

REQUEST FOR INFORMATION

REGARDING THE DEVELOPMENT OF AND PROCUREMENT PROCESS FOR THE

GRAND PARKWAY PROJECT

TEXAS DEPARTMENT OF TRANSPORTATION

RFI Issuance Date: June 10, 2011

RFI Closing Date: July 6, 2011

The Texas Department of Transportation (“TxDOT”) is seeking information to assist in developing a strategy for project development and implementing the procurement process for the Grand Parkway. This Request for Information (“RFI”) is issued solely to obtain information to assist TxDOT on an administrative level. It does not constitute a Request for Qualifications (“RFQ”), a Request for Proposals (“RFP”) or other solicitation document nor does it represent a commitment to issue an RFQ or an RFP in the future. This RFI does not commit TxDOT to contract for any supply or service whatsoever. TxDOT will not pay for any information or administrative cost incurred in response to this RFI. Responses to this RFI are due on July 6, 2011. [See Sections 3 and 4 for further information.]

1. OVERVIEW

During the recent legislative session, TxDOT was provided with authority under Senate Bill 1420 to develop certain projects through public-private partnership (P3) agreements under Texas Transportation Code Section 223.201, including the State Highway 99 (Grand Parkway) project, as well as the SH 249, SH 288 and US 290 projects in the Houston area, and the North Tarrant Express, SH 183 and IH 35 E projects in the Dallas/Fort Worth area. Subject to Senate Bill 1420 being signed by the Governor or otherwise going into effect, TxDOT intends to expeditiously pursue the development of these projects - working with stakeholders, the public and the private sector to deliver these projects to meet urgent transportation needs in the State of Texas.

A. Purpose of RFI

This document is a Request for Information (RFI) from individual firms or teams with experience in developing and/or financing large transportation infrastructure projects that may be interested in designing, building, financing, operating and / or maintaining the Grand Parkway. Prospective industry participants are encouraged to review TxDOT’s rules regarding organizational conflicts of interest in Title 43 of the Texas Administrative Code, Chapter 27, Subchapter A, § 27.8. Amendments to these rules

proposed by the Texas Transportation Commission on May 26, 2011 and will become final 20 days from the date the amended rules are filed with the Office of Secretary of State of Texas following their final adoption.

The purpose of this RFI is to inform potential respondents of this opportunity and solicit private sector interest and innovation in the delivery of the project. Specifically, the RFI seeks to:

- Provide general background information related to the Grand Parkway project.
- Communicate to potential private sector partners the objectives for the development of the Grand Parkway.
- Provide an opportunity for potential respondents to articulate their interest in participating.
- Solicit input from industry on a variety of issues, including project scope and the project delivery method that would have the greatest potential to satisfy the objectives for the Grand Parkway.

The information gathered from the RFI will be used to assist TxDOT with the preparation of any resulting Request for Proposals (RFP) and agreements for the initial proposed Project. Submissions will be reviewed to assist in refining the approach to project development, including the scope and structure of any P3 agreements. By responding to this RFI, you can provide valuable input and help shape the framework for the development of the Grand Parkway.

Please note that while a response to this RFI is not a pre-requisite to participating in any resulting procurement process, potential respondents are encouraged to respond to the RFI.

B. Industry Meetings

After receipt and analysis of the responses to the RFI, TxDOT intends to hold one-on-one meetings with companies capable of and expecting to lead prospective developer teams regarding their responses to the RFI on a first come, first serve basis. During the one-on-one meetings we would like industry participants that lead teams that develop and/or finance major projects to provide their analyses regarding the optimal project development approach for achieving the objectives for the Project. (See Section 2E.) The one-on-one meetings will be held in Austin on July 18-20, 2011. TxDOT will notify interested developers of the assigned timeslot and location for the one-on-one meeting in advance of the meeting. **Parties interested in attending a one-on-one meeting regarding the Grand Parkway must indicate their interest in their response to the RFI.**

2. PROJECT DETAILS

State Highway 99 (the Grand Parkway) is a proposed 180-mile circumferential highway traversing seven counties in the Greater Houston Area. It is divided into 11 segments designated A through I-2. All segments together are referred to in this RFI as the “Grand Parkway”. The Grand Parkway segments vary in complexity, status of

environmental approvals and targeted schedule for implementation and with respect to which entity has the authority over their development and operation. In accordance with Texas Transportation Code Section 228.0111, TxDOT and the counties in which the Grand Parkway is situated entered into a Market Valuation Waiver Agreement (“MVW Agreement”). The March 25, 2009 MVW Agreement includes certain terms, conditions and guidelines for development, construction and operation of the Grand Parkway and may be found on the project website at www.txdot.gov/grandparkway.

