C A P I T A L I M P R O V E M E N T P R O G R A M

CAPITAL IMPROVEMENT PROGRAM

Page

HARRIS COUNTY, TEXAS

COMMISSIONERS COURT

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Robert Eckels	El Franco Lee	Sylvia R. Garcia	Steve Radack	Jerry Eversole
County Judge	*Commissioner, Precinct 1*	*Commissioner, Precinct 2*	*Commissioner, Precinct 3*	*Commissioner, Precinct 4*

CAPITAL IMPROVEMENTS

June 20, 2006

9:00 a.m.

1. **Port of Houston Authority of Harris County**
2. **Harris County Hospital District**
3. **Harris County Public Infrastructure**
   a. **Toll Road Authority**
   b. **Flood Control District**
   c. **Roads and Parks**
   d. **Other PID items**
4. **County Buildings**
   a. **Juvenile Facilities**
   b. **Jail Facilities**
   c. **Criminal Justice Center**
   d. **New Projects**
5. **County Library**
6. **Reliant Park**

1. Port of Houston Authority

A status report and update of the Port's activities and its capital improvements program is behind the Port tab. The chairman of the Port Commission, Jim Edmonds, will address the court.

Operating revenues in 2005 increased by $20 million, or 15%, compared to 2004, going from $135 million to $155 million. Total volume and tonnage of break bulk cargo, general cargo, auto imports and exports, and bagged goods went up. Container tonnage increased by 1.9 million tons. Operating revenue and tonnage increased at Barbours Cut Terminal and other terminals.

The first phase container terminal project at Bayport is expected to open for business along with a new cruise terminal. The Port is providing a three-mile buffer zone around the Bayport facility that will include a 20-foot tall landscaped sight and sound berm as mitigation for environmental impacts. The buffer zone will also include part of a storm water collection system to protect Galveston Bay.

A wider and deeper Ship Channel was dedicated by ceremony last August. It is now 530 feet wide and 45 feet deep compared to 400 feet wide and 40 feet deep before.

The Port has also worked to improve security along the Ship Channel with use of federal security grant funds, and has an agreement with Harris County for participation in ITC's regional radio program as part of the security system.

The Port will request that the court authorize issuance of bond funds to continue improvements. Management Services will work with Port officials and the financial advisor for necessary financing, including a possible refunding issue. The current status of debt service for the Port is shown in tables that are behind the Schedules tab at the back of this book. Debt service requirements will be reviewed again in September when the court considers annual ad valorem tax rates.

2. **<u>Harris County Hospital District</u>**

A report from the President/CEO of the Hospital District is behind the district tab. The amount of the current capital expenditure budget is $36,168,104.

Data submitted shows $10 million for replacement of medical technology equipment such as infusion pumps and patient monitoring systems; $2.5 million for medical waste removal and automated supply and pharmacy dispensing units; $15.7 million for clinical information systems, patient management and accounting systems, and radiology imaging; and $7.9 million for renovation and construction projects for various hospital and clinic facilities.

Projects to be done from the district's 2015 Capital Plan are shown for the period through FY 2009-10 in the total amount of $169.1 million. The listing shows planned expenditures for a replacement facility for the Martin Luther King Clinic, a new ambulatory clinic in the Alief area, expanded emergency center at Ben Taub Hospital, a new ambulatory diagnostic and specialty clinic at Ben Taub, a new emergency center at LBJ Hospital, a new ambulatory diagnostic and specialty clinic at LBJ, construction of a radiation therapy center, and land for development of Casa de Amigos Clinic.

Management Services and the financial advisor will assist the district with possible bond financing plans. The district will report to the court again at Mid-Year Review.

3. Harris County Public Infrastructure

a. Toll Road Authority

1. Status

A status report on the toll road system from Public Infrastructure is behind the PID tab. The estimated cost of the TRA five-year plan is $618.4 million. A list is included with a map showing the major projects.

The total five-year estimate does not include construction costs for three potential joint projects with the Texas Department of Transportation. Those are segments of the Grand Parkway or SH 99, the Hempstead Highway from IH 610 to Huffmeister, and Beltway 8 NE from US 59 to US 90. The county is a partner with the state on the Katy Freeway-IH 10 reconstruction project. The county's share is $250 million. A final payment is due in June 2007.

The PID report addresses a funding agreement proposal from TxDot on the three potential toll corridors listed above. Those projects would add 81.4 miles to the TRA system between 2010 and 2013 at an estimated cost of $2.1 billion. TxDot's proposal seeks a single payment from the county of $1.235 billion plus an undetermined percent of annual gross revenue over a period of 40 years. The PID director, after consultation with court members, will prepare a response to the proposal.

The funds paid to TxDot, according to the proposal, would be used "to advance" other state projects within the five-county Houston district, which includes the counties of Harris, Fort Bend, Galveston, Montgomery, and Waller.

2. Study of Alternative Futures

The court on October 25, 2005, January 24, 2006, and February 7, 2006 authorized steps for a study of alternative financial futures for the Harris County toll road system. Three tracks were developed for the study: Track A, County Owned and Operated and Publicly Owned Alternatives; Track B, Asset Sale; and Track C, Concession Agreement. Copies of executive summaries are behind the TRA tab, including a summary by the county's financial advisor, First Southwest. A separate briefing book has been given to court members that includes the complete reports, a list of legal questions and responses, and traffic and revenue analyses.

Track A. Citigroup and Siebert Brandford Shank & Company prepared the County Owned and Operated report. Their study noted that the county's current enterprise fund structure has "demonstrated remarkable financial and operational success" and should be continued as "the organizational building blocks" for the future.

The study does not recommend a Regional Mobility Authority "in isolation," but said features of an RMA could possibly be combined with the county's structure. Statutory amendments would be required for the county to use "the most beneficial features" of an RMA which would mean greater flexibility in the use of excess revenues and such tools as comprehensive development agreements. For a more traditional RMA, existing law would have the governor appoint a board member or the board chairperson, depending on which statute is used. The county could seek to develop a hybrid structure with an RMA serving as an extension of the county for issuance of bonds for new projects. The RMA would issue its own bonds to fund the county's "pooled" projects, and HCTRA would provide support by contract for assistance with debt coverage and maintenance and operations.

The Citigroup-Siebert team recommends that the county carefully consider its toll road future and evaluate its options and the possible value of its own bonding capacity. The report said that capacity, given certain changes in debt structure and toll policy, could be approximately $8 billion over time, including $1.3 billion for pooled projects. Factors that should be evaluated are the degree of local ownership and control the county desires to retain and treatment of excess revenues.

The team recommends that the county, with continuation of a County Owned and Operated system, adopt a "forward-looking" toll policy that would establish a regime of future toll increases that could be authorized by the court to balance growth of the system and operational costs, and increase value and bonding capacity. Rating agencies, the report said, would show added confidence as the system expands.

In valuing the system, Citigroup and Siebert used the traffic and economic data provided by Wilbur Smith Associates. The other two study teams also used the Smith analyses, which created three scenarios for toll rate assumptions: a base case in which rates are assumed to remain at current levels; a case in which inflation would be used to adjust tolls; and a case for optimized rates that would be intended to generate maximum revenue potential at peak and non-peak traffic periods. The traffic and revenue forecasts go to 2025 and are then extended to 2055 for a 50-year period with nominal growth rates assumed in segments subsequent to 2025.

Using these assumptions, and incorporating certain debt structure changes as discussed above, the Citigroup-Siebert report shows the HCTRA enterprise valuation could range from $8.2 billion to $15.5 billion to $20.6 billon.

Track B This track, studied by JP Morgan and Popular Securities, concerned the possibility of a sale of the toll road asset, which the study team believes would attract investor and buyer interests from across the U.S. and the globe. This study said, however, that the county should be cautious, and revenue maximization by asset sale should not become the county's "sole objective." Instead, the county's goal should be to obtain the highest price based on the level of control the county wishes to exercise after a sale, and the level of risk the county is ready to retain. The study recommends the county use a "control/value continuum" in assessing objectives. In retaining the highest level of control of operations and decisions, the value of the sale for the county would be at the lowest point, and retention of little or no controls would produce the highest yield.

The study points out that the county, despite a sale, could not walk away from responsibility. Depending upon the terms of the sale agreement and the owner's financing conditions, if the new owner became insolvent or neglectful, the asset could revert to the county. A limiting factor in a sale at this time is that changes would be necessary in state law, and certain governmental approvals would be necessary. But if the county pursued those changes and clearance came for such a sale, the county would need an "ironclad" contract to maintain provisions the county believed to be appropriate and in the best interest of the public.

In such a contract there would be, said the study, a "direct correlation" between the rate at which tolls would be permitted to increase and the value the county would realize from the sale. Projections of toll rates, traffic growth, and operating and capital expenses would be key drivers. Other factors in valuation would be whether the owner would pay property taxes or be granted a full property tax abatement.

JP Morgan and Popular said eventual bidders would probably have different perspectives on assumptions and would have separate forecasts prepared by their own consultants. Their bids would probably be based on higher traffic data than the county studies used.

The study said sale proceeds could result in a gross value for the county of between \$3 billion and \$20 billion, with "expected ranges" falling between \$7 billion to \$14 billion. Net proceeds would be subject to debt defeasance costs and the impact of taxes. The total of these reductions from the gross values could be between \$2 billion and \$4 billion.

JP Morgan and Popular said the county should remain cautious, however, as "it would be imprudent" for the county to make decisions based on the highest value numbers as such estimates would be calculated on the more optimistic assumptions. By use of them, the county could have a "successful sale," but end with "a failed public policy."

The study team recommends that the county, if it chooses an asset sale, proceed by use of the "control/value continuum" process, and identify the conditions it wishes to see in a sale, and determine the level of control it is willing to allow a new owner.

Track C. Goldman Sachs and Loop Capital studied the concession track. Similar to the asset sale, the amount of value from this model would depend on whether the county would desire an active role in oversight of a leased system and retention of a portion of operating revenues. Another important factor would be the length of the concession. A concession term of less than 50 years, linked with retention of strong oversight and decision-making by the county, and extraction of a percentage of ongoing operating revenues, would result in a low upfront yield for the county.

A concession term of 75 years to 99 years, with a low level of county intervention and control, and no percentage of operating revenues, would bring the most upfront value. County operating standards could be established in the concession contract.

An obstacle to such a lengthy concession term is that state law provides that the length of a contract supported by toll revenue must be limited to the life of the bonded debt supported by the tolls, and that debt life cannot exceed 40 years from issuance.

A concession could be for the complete HCTRA system, including the existing roads, projects in process, and those planned. Or, it could be for parts of the total system. The Goldman-Loop team recommends the county avoid attempting to include all of the components in a concession proposal.

The report said a full system proposal, including planned projects, would introduce "uncertainties", leaving the county with the possibility that it would not receive fair value. Such a proposal, requiring a transaction that could exceed $10 billion, with unproven projects in the mix, would require a large consortium with a variety of equity partners. The result could be that proven components of the existing toll road system could be "marginalized" and only a partial premium would be paid for them. Rather, the report said, the best strategy would be to seek a concession on the existing elements of the system, and add other components at later periods. Problems with this strategy, however, could be that additional transactions would become costly and time consuming.

The report said the range of valuation from the existing system could be from $7.5 billion to $10 billion for a 50-year concession, $9 billion to $12 billion for a 75-year agreement, and $10 billion to $13 billion for a 99-year contract. These would be gross proceed figures which could be subject to reduction by debt defeasance cost and state and local taxes. The total of these potential reductions could be between $2 billion and $4 billion.

Again, legal obstacles would have to be overcome for the county to have a concession contract that is supported by tolls that go beyond 40 years from issuance of debt.

<u>First Southwest</u>. In its summary of observations, the county's financial advisor, First Southwest, points to the difficulties in the various approaches and the legal obstacles that must be overcome. With a sale or concession, $2 billion would be required to defease the county's toll road debt, and the county would be required to repay $90 million to the Federal Highway Administration for its loan of funds to the county's system, or HCTRA would be required to use the value of those funds on projects that would be eligible for federal assistance.

Without legislative changes, an asset sale or concession would be subject to the owner or concessionaire paying state and local taxes that could reduce the asset's value on the market by up to $4 billion. Restrictions on use of proceeds would occur after debt defeasance. First Southwest said the ability to conduct and complete any sale or concession would run into legal obstacles until legislative action is taken. Defeasance of debt would bring in questions as to whether tolls could be continued for support of a concession or to finance system operations.

Shifting to an RMA structure could mean a multi-county board with involvement of TxDot and the governor. Control by the county would be limited. A hybrid RMA approach could be used for new projects, but that approach would have to be carefully researched for any legal changes that would be necessary for the county to gain flexibility beyond its current capabilities for operations and debt issuance.

Staying with the County Owned and Operated path and gaining advantages by new debt management strategies, such as use of longer terms, withdrawal of a tax pledge, and changing debt coverage levels, would have to be reviewed. The outcome could be increased funding capabilities for the system. However, this gain could only be accomplished with a new toll policy, one that would incorporate consistency and dependability to provide the funding necessary for operations, maintenance, expansion, and debt service.

Another factor, according to First Southwest, is that the court must be aware of the "potentially significant impact" of TxDot's policies on the financial condition and capabilities of HCTRA and the county for mobility funding.

Summary and Recommendations

Certain common threads run through the three studies and the review by First Southwest. The county's toll road system has good credit ratings based on strong historical growth and conservative management, and its financial position is considered healthy. The system is highly regarded by investors who consider the asset to be of superior quality. The system has become essential to the economic growth of the county and this region of Texas, and projections of steady population and economic growth support the need for HCTRA to expand to help meet transportation requirements for the area. The toll road asset has significant value, and there is a definite market in the U.S. and across the globe for a sale or concession proposal, if either could be made possible, and the value at stake could be considerable.

Another thread is that whatever path the county takes, the future must involve a consistent toll policy for revenue to assure proper management and maintenance of the roadways for motorists, and debt service coverage for investors.

There is also another common and important thread: the county, given its goals and objectives, should be cautious. There are obstacles in each path that has been studied. The court and management should prepare a future for the toll road system that is not based on how much upfront money the county could garner, but on a financial alternative for the system that would be in the best interest of the public and the motorists. A viable, well funded, dependable system, well managed, enabling a driver to reach a destination in a reasonable time, with easy access and exit points, has been and continues to be the primary concern. The following options are presented for consideration.

Option a. If the court is interested in a standard regional mobility authority, as allowed by state law, an asset sale, or a concession, management and financial and legal advisors should be instructed to prepare a recommendation on the steps that should be followed, including any statutory changes that could be presented to the Texas Legislature. The recommendation should include proposed agreements with the appropriate financial banking and legal firms and the financial advisor, First Southwest. The report given to court should include timetables and cost estimates.

Option b. If the court chooses to proceed with a County Owned and Operated plan, the court should instruct management and financial and legal advisors to prepare recommendations that would outline the steps that should be taken to achieve the status of possibilities discussed in the review and studies. Timetables, cost estimates, and agreements with the appropriate firms should be recommended. A report should be presented to court for consideration.

b. **Flood Control District**

A report from the director of the Flood Control District is behind the PID tab. The report includes a map and list of active projects and available funding in the amount of \$212.6 million. Plans are for about 56% of these funds, or \$119 million, to be expended or encumbered on studies and projects this fiscal year, and another 35%, or \$74 million to be expended in FY 2007-08, 6%, or \$13.6 million in FY 2008-09, and the balance, 3%, or \$6 million between FY 2009-10 and FY 2010-11.

The director is asking that additional funds be made available to continue with studies and projects in various watersheds in the approximate amount of \$482.3 million over the period of FY 2006-07-FY 2010-11. A map and list of "candidate" projects is included behind the tab.

The district's capital improvement projects are classified in nine categories: (1) Federal flood damage reduction along main channels of watersheds; (2) Federal Emergency Management Agency mitigation to reduce insured losses through the National Flood Insurance Program; (3) Non-federal main channel flood damage reduction projects; (4) Tributary flood damage reduction; (5) Upgrades to existing FCD infrastructure to facilitate maintenance; (6) Acquisition of property in floodplains for conservation and reclamation purposes; (7) Support for certain projects in growth areas; (8) Support for development of certain new drainage infrastructure; and (9) Participation in local government flood damage reduction projects that are outside of FCD rights-of-way.

Plans for additional funding of \$482.3 million for the "candidate" projects would allow \$238 million, or 49%, for studies and projects that would qualify for Federal funding in the amount of \$217 million. Those funds would be available for direct expenditure, matching grants, or reimbursements. Most of the funding would be used for scheduled phases of ongoing projects. The director is asking that the court continue a high level funding stream so that engineering work, right of way purchases, and construction can continue as necessary in accordance with the district's master planning process in all watersheds.

As reflected in the proposals, PID has developed a relationship between the FCD Division and the department's Engineering Division that has allowed greater use of FCD properties for park purposes, and for park lands to incorporate FCD projects.

