b>Segments H&amp;I Pre-Dev. Costs - Ineligible</b>     | <b>\$36</b>                              | <b>\$1,030</b>                                     | <b>\$298,970</b>                          | <b>\$300,000</b>               |
| <b>Total Construction Costs</b>                         | <b>\$87,655</b>                          | <b>\$1,798,930</b>                                 | <b>\$519,536</b>                          | <b>\$2,318,466</b>             |
| <b>Other Costs</b>                                      |  |  |   |                                |
| Reimbursements (HCTRA)                                  |  | \$65,784   | \$36,925                                  | \$102,709                      |
| Project Contingency                                     |  |  | 24,749                                    | 24,749                         |
| <b>Total Other Costs</b>                                |  | <b>\$65,784</b>                                    | <b>\$61,674</b>                           | <b>\$127,458</b>               |
| <b>Total Project Costs, before Financing Costs</b>      | <b>\$87,655</b>                          | <b>\$1,864,714</b>                                 | <b>\$581,210</b>                          | <b>\$2,445,924</b>             |
| <b>Financing Costs</b>                                  |  |  |   |                                |
| Capitalized Interest                                    |  | \$151,101  | \$149,709                                 | \$300,810                      |
| Capitalized Interest - Ineligible                       |  | 31,143   | 28,134                                    | 59,277                         |
| <b>Total Capitalized Interest</b>                       |  | <b>\$182,244</b>                                   | <b>\$177,843</b>                          | <b>\$360,087</b>               |
| Debt Service Reserve Fund                               |  | \$17,964   |   | \$17,964                       |
| Rate Stabilization Fund                                 |  | 100,000  |   | 100,000                        |
| Cost of Issuance  |  | 16,188   |   | 16,188                         |
| Cost of Issuance - Ineligible                           |  | 2,533  |   | 2,533                          |
| <b>Total Financing Costs</b>                            |  | <b>\$318,929</b>                                   | <b>\$177,843</b>                          | <b>\$496,772</b>               |
| <b>Grand Total Project Costs</b>                        | <b>\$87,655</b>                          | <b>\$2,183,643</b>                                 | <b>\$759,053</b>                          | <b>\$2,942,696</b>             |
| <b>Summary of TIFIA Eligible &amp; Ineligible Costs</b> |  |  |   |                                |
| Eligible  | \$87,619                                 | \$2,148,937  | \$431,949                                 | \$2,580,886                    |
| Ineligible  | \$36                                     | \$34,706   | \$327,104                                 | \$361,810                      |