A. Ultimate Scope, Minimum Scope and Initial Project Scope

Grand Parkway Minimum and Ultimate Scope

The MVW Agreement establishes a minimum scope for the segments of the Grand Parkway (“Minimum Scope”) as well as a scope for the full build out of the entire 180-mile Grand Parkway (“Ultimate Scope”) through the seven county region.

- Minimum Scope describes a two to four lane tollway (one to two lanes in each direction), with discontinuous frontage roads, and the deferral of some project elements including some ramps, direct connections or interchanges.
- Ultimate Scope describes a four lane tollway (two lanes in each direction), with discontinuous frontage roads, and direct connections at major highway interchanges.

Additional details of the Minimum Scope and Ultimate Scope for the Grand Parkway are provided in the MVW Agreement.

Initial Project Scope under Proposed P3 Agreement

The Grand Parkway components proposed to be included in the scope of the initial P3 agreement described in this RFI (“Project”) are subject to the MVW Agreement. Initial Project scope components are illustrated on the map on the project website and include the development, design, construction, financing, maintenance, and/or operation of portions of the Grand Parkway project from the northern most portion of Segment D in Harris County to Segment I-2 in Chambers County as described in Minute Order 112629 of March 31st, 2011. Segments included in the initial Project scope are described as follows:

- Segments for Operation and Maintenance: The portion of Segment D in Harris County, Segment E, Segments F-1 and F-2, that portion of Segment G in Harris County and a portion of Segment I-2 in Chambers County are candidate segments for operation and maintenance responsibilities under any proposed P3 agreement. Under separate contracts, TxDOT is completing construction of Segments D and E in Harris County and is implementing toll operation on the existing portion of Segment I-2 in Chambers County.

- Segments for Development: Segments F-1 and F-2 and that portion of Segment G in Harris County are candidate segments to be financed, developed, constructed, operated and maintained under this CDA.
- Segment Contingent on Primacy: That portion of Segment G in Montgomery County may be included as a candidate segment to be financed, developed, constructed, operated and maintained under any proposed P3 agreement should Montgomery County rescind their option for this segment under the terms and conditions of the MVW Agreement.

The following table provides additional information regarding the proposed scope for the initial Project, including segment lengths, limits, scope of the developer's obligations under the proposed P3 agreement, direct connectors, status of environmental approvals and target opening dates for segments. Each segment in the proposed scope for the initial Project includes four tolled lanes. Through this RFI, TxDOT is soliciting input from industry on the initial Project scope, as well as the Minimum Scope and Ultimate Scope. Any resulting Request for Proposals will define the specific project components for the P3 agreement.

Segment	Length (miles)	Limits	Developer scope	Initial Direct Connectors	Status of Environmental Approvals	Target Opening Date
Segment D	0.896 miles	Kingsland Blvd to Colonial Parkway	Operations and maintenance	• South of IH 10	• FONSI received in 9/2008	Phase 1 Already Open Phase 2 Summer 2013
Segment E ¹	15.7	IH 10 West to US 290	Operations and maintenance	• 2 @ IH 10 West • 4 @ US 290	• ROD received in 6/2008 • Reevaluation and revised ROD in 6/2009 • Awaiting issuance of USACE Section 404 permit	Summer 2013
Segment F-1	12.4	US 290 to SH 249	Includes design and construction, as well as financing, operations and maintenance	• 4 @ US 290	• ROD received in 11/2008 • Reevaluation and revised ROD in 6/09 • Anticipated additional environmental documents TBD because of drainage and minor ROW issues • Requires USACE Section 404 permit	End of 2014
Segment F-2	12.6	SH 29 to IH 45 North	Includes design and construction, as well as financing, operations and maintenance	• 2 @ IH 45 North	• ROD received in 12/2009 • Other environmental documents TBD for drainage, alignment revisions and minor ROW issues • Requires USACE Section 404 Individual permit	End of 2014