Management Services is reviewing the request for additional funding and will report with a recommendation and timetable.

c. **Roads and Parks**

PID has provided a status report on available road funds and projects planned for the period of FY 2006-07-FY 2010-11. The report shows that Precinct 3 will be out of funds in FY 2007-08, and Precinct 4 will be in the same condition in FY 2009-10. Plans will need to be considered for additional resources that can be allocated if construction plans are to be continued as scheduled.

Also included is a report on the status of park funds and park projects planned by the precincts for the period of FY 2006-07-FY 2007-08 in the total amount of $42.6 million. Additional resources will be needed toward the end of that period if plans for parks development and improvements are to continue. PID's report states that future projects under review total over $200 million.

The county has 149 park sites on 24,597 acres of land.

d. **Other PID items**

1. **CAMS**.

PID, as authorized by the court, is developing a County Asset Management System for tracking of county infrastructure. It will be a central system for recording county-owned facilities and land. Approximately $1.8 million has been provided to this point. PID said that another $1.9 million will be required by September to continue the development. Management Services will review the request and prepare a recommendation.

2. **Utility Relocations**.

PID notes that over the past year telecommunication companies have requested reimbursement of costs for relocation of their facilities within county road improvement projects. The County Attorney has provided a brief on this subject and a copy is behind the PID tab. Companies have in the past paid the cost of relocating cable and other facilities in public right of way when the county widened or improved a road. Recent cases in various courts have indicated a change in interpretation of law on this subject is occurring and the county's expenses for road and flood control projects could be increased as a result. The County Attorney said the answer may be for the Texas Legislature to be asked to amend the Transportation Code to clarify the obligations of utility companies with facilities that are located within public rights of way.

3. **LaPorte Landfill**.

PID is requesting $3,750,000 for engineering services and construction funding for remediation of the LaPorte landfill. Design is approximately 95% complete and subject to final review and approval. Following construction to correct deficiencies, annual maintenance will be required at an estimated cost of $50,000. Management Services will review the request for a recommendation on funding.

A proposal for acquisition of the property has been received by the Right of Way Division and is under review. Responsibility for remediation could shift to a new owner with the county being requested to improve access to the landfill site.

4. **Construction Programs**.

PID status reports on building construction in the courthouse complex and future projects are noted in the County Buildings section of this CIP report.

4. County Buildings

A report on capital improvements for buildings by the FPM director is behind the Buildings tab. Included is a list of all county facilities and a map of the downtown complex. A report by PID on the status of projects in the courthouse complex and future projects is behind the PID tab.

a. Juvenile Facilities

1. The Juvenile Court judges have requested that certain changes be made in their courts in the Juvenile Justice Center, and Juvenile Probation has asked for other changes. These requests will be reviewed and a recommendation will be made to Commissioners Court.

2. Commissioners Court earlier made the decision not to move the Constable of Precinct 1 and JP 1.2 from Annex 2 to the Juvenile Justice Center when it opened, and to reconsider the question at the CIP session. The Juvenile Board sent the court a resolution asking that the JJC be used solely for juvenile justice and related agencies, which was the original concept for the facility. The Constable also requested that his offices remain in Annex 2 at 1302 Preston at this time and that his move be made to another planned facility at a later date. JP 1.2 also could remain at 1302 Preston until a permanent location is approved for that court, which would not have to be in the courthouse complex.

   If the court is in agreement, a plan can be developed by FPM with the District Attorney for his Juvenile Trial Bureau to move into available space in the JJC, and with the Juvenile Probation Department director for programs that would be appropriate for other open areas. The offices should be made available with the understanding that there would be no additional county funds spent for changes or renovations at this time.

3. The Juvenile Board has requested funding be made available for replacement of the W. Dallas Detention Center. The board has also requested that a detention facility be made available for females on an interim basis at the Youth Village, and on a long term basis in a new facility on the grounds of Burnett-Bayland.

   Meanwhile, the City of Houston has expressed interest in selling six acres of property it owns that is between W. Dallas and Allen Parkway. That property is adjacent to approximately five acres the county owns on W. Dallas where the Juvenile Detention Center is located. City representatives said if the county decided to sell its property along with the city's acreage that a premium price could be obtained because of the location of the land.

Whether or not the court wishes to have such a proposal developed with the city, it seems to be an appropriate time for a master plan to be developed between the court and the Juvenile Board for facilities and locations to provide for juvenile justice and related programs. Juvenile Probation has requested that such a plan be developed for the Burnett-Bayland grounds where the department hopes to locate a female housing facility, replace cottages for boys, and provide related programs and services.

As noted, Juvenile Probation is asking for funding to renovate a facility for a new female residential program at the Youth Village on an interim basis. The director is also requesting funds for 32 new positions for the program.

The department is also requesting that the court authorize FPM to locate two facilities that could be purchased by the county for Juvenile Justice Alternative Education Program schools, and that funds be made available for video surveillance purposes at all residential facilities.

FPM is requesting approval of $1,170,000 for construction of a new bulkhead on the shoreline at the Youth Village to prevent further soil erosion. The Juvenile Board has asked that this project be reviewed by PID to determine whether the work needs to be done at this time.

b. **Jail Facilities**

A report will be prepared for the court with recommendations for the Sheriff's new Central Processing Facility and other proposed capital needs for the jail system.

Funding for replacement of the security system at the 701 San Jacinto jail in the approximate amount of $4.5 million will be placed on the court's agenda.

c. **Criminal Justice Center**

1. FPM has estimated the cost of providing additional security monitoring equipment for the Criminal Justice Center at $145,000. Funds will be provided through the District Attorney's discretionary account.

2. A security study of courthouse facilities in the downtown complex by the National Center for State Courts has been authorized by the court and findings and recommendations will be presented at the Mid-Year Review in September.

d. **New Projects**

1. **Jury Assembly Plaza**. This facility, on the block bounded by Franklin, Caroline, Congress, and San Jacinto, is scheduled for construction to begin in May 2007, upon completion of expansion of the county's parking garage at 1401 Congress. Jury assembly will be moved from Congress Plaza to the new site and will be tunnel-connected to the Criminal Justice Center, Juvenile Justice Center, and the new Civil Courthouse. The estimated cost is $16.8 million. PID anticipates construction will require a period of 14 months.

2. **Family Law Center**. The last piece of the county's master plan for court facilities to be connected to the new Jury Assembly Plaza is the Family Law Center, which is at 1115 Congress and across San Jacinto from where the plaza will be built.

   FPM said the current facility could be renovated at an estimated cost of $42 million. However, FPM notes that such a renovation, which would be extensive, would not resolve the problem of overcrowded facilities. For adequate expansion and renovation, including a parking garage, FPM estimated the cost would be $80.6 million.

   Replacement of the building at the current location with a new structure facing the Jury Assembly Plaza would cost approximately $90.3 million, including demolition of the existing facility.

   Under any of the options above, the current Family Law Center would have to be emptied and courts and staffs relocated pending renovations or construction.

   Another option would be to locate the new structure on the block where the Coffee Pot Building is located on San Jacinto across from the Criminal Justice Center. FPM estimates the cost for a new building at that site would be $90.1 million, including demolition of the existing facilities.

   If the court chose the last option, the courts and related personnel could remain in the existing Family Law Center during the construction period.

3. **DA's Building**. FPM recommends that the old District Attorney's Building, which is next to the Family Law Center at 201 Franklin, be demolished. The estimated cost for that work would be $1.1 million. The Family Law Center and the DA's Building are the only buildings on the block, which is bounded by San Jacinto, Congress, Fannin, and Franklin. The balance of the block includes a small park space and an open plaza.

4. **Historic Courts Building**. Design work is proceeding for the First and 14th Courts of Appeals to move from South Texas College of Law facilities to the historic Civil Courts Building at 301 Fannin. The total cost is estimated to be $65 million. Phase I will be demolition and abatement of the interior at an estimated cost of $8.8 million. Phase II will be the renovation work at an estimated cost of $56.2 million. Completion is expected to be in the last quarter of 2009.

5. **Administration**. The downtown master plan included a new Administration Building that would allow consolidation of administrative and technology support functions. Currently they are housed in the Administration Building at 1001 Preston, the Anderson-Clayton Building at 1310 Prairie, the Drug Building at 406 Caroline, and Congress Plaza at 1019 Congress. The plan called for the new structure to be in the block where the Coffee Pot Building is located at 102 San Jacinto. Depending on the location of the Family Law Center, the new Administration facility could be in the block where the FLC and DA Building are at present, bounded by San Jacinto, Congress, Fannin, and Franklin. Upon completion of the new building, the current Administration Building, Congress Plaza, Drug Building, and Anderson-Clayton Building could be sold.

   If the court decides to pursue this plan, it is recommended that approval of requests for interim relocations by various administrative and technology offices be held to a minimum. The court should decide on such requests on a case-by-case basis with relocation and renovation costs being avoided unless absolutely essential for important functions to be performed.

   The estimated cost for a new Administration Building would be approximately $131.2 million, according to FPM, excluding costs for demolishing any structures that may be on the site.

6. **Security Building**. FPM is recommending that a security facility be located at Congress and Caroline adjacent to the Central Plant at 1303 Preston. Constable of Precinct 1 would be located at the facility for law enforcement security for the courthouse complex. The estimated cost would be $12 million.

7. **Wilson Building**. The state has created a fourth IV-D court in Harris County for child support matters. FPM said that space is available in the Wilson Building near the other three courts. The estimated cost is $601,000.

8. **Medical Examiner**. FPM said Wilson Architectural Group has prepared the design for a new crime lab for the Medical Examiner that would cost approximately $63.7 million.

9. **Other Projects**. FPM has listed other projects for various facilities within and outside of the downtown complex, including certain outlying annexes. Some of the projects, such as relocations, depend on policy decisions made by the court in connection with items shown on previous pages of this report. Management Services will review the complete list of requested work with FPM and recommendations will be provided to the court as funds are available. Requested use of space in the old 1301 Franklin jail facility will be reviewed after completion of recommendations that are necessary for the Sheriff's Detention Bureau.

5. County Library

Materials from the director of the County Library are behind the Library tab.

The director has listed eight new branch projects in the total amount of $46.4 million. She has also requested $412,000 for replacement of public access computers, laptops, and self-checkout machines.

The new branch projects are for renovation of Parker Williams in Precinct 1, $1.3 million; a new branch in Barrett Station, Precinct 2, at a cost of $4.2 million; an expansion of Meador in Seabrook, Precinct 2, at a cost to the county of $4 million; a new branch in McNair, Precinct 2, at a cost of $5.4 million; a replacement facility for Stratford, Precinct 2, at a cost of $5.4 million with a possible lease or donation of property from Goose Creek ISD; a replacement for Baldwin Boettcher in Precinct 4 at a cost of $8.7 million with a possible joint agreement with North Harris College; a possible joint project with Cy-Fair College for replacement of Fairbanks at a cost of $8.7 million in Precinct 4; and a replacement for Kingwood in Precinct 4 at a cost of $8.7 million with a possible joint agreement with the City of Houston, and with the city requested to pay for construction, opening day collections, technology, and furnishings, and with Harris County operating the facility and the city providing an annual amount for a portion of operating costs.

A report from the Library director concerning the annual cost of operations for branches is included in the attached materials for reference along with a list of the county's 27 branch libraries.

6. Reliant Park

The Harris County Sports & Convention Corporation is requesting $2,833,200 for capital improvements for Reliant Center, Reliant Astrodome, and Reliant Arena, and for parking, traffic, and site improvements.

The court is also requested to add $958,844 to the $904,000 that was approved last year for repairs to the Reliant Arena roof.

The corporation said it will be seeking $4.9 million for repairs and improvements at Reliant Park in FY 2007-08, $4 million in FY 2008-09, $3.4 million in FY 2009-10, and $3 million in FY 2010-11.

Management Services will review the requests with corporation board and staff members for a recommendation to court. A review is also underway concerning the status of the hotel occupancy tax fund and payments that are required for debt service and other expenses.

A report from the HCSCC executive director on the capital improvement program is behind the Reliant Park tab.

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June 20, 2006

The Honorable Robert Eckels, County Judge, Harris County
The Honorable El Franco Lee, Commissioner, Precinct One, Harris County
The Honorable Sylvia Garcia, Commissioner, Precinct Two, Harris County
The Honorable Steve Radack, Commissioner, Precinct Three, Harris County
The Honorable Jerry Eversole, Commissioner, Precinct Four, Harris County

Dear Members of Harris County Commissioners Court:

As Chairman of the Commission of the Port of Houston Authority, I am pleased to submit this update on the PHA's activities and its capital improvement program.

For the past 90 years, the port has served as Houston's most important link to the rest of the world, and that connection grows stronger every day. During 2005, the PHA made significant accomplishments, resulting in a revenue increase of 15 percent and total tonnage growth of seven percent (not counting the Bayport Industrial District, which is a tenant of the PHA).

ACTIVITY AT THE PORT OF HOUSTON AUTHORITY DURING 2005

Moving 28.261 million tons of cargo (not counting Bayport) along the Houston Ship Channel in 2005, the Port of Houston Authority continued to serve as the main driver of global trade and commerce. According to the PHA Trade Development Division, more than 3,300 vessels and 4,300 barges transport goods through PHA facilities each year, and approximately 100 steamship lines offer service linking Houston with just over 1,000 ports in more than 200 countries. Additionally, more than $650 million in state and local tax revenues were generated by business activities related to the port, according to a 2002 economic impact study by Martin Associates, which has conducted studies for 120 ports in the U.S. and Canada. This number is expected to increase greatly when the firm releases the results of its latest economic impact analysis later this year.

Increases in the volume and tonnage of break bulk cargo, general cargo, auto imports and exports, and bagged goods enabled the PHA to post record-level operating revenue of $155 million in 2005, an increase of $20 million (or 15 percent) from operating revenue of $135 million in 2004. The total volume of twenty-foot equivalent units (or TEUs, the standard unit of measurement in containerized shipping) rose 10 percent for a total of nearly 1.6 million TEUs. Both the total container volume and total tonnage surged to record levels in 2005. Container tonnage during the year totaled 15 million short tons compared to 14 million short tons in 2004.

The PHA recently observed a historic 50^{th} anniversary in the container business. On May 2, 1956, the first ever containerized cargo arrived at a Houston dock aboard a vessel that originated in New Jersey. That was a first for the maritime industry and it turned out to be a revolutionary event that has poised the PHA for leadership along the U.S. Gulf Coast as it expands its capacity. Since that first container delivery to Houston, the PHA has enjoyed many years of record-breaking results in the container business.

UPDATE ON CARGO TERMINALS

The increase in operating revenue is consistent with the increased tonnage we experienced in 2005. Portwide, container TEUs increased 10 percent. Tonnage rose approximately 1.9 million tons, for yet another record.

Part of that increase is attributed to additional TEUs at Barbours Cut resulting from increased trade volumes with Asia (up 58 percent in 2005), shorter dwell times for cargo on the dock, and efficiencies in operations. Additionally, the PHA experienced steady growth from the northern European, Mediterranean, and Central and South American markets, which are all historically strong markets. Moreover, major retailers continue to find it more economical to ship Asian products by water through the Panama Canal to Houston as an alternative to West Coast ports of entry.

Containers continue to be a very strong business line for the PHA. Houston is almost a 50-50 import to export port. This means that there is always cargo to load into empty containers, which is attractive to shippers. Houston is a gateway for not just consumers but also producers of goods in this region. Facilities, steamship lines, equipment and experience are available to meet their needs.

Some of the PHA's most notable successes have occurred at the Barbours Cut, Jacintoport, Care, Turning Basin, and Woodhouse terminals.

Operating revenue at the Barbours Cut Terminal increased 13 percent over the previous record year of $89.6 million. Total tonnage rose 9 percent over the previous year's record year.

Tonnage at Barbours Cut Terminal totaled 14 million short tons, and we are very optimistic about future growth opportunities. Also, this terminal has been running near full capacity, but enhanced operations have improved efficiencies allowing for increased handling of cargo.

Likewise, the Jacintoport Terminal experienced a large increase in operating revenue of 12 percent over the previous year of $4.4 million. Revenue at the Care Terminal rose 6 percent because of changes to the tariff and enhanced operational efficiencies.

The Turning Basin Terminal experienced a large increase in general cargo for an increase of 27 percent over the previous record year of nearly 1.2 million. Total tonnage increased by 475,485 (or 15 percent) over 3.18 million.

Revenue at the Woodhouse Terminal rose 61 percent because of increased rates as well as increased tonnages. Bulk tonnage tripled from 2004 to 2005. Increased cargo of steel and plywood also contributed to the increase.

BAYPORT CONTAINER AND CRUISE TERMINALS

Clearly, business is strong at the port and will only continue to grow. To accommodate that anticipated influx of business, the new container and cruise terminal at Bayport is under construction. To date, 22 contracts have been awarded, including 17 construction contracts and five wharf crane contracts – all totaling more than $323 million in construction, crane, and other equipment contracts. The first-phase container terminal project is expected to be completed and open for business in the late summer of this year. The new cruise terminal, able to accommodate the largest cruise ships sailing in the Gulf of Mexico, will be completed in April 2007.