Source: TxDOT

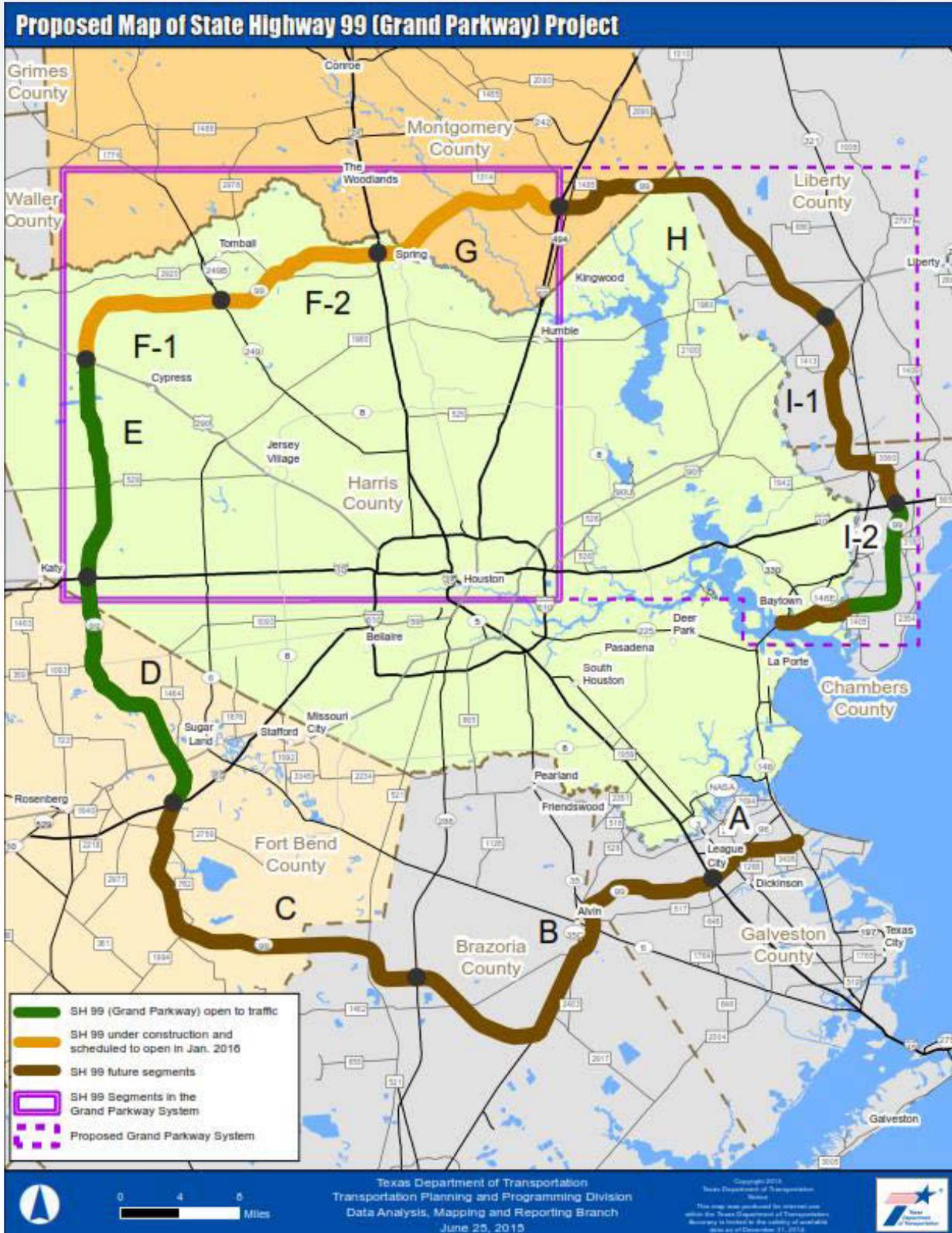
**Notes**

- » The TIFIA approved loan application totals approximately \$840.6 million (equals 33 percent of eligible project costs). The application's Schedule I reflected approximately \$2.55 billion of eligible costs and \$365.67 million of ineligible costs. Ineligible costs have decreased by approximately \$3.8 million as none of the initial \$100 million construction contingency will be used for ineligible Segments H&I pre-development costs. Most of the original \$100 million contingency is now reflected in the actual costs segments where utilized. Remaining contingency of approximately \$24.7 million is only available for eligible purposes.
- » Actual costs from inception reflect cash payments through September 2015, and include reserves for certain immaterial, unreimbursed costs. The difference between costs from inception as compared to costs from effective date is immaterial. TxDOT reimbursements, originally budgeted at approximately \$90.9 million, are now attributed to the segment to which they relate. Cash payments exclude draw payments submitted through the end of the reporting period, but were not paid until after the reporting period.
- » Remaining Cost to Complete reflects contractual obligations, change orders, and estimates of remaining costs as provided by TxDOT project managers.
- » Construction costs include Construction (ZOPB and Design-Bid-Build) and related costs such as Management, General Engineering Consultant, Oversight, Material Testing, Right of Way Acquisition and Toll Integration, which may not all have been included in previous reports.
- » ZOPB's pending change order #11 for approximately \$2.9 million is included in "Remaining Costs to Complete Project" for Construction - ZOPB.

## *Glossary*

|       |  |
|-------|--|
| CSJ   | Control-section-job number. It is the key descriptor for the record of each project within TxDOT's system. Each project's CSJ is a nine-digit number consisting of four digits representing the control, two digits representing the section and a three digit job number. |
| DA    | Development Agreement, the ZOPB Design-Build agreement for segments F through G  |
| GEC   | General Engineering Consultant   |
| GPTC  | Grand Parkway Transportation Corporation   |
| IH    | Interstate Highway   |
| NTP   | Notice to Proceed  |
| PBS   | Project Baseline Schedule  |
| ROW   | Right of Way   |
| SH    | State Highway  |
| TxDOT | Texas Department of Transportation   |
| ZOPB  | Zachry-Odebrecht Parkway Builders  |

# Grand Parkway Project Map



**Borrower's Authorized Representative**

GRAND PARKWAY TRANSPORTATION CORPORATION  
UNITED STATES DEPARTMENT OF TRANSPORTATION  
TIFIA LOAN  
(UP TO \$840,645,000)

**AUTHORIZED REPRESENTATIVE CERTIFICATE**

I, Benjamin H. Asher, Secretary/Treasurer of the Grand Parkway Transportation Corporation, hereby certify that the Quarterly Construction Progress Report to the Grand Parkway Transportation Corporation has been prepared in connection with Section 23 of its TIFIA Loan Agreement with the United States Department of Transportation dated February 6, 2014.

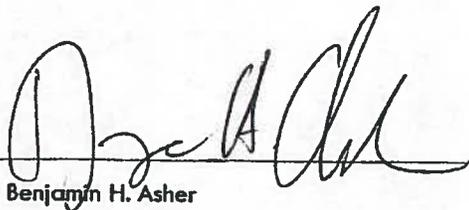
The undersigned has executed this Authorized Representative Certificate as of the date set forth below.

Dated:

11/27/2015

GRAND PARKWAY TRANSPORTATION CORPORATION

By



Benjamin H. Asher

Secretary/Treasurer of the Grand Parkway Transportation Corporation  
Borrower's Authorized Representative