Segment	Length (miles)	Limits	Developer scope	Initial Direct Connectors	Status of Environmental Approvals	Target Opening Date
Segment G	1.5 miles in Harris County and 12.1 miles in Montgomery County	IH 45 North to US 59 North	Includes design and construction, as well as financing, operations and maintenance	• 2 @ US 59 North	<ul style="list-style-type: none"> • ROD received in 12/2010 • Other environmental documents TBD because of drainage, minor ROW issues and wetland delineation needs associated with lack of right of entry • Requires USACE Section 404 Individual permit 	End of 2014
Segment I-2 ² (Phase 1)	6.0	North of Fisher Road to IH 10 East	Operations and maintenance only		<ul style="list-style-type: none"> • ROD received in August 1998 • Reevaluation and revised ROD in October 2007 for Phase 1 • Reevaluation for tolling component currently under ENV review for remainder of Segment (Phase 2) • No additional permits appear to be required 	Already Open Tolling by Fall 2011

1) Segment E Note: Construction of a small portion of Segment D (which will be tolled) from Kingsland Boulevard to IH 10 is also included in the Initial Project Scope as it is located in Harris County, and is a necessary link to the portion of Segment D of the Grand Parkway being built in Fort Bend County. 2)

Segment I-2 Note: Phase 2 of this Segment from BS 146 to North of Fisher Road (7.4 miles) is the subject of ongoing environmental study to create future tolled facilities which would be part of the Ultimate Scope of the Grand Parkway.

Subsequent Project Segments:

As detailed in the MVW Agreement between the counties and TxDOT, revenues generated from the Grand Parkway must be used on the Grand Parkway project until the Ultimate Scope has been completed. Therefore, it is a goal for the Grand Parkway to leverage any excess revenues received for completed segments to assist with the funding of later segments.

Additional information may be found on the project website at www.txdot.gov/grandparkway.

B. Objectives for the Project

TxDOT and local stakeholders have developed the following priorities for the Grand Parkway.

Build Objectives:

- Build the Grand Parkway Minimum Scope as quickly as possible

- Complete Segments F-1, F-2 and all or a portion of G, as defined above, by the end of 2014 (all of G if Montgomery County elects to waive primacy)
- Maintain compatibility with the Ultimate Scope for all segments of the Grand Parkway
- Build the Grand Parkway in accordance with environmental commitments and promote environmental innovation for permitting and compliance

Competition Objectives:

- Structure procurements to generate healthy and fair competition
- Promote fairness in subcontracting that facilitates small business opportunities and encourages local business participation
- Capture private sector innovation
- Achieve DBE/HUB goals

Financial Objectives:

- Minimize Fund 6 financial obligations and federal government subsidies to the Grand Parkway
- Leverage revenues from completed segments to assist in delivering the entire Grand Parkway

Policy Objectives:

- Ensure compatibility with regional tolling practices (e.g., consistent tolling practices and business rules to the extent practical)
- Optimize allocation of revenue risk and other project related risks

C. Tolling Considerations

The Grand Parkway will include tolled mainlanes, tolled ramps, non-continuous frontage roads and facilities for a barrier-free, all electronic toll collection (ETC) system. Video tolling is also being considered. Toll rates and escalation methodology will be in accordance with the terms and conditions of the MVW Agreement.

D. Project Delivery Methodology

A P3 agreement is an agreement between TxDOT and the private sector that, at a minimum, provides for the design and construction, rehabilitation, expansion, or improvement of a tolled project and may also provide for the financing, acquisition, maintenance, or operation of a tolled project. In general, TxDOT is considering developing the initial Project under one or more of the models:

- a full concession agreement,

- an availability payment structure (as defined below) or
- a design/build agreement or design-bid-build agreements with traditional tax exempt toll revenue bonds.

Under an availability payment structure, TxDOT would make milestone and/or availability payments to compensate the developer for capital costs, operating/maintenance costs and financing costs, including a return on equity. Payments would be subject to deductions due to a failure on the part of the developer to comply with prescribed standards.

The sources of funding for availability payments may be structured as follows:

- Project toll revenues as the first source of payment. The project toll revenues would be committed for satisfaction of the payment obligations and allocated first to the financing cost components of the availability payment, including interest cost and return on equity; and
- If toll revenues are insufficient, funding would be made from the State Highway Fund, including receipts from constitutionally dedicated fees and taxes. This funding source is subject to appropriation and to legal limitations on use. Eligible costs payable from this funding source consist of costs of construction, other capital expenditures including project capacity improvements, major maintenance expenses, costs for operation, maintenance and repair, consumables and similar costs. Financing costs, including return on equity, are not an eligible cost to be paid from these funds.