As mitigation for the Bayport project's environmental impacts, a three-mile long buffer zone is being built around the Bayport facility and will include a landscaped sight and sound berm that will be 20 feet tall. The buffer zone also includes part of an extensive storm water collection system that will protect Galveston Bay.

Although the Bayport properties contained only a small number of jurisdictional wetlands, the PHA's environmental commitments were exceedingly strong. The PHA purchased the Memorial Tract adjacent to Armand Bayou Nature Preserve and created more than 70 acres of new wetlands, a replacement for those lost at Bayport at a ratio of 3.4-to-1. Additionally, more than 100 acres of wetland and upland habitats at the Memorial Tract will be enhanced under that project. The PHA also purchased the 400-acre Banana Bend wetland area to be donated to Harris County, and acquired a 500-acre tract as a conservation easement for prairies.

In designing Bayport we took a new approach – and looked for ways to construct the facility while protecting Galveston Bay. Although the existing PHA container terminals have an impeccable storm water quality record, all of the areas at Bayport will drain into "first flush" ponds before further release. Any sand or other material washed into drains by the first inch of any rainfall will be collected in the first flush ponds for later disposal. Should a container be found to be leaking, it will be moved to a special containment area. All motorized equipment at Bayport will be new, with state-of-the-art engines that minimize emissions of all kinds.

The PHA's environmental excellence also extends to the construction phase. Contractors have been using water distributors almost continuously for two years to preclude dust from leaving the site – and have done an admirable job, considering more than 400 acres are under construction.

The PHA also takes seriously its relationship with its neighbors. Although the Bayport Terminal has been envisioned for more than 40 years and is adjacent to the massive Bayport Industrial District, the PHA is taking extraordinary measures to minimize disruption to the surrounding communities and plants. The PHA is improving Port Road and its drainage, to serve the area for the next 30 years. In one of the biggest applications in the U.S., the PHA has replaced more than 130 heavy equipment backup alarms with devices that warn personnel of their presence but which cannot be heard 100 feet away. Those same alarms will be used when the terminal opens, and cranes are being outfitted with special mufflers and sound reducing devices. Lighting will provide for safe operations at night, but lights will be shielded and poles blackened to preclude direct glare or reflections.

The facilities are being constructed in ways and in revised locations that minimize traffic, sound and other possible impacts. The initial wharves contain more than 1500 drilled shafts in the foundation, constructed that way instead of using driven piles. The concrete batch plant was erected away from neighborhoods, and is screened by a tree line. Equipment on the ground is regularly baffled, and turned off when not in use. More than 6,000 feet of 20-ft. high, heavily landscaped berms are being built to screen the terminal from neighbors residing south and east of the terminal in this phase of construction alone. Most importantly, the facility, its processes and its workers together are planned to be ISO 14001 compliant at opening. This is all part of making Bayport the "greenest" port facility on the U.S. Gulf Coast, and a leader in environmental controls nationally. These are just a few examples of the ways in which Bayport's construction has been environmentally friendly as well as a good, quiet neighbor to the community.

Small businesses are working side-by-side building the Bayport Container Terminal. They are handling $82 million – or 79 percent -- of the initial phase of work on Bayport, including but not limited to the container yard, dredging and wharf construction. Overall, Bayport's prime contractor Zachry Construction Corporation has committed 73 percent of its work for the first phase of Bayport to small businesses.

Bayport is expected to create about 39,000 jobs and contribute more than $1.6 billion to the Texas economy through wages and tax revenues over the next several years. It is a fact that when the port grows, Houston and Texas grow. We must grow to keep pace with our customers' needs.

During 2005, the PHA also welcomed the decision by the U.S. Court of Appeals for the Fifth Circuit affirming the 2004 judgment by Judge Vanessa Gilmore of the U.S.

District Court for the Southern District of Texas, confirming the federal permit for the PHA's Bayport Container and Cruise Terminal project. The affirmative ruling by the Fifth Circuit's Judges Will Garwood, Jerry E. Smith, and Edith Brown Clement upheld Judge Gilmore's decision granting the motions for summary judgment filed by the U.S. Army Corps of Engineers and PHA, and denying the motions filed by opponents of the Bayport project. The Fifth Circuit endorsed Judge Gilmore's ruling, rejecting challenges to the permit that the Corps granted to PHA to allow construction to proceed, and dismissing the challenge filed by Bayport opponents. A related state court case also was resolved in the PHA's favor.

The PHA was gratified to prevail in these Bayport matters. The decision of the Fifth Circuit showed that system works. All interested parties have had a voice in shaping Bayport and their voices have been heard. As a result, we have a better project.

PORT SECURITY

Security is a well integrated initiative along the Houston Ship Channel. The cooperation of federal, state and local agencies is a true asset for the port when addressing security threats. Continually building upon these strong relationships and keeping our elected officials apprised of security initiatives are the keys that have helped the PHA to receive nearly $32 million in federal security grants.

Partnership agreements with the small cities that surround the port also play a key role in our security efforts. For example, the PHA has entered into inter-governmental agreements with several local law enforcement agencies for additional security services at our terminals. Additionally, an inter-local agreement between the PHA and the Harris County Central Technology Regional Radio Center makes available equipment installation and personnel training for the advanced radio system at the Port Coordination Center. This agreement provides a vital link between PHA and other governmental and law enforcement agencies throughout Harris and the surrounding counties.

The $4.35 million state-of-the-art Port Coordination Center – known as the PCC, for short -- opened in 2004 and was put to its real first test during last September's threat by Hurricane Rita as the port and businesses along the Houston Ship Channel were shut down for days. The PCC is equipped with some of the most technologically advanced communications systems and data sharing equipment in the industry to facilitate immediate and accurate communication exchange.

Modeled after the mission control and emergency operations centers located at NASA's Johnson Space Center, the PCC is the integrated communications center for the men and women who make up the Port Coordination Team. This coalition of local, county, state and federal law enforcement agencies who protect the port and the surrounding ship channel communities, all converge on the PCC during emergencies such as Hurricane Rita, industrial accidents, natural disasters or terrorist threats.

SMALL BUSINESS DEVELOPMENT PROGRAM

The PHA Small Business Development Division continued to open doors for local small businesses. By the end of 2005, a total of 1,150 qualified companies had registered in the program with another 19 pending approval. In just four years, the PHA has created opportunities for many local business men and women to qualify for contracts.

The program encourages contractors to make good faith efforts to include small business participants on qualified contracts. In 2005, about $47.5 million (or 30 percent) of all eligible contracts were awarded to small business primes and sub-contractors. Another 48 percent of purchase orders and check requests under $25,000 went to small businesses, totaling nearly $3.2 million. Bayport Cruise Terminal construction contracts continue the strong emphasis, with approximately $22 million of construction work sub-contracted to small businesses.

The Small Business Development Division was extremely pro-active in networking and outreach efforts. The division's staff participated in more than 150 expositions and events hosted by local chambers of commerce and business associations reaching more than 5,000 business owners and other individuals. The division conducted two classes for Port University and held 11 monthly business development forums.

All-day sessions were offered to train current and prospective vendors on how to do business with the PHA and how to navigate the Vendor Information System, known as the VIS. These were held in conjunction with the University of Houston's Small Business Development Center, Houston Community College and San Jacinto College.

PLANNING A STRONGER PORT

During 2005, the PHA Division of Planning and Environment provided added focus on long-term planning and preparation for future growth. This division directs the PHA's long-term financial and strategic planning, capital development programs, facility planning and environmental programs.

Two departments report to the division: Environmental Affairs and Financial Planning. In addition, the division oversees the Houston Ship Channel Industry Group, the PHA's participation in the Harris County Freight Railroad Corridors and Urban Mobility Program and the Bayport Container and Cruise Terminal project.

The division, in coordination with the executive office, participates in a financial operating strategies work group, which defines and recommends funding options for the PHA capital programs.

TRADE DEVELOPMENT

During 2005, the PHA Trade Development Division continued to increase the business and trade as well as promote the PHA's overall mission.

A review of 2005 shows the following new business and expanded services calling at PHA facilities:

- CMA CGM service to east Asia
- NYK RO-RO Caribbean and Central American service
- American RO-RO service to the Middle East
- Chipolbrok eastbound service from Asia
- BBC Line to the western coast of South America
- BBC Line to the eastern coast of South America

Promotion of the PHA facilities to container carriers, general cargo and automobile carriers, major retailers and distribution centers, steel shippers and energy-related project shippers has led to the following examples of business success:

- Increased import activity by major retailers that have shifted their routing over PHA and accounted for most of the 58 percent increase in trade with east Asia.

- Expansion and additional steamship line services to accommodate the growing import requirements by major retailers.

- The heaviest piece ever discharged over PHA's Turning Basin – a 628-ton pressure vessel destined for the Suncor Refinery in Colorado.

- A total of 90,000 tons of poultry exported from the PHA's Turning Basin on 18 refrigerated vessels.

- The first shipments of equipment for the Toyota manufacturing facility in San Antonio.

- The first exports of steel plates processed in Baytown to India (totaling 60,000 tons).

The interest by East Asian carriers was also successfully promoted by the high level meetings conducted with these steamship line accounts during PHA's East Asia trade mission, organized by the Trade Development Division.

During 2005, commissioners, executive staff and representatives from the Trade Development Division participated in trade missions to East Asia, Central America and South America. The division also participated in customer events in Mexico, New York and the mid-west U.S. in addition to attending the Seatrade Cruise Convention. A reception and golf outing for customer appreciation as well as a reception for the Consular Corps also were coordinated by PHA Trade Development.

FOREIGN TRADE ZONE

There were 16 general purpose zone sites included in the Houston Foreign Trade Zone in 2005. Eleven of these sites had activated areas. During 2005, the zone had a total activated area of 1,228,585 square feet of warehouse space and 619 acres of uncovered and tank storage areas within the general purpose zone.

The general purpose zone has 15 operators, including Jacob Stern & Sons, Exel Inc., Dynamic Ocean Services, Cooper/T.Smith, R Warehousing & Port Services, Odfjell Terminals, Kinder Morgan Liquids Terminal, Oiltanking, Volkswagen, Manchester Terminal, Elite Airfreight, Exel Global Logistics, Jacintoport International, Wartsila North America and Katoen Natie Gulf Coast. There are also 14 subzones within the Houston Zone, all of which are activated.

The top five commodities by value received at the Houston Zone in 2005 were petroleum products, chemical products, steel products, computer equipment, and machinery and parts. In 2005, shipments of steel products were up from the previous year by 141% at the general purpose zone. Computer equipment received at the zone was about the same as last year. Movements of petroleum products were affected to some extent by refinery shutdowns due to hurricanes Katrina and Rita. Admissions of petroleum products were up by 13%, while shipments of chemical products decreased by 34 percent. The Houston zone's imports of machinery and parts decreased 59 percent.

Improvements at zone facilities during the year included asphalt patching and adding utility buildings and new liquid bulk storage tanks. Also, two ship docks at one of the liquid bulk storage facilities were dredged to 45 feet deep in order to handle larger vessels. During 2005, the ExxonMobil refinery sub-zone received approval from the FTZ Board to expand its scope of manufacturing authority in order to increase capacity. Also, the Michelin distribution facility in Houston was approved as a sub-zone.

Merchandise received at the general purpose zone increased 2.2% from the previous year. Merchandise received in foreign status was up 11.6%, while domestic status goods were down 8%. Exports from the zone were down by 11.3%, while merchandise forwarded to the U.S. market decreased by 7.8%. Shipments to other U.S. FTZ's were up 12.7%.

The zone served 196 business firms during 2005 and handled various merchandise from 79 different countries of origin. In 2005, the Grantee, Zone Operators and Zone users employed 884 people full-time within the general purpose zone.

PUBLIC AFFAIRS

The Public Affairs Division promoted the PHA's achievements in many ways during 2005. Celebrations coordinated by the division marked the completion of the Houston Ship Channel deepening and widening project, the volunteer community service contributions of PHA employees, new milestones in the Small Business Development Program, and much more.

A tanker bound for the ExxonMobil terminal acted as the first vessel to enter the wider and deeper Houston Ship Channel on August 18 following a ceremonial ribbon-cutting by the PHA commissioners and a host of elected officials that was witnessed by more than 300 contractors, environmental and maritime leaders, and other port stakeholders.

Now at 530 feet wide and 45 feet deep, the channel is an integral part of the Houston region's industrial, environmental and recreational interests. For fiscal year 2007, the Galveston District of the U.S. Army Corps of Engineers is requesting \$71.28 million in federal funding for construction general costs. A total of \$23.1 million in federal funding has been requested for FY 2007 operations and maintenance costs. These funds are needed to protect taxpayers' investment in the Houston Ship Channel, and to attract more world commerce to Houston.

Being a good neighbor means supporting the community, which PHA conveys through the activities of its volunteer organization, the PHA Community SupPORTers. During 2005, the SuPORTers, including PHA commissioners, executives and staff members, participated in diverse community events and activities such as blood drives, food drives, trash-bashing community cleanups and outreach with local school students. Overall, PHA volunteer work contributed 441 service hours to the community.

The 2005 Junior Achievement Program at Jackson Middle School and Port of Houston Elementary School also received help from the PHA SupPORTers. Mentors taught students from kindergarten to 8th grade. The PHA's support for educational advancement was reflected through thousands of dollars in college scholarship awards for several local high school students and summer internship opportunities for college students who reside throughout Harris County.

Public Affairs also succeeded in various government relations endeavors focusing on gaining favorable federal and state legislation on port security, Houston Ship Channel maintenance, transportation, freight rail and various policies with significant impacts on the PHA's routine administrative business practices. Numerous briefings and tours were hosted for elected officials and their staffs from the local, state and federal levels. Meetings were also conducted with representatives of diverse business chambers of commerce and associations. Through these multi-faceted collaborative efforts, the PHA achieved unprecedented levels of favorable legislation and funding.

In 2005, the PHA was successful in garnering $125 million of federal grants, appropriations and authorizations for priority port projects. The successes include:

- $69.6 million for the Houston Ship Channel related projects;
- $41.6 million in transportation projects authorized in the SAFTEA-LU transportation reauthorization act; and
- $14.8 million in Port Security Grants.

The PHA worked diligently with the state's lawmakers to achieve passage of key legislation to enhance the operational policies, procedures and security measures at Houston's port.

HB 1705 by Rep. Dennis Bonnen and Sen. Ken Armbrister was signed into law to make the state's laws on dredge placement consistent with the Resource Conservation and Recovery Act (RCRA) and with other federal and state laws.

HB 1009 by Rep. Frank Corte and Sen. Mario Gallegos allows Texas ports to use devices to read the magnetic strips on drivers' licenses in order to provide a temporary pass to port visitors. The Maritime Transportation Security Act of 2002 and other federal regulations require ports to control access and maintain an accounting of who is on the property. This legislation allows Texas ports to efficiently and accurately account for the hundreds of first time or infrequent visitors to ports every day.

More than 90 years ago, Houstonians bragged about being the city where 14 rail lines converge on the sea. The multiple rail lines that wind across Harris County developed in what was once farmland and seemingly good locations for rail lines have since become the middle of neighborhoods and business districts.

A recent study authorized by Harris County and co-sponsored by the PHA identified more than 750 public at-grade crossings (where rail lines cross public streets) throughout the county. These sites were estimated to cause more than 30,000 vehicle hours of delay per day. In addition, emissions from idling vehicles slowed by at-grade crossings were found to contribute to the area's poor air quality.

HB 2958 by Rep. Peggy Hamric and Sen. Jon Lindsay was passed to authorize the creation of freight rail districts in Harris County and its surrounding counties. The district, named the Gulf Coast Freight Rail District, will manage a freight rail corridor program to reduce roadway congestion and help lower air emissions resulting from vehicle idling at crossings and move products to and from the marketplace in a more efficient manner.

HB 769 by Rep. Wayne Smith and Sen. Kyle Janek makes a minor change in the CSP law by allowing Texas ports more time to adequately evaluate and rank proposals for projects.

The PHA along with the Texas Ports Association requested validation of the acts and proceedings of the governing board of navigation districts and public port authorities. HB 1097 by Rep. Dennis Bonnen and Sen. Tommy Williams prevents work stoppage on projects that would otherwise be hampered by minor technicalities and reduces frivolous litigation and ensure the timely completion of projects.

SB 1786 by Sen. Mario Gallegos and Rep. Peggy Hamric assists navigational districts and ports throughout the state in several ways. The legislation makes various changes in the procurement processes of ports, limits the ports' liability on safety and security policies, and allows ports to partner with entities in adjacent counties.

The PHA is sincerely thankful for all of the hard work of the delegation of state legislators representing Harris County and the rest of the port area in Austin.