E. Current Procurement Schedule

TxDOT currently intends to procure any P3 agreement for the initial Project scope in accordance with the milestones in the following chart:

Milestone	Anticipated Date
1. Responses to RFI due	July 6, 2011
2. One-on-one meetings	July 18 – 20, 2011
3. Issue Request for Qualifications (RFQ)	August 15, 2011
4. Proposer submission of Qualification Statements in response to RFQ	October 14, 2011
5. TxDOT issues short-list of proposers eligible to submit detailed proposals	November 14, 2011
6. TxDOT issues draft RFP to short-listed proposers	November 17, 2011

7. Industry review meetings – a series of one-on-one meetings with short-listed proposers	December 13-14, 2011
8. TxDOT issues final RFP to short-listed proposers	January 11, 2012
9. Proposer submission of proposals in response to RFP	May 24, 2012
10. TxDOT selection of preferred proposer/conditional award of P3 agreement	June 28, 2012

TxDOT reserves the right to modify the above anticipated schedule milestones at any time and for any reason.

3. INFORMATION REQUESTED

TxDOT is interested in your views on our current project phasing and anticipated project delivery methodology. In responding to this RFI, TxDOT asks parties to submit their perspectives on as many of the following issues as possible. Please number the answers to match the question numbers below. In addition, please provide point of contact information and a brief (no more than 3 page) summary of your organization and your previous experience with large transportation-related procurements and other relevant qualifications.

A. Project Scope and Phasing

- A1. Based on the technical information provided to date, do you see any preliminary value engineering opportunities for the Grand Parkway that (a) are consistent with the current environmental approvals or (b) may require new or re-evaluated environmental approvals?
- A2. What project scoping or phasing opportunities would you suggest to improve overall project feasibility for the Grand Parkway in light of the stated project objectives, in particular the goal of delivering the Minimum Scope as quickly as possible?
- A3. Based on a preliminary review of toll traffic volumes (see project website for information), is the scope of the initial Project identified in Section 2A appropriate? If not, would you suggest adding capacity to the scope or should future expansion demand-based triggers be more appropriate? How would your recommended approach help achieve the stated project objectives? Would your firm be open to taking the risk of obtaining environmental approvals relating to increasing the number of lanes?
- A4. The current initial Project schedule targets service commencement for Segments F-1, F-2 and G by the end of 2014. Please indicate whether you

believe your firm/team would be able to achieve these service commencement goals. Based on information currently available or provided on the project website, please identify any road blocks or impediments that would prevent the initial Project scope being open by these dates, and describe any solutions you would recommend for avoiding or mitigating the impacts of such impediments.

- A5. Certain segments of the Project are currently undergoing environmental reassessment. What is your opinion as to whether there is value in TxDOT continuing to advance Project design beyond what is needed in order to secure such environmental reassessment approvals? How much more design work do you think TxDOT should undertake?
- A6. Provide a discussion on the tolling considerations described in Section 2D including at a minimum, your views on the value of video tolling and whether there are any interoperability considerations. To the extent applicable, discuss any solutions you believe would avoid or mitigate any identified issues.
- A7. TxDOT is preparing to begin tolling of Phase 1 of Segment I-2. Do you believe that it would be feasible or practical for the developer of the initial Project to take over responsibility for operating and maintaining this portion of Segment I-2? How would assigning responsibility for operating and maintaining Segment I-2 to the developer impact the financial feasibility of the initial Project?

B. Delivery Methodology

- B1. TxDOT is considering using one of the delivery models described in Section 2D to deliver the initial Project. Please identify the benefits and disadvantages of each delivery model in achieving the objectives for the Grand Parkway. Do you see any impediments to the success of any of these models? What are proposed solutions for overcoming any identified impediments?
- B2. One of the primary objectives for the Grand Parkway is to deliver the entire Minimum Scope as quickly as possible. Which delivery method for the proposed initial Project scope do you believe will be the most successful in achieving the stated objectives for the Grand Parkway project? Please provide a detailed discussion on how the recommended delivery model would best achieve the objectives for the Grand Parkway.
- B3. Under the delivery model you recommend in response to Question B2, would the initial Project be financially feasible without TxDOT support? If not, what level of support would be required?