Additionally, PHA's Public Affairs Division continued to manage the development of copy, creative production and media placements for "The Port Delivers the Goods" public awareness campaign. The integrated marketing communications campaign was designed to build awareness of the port among its diverse stakeholders in the local community and throughout the global maritime shipping industry through creative, consumer-oriented and commercial business development advertisements and news/editorial features highlighting the port's vital economic impact, involvement in the community, commitment to the environment, rapidly rising stature in global trade and commerce and overall contribution to the good quality of life for everyone in Houston and throughout Texas.

The campaign was integrated mainly through the use of multiple local media platforms -- radio, television, newspapers, magazines, local chamber of commerce publications, special event program booklets and the Internet -- to provide outreach to diverse commercial/industrial, ethnic and socio-economic audiences. The 2005 campaign involved more than 50 media partners comprising more than 80 newspapers, magazines, radio stations, TV channels and specialized media services. As courtesies, many media partners provided a variety of products, services and public event opportunities that added value without additional costs. The 2005 campaign achieved approximately $858,000 in such added value contributions, representing a return of more than 56 percent on the PHA's $1.5 million investment in media advertisements and promotions.

THE NEED FOR FUNDS TO ADDRESS CURRENT PROJECTS

The following chart illustrates the PHA's proposed bond sales as of April 2006:

Proposed bond and CP sales (millions of dollars)					
	2006	2007	2008	2009	2010
CP Sales	100	100	86		
Refunding bonds	75	100	111	0	0
HSC Refund Bonds	8.5				
Total	182.5	200	197	0	0

The growth of our business continues to require the most aggressive capital projects program that the PHA has undertaken.

CONCLUSION

As we look toward the future, we relish the challenges and opportunities that are essential to our American system of commerce. We are in an excellent position to capitalize on the opportunities in the marketplace and to help shape the future of the maritime industry. We will continue to be guided by our customers, our employees, and our overall commitment to excellence in delivering the goods.

Respectfully submitted,

James T. Edmonds

James T. Edmonds
Chairman, Port of Houston Authority

cc: Commissioners, Port of Houston Authority:
Kase Lawal
Steve Phelps
James Fonteno, Jr.
Jimmy Burke
Janiece Longoria
Elyse Lanier

Executive Director, Port of Houston Authority:
H. Thomas Kornegay, P.E., P.P.M.

Harris County Hospital District

service FIRST

We will create a healthier community and be one of America's best community-owned healthcare systems.

P.O. BOX 66769, Houston, TX 77266-6769 www.hchdonline.com

June 1, 2006

Dr. Richard Raycraft
Director, Management Services and
County Budget Officer
1001 Preston, Suite 938
Houston, TX 77002 -1817

Dear Dr. Raycraft:

As per your request, attached is our Fiscal Year 2007 Capital Budget (Exhibit 1), which was approved by the HCHD Board of Managers and the Harris County Commissioner's Court on February 23, 2006 and March 7, 2006, respectively, and our long range capital plan (Exhibit 2) for the Harris County Hospital District.

We will present the annual capital requirements for FY 2008-2010 during each year's budgeting process. This will include amounts sufficient to maintain a safe and accessible environment for our patients as well as the normal replacement of capital equipment.

The second schedule (Exhibit 2) reflects our long range strategic capital plan. Internally, we refer to this as the Project 2015 Capital Plan. The key components include:

- Construction and equipping of a replacement facility for our Martin Luther King Clinic.
- Construction and equipping of a new ambulatory clinic in southwest Harris County currently identified as the Alief Clinic.
- Construction and equipping of an expanded Emergency Center at Ben Taub Hospital.
- Construction and equipping of a new Emergency Center at LBJ Hospital.
- Construction and equipping of a new Ambulatory Diagnostic/Specialty Clinic Tower associated with Ben Taub General Hospital.

We improve our community's health by delivering high quality health care to Harris County residents and by training the next generation of health professionals.

- Construction and equipping of a new Ambulatory Diagnostic/Specialty Clinic Tower associated with LBJ Hospital.
- Construction and equipping of a Radiation Therapy Center.

HCHD management is currently working with architectural/engineering firms to design these projects in more detail and to develop more refined expense estimates. As a result, the attached capital plan should be considered as a preliminary estimate of our future capital plans.

Concurrently, Management is evaluating options for funding these projects and the development of a long-range financial plan that reflects both the capital and operating impact of these projects. We anticipate reviewing more specific information with the Board of Managers and subsequently with the Harris County Commissioner's Court.

Feel free to contact me should you have any questions or need any additional information.

Sincerely,

David S. Lopez
President / CEO

Cc: George Masi, Sr. Vice President
Chief Operating Officer

Liz Alhand, Sr. Vice President
Chief Financial Officer

Harris County Hospital District

service FIRST

We will create a healthier community and be one of America's best community-owned healthcare systems.

MEMO

P.O. BOX 66769, Houston, TX 77266-6769
www.hchdonline.com

David S. Lopez, President/CEO
2525 Holly Hall, Suite 144
Houston, Texas 77054
Office: 713-566-6403
Fax: 713-566-6401

DATE: June 14, 2006

TO: Dick Raycraft, Ph.D.
Director, Management Services and County Budget Officer

FROM: Mr. David S. Lopez
President & CEO

SUBJECT: **INFORMATION RELATING TO LONG-RANGE CAPITAL PLAN**

Ms. Liz Alhand, Chief Financial Officer, has indicated that additional information is required related to our long-range capital plan as communicated in my correspondence dated June 1, 2006.

Attached is a description of the key items included in the approved Fiscal Year 2007 capital budget. As of May 31, 2006, approximately $6,144,000 has been spent under the District's standard authorization process. It is anticipated that these expenditures will be funded from current cash flow unless the Board of Managers decide to utilize tax-exempt financing sources.

Additionally, we are in the preliminary stages of planning for and estimating the cost associated with several major capital expenditures associated with our 2015 Capital Strategic Plan as outlined in my prior correspondence (attached). We have engaged the services of external consultants to provide assistance in developing comprehensive architectural and engineering estimates for these projects. Once these plans have been finalized, we intend to present them to the Board of Managers for approval.

During the next few months, we will be reviewing the funding alternatives for these capital projects as well as the expected operational impact they will have on our system.

Feel free to contact me should you have any questions or need any additional information.

DSL:dn

Attachment(s)

xc: Mr. George Masi, Chief Operating Officer
Ms. Liz Alhand, Chief Financial Officer

Harris County Hospital District

Fiscal Year 2007 Capital Budget

Exhibit 1

Medical Capital	$10,022.949
District-wide Support Services	2,494,610
Information Technology	15,730,545
Capital Improvement Projects	7,920,000
2007 Approved Capital Total	$36,168,104

Harris County Hospital District

Summary of 2007 Capital Budget

Medical Capital	$10.0 M

This amount includes replacement of existing technology to address obsolescence and patient safety issues. The replacement of infusion pumps and patient monitoring systems are the only expenditures included in this total that exceed $1M.

District-wide Support Services	$2.5 M

This amount includes District-wide improvements such as safe removal of medical waste; automated supply and pharmacy dispensing units. None of these expenditures exceed $1.0M.

Information Technology Projects	$15.7 M

This amount includes the following key projects: Clinical Information Systems (EPIC); Patient Management/Patient Accounting System (PMPA) and Radiology Imaging (PACS).

Capital Improvement Projects	$7.9 M

This amount includes:

• Renovation and construction at CHP	$1.6 M
• Renovation and construction at Ben Taub Hospital	$2.0 M
• Renovation and construction at LBJ Hospital	$1.1 M
• Roof replacement at Quentin Mease Hospital	$0.2 M
• Renovation and safety improvements at Thomas Street Clinic	$0.3 M
• District-wide Improvements	$2.7 M

Recommended Capital Projects Project 2015

Capital Funds Required

Exhibit 2

	FY07	FY08	FY09	FY10	Total
New MLK Clinic (CHP)					
Capital					
A & E	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
Construction/equipment	$ -	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 12,000,000
Total Capital	$ 1,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 13,000,000
New Alief Clinic (CHP)					
Land	$ 669,227				$ 669,227
Capital					
A&E	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
Construction/equipment	$ -	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 12,000,000
Total Capital	$ 1,669,227	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 13,669,227
Casa Future Development					
Land	$ 1,342,215				$ 1,342,215
Capital					
A&E		$ -	$ -	$ -	$ -
Construction/equipment	$ -				$ -
	$ 1,342,215	$ -	$ -	$ -	$ 1,342,215
Emergency Center (BT)					
Capital					
A&E	$ -	$ -	$ -	$ -	$ -
Construction/equipment	$ 1,000,000	$ 2,000,000	$ 3,000,000	$ -	$ 6,000,000
Total Capital	$ 1,000,000	$ 2,000,000	$ 3,000,000	$ -	$ 6,000,000
Emergency Center (LBJ)					
Capital					
A&E	$ 1,500,000	$ -	$ -	$ -	$ 1,500,000
Construction/equipment	$ -	$ 8,000,000	$ 5,600,000	$ -	$ 13,600,000
Total Capital	$ 1,500,000	$ 8,000,000	$ 5,600,000	$ -	$ 15,100,000
Radiation/Imaging Center					
Capital					
A&E	$ 800,000	$ -	$ -	$ -	$ 800,000
Construction/equipment	$ -	$ 4,700,000	$ 6,500,000		$ 11,200,000
Total Capital	$ 800,000	$ 4,700,000	$ 6,500,000	$ -	$ 12,000,000

Specialty Clinics (LBJ)						
Land						
Capital						
A&E	$ 1,500,000	$ -	$ -	$ -	$	1,500,000
Construction/equipment	$ -	$ 1,500,000	$ 8,000,000	$20,000,000	$	29,500,000
Total Capital	$ 1,500,000	$ 1,500,000	$ 8,000,000	$20,000,000	$	31,000,000
Specialty Clinics (BT)						
Capital						
A&E	$ 2,000,000	$ -	$ -	$ -	$	2,000,000
Construction/equipment	$ -	$20,000,000	$20,000,000	$35,000,000	$	75,000,000
Total Capital	$ 2,000,000	$20,000,000	$20,000,000	$35,000,000	$	77,000,000
GRAND TOTALS						
Grand Total Land	$ 2,011,442	$ -	$ -	$ -	$	2,011,442
Grand Total A&E	$ 7,800,000	$ -	$ -	$ -	$	7,800,000
Grand Total Construction/equipment	$ 1,000,000	$44,200,000	$51,100,000	$63,000,000	$	159,300,000
Total Capital	$10,811,442	$44,200,000	$51,100,000	$63,000,000	$	169,111,442

TOTAL CAPITAL REQUIREMENTS = $169.1 MILLION

LA:cmb, 042106

HARRIS COUNTY

PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 7th Floor
Houston, Texas 77002
(713) 755-4400

MEMORANDUM

DATE: June 8, 2006

TO: Dick Raycraft
County Budget Officer

CC: Art Storey, Gary Stobb, Jackie Freeman, Mike Talbott, Mike Strech, Elmo Wright, Ron Krafka, Bob Gaskins

FROM: Charles Dean
HCPID Planning Manager

SUBJECT: Planning Activities for Capital Improvement Plan – June 2006

The Public Infrastructure Department (PID) is a confederation of four formerly independent county departments, plus two added "divisions". Presently we have the Toll Road Authority, the Flood Control District, Engineering, and Right-of-Way – plus an Operations/Planning division with independent sections for Capital Planning and Storm Water Quality and a construction division for the administration of major construction programs in the Courthouse Complex and for the Toll Road Authority. The reports for those entities are presented in the following pages and summarized below:

The Toll Road Authority. The Harris County Toll Road Authority (HCTRA) is responsible for planning, implementing, and operating the County's toll road system. At present, there are over 100 miles of toll road operated by HCTRA within Harris County. Behind the HCTRA tab are (1) a list of planned projects with estimated expenditures for the next five years, (2) HCTRA Major Projects Map, and (3) a list of precinct road projects funded by the HCTRA Connectivity Program. Furthermore, there are on-going discussions that will help determine the direction and role that HCTRA will play in the region's transportation system.

a. **Potential Sale of HCTRA**. Since last fall, County staff and a team of financial, engineering, and legal consultants have been studying financial alternatives for the toll road authority. These alternatives include an outright sale of the authority, leasing all or part of the authority and the authority's future revenue, or maintaining the authority under County ownership and County control. Discussion of the financial alternatives is to be placed on the Commissioners Court agenda June 20, 2006.

b. **TxDOT Proposal Concerning HCTRA**. The Texas Department of Transportation (TxDOT) has recently proposed to HCTRA a general funding agreement that includes an upfront payment and annual gross revenue sharing for 40 years for future projects for three toll corridors: SH 99 (Grand Parkway Segments E, F-1, F-2, and G), Hempstead Highway, and Beltway 8 NE. The total length of these three projects is 81 miles and the estimated project cost is $2.1 billion. An agreement with TxDOT may be required if HCTRA is to be an "implementing partner" for construction and operations of these highways as toll roads. PID is currently working on a response to the proposal and will report back to Commissioners Court at the appropriate time.

c. **IH-10 Toll Lanes**. The County is a partner in the TxDOT managed reconstruction of IH-10 (Katy Freeway) from IH-610 to west of SH 6. The tri-party agreement between the Federal Highway Administration, the State of Texas, and Harris County describes the County's responsibilities for the reconstruction of IH-10, specifically the managed lane facility to be constructed between IH-610 and SH 6 and operated by HCTRA. The County's financial obligation to the reconstruction totals $250,000,000 with periodic payments made by the County to meet this obligation. The final payment is due June 2007.

d. **HCTRA Projects**. The total estimated cost of the Toll Road Authority's current five-year CIP is $618,390,000. This amount does not include the construction costs of the three potential joint projects with TxDOT: SH 99 (Grand Parkway Segments E, F-1, F-2, and G), Hempstead Highway, and Beltway 8 NE. Planned projects include the Sam Houston Tollway lane widening projects, improvements along the Hardy Toll Road and the Downtown Connector, and other miscellaneous projects within the toll road system. Attached is a list of planned projects with estimated expenditures for the next five years. Also attached is the HCTRA Major Projects map.

e. **HCTRA Connectivity Program**. A program to fund "connectivity" between the expanding toll road system and county thoroughfares that feed the toll road system was initiated in 2001. It is recommended that the $20 million annual allocation for this fiscal year be equally distributed to each precinct. Attached is a list of precinct road projects in the Connectivity Program.

The Flood Control District. The Flood Control District currently has $212.6 million available for its capital projects program. About $137 million (64%) is programmed for Federal partnership projects that can leverage up to $118.3 million additional Federal expenditures, matching grants, and reimbursements. It is anticipated that these available funds will be expended on active projects within the next twelve to fifteen months. About $23 million is required immediately for the Sims Bayou Federal Project to ensure that the District keeps up with the Corps of Engineers' construction schedule. The Flood Control District's complete report is forwarded under separate cover.

a. **Funding Considerations**. It is critical to continue to adequately fund the $212.6 million active project list and fund the $482 million candidate projects list. Annual funding of $200 million for the District's capital projects is recommended, $170 million from County sources and $30 million from other sources (primarily Federal).

b. **Federal Partnerships**. The District's partnership with the Federal government includes the U.S. Army Corps of Engineers and FEMA. The following projects with the Corps of Engineers represent more than $1.3 billion in project needs that can easily support $100 million per year in funding: Brays Bayou ($483 million), Sims Bayou ($344 million), Hunting Bayou ($176 million), White Oak Bayou ($150 million), Clear Creek ($129 million), Greens Bayou ($39 million), and potential projects on Halls Bayou and Buffalo Bayou. After Tropical Storm Allison, the District has partnered with FEMA on purchasing homes in the flood plain. FEMA grants to date total $101 million with more grant applications pending.

c. **Candidate Projects**. The District has identified a $482 million candidate project list based on near-term watershed objectives. Funding at levels less than $200 million per year will affect the timing of the projects. Priority will be given to Federal participation projects that will leverage additional Federal funds. Lower priority projects may not be funded for a decade or more if funding levels remain less than $200 million per year.

The Engineering Division. Funding for current road and bridge Capital Projects primarily consists of the balance of the $475 million of road bonds approved by voters in November 2001, the annual allocation from the Toll Road Authority, and an estimated $75 million remaining from the current METRO general mobility funding program; a total program over the last five years of some $750 million. Behind the Engineering Tab are (1) current status of road bond funds for each precinct, (2) list of road projects anticipated for construction over the next five years, and (3) METRO General Mobility Program.

a. **Road Program**. Attached is the current status of road bond funds for each precinct. This summary describes the current available bond balance, the remaining funds to be issued to each precinct from the 2001 Bond Fund Referendum, and planned expenditures from FY 2006-07 through FY 2010-11. Also attached is the estimated construction costs and anticipated bid dates for capital road construction projects over the next five years. The schedules for these projects are subject to change based on funding availability and needs of the precincts.

b. **METRO General Mobility Program**. METRO's most current funding projections are dated November 2005. Attached is a list of projects in the METRO General Mobility Program. Approximately $75 million is available for future designated projects through 2009.

c. **CAMS**. On September 28, 2004, Commissioners Court authorized the negotiation of consultant agreements for development of a County Asset Management System (CAMS) for tracking of county infrastructure. PID has successfully defined the high level needs and is defining workflows to develop a centralized system for recording all county owned infrastructure and land. The CAMS effort continues to go forward consistent and within the 3½-year CAMS $4 million program. Funding in the amount of $1,890,000 is required by Sept 1, 2006 to continue the development of the centralized system that was first presented at the June 2004 CIP Review. The project has received approximately $1,810,000 to date.

d. **Telecommunication Facility Relocations.** Throughout the last fourteen months, telecommunication companies have requested reimbursement for all costs associated with the relocation of their facilities within a number of County road improvement projects. Reimbursement for all of these relocations could significantly impact the project cost and design considerations on most future County road improvement projects. The County Attorney's office is assisting Engineering in formulating a plan of response that could potentially reduce the County's exposure to the telecommunication industry's position.

e. **Buildings**. The forward planning for county buildings is being done and reported by the Department of Facilities and Property Management (FPM). A special report on the courthouse complex construction follows below.

The Courthouse Complex. PID has been assigned three major projects in the downtown courthouse complex: the Harris County Parking Garage Expansion (Phase II), the 1910 Civil Courts Building Renovation (Phase I and II), and the Central Plaza/Jury Assembly/Caroline Street Tunnel Expansion. A total of $84,942,000 in project funding will be required to construct these projects. Behind the Courthouse Complex tab is a table showing costs to design, construct, and occupy these facilities. Total costs for approved and future projects (not including new Central Processing Facility) are projected to reach $378 million. Current status of the Courthouse Complex is described below.

a. **Harris County Parking Garage Expansion (Phase II)**. The Phase II expansion will increase the capacity of the Harris County Parking Garage from 1,200 to 2,000 parking spaces. The project is currently scheduled to bid June 2006 with anticipated completion by June 2007. Construction funding in the amount of $12,078,000 is required by July, 2006. Total project cost is estimated to be $13,062,000, a $1,644,000 increase in budget.

b. **1910 Civil Courthouse Renovation**. The renovation of the 1910 Civil Courthouse will be completed in two phases. Phase I, an interior demolition and abatement, is currently expected to bid in August 2006 with anticipated completion by May 2007. The estimated cost of Phase I is $8,828,000. An architectural review will be performed after Phase I to determine the scope of work required to complete the renovation of the building. Phase II should be bid by late 2007 at an estimated cost of $56,172,000 and will require two years to complete. Total estimated project cost for Phases I and II is $65,000,000. PID will require construction funding in the amount of $5,000,000 by August 2006.

c. **Plaza/Jury Assembly/Caroline Tunnel Expansion**. Construction of the project is scheduled to begin upon completion of the Parking Garage Expansion, approximately May 2007. Construction funding in the amount of $14,414,000 will be required in May 2007, with construction anticipated to last for a 14 month period. Total estimated project cost is $16,750,000.

d. **Future Projects**. The Construction Programs Division anticipates managing the following projects subject to Commissioners Court approval. Required budgets and estimated construction start dates are noted and the total budget for these projects (excluding the Central Processing Facility) is currently estimated to be $283,167,000. The estimated project cost for the Central Processing Facility will be available later this year. These projects are more fully described in FPM's report.

Future Projects	Est Const Start	Est Project Cost
District Attorney Building Demolition	2006	$1,085,000
New Central Processing Facility	2007	TBD
New Family Law Building	2007	$76,409,000
New Medical Examiner Offices	2007	$63,720,000
New Administration Building	2008	$131,207,000
New Downtown Security Building	2009	$10,746,000
	Total	**$283,167,000**

Parks. Funding for parks primarily consist of the balance of the $60 million of park bonds approved by voters in November 2001. Behind the Parks tab are (1) current status of park bond funds for each precinct, (2) precinct park projects to be funded from the balance of the $60 million in bonds, and (3) inventory listing of existing county parks.

a. **Park Bond Program**. Attached is the current status of park bond funds for each precinct. This summary describes the current available balance, the remaining funds to be issued to each precinct from the 2001 Bond Referendum, and planned expenditures for FY 2006-07 through 2007-08. The precincts have projects planned for the full expenditure of the balance of the 2001 Park Bond Referendum. It is important to continue to provide sufficient funding for the precincts' park programs.

b. **Future Park Projects**. The precincts are currently reviewing future park projects that total over $200 million. Additional funding sources for these projects will be required.

c. **Inventory of County Parks**. The County has 149 park sites totaling 24,597 acres of land. The County's parks make up 21% of the total number of public parks within the County, and 49% of the total acreage of public park land. Attached is an inventory of existing county parks per precinct.

LaPorte Landfill. On April 12, 2005, Commissioners Court approved the preliminary engineering report by the consultant, CH2M Hill, for the remediation of the LaPorte Landfill and authorized the consultant to proceed with the design phase. The Remediation Design Project is approximately 95% complete and is awaiting final review and approvals. The estimated cost to correct the deficiencies is $3,500,000 and $250,000 will be required for construction phase engineering services. After construction is completed, annual maintenance of the facility is estimated to be $50,000. Construction funding in the amount of $3,750,000 will be required in FY 2006-07. Recently, The Right of Way Division received an alternative proposal for acquiring the site with a request for reallocating the remediation funds on new road construction for improved access to the site. The new land owner would be required to remediate the site. Funding is required to correct the deficiencies or pursue the opportunity of selling the property with improved access. We will continue to monitor the progress of the potential sale of this property.

Attachments

H C T R A

Toll Road Authority

HARRIS COUNTY TOLL ROAD AUTHORITY PROJECTS - SUMMARY OF COSTS

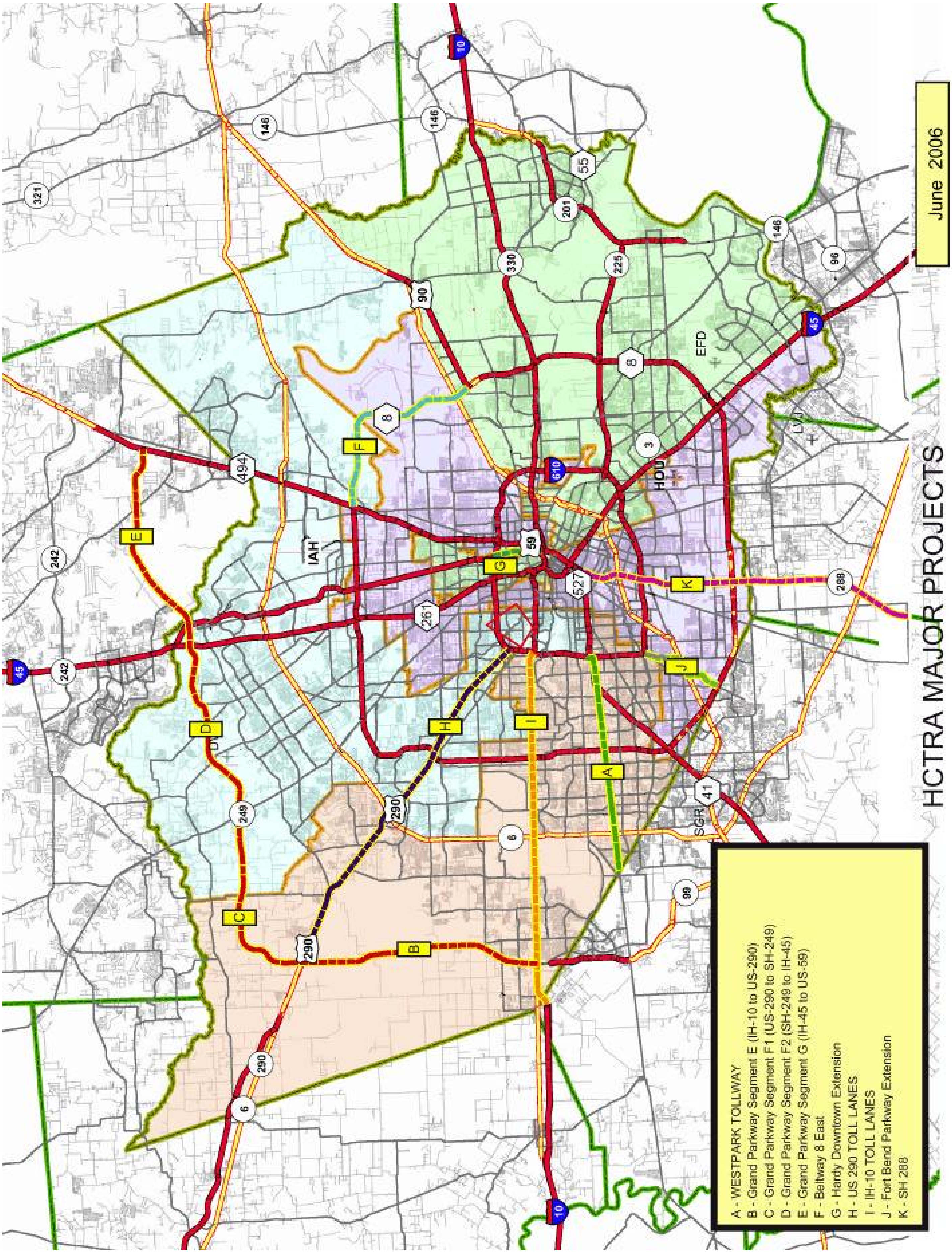
May 19, 2006

HCTRA Projects	PLANNED EXPENDITURES ($ X 1,000)					
	2006	2007	2008	2009	2010	TOTAL
TxDOT Joint Projects						
Brazoria Tollway	0	1,000	0	0	0	**1,000**
Beltway 8 East	9,000	10,000	0	0	0	**19,000**
Westheimer Underpass	500	2,500	0	0	0	**3,000**
Elysian Viaduct	0	5,000	5,000	0	0	**10,000**
249 Direct Connector	1,700	10,700	5,000	0	0	**17,400**
IH-10 Toll Lanes (TxDOT Payments)	100,750	51,500	10,250	2,000	0	**164,500**
Addicks Park & Ride (Ramp/Park Row)	10,300	0	0	0	0	**10,300**
Beltway 8 North (I-45 to Imperial Valley)	500	0	0	0	0	**500**
TOTAL TxDOT Joint Projects	**122,750**	**80,700**	**20,250**	**2,000**	**0**	**225,700**
Sam Houston Tollway - Lane Additions						
Beechnut to Town Park	4,000	0	0	0	0	**4,000**
US 290 - West Road	4,000	5,000	0	0	0	**9,000**
Fallbrook - Fairbanks North Houston	1,000	3,500	0	0	0	**4,500**
SouthBelt - US 59 to SH 288	3,000	4,000	16,000	16,000	12,000	**51,000**
249 Exit Ramp Modification	1,050	0	0	0	0	**1,050**
Clay Road Exit Ramp Modifications	200	600	0	0	0	**800**
Buffalo Bayou NB Lane Widening	930	7,000	0	0	0	**7,930**
Contract 319B Sam South Conver (3rd EZ TAG Lane - SB)	1,050	0	0	0	0	**1,050**
Contract 319C Sam South Conver (3rd EZ TAG Lane - NB)	0	0	450	0	0	**450**
Contract 319A Sam South Signage	1,700	0	0	0	0	**1,700**
SouthBelt - SH 288 to IH 45S	0	0	0	3,000	4,000	**7,000**
TOTAL Sam Houston Tollway - Lane Additions	**16,930**	**20,100**	**16,450**	**16,000**	**12,000**	**81,480**
Hardy Toll Road						
Hardy Toll Road Pavement Replacement	12,000	7,000	0	0	0	**19,000**
Aldine Mail Route Road Bridge	500	2,500	0	0	0	**3,000**
Riley Fuzzel Road and Ramps	2,500	0	0	0	0	**2,500**
Hardy Extension Downtown	12,000	17,000	20,000	20,000	0	**69,000**
TOTAL Hardy Toll Road	**27,000**	**26,500**	**20,000**	**20,000**	**0**	**93,500**
Westpark Tollway						
Wilcrest Exit Ramp	0	1,500	0	0	0	**1,500**
Rt. Turn Lane at IH-610	**0**	500	0	0	0	**500**
Contract 117	2,700	0	0	0	0	**2,700**
Contract 1E1B - SH 6	315	0	0	0	0	**315**
Drainage repair under US 59	300	6,000	0	0	0	**6,300**
TOTAL Westpark Tollway	**3,315**	**8,000**	**0**	**0**	**0**	**11,315**

HARRIS COUNTY TOLL ROAD AUTHORITY PROJECTS - SUMMARY OF COSTS

May 19, 2006

HCTRA Projects	PLANNED EXPENDITURES ($ X 1,000)					
	2006	2007	2008	2009	2010	TOTAL
Miscellaneous Projects						
Information Technology VES/Hardware	2,500	0	0	4,000	0	**6,500**
Toll Collection (Airport Parking, truck lane - IDRIS, etc)	5,000	5,000	7,700	3,500	3,500	**24,700**
2022 Nance Street	1,000	0	0	0	1,000	**2,000**
System Wide Sign Improvement	600	2,000	0	0	0	**2,600**
5 Pump Stations	1,800	2,000	2,000	2,000	0	**7,800**
Fiber Installation (Hardy, Greens, BW 8 E)	2,000	13,000	0	0	0	**15,000**
Henry Road Expansion	700	0	500	0	500	**1,700**
Others/security camera/HC eng./Landscape/row/signs	7,382	227	217	210	60	**8,096**
Lane Conversions/Vault Conversion	2,563	2,800	1,200	0	0	**6,563**
South Belt Restriping - US 59 to IH 45S	500	3,000	0	0	0	**3,500**
Emerg. Generators for Meadowfern and DATS	1,200	0	0	0	0	**1,200**
Repair project - SHT/Ella bridge	1,200	0	0	0	0	**1,200**
Repair project - SHT/Buffalo Bayou bridge	0	200	0	0	0	**200**
Repair project - SHT-HTR/bearing pads	200	400	0	0	0	**600**
Repair project - IH45N SB DC	200	4,000	0	0	0	**4,200**
Repair project - HTR @ UPRR erosion	100	1,000	0	0	0	**1,100**
Repair projects - future	0	0	2,000	2,000	2,000	**6,000**
Annual inspection	500	500	500	500	500	**2,500**
TOTAL Miscellaneous Projects	**27,445**	**34,127**	**14,117**	**12,210**	**7,560**	**95,459**
HCTRA Connectivity Program	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**100,000**
Construction Management	**2,316**	**3,500**	**2,300**	**1,820**	**1,000**	**10,936**
TOTAL ALL HCTRA PROJECTS	**219,756**	**192,927**	**93,117**	**72,030**	**40,560**	**618,390**
TxDOT Projects Requiring Agreements						
Grand Parkway Segment E						**370,000**
Grand Parkway Segment F-1						**330,000**
Grand Parkway Segment F-2						**326,000**
Grand Parkway Segment G						**296,000**
Hempstead Highway Managed Lanes						**480,000**
Beltway 8 NE						**310,000**
TOTAL TxDOT Projects Requiring Agreements						**2,112,000**


HCTRA MAJOR PROJECTS
June 2006
A - WESTPARK TOLLWAY
B - Grand Parkway Segment E (IH-10 to US-290)
C - Grand Parkway Segment F1 (US-290 to SH-249)
D - Grand Parkway Segment F2 (SH-249 to IH-45)
E - Grand Parkway Segment G (IH-45 to US-59)
F - Beltway 8 East
G - Hardy Downtown Extension
H - US 290 TOLL LANES
I - IH-10 TOLL LANES
J - Fort Bend Parkway Extension
K - SH 288
IAH
HOU
EFD
SGR

HARRIS COUNTY PUBLIC INFRASTRUCTURE DEPARTMENT
HCTRA Connectivity Program for Precinct One
June 8, 2006