- B4. Using the delivery model you recommend in response to Question B2 for the initial Project, would the Minimum Scope be financially feasible without TxDOT support? If not, what level of support would be required?
- B5. Provide your preliminary views on the financing tools that you would propose to utilize for the project and the amount of time you believe would be required to reach financial close after award by the Commission. Based on your anticipated financing structure, what impediments, if any, would prevent you from reaching financial close in a timely manner and how would you propose to overcome these impediments?
- B6. Please provide your perspective on the optimal financial risk sharing position under the delivery model you recommend in response to Question B2.

4. CONFIDENTIALITY/PUBLIC INFORMATION ACT

All written correspondence, exhibits, photographs, reports, other printed material, tapes, electronic disks, and other graphic and visual aids submitted to TxDOT in response to this RFI are, upon their receipt by TxDOT, the property of the State of Texas, may not be returned to the submitting parties, and are subject to the Public Information Act, Chapter 522, Texas Government Code (the "Act"). Respondents should familiarize themselves with the provisions of the Act. In no event shall the State of Texas, TxDOT, or any of their agents, representatives, consultants, directors, officers or employees be liable to a respondent for the disclosure of all or a portion of the information submitted in response to this RFI.

If TxDOT receives a request for public disclosure of all or any portion of a response, TxDOT will use reasonable efforts to notify the applicable respondent of the request and give such respondent an opportunity to assert, in writing and at its sole expense, a claimed exception under the Act or other applicable law within the time period specified in the notice issued by TxDOT and allowed under the Act.

If a respondent has special concerns about information which it desires to make available to TxDOT but which it believes constitutes a trade secret, proprietary information, or other information excepted from disclosure, such respondent should specifically and conspicuously designate that information **by placing "CONFIDENTIAL" in the center header of each such page affected.** Blanket, all-inclusive identifications by designation of whole pages or sections as containing proprietary information, trade secrets or confidential commercial or financial information are discouraged and may be deemed invalid. Nothing contained in this provision shall modify or amend requirements and obligations imposed on TxDOT by the Act or other applicable law, and the provisions of the Act or other laws shall control in the event of a conflict between the procedures described above and the applicable law.

TxDOT will submit a request for an opinion from the Office of the Attorney General prior to disclosing any documents designated as "Confidential". The respondent shall then

have the opportunity to assert its basis for non-disclosure to the Office of the Attorney General; however, it is the sole responsibility of the respondent to monitor such proceedings and make timely filings. TxDOT may, but is not obligated to make filings of its own concerning possible disclosure; however, TxDOT is under no obligation to support the positions of the respondent. Under no circumstances will TxDOT be responsible or liable to a respondent or any other party as a result of disclosing any such labeled materials, whether the disclosure is deemed required by law, by an order of court, or occurs through inadvertence, mistake or negligence on the part of TxDOT or its officers, employees, contractors or consultants.

TxDOT will not advise a submitting party as to the nature or content of specific documents entitled to protection from disclosure under the Act or other Texas laws or as to the interpretation of such laws. Each respondent is advised to contact its own legal counsel concerning the effect of applicable laws to the submitting party's own circumstances.

In the event of any proceeding or litigation concerning the disclosure of any material submitted by the submitting party, TxDOT will be a stakeholder retaining the material until otherwise ordered by a court or such other authority having jurisdiction with respect thereto, and the submitting party shall be responsible for otherwise prosecuting or defending any action concerning the materials at its sole expense and risk; provided, however, that TxDOT reserves the right, in its sole discretion, to intervene or participate in the litigation in such manner as it deems necessary or desirable.

5. GENERAL INFORMATION

RFI Issuance Date: June 10, 2011

RFI Closing Date: July 6, 2011

One-on-One meetings: July 18 - 20, 2011

Page limits: While there is no page limit to the response to questions in Section 3A and 3B, any other information, including marketing materials, is limited to 3 pages.

Format: Please provide five paper copies and one complete electronic copy of your response to the RFI in a searchable format to the Point of Contact listed below.

Questions: Questions regarding this RFI should be in writing and e-mailed to the Point of Contact listed below. TxDOT will post responses to questions on the project website without identifying the party(ies) submitting the questions. Responders are encouraged to submit any questions to the Point of Contact below prior to June 25, 2011.

Point of Contact:

Mr. Ed Pensock, Jr., P.E.
Texas Department of Transportation

Director of Corridor Systems
Texas Turnpike Authority Division
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Austin, TX 78752
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TxDOT reserves the right to modify the above anticipated schedule milestones at any time and for any reason.

At its option, TxDOT may also elect to follow-up directly with respondents with more detailed questions or to clarify submissions.