Project	Project Limits	Construction Cost	Other Funding	County Cost	Balance
FY 2001-02 PROJECTS			**HCTRA Transfer FY 2001-02**		**5,000,000**
West Lake Houston Parkway	Beltway 8 to Unit G103-15-00	1,148,477		1,148,477	3,851,523
West Lake Houston Parkway	Unit G103-15-00 to UPRR	1,670,510	1,625,311	45,198	3,806,324
Tidwell Road	Pearl Point Drive to Beltway 8	2,893,334		2,893,334	912,990
			HCTRA Transfer FY 2002-03		**5,000,000**
FY 2002-03 PROJECTS				**Available Balance**	5,912,990
Beamer Road	Sagedowne Lane to South Canyon Drive	2,058,642	123,048	1,935,593	3,977,397
Deussen Parkway	West Lake Houston Parkway to Deussen Drive	1,021,031		1,021,031	2,956,366
Kirby Drive	Loop IH-610 to Brays Bayou	3,000,000	3,000,000	0	2,956,366
			HCTRA Transfer FY 2003-04		**5,000,000**
		Connectivity Program Expansion Transfer			**10,000,000**
FY 2003-04 PROJECTS				**Available Balance**	17,956,366
Blackhawk Blvd.	1040 ft. south of Scarsdale	275,570		275,570	17,680,796
North Lake Houston Pkwy.	Greens Bayou to Beltway 8	865,609		865,609	16,815,187
			HCTRA Transfer FY 2004-05		**5,000,000**
FY 2004-05 PROJECTS				**Available Balance**	21,815,187
C.E. King Pkwy.	US 90A to Tidwell Rd.	5,587,811		5,587,811	16,227,376
Cambridge Corridor	Brays Bayou Bridge/288 Corridor	3,400,000		3,400,000	12,827,376
Homestead Rd.	East Mount Houston to US 59	11,144,375		11,144,375	1,683,000
Blackhawk Blvd.	1900' south of Scarsdale to Dixie Farm Rd.	1,927,889	1,349,522	578,367	1,104,634
West Orem Drive	Sims Bayou to (future) Kirby Dr	2,535,505	535,505	2,000,000	(895,366)
Orem Drive	SH 288 to Telephone Road (Phase 1A/1B)	10,489,336	9,385,625	1,103,711	(1,999,077)
			HCTRA Transfer FY 2005-06		**5,000,000**
FY 2005-06 PROJECTS				**Available Balance**	3,000,923
Scarsdale Blvd.	Rose Pond to Sleepy Hollow	6,196,777		6,196,777	(3,195,854)
			HCTRA Transfer FY 2006-07		**5,000,000**
			Beginning Balance for FY 2006-07		**1,804,146**

HARRIS COUNTY PUBLIC INFRASTRUCTURE DEPARTMENT
HCTRA Connectivity Program for Precinct Two
June 8, 2006

Project	Project Limits	Construction Cost	Other Funding	County Cost	Balance
FY 2001-02 PROJECTS				**HCTRA Transfer FY 2001-02**	**5,000,000**
Genoa Red Bluff Road	Burke to BW 8	2,146,266		2,146,266	2,853,734
Space Center Boulevard	Existing to Genoa Red Bluff Road	7,793,510	6,542,303	1,251,207	1,602,527
				HCTRA Transfer FY 2002-03	**5,000,000**
FY 2002-03 PROJECTS				**Available Balance**	6,602,527
Dell Dale Street	IH-10 to Woodforest Boulevard	2,985,170		2,985,170	3,617,357
Jana Lane	Fairmont Pkwy to Spencer Hwy.	3,959,825	1,979,913	1,979,913	1,637,444
South Texas Avenue	NASA I to IH-45 via Baypointe & Kobayashi	3,297,078	622,452	2,674,626	(1,037,182)
Strawberry Road	Genoa Red Bluff Road to North of Hernandez St.	550,504	112,850	437,654	(1,474,836)
				HCTRA Transfer FY 2003-04	**5,000,000**
				Connectivity Program Expansion Transfer	**10,000,000**
FY 2003-04 PROJECTS				**Available Balance**	13,525,164
Space Center Boulevard	Sta 67+50 to Genoa Red Bluff Road	4,377,228		4,377,228	9,147,936
Strawberry Road	Vista to Spencer	1,315,000		1,315,000	7,832,936
				HCTRA Transfer FY 2004-05	**5,000,000**
FY 2004-05 PROJECTS				**Available Balance**	12,832,936
Bay Area Boulevard	Fairmont Parkway to Spencer Hwy.	4,765,413	2,382,706	2,382,706	10,450,230
Canada Road	Spencer Hwy. to Fairmont Parkway	2,231,001	1,164,990	1,066,011	9,384,219
Texas Avenue, North	Bay Area Blvd to .3 mi northeast	1,011,000	505,500	505,500	8,878,719
				HCTRA Transfer FY 2005-06	**5,000,000**
FY 2005-06 PROJECTS				**Available Balance**	13,878,719
Garth Road	IH 10 to Wallisville Road	8,617,409		8,617,409	5,261,310
Kirby Drive	NASA Road 1 to Red Bluff Road	7,039,401	4,130,000	2,909,401	2,351,909
				HCTRA Transfer FY 2006-07	**5,000,000**
FY 2006-07 PROJECTS				**Available Balance**	7,351,909
Crestlane (Barbours Cut) Blvd.	SH 146 to Barbours Cut Terminal	10,000,000	5,760,000	4,240,000	3,111,909
Fairmont Pkwy.	SH 146 to 17th St.	3,696,773	300,000	3,396,773	(284,864)
Main St.	SH 225 to Southmore St.	6,900,000	3,400,000	3,500,000	(3,784,864)
Shaver St.	SH 225 to Southmore St.	6,725,000.00	3,362,500.00	3,362,500	(7,147,364)
				Beginning Balance for FY 2007-08	**(7,147,364)**

HARRIS COUNTY PUBLIC INFRASTRUCTURE DEPARTMENT
HCTRA Connectivity Program for Precinct Three
June 8, 2006

Project	Project Limits	Construction Cost	Other Funding	County Cost	Balance
FY 2001-02 PROJECTS				**HCTRA Transfer FY 2001-02**	**5,000,000**
Kempwood Drive	Spring Shadows Subd to Sam Houston Tollway	1,226,244	404,726	821,518	4,178,482
Howell Sugarland Road	Beechnut to North of Empanada	1,820,960	367,499	1,453,461	2,725,021
Howell Sugarland Road	North of Empanada to Alief Clodine	3,516,593		3,516,593	(791,572)
				HCTRA Transfer FY 2002-03	**5,000,000**
FY 2002-03 PROJECTS				**Available Balance**	**4,208,428**
West Little York Road	Queenston to Station 35+00	1,077,236		1,077,236	3,131,192
West Little York Road	Station 35+00 to SH 6	2,502,830	117,653	2,385,177	746,016
Westheimer Pkwy.	Barker Levee to FM 1093	1,118,417		1,118,417	(372,401)
Westheimer Pkwy.	Bridge at Buffalo Bayou	619,187		619,187	(991,588)
Westheimer Pkwy.	South Fry to Buffalo Bayou	874,623		874,623	(1,866,211)
				HCTRA Transfer FY 2003-04	**5,000,000**
				Connectivity Program Expansion Transfer	**10,000,000**
FY 2003-04 PROJECTS				**Available Balance**	**13,133,789**
Clay Road	Lakes of Bridgewater Dr. to Westfield Village Dr.	2,446,014		2,446,014	10,687,775
Greenhouse Road	Saums Rd. to Spanish Needle	1,898,993		1,898,993	8,788,781
Greenhouse Road	Morton Road to Clay Road	3,299,174	2,945,000	354,174	8,434,607
Westgreen Blvd.	IH 10 to Park Row Blvd.	559,979		559,979	7,874,628
Westheimer Pkwy.	Buffalo Bayou to Barker Levee	6,913,237		6,913,237	961,392
				HCTRA Transfer FY 2004-05	**5,000,000**
FY 2004-05 PROJECTS				**Available Balance**	5,961,392
Clay Road	Westfield Village Dr. to Fry Road	3,329,516		3,329,516	2,631,876
Franz Road	Katy-Hockley to SH 99	5,919,077		5,919,077	(3,287,201)
Fry Road	Clay Road to Kieth Harrow	1,310,536		1,310,536	(4,597,738)
Fry Road	West Little York Road to FM 529	3,225,836		3,225,836	(7,823,574)
Mason Road	Franz Rd. to Morton Rd.	4,723,141		4,723,141	(12,546,714)
South Greenhouse Road	Kingsland to I-10	661,863		661,863	(13,208,577)
				HCTRA Transfer FY 2005-06	**5,000,000**
FY 2005-06 PROJECTS				**Available Balance**	**(8,208,577)**
Barker Cypress Rd. PH 1	Little Riata Dr to South Dr.	3,641,688		3,641,688	(11,850,265)
				HCTRA Transfer FY 2006-07	**5,000,000**
FY 2006-07 PROJECTS				**Available Balance**	**(6,850,265)**
West Little York Road	Deep South Dr. to Barker Cypress	1,650,000		1,650,000	(8,500,265)
				Beginning Balance for FY 2007-08	(8,500,265)

- 12 -

HCPID 2006 CIP report.xls:HCTRA Connectivity

HARRIS COUNTY PUBLIC INFRASTRUCTURE DEPARTMENT
HCTRA Connectivity Program for Precinct Four
June 8, 2006

Project	Project Limits	Construction Cost	Other Funding	County Cost	Balance
FY 2001-02 PROJECTS				**HCTRA Transfer FY 2001-02**	**5,000,000**
Gears Road	Veterans Memorial Dr to Ella Blvd	6,958,190		6,958,190	(1,958,190)
West Lake Houston Pkwy	Bridges at Unit G103-15-00 and UPRR	1,361,130	1,072,871	288,259	(2,246,450)
West Lake Houston Pkwy	UPRR Bridge to Aerobic Drive	1,015,047		1,015,047	(3,261,496)
				HCTRA Transfer FY 2002-03	**5,000,000**
FY 2002-03 PROJECTS				**Available Balance**	1,738,504
Gosling Road	FM 2920 to Spring Stuebner Road	1,011,030		1,011,030	727,474
Kuykendahl Road	Spring Cypress Road to Rhodes Road	2,648,570		2,648,570	(1,921,096)
Spears Road	Antoine Drive to Spears-Gears Road	6,413,613		6,413,613	(8,334,709)
				HCTRA Transfer FY 2003-04	**5,000,000**
				Connectivity Program Expansion Transfer	**10,000,000**
FY 2003-04 PROJECTS				**Available Balance**	6,665,291
Brittmoore Rd. (Seg. B)	1150 feet South of Tanner Rd. to Tanner Rd.	1,462,123		1,462,123	5,203,168
Spring Cypress Rd. (Seg. 2)	west of RR Tracks to Old Louetta	2,940,009		2,940,009	2,263,159
Spring Cypress Rd. (Seg. 3)	Old Louetta to Stuebner Airline Rd.	2,443,004		2,443,004	(179,845)
Spring Cypress Rd. (Seg. 4)	Stuebner Airline Rd. to Robbie Rd.	3,104,531	2,000,000	1,104,531	(1,284,375)
Spring Cypress Rd. (Seg. 5)	Robbie Rd. to Klein Cemetery Rd.	3,465,318	2,000,000	1,465,318	(2,749,694)
Tanner Rd. (Seg. A)	North Eldridge Pkwy. to Brittmoore Park Drive	2,737,016		2,737,016	(5,486,710)
				HCTRA Transfer FY 2004-05	**5,000,000**
FY 2004-05 PROJECTS				**Available Balance**	(486,710)
Aldine Westfield (Seg A)	BW 8 - Simmans Rd.	7,438,628	4,800,587	2,638,041	(3,124,751)
Fallbrook Dr. (Seg. B)	Antoine Dr. to Ann Louise Rd.	1,263,578		1,263,578	(4,388,329)
Homestead Rd.	East Mount Houston to US 59	2,056,498		2,056,498	(6,444,827)
Spring Cypress Rd. (Seg 1)	SH 249 to West of RR Tracks	3,332,169		3,332,169	(9,776,997)
Tanner Rd. (Seg. B)	Brittmoore Park Drive to Brittmoore Rd.	4,551,701	1,116,000	3,435,701	(13,212,698)
				HCTRA Transfer FY 2005-06	**5,000,000**
FY 2005-06 PROJECTS				**Available Balance**	**(8,212,698)**
Aldine Westfield (Seg B)	Simmans Rd. - Hydro55 St.	5,485,837	3,657,225	1,828,612	(10,041,310)
Greens Rd.	Old Greens Rd. to Aldine Westfield Rd.	2,651,917		2,651,917	(12,693,227)
				HCTRA Transfer FY 2006-07	**5,000,000**
FY 2006-07 PROJECTS				**Available Balance**	**(7,693,227)**
Brittmoore Rd. (Seg. A)	Clay Rd. to 1150 feet South of Tanner Rd.	4,111,426		4,111,426	(11,804,653)
Cutten Rd.	Greens Bayou Bridge - FM 1960	9,275,423	4,000,000	5,275,423	(17,080,076)
				Beginning Balance for FY 2007-08	**(17,080,076)**

- 13 -

HCPID 2006 CIP report.xls:HCTRA Connectivity

H C F C D

Flood Control

MEMORANDUM

Harris County
Flood Control District

9900 Northwest Freeway
Houston, Texas 77092
713 684-4000

DATE: May 23, 2006

TO: Arthur L. Storey, Jr., P.E.
Harris County Public Infrastructure Dept.

FROM: Michael D. Talbott, P.E.
Director

RE: June, 2006 – Capital Improvement Program Review

Recommendations

- Reliable and predictable annual funding of $200 million for capital projects is recommended (about $170 million from local funds and $30 million from partnerships).
- $482 million in priority projects are provided on a list of "candidate projects" based on near-term watershed objectives. Additional projects or phases exist well beyond the $482 million near-term objectives. This candidate project list is based on the presumption of annual funding of $200 million and includes funding for all 9 project categories.
- The candidate project list is influenced by the amount and timing of actual funding. Funding at levels significantly less than $200 million per year will affect the candidate project list. Specifically, the categories providing for Federal participation would be recommended for priority access to available funding. Lower priority programs or projects would be recommended for future funding and may not be funded for a decade or more.
- An immediate need is to identify about $23 million for the Sims Bayou Federal Project to ensure we keep up with the Corps of Engineers' construction schedule.
- Crucial to recommending a realistic Capital Improvement Program, the District must know:
    1) How much the funding amount will be (including how long an amount is supposed to last)?
    2) When will funds be available?

Overview

Flooding is this area's natural disaster. It is a part of our history, it will be a part of our future – it is part of our culture as a community. People cope with the natural flood potential in order to take advantage of everything else this community has to offer.

Tremendous projects have been built that have reduced the risk of flooding. In fact, our floodplains are smaller today than they were 100 years ago. While great progress has been made to reduce the risk of flooding, a lot remains to be done.

Scope and Scale of the Flooding Problem

The scope of what the District does is not that complicated. There are only a few things you can do with flood water – you can move it, you can store it, or you can move the people to higher ground (and you carry flood insurance for the times you can't do enough of those three things). All communities deal with floodwaters in a similar manner. What sets the District apart from other communities is the scale of what we need to do: 3.9 million people, 1,500 channels, 2,500 miles of channels (most built prior to current criteria), 34 incorporated cities, 500 square miles of defined floodplains, the natural threat of flooding including non-floodplain sources (sheet flow and ponding), etc.

Reducing the risk of flooding can be accomplished – all it takes is money (lots of money). It's estimated that significantly reducing the flood risk of just the channel system is at least a $6.0 billion undertaking (ongoing studies will define this number more accurately). Even at aggressive funding levels, addressing the $6.0 billion problem will take many decades. Making meaningful progress requires dedicated funding and the leadership of an entity like the Flood Control District.

Our success will be judged on what gets built between floods. Not aggressively addressing the flooding threat will manifest in the continued misery of flooding and missed opportunities to address the problem in an economical fashion. Missed opportunities guarantee that addressing the problem in the future will be more difficult and expensive. The answer for lower priority projects will have to be "No" or "Wait."

The District developed 9 categories of projects several years ago to help consider relative priorities and project functions. The categories start with core responsibilities of the District (the basic reasons the District was created) and extend through auxiliary projects that all help reduce the threat of flooding or establish essential infrastructure. A description of the 9 categories is attached.

Also in the attachment is supporting documentation for "active projects" being executed from existing funding and "candidate projects" proposed for future funding. Included are maps of general project locations in the county, specific project maps for select watersheds, along with photographs of hallmark projects. Many projects are providing features that endorse the multi-use concepts that the community enjoys (and now expects) from our partnership projects. No longer do we need to present concepts in artist's renderings – we have photos of the real thing: Awesome projects, on the ground, reducing the risk of flooding.

Recommended Funding Level

Annual District CIP spending from all sources of about $200 million is recommended. This represents funding from District/County sources of about $170 million and $30 million from other sources (primarily Federal). This recommendation is based on the following considerations:

- An aggressive CIP is appropriate for the next several decades to address the historic and natural threat of flooding.
- The foundation of District funding must be the Federal projects which alone can demand about $100 million per year. These projects bring at least 50% and as much as 75% Federal financial participation. We solicited the Federal government's financial assistance for these "mega-projects" and we must provide the necessary financial support.
- At this funding level, measured progress can be made for all project categories (Federal partnerships, District main channel projects, tributary projects, and auxiliary projects to support District infrastructure and local government projects).
- Even at this funding level, "capital rationing" is occurring because there are more projects (and the capability to produce them) than funding allows.
- There is an increased public awareness of the flooding threat and an expressed willingness to fund effective projects to reduce the threat.
- There is support for popular multi-use and quality-of-life initiatives on District property (by appropriate sponsors) that the CIP helps enable.
- There is support from watershed and neighborhood organizations, the Greater Houston Partnership, and quality-of-life interests.

Federal Partnerships as the CIP Foundation

The District's partnership with the Federal government through the U.S. Army Corps of Engineers, and increasingly through FEMA, forms the foundation of the District's CIP for the next fifteen years or more. That Federal partnership was one of the primary reasons the District was created nearly 70 years ago.

The Corps of Engineers partnership brings "mega-projects" along the main channels that can take more than a decade to complete. These serve as the backbone of the primary flood damage reduction system by bringing flood risk reduction to tens of thousands of businesses and residences, and allowing the other drainage systems to function better. The projects also provide opportunity (and funding) for quality-of-life projects such as environmental enhancements, trails, and recreation.

These projects alone represent more than $1.3 billion in project needs that can easily support $100 million per year in funding. They are capital-intensive projects that require steady funding to maintain momentum and continuity. Ongoing multi-year Corps projects include: Brays Bayou ($483 million), Sims Bayou ($344 million), Hunting Bayou ($176 million), White Oak Bayou ($150 million), Clear Creek ($129 million), Greens Bayou ($39 million), and potential projects on Halls Bayou and Buffalo Bayou.

Since Tropical Storm Allison, FEMA has been an outstanding partner in providing project funding for the buyout of homes hopelessly deep in the flood plain, bringing up to 75% of the total project cost. Through FEMA grants and separate District initiatives, more than 2,200 homes have been purchased, residents moved to higher ground, and the homes demolished. These homes will never flood again – the only ones we can guarantee will not. FEMA grants have brought about $101 million to this community over that period, and more grant applications are pending.

The Federal government was invited into this community to provide these types of projects, and as the local sponsor, we need to live up to our commitment in order to maintain the Federal interest in providing financial assistance.

Active Projects (Funded)
The District has about $212.6 million in currently available funds for capital projects (from all sources). Of this amount, 92% ($194.9 million) is programmed in support of active studies and projects (the remaining 8% is for Contingency and Escalation). Consequently, funding does not exist for any "new starts" including "next phase" funding of ongoing studies and projects.

About 64% ($137 million) of available funding is programmed in support of our primary strategic goal: Federal partnerships. It is estimated that these funds will leverage up to $118.3 million in additional Federal funds by way of direct Federal expenditures, matching grants, and reimbursements. This emphasizes the importance of our Federal partnerships in implementing the flood damage reduction plan and why they should be a top priority.

It is anticipated that available funds will be substantially expended on active projects within the next twelve to fifteen calendar months.

Near-Term Funding (Candidate Projects)
Near-term funding capability of $482.3 million is recommended based on near-term watershed objectives. Additional projects or phases are defined well beyond the $482 million near-term objectives. This candidate project list is based on the presumption of annual funding of $200 million and includes funding for all 9 project categories.

The candidate project list is influenced by the amount and timing of actual funding. Funding at levels significantly less than $200 million per year will affect the candidate project list. Specifically, funding to the categories providing for Federal participation would be recommended for priority access to available funding. Lower priority programs or projects would be recommended for future funding and may not be funded for a decade or more.

Items of note regarding the candidate project list include:

- The list is based on a review of the entire capital improvement portfolio and near-term goals (2-3 years based on $200 million per year).
- Almost 50% ($238 million) is in support of studies and projects that qualify for Federal funding partnerships. This will leverage up to $217 million additional in Federal funds through direct expenditures, matching grants, or reimbursements.
- About $23 million is needed at this time (immediately) to avoid delays in construction of the Federal project on Sims Bayou.
- About 88% ($424 million) is for continuation, or "next phase funding" of ongoing projects and studies that are in various phases of completion.
- Very little funds are provided for "new starts."
- About 60% ($291 million) is for actual construction and 25% ($120 million) is for right-of-way acquisition.
- It is anticipated that the $482 million of near-term funding needs would be actually spent over about four years. However, the last two years would see spending on only construction (at a sub-$200 million recommended annual rate), which does not allow for any lead activities such as engineering and right-of-way acquisition for continuation of the recommended level of activity.

CIP Trends and Analysis

The CIP is essentially a continuation of programs and projects presented to Commissioners Court over the past several years. Adjustments have been made to reflect an increased level of sophistication in our budgeting and project management capabilities, and to reflect the most recent considerations.

The District continues to refine its CIP project management capabilities, which enables the development of sophisticated project scheduling, status, and funding projections. Close work with the Auditor's office is also ensuring accurate representation of funding resources in IFAS.

New projects continue to be defined through the District's Watershed Master Planning process that will influence the later years of the CIP. The multi-agency Urban Stormwater Management Study (*FloodWise*) will also help define consistent strategies for public and land development projects.

The District is developing additional analysis of its CIP considering the funding categories discussed previously, the project management capabilities, and the results of the large regional studies. The analysis will review the trends in proposed projects as the program matures and we move from Federal and main channel projects to more tributary and local projects.

We are also reviewing Federal reimbursement scenarios, as it is likely the reimbursements will begin to lag significantly behind our earned amount.

Concept Pitch for Future Funding

There is a strong relationship between District projects and quality-of-life issues, including the reduced risk of flooding and multi-use of District and park land. In fact, the County's Parks Master Plan states that 50% of the County's needs for park land can be met on District land (I believe the number is higher). Many projects now exist where parks and recreation facilities exist on District land, and recently, District projects are even being built on park land. It's just good stewardship of public land. (Example photographs are included in the attached June 2006 CIP Report.)

With the 2003 Texas Constitutional Amendment that allows conservation and reclamation districts to do parks and recreation, it may be possible to combine the collection of funding for those functions through the District's ad valorem tax rate. Funds collected for parks and recreation could then be distributed by interlocal agreement to the various entities that do those functions.

Funding for District projects and parks and recreation could be provided by bonds, pay-as-you-go, or some combination. Currently, the District's tax rate is about 3.3 cents per $100 out of a voter-authorized 30 cents (of which no more than 15 cents can be for debt service on bonds).

Ongoing District studies such as *FloodWise* (Urban Stormwater Management Study) and the Watershed Master Plans are engaging the public to determine what types of flood damage reduction facilities they desire (and are willing to pay for). Overwhelmingly, the multi-use projects are very appealing to the public, which further illustrates the strong relationship District projects have with alternate uses (we only need them for flooding occasionally).

By engaging the public on what they could get for their money (flood damage reduction and quality-of-life functions) it may be possible to determine what level of funding they are willing to provide for these two crucial community elements. This support might be confirmed through an "advisory vote" or referendum.

Attachments

Attached is CIP documentation for active projects and candidate projects:

- Project Category Description
- June 2006 CIP Report

FY06-07 June CIP Review.doc

HCFCD Capital Improvement Program
Funding Categories (Priorities)

The District has developed an approach to classify projects into nine categories. The categories are also a general indication of relative priority (although not absolutely). Categories 1 through 5 are considered "core functions" related to the District's primary mission and should be given highest priority regarding funding. Categories 6 through 9 are legitimate District functions, but are considered "auxiliary functions" and qualify at a lower priority when it comes to funding.

The recommended spending level of $200 million per year is distributed throughout these categories at a level that will make noticeable progress in all areas. Annual funding at a lower level would require slowing all categories down or reducing/postponing lower priority categories.

	Project Category	Description
HCFCD Core Functions	1	**Federal Flood Damage Reduction Projects:** These are generally large projects along the main channels of certain watersheds. These projects serve as the backbone for area drainage systems that benefit tens of thousands of people and allow tributary and local drainage systems to function better. Sponsoring these projects was one of the primary reasons the District was created in 1937. Federal projects provide 50-75% of the project cost.
	2	**FEMA Mitigation Grants:** FEMA provides competitive grant funding to communities to reduce the number of insured losses through its National Flood Insurance Program. FEMA provides up to 75% of the cost for qualified projects.
	3	**Main Channel Flood Damage Reduction Projects:** Similar to the type of projects under Category 1, but without a Federal partner.
	4	**Tributary Flood Damage Reduction Projects:** Typically benefits a smaller area and population, and addresses a more "local" flooding problem.
	5	**HCFCD Infrastructure Auxiliary Projects:** Provides upgrades to existing District infrastructure to facilitate maintenance activities (typically acquisition of sufficient right-of-way to provide efficient maintenance access).
HCFCD Auxiliary Functions	6	**Flood Plain Acquisition and Preservation:** Acquisition of primarily undeveloped property located within a floodplain for conservation and reclamation purposes.
	7	**Frontier Projects:** Support for projects in growth areas that meet District objectives of providing responsible regional public infrastructure.
	8	**Harris County Auxiliary Projects:** Support for development of new District drainage infrastructure in conjunction with Harris County's Road & Bridge program.
	9	**Local Government Auxiliary Projects:** Participation in appropriate local government flood damage reduction projects outside of District right-of-way.

Attachment – HCFCD June 2006 CIP

I. INTRODUCTION

Harris County Flood Control District is pleased to submit this information in support of the June 2006 Capital Improvement Program Review.

II. AVAILABLE FUNDING

Available funding for capital improvement projects as of April, 2006 is:

Fund	Total Cash	Encumbered	Programmed	Available Balance
3310 – Reimbursement	$18,833,830	$2,485,761	$14,990,618	$1,357,451
3320 – Bond	$81,256,910	$40,840,703	$39,201,817	$1,214,390
3970 – Comm. Paper	$112,475,225	$31,248,745	$66,134,459	$15,092,021
Totals:	$212,565,965	$74,575,209	$120,326,894	$17,663,862

This does not include the following **impact fees** available for watersheds with adopted regional program:

Watershed	Available Balance	Percent of Total Funds
Brays Bayou	$3,601,966	22.8%
Cypress Creek	$3,965,541	25.1%
Greens Bayou	$2,081,056	13.2%
Langham Creek	$2,775,650	17.5%
Sims Bayou	$1,073,524	6.8%
White Oak Bayou	$2,324,356	14.7%
Total:	$15,822,093	

It is anticipated that available funds will be substantially expended within the next twelve to fifteen months.

Form 413 and Active Projects

Form 413 in Appendix A lists all active projects by watershed and their estimated cash expenditures as of April, 2006.

Funding of active capital projects by **category** includes:

Category	Funding	Percent of Total funds
Federal Flood Damage Reduction Projects	$103,579,000	48.7%
FEMA Mitigation Grants	$33,401,000	15.7%
Main Stem Flood Damage Reduction Projects	$20,597,000	9.7%
Tributary Flood Damage Reduction Projects	$29,880,000	14.1%
Major Maintenance Projects	$3,324,000	1.6%
Flood Plain Acquisition and Preservation Projects	$3,243,000	1.5%
Local Participation Projects	$877,000	0.4%
Contingency and Escalation Funds	$17,665,000	8.3%
Total:	$212,566,000	

Funding of active capital projects by **watershed** includes:

Watershed	Funding	Percent of Total Funds
Addicks Reservoir	$409,000	0.2%
Armand Bayou	$4,585,000	2.2%
Barker Reservoir	$3,534,000	1.7%
Brays Bayou	$62,363,000	29.3%
Buffalo Bayou	$5,026,000	2.4%
Clear Creek	$1,061,000	0.5%
Cypress Creek	$3,384,000	1.6%
Goose Creek	$1,121,000	0.5%
Greens Bayou (*Without Halls Bayou*)	$12,424,000	5.8%
Halls Bayou	$17,386,000	8.2%
Hunting Bayou	$6,482,000	3.0%
Little Cypress Creek	$76,000	0.04%
San Jacinto River	$258,000	0.1%
Sims Bayou	$17,776,000	8.4%
Spring Creek	$1,508,000	0.7%
White Oak Bayou	$16,942,000	7.8%
Willow Creek	$2,010,000	0.9%
County Wide	$38,556,000	18.1%
Contingency and Escalation	$17,665,000	8.3%
Total:	$212,566,000	

Funding of active capital projects by **activity** includes:

Activity	Funding	Percent of Total Funds
Feasibility Studies	$12,503,000	5.9%
Project Development Phase	$4,924,000	2.3%
Design Phase	$5,414,000	2.5%
Construction Phase	$98,448,000	46.3%
Right-of-Way Acquisition	$59,021,000	27.8%
Utility Adjustments	$11,379,000	5.4%
Support Activities	$3,212,000	1.5%
Contingency and Escalation	$17,665,000	8.3%
Total:	$212,566,000	

Federal Return on Investment

Approximately $136.9 million of available funds are programmed in support of various projects and activities that qualify for federal participation in the form of direct expenditures, matching grants, or District expenditures that qualify for reimbursements under the 211 program. The potential federal return on active projects is:

HCFCD Funding for Federal & FEMA Support: $136,980,000

Potential Reimbursable Amount: $ 64,500,000
USACE Construction on Sims Bayou: $ 36,800,000
Active FEMA Grant Funds: $ 17,038,000

The potential reimbursement amount is dependent upon execution of project cooperation agreements, federal appropriations, etc.

The USACE Construction on Sims Bayou is for active construction projects. The HCFCD funding does not reflect previous expenditures for right-of-way, utility adjustments, etc.

III. CANDIDATE PROJECTS

Recommended Funding: $482.3 Million: Appendix B provides a list of candidate projects and programs nominated for "next funding" considerations. The proposed $482.3 million provides funding in each of the nine categories while maintaining progress on several major flood damage reduction projects.

Proposed funding by **category** includes:

Category	Funding	Percent of Total funds
Federal Flood Damage Reduction Projects	$206,020,000	42.7%
FEMA Mitigation Grants	$32,000,000	6.6%
Main Stem Flood Damage Reduction Projects	$85,900,000	17.8%
Tributary Flood Damage Reduction Projects	$51,850,000	10.8%
Major Maintenance Projects	$1,500,000	0.3%
Flood Plain Acquisition and Preservation Projects	$20,000,000	4.1%
Frontier Program	$15,000,000	3.1%
Harris County PID Support Projects	$20,000,000	4.1%
Local Participation Projects	$20,000,000	4.1%
Contingency and Escalation	$30,000,000	6.2%
Total:	$482,270,000	

Proposed funding by **watershed** includes:

Watershed	Funding	Percent of Total Funds
Brays Bayou	$86,970,000	18%
Buffalo Bayou	$12,500,000	2.6%
Clear Creek	$2,500,000	0.5%
Cypress Creek	$15,000,000	3.1%
Goose Creek	$5,000,000	1.0%
Greens Bayou (*Without Halls Bayou*)	$34,900,000	7.2%
Halls Bayou	$24,000,000	5.0%
Hunting Bayou	$43,250,000	9.0%
Little Cypress Creek	$2,500,000	0.5%
San Jacinto River	$5,650,000	1.2%
Sims Bayou	$39,750,000	8.2%
White Oak Bayou	$29,500,000	6.1%
Willow Creek	$9,250,000	1.9%
County Wide	$141,500,000	29.3%
Contingency and Escalation	$30,000,000	6.2%
Total:	$482,270,000	

Proposed Funding by **activity** includes:

Activity	Funding	Percent of Total Funds
Feasibility Studies	$9,950,000	2.1%
Project Development Phase	$3,450,000	0.7%
Design Phase	$18,450,000	3.8%
Construction Phase	$291,151,000	60.4%
Right of Way Acquisition	$120,350,000	25.0%
Utility Adjustments	$8,919,000	1.8%
Contingency and Escalation	$30,000,000	6.2%
Total:	$482,370,000	

It is anticipated it will take approximately four years to expend all the funds. Projects not on the candidate list will need additional funds.

Federal Return on Investment:

Approximately $238 million of candidate funds are programmed in support of various projects and activities that qualify for federal participation in the form of direct expenditures, matching grants, or District expenditures that qualify for reimbursements under the 211 program. The potential federal return on the candidate projects is:

Candidate Funding for Federal & FEMA Support: $238,020,000

Potential Reimbursable Amount: $110,200,000
Proposed USACE Construction on Sims Bayou: $ 72,000,000
Future FEMA Grant Funds: $ 35,000,000

The potential reimbursement and future FEMA grant amounts are dependent upon execution of project cooperation agreements, federal appropriations, etc.

The USACE Construction on Sims Bayou is for pending construction projects. The HCFCD funding may not reflect previous expenditures for right-of-way, utility adjustments, etc.

H C E D

Engineering

HARRIS COUNTY PUBLIC INFRASTRUCTURE DEPARTMENT

June 8, 2006

CAPITAL IMPROVEMENT PLAN - FUNDING SUMMARY
ROAD PROJECTS

PCT	DESCRIPTION	FY 2006-07	PLANNED EXPENDITURES ($ X 1,000) FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
1	Funds Available as of 3/1/06	29,841				
	2001 Bond Balance ($80M)	49,684				
	Planned Project Expenditures	6,000	37,200	11,400	26,040	42,996
	Joint Participants	5,000	22,600	8,600	6,600	5,000
	End of FY Voter Authorized Balance	78,525	63,925	61,125	41,685	3,689
2	Funds Available as of 3/1/06	39,341				
	2001 Bond Balance ($92M)	57,137				
	Planned Project Expenditures	13,140	77,490	69,288	14,688	6,000
	Joint Participants	10,975	38,696	30,778	12,960	5,000
	End of FY Voter Authorized Balance	94,313	55,519	17,009	15,281	14,281
3	Funds Available as of 3/1/06	23,225				
	2001 Bond Balance ($133M)	49,400				
	Planned Project Expenditures	50,974	70,730	44,000	38,500	38,500
	Joint Participants	12,317	27,604	15,500	15,676	5,000
	End of FY Voter Authorized Balance	33,968	(9,158)	(37,658)	(60,482)	(93,982)
4	Funds Available as of 3/1/06	41,317				
	2001 Bond Balance ($170M)	105,579				
	Planned Project Expenditures	75,842	59,088	76,326	18,000	6,000
	Joint Participants	36,250	15,380	17,310	14,119	5,000
	End of FY Voter Authorized Balance	107,304	63,596	4,580	699	(301)

HARRIS COUNTY PUBLIC INFRASTRUCTURE DEPARTMENT
June 8, 2006

CIP Road Projects FY 2006-07 - FY 2010-11

CIP No	PROJECT		ESTIMATED CONST COST
	PRECINCT 1		
	FY 2007-08		
B10003	Beamer Rd. - Dixie Farm Rd. to W. Bay Area Blvd. (By TxDOT)		22,000,000
B10401	El Dorado Blvd. - Beamer Rd. to Bougainvilla Ln.		3,000,000
B10203	Hughes Rd. - Sageblossom Dr. to Barry Rose		6,000,000
		Total FY 2007-08	31,000,000
	FY 2008-09		
B10608	Riceville School Road - BW 8 to Fort Bend county line (By TxDOT)		4,500,000
		Total FY 2008-09	4,500,000
	FY 2009-10		
B10501	Aldine Mail Route - Airline Dr. to Aldine Westfield Rd.		17,700,000
B10301	Beamer Rd. - W. Bay Area Blvd. to FM 528		4,000,000
		Total FY 2009-10	21,700,000
	FY 2010-11		
B10602	C E King Pkwy. - Tidwell Rd to BW 8		13,140,000
B10603	Chrisman Rd. - Aldine Maile to FM 525		9,200,000
B10606	Friendswood Link Rd. - West Bay Area to El Dorado Blvd.		4,950,000
B10607	Scott St. - BW 8 to Fuqua Rd.		4,160,000
B10604	West Montgomery Rd. - West Gulf Bank to West Mount Houston Rd.		4,380,000
		Total FY 2010-11	35,830,000

CIP Road Projects FY 2006-07 - FY 2010-11

CIP No	PROJECT	ESTIMATED CONST COST
	PRECINCT 2	
	FY 2006-07	
B20009	Haden Rd. - IH 10 to end of Diamond Alkali	1,400,000
B20201	Industrial Rd. - Federal Rd. to Sheffield Blvd.	3,200,000
B20510	Pasadena Blvd. - Strawberry Rd. to Burke Rd.	2,250,000
B20209	Racoon Dr. - Lynchburg Cedar Bayou to Massey Tompkins	4,100,000
	Total FY 2006-07	10,950,000
	FY 2007-08	
B20206	Barbours Cut (Crestlane) - SH 146 to Barbours Cut Terminal (By TxDOT)	9,700,000
B20401	Barbours Cut (Crestlane) Outfall	500,000
B20508	Burke Rd. - Red Bluff Rd. to Southmore St.	2,810,000
B20502	Crenshaw Rd. - BW 8 to Space Center Blvd.	3,100,000
B20501	Dell Dale St. - Woodforest Blvd. to Wallisville Rd.	7,900,000
B20007	Genoa Red Bluff Rd. - BW 8 to Baywood	7,700,000
B20207	Main St. - SH 225 to Southmore St.	6,900,000
B20204	McNair/Barrett Station Area Drainage	2,480,000
B20012	North Main St. - Clinton Dr. to end of Main St. (By TxDOT)	4,420,000
B20511	Pasadena Blvd. - Burke Rd. to Pansy Rd. / BW 8 to Red Bluff Rd.	3,800,000
B20504	Scarborough St. - Southmore St. to SH 225	2,240,000
B20212	Sens Rd. (Seg 2) - North H St. to SH 225	2,300,000
B20205	Shaver St. - SH 225 to Southmore St.	6,725,000
B20404	Woodforest Blvd. - Freeport to Haymarket	4,000,000
	Total FY 2007-08	64,575,000
	FY 2008-09	
B20203	Fairmont Pkwy. - SH 146 to 16th St.	2,310,000
B20005	Gellhorn Dr. - IH-610 to McCarty Rd. (By TxDOT)	10,680,000
B20008	Genoa Red Bluff Rd. - Baywood to Red Bluff Rd.	6,200,000
B20503	Genoa Red Bluff Rd. - Red Bluff Rd. to Fairmont Pkwy.	5,550,000
B20405	Pansy St. - Crenshaw to Old Vista	5,500,000
B20213	Repsdorph Rd. - NASA Rd. 1 to 1.2 miles north	6,300,000
B20214	Repsdorph Rd. - Repsdorph southeast to SH 146	1,600,000
B20211	Sens Rd. Seg 1 - Spencer Hwy. to North H St.	5,840,000
B20505	Southmore St. (Seg 1) - Richey St. to 500 ft. East of Johnson Rd.	6,760,000
B20403	Thompson Rd. - Ellis School Rd. to SH 330	7,000,000
	Total FY 2008-09	57,740,000
	FY 2009-10	
B20507	Railroad Ave. - Center St. to SH 225	1,600,000
B20506	Southmore St. (Seg 2) - 500 ft. east of Johnson Rd to Strawbery Rd.	5,640,000
	Total FY 2009-10	7,240,000

CIP Road Projects FY 2006-07 - FY 2010-11

CIP No	PROJECT		ESTIMATED CONST COST
	PRECINCT 3		
	FY 2006-07		
B30211	Bellaire Blvd. - Howell Sugarland Rd. to Eldridge Pkwy.		1,500,000
B30404	Bellaire Blvd. - SH 6 to Howell Sugarland Rd.		1,700,000
B30519	Clay Rd. - Diversion channel from Peek to U101-09-00		1,700,000
B30047	Clay Rd. - Elrod Rd. to Lakes of Bridgewater Dr.		2,700,000
B30048	Clay Rd. - Peek Rd. to Elrod Rd.		5,800,000
B30306	Cypress Rose Hill Rd. - US 290 to Cypress Mill Park Dr.		4,300,000
B30106	Grant Rd. - Cypress Creek to Lakewood Forest		2,600,000
B30015	Grant Rd. - Jones Rd. to Cypress Creek Bridge		4,200,000
B30015	Grant Rd. - Jones Rd. to Lakewood Forest Clearing Contract		240,000
B30310	Greenhouse Rd. - Clay Rd. to Kieth Harrow		2,900,000
B30023	Huffmeister Rd. - Ravensway Dr. to Telge Rd.		8,100,000
B30023	Huffmeister Rd. - Ravensway Dr. to Telge Rd. Clearing Contract		400,000
B30025	Jarvis Rd. - Skinner Rd. to Barker Cypress Rd.		3,200,000
B30104	Kingsland Blvd. - Katy Fort Bend Rd. to Grand Pkwy.		2,300,000
B30204	Spring Cypress Rd. - US 290 to Barker Cypress Rd.		8,200,000
B30204	Spring Cypress Rd. - US 290 to Barker Cypress Rd. Clearing Contract		300,000
B30049	West Little York Rd. - Deep South Dr. to Barker Cypress		1,700,000
		Total FY 2006-07	51,840,000
	FY 2007-08		
B30413	Cypress N. Houston Rd. - Barker Cypress to Island Shore		900,000
B30103	Cypress N. Houston Rd.- Eldridge Pkwy. to Oak Plaza		4,500,000
B30406	Cypress Rose Hill Rd. - Cypress Mill Park Dr. to Manor Bend		5,100,000
B30411	Cypress Rose Hill Rd. - Manor Bend to Little Cypress Creek		4,900,000
B30020	Greenhouse Rd. / Park Row - IH 10 to Saums Rd.		10,000,000
B30027	Katy Fort Bend Rd. - IH 10 to Colonial Pkwy.		2,100,000
B30403	Kieth Harrow Blvd. - Fry Rd. to Mountain Forest		600,000
B30412	Kieth Harrow Blvd. - Tain to SH 6		1,300,000
B30407	Mason Rd. - Maple Village Dr. to Schiel Rd.		2,400,000
B30031	Morton Rd. - Mason Rd. to Raintree Village Dr.		3,200,000
B30415	Mueschke Rd. - US 290 to 1 mi north		4,400,000
B30032	Park Row Blvd. - Ricefield Rd. to Barker Cypress Rd.		4,000,000
B30208	Skinner Rd. - Jarvis Rd. to Spring Cypress Rd.		1,600,000
B30311	Skinner Rd. - Spring Cypress Rd. to Huffmeister		7,600,000
B30212	Spring Cypress Rd. - Barker Cypress Rd. to Huffmeister		2,700,000
B30408	Spring Cypress Rd. - Hempstead Hwy. to US 290		1,300,000
B30105	Various Locations - Paving and Intersection Improvements		2,200,000
		Total FY 2007-08	58,800,000

CIP Road Projects FY 2006-07 - FY 2010-11

CIP No	PROJECT		ESTIMATED CONST COST
PRECINCT 3 (Cont'd)			
	FY 2008-09		
B30601	Cypress N. Houston Rd. - Huffmeister Rd. to Westgate		1,000,000
B30421	Cypress N. Houston Rd. - Oak Plaza to Jones Rd.		1,300,000
B30308	Greenhouse Rd. - Rebel Yell Dr. to Caledonia		900,000
B30409	Katy Fort Bend Rd. - Franz to Morton		4,800,000
B30312	Morton Rd. - Williamette to Mason		4,000,000
B30418	Mueschke Rd. - 1 mi north of US 290 to Sandy Hill Circle		5,800,000
B30507	Mueschke Rd. - Sandy Hill Circle to Little Cypress Creek		5,400,000
B30416	Park Row Blvd. - Westgreen Blvd. to Price Plaza		1,700,000
B30401	Queenston Blvd. - Langham Creek to FM 529		1,900,000
B30504	Tuckerton Rd. - Point Park Dr. to Huffmeister Rd.		700,000
B30209	Tuckerton Rd. - Telge Rd. to Huffmeister Rd.		1,400,000
B30505	Tuckerton Rd. - Telge to HCFCD U106-09		1,700,000
B30105	Various Locations - Paving and Intersection Improvements		9,400,000
		Total FY 2008-09	40,000,000
	FY 2009-10		
B30511	Cypress Rose Hill Rd. - Little Cypress Creek to Grant Rd.		2,400,000
B30510	Cypress Rose Hill Rd. - Grant to Lake Cypress Hill		3,000,000
B30417	Eldridge Pkwy. - Bissonnet to Harris/Ft. Bend county line		1,500,000
B30502	Howell-Sugarland Rd. - Bissonnet to Beechnut		1,800,000
B30602	Kluge Rd. - Huffmeister to Little Cypress Creek		2,300,000
B30515	Mason Rd - County line to Chesterwick		1,000,000
B30509	Mason Rd. - Chesterwick Dr. to Rock Canyon Dr.		1,200,000
B30420	Mason Rd. - Schiel Rd. to Schiel Rd.		3,600,000
B30307	N. Eldridge Pkwy. - Cypress N. Houston to Cypress Creek		1,600,000
B30405	Queenston Blvd. - Clay Rd. to Kieth Harrow		4,100,000
B30503	Saums Rd. - HCFCD Unit U101-02-00 to CoH city limits		1,100,000
B30105	Various Locations - Paving and Intersection Improvements		11,400,000
		Total FY 2009-10	35,000,000
	FY 2010-11		
B30512	Cypress Rose Hill Rd. - Lake Cypress Hill to Juergen Rd.		2,500,000
B30009	Cypresswood Dr. - Grant Rd. to N. Eldridge Pkwy.		600,000
B30107	Grant Rd. - Lakewood Forest to Old Kluge Rd. (Malcomson Rd.)		3,300,000
B30520	Mueschke Rd. - Little Cypress Creek to Wilks		3,000,000
B30402	N. Eldridge Pkwy. - Cypress Creek to Grant Rd.		2,300,000
B30035	South Fry Rd. - IH 10 to Kingsland Blvd.		600,000
B30105	Various Locations - Paving and Intersection Improvements		22,700,000
		Total FY 2010-11	35,000,000

CIP Road Projects FY 2006-07 - FY 2010-11

CIP No	PROJECT	ESTIMATED CONST COST
	PRECINCT 4	
	FY 2006-07	
B40003	Aldine Westfield Rd. (Seg C) - Hydro55 St. to Farrell Rd.	5,300,000
B40010	Brittmoore Rd. (Seg A) - Clay Rd. to 1150 ft. south of Tanner Rd.	4,120,000
B40509	Changeable Lane Assignment / Roadway Improvements (By TxDOT)	1,050,000
T40009	CMAQ II - West Rd. and Bammel N. Houston Corridors (By TxDOT)	9,600,000
B40011	Cutten Rd. - Greens Bayou Bridge to FM 1960	9,500,000
B40513	Ella Blvd. - Spring Cypress Rd. to Falvel (Phase 2)	1,500,000
B40027	Grant Rd. - Copeland Rd. to SH 249	6,740,000
B40027	Grant Rd. - Drainage and Wetland Mitigation	400,000
B40032	Kuykendahl Rd. (Phase II) - Rhodes Rd. to FM 2920	3,980,000
B40017	Kuykendahl Rd. @ FM 1960 - Grade Separation (By TxDOT)	15,000,000
B40062	Precinct 4 Miscellaneaous Intersection Improvements	471,000
B40507	T.C. Jester Blvd. (Seg D) - Slashwood to Louetta	1,000,000
B40510	T.C. Jester Blvd. (Seg E) - FM 2920 to south of FM 2920	1,100,000
B40508	Tomball Outfall - M125 Improvements	741,000
B40408	Will Clayton Pkwy. (Seg C) - Atasca Oaks to W Lake Houston Pkwy.	2,700,000
	Total FY 2006-07	63,202,000
	FY 2007-08	
B40403	East Richey Rd. - Hardy Rd. to Aldine Westfield Rd.	4,200,000
B40410	Ella Blvd. - Louetta Rd. to Spring Cypress Rd.	1,800,000
B40411	Falvel Rd. - Ella Blvd to FM 2920	1,600,000
B40025	Gosling Rd. - Kuykendahl Rd. to FM 2920 (By TxDOT)	1,800,000
B40029	Hollister Rd. (Seg 1) - BW 8 to West Greens Rd.	2,110,000
B40402	Hollister Rd. (Seg 2) - West Greens Rd. to Bourgeois Rd.	3,370,000
B40406	Jones Rd. - FM 529 to US 290	4,070,000
B40504	Kuykendahl Rd. (Seg C) - Augusta Pines Dr. to Spring Creek	4,500,000
B40502	Perry Rd. (Seg A) - FM 1960 to Mills Rd.	5,700,000
B40503	Perry Rd. (Seg B) - Mills Rd. to SH 249	5,600,000
B40407	T.C. Jester Blvd. (Seg B) - Ivy Falls Dr. to Cypresswood Dr.	5,380,000
B40505	T.C. Jester Blvd. (Seg C) - Cypresswood Dr to Spring Cypress Rd.	4,700,000
B40059	Will Clayton Pkwy. (Seg A) - US 59 to S Houston Avenue	1,970,000
B40060	Will Clayton Pkwy. (Seg B) - S Houston Ave to Wilson Rd.	2,440,000
	Total FY 2007-08	49,240,000

CIP Road Projects FY 2006-07 - FY 2010-11

CIP No	PROJECT	ESTIMATED CONST COST
PRECINCT 4 (Cont'd)		
	FY 2008-09	
B40404	Ella Blvd. - Gears Rd. to Rush Creek Dr.	6,200,000
B40401	Hollister/Duncan Rd. (Seg 3) - Bourgeois Rd. to FM 1960	4,910,000
B40304	Kuykendahl Rd. (Seg A) - FM 2920 to Willow Creek	14,400,000
B40305	Kuykendahl Rd. (Seg B) - Willow Creek to Augusta Pines Dr.	5,800,000
B40301	Stuebner Airline Rd. (Seg A) - Spring Cypress Rd. to Thora Ln.	4,810,000
B40302	Stuebner Airline Rd. (Seg B) - Thora Ln. to FM 2920	4,000,000
B40306	T.C. Jester Blvd. (A) - North of Spears Rd. to FM 1960	4,540,000
B40064	West Greens Rd. (Seg A) - SH 249 to Cutten Rd. (By TxDOT)	9,500,000
B40054	West Greens Rd. (Seg B) - Cutten Rd. to Hollister Dr.	9,445,000
	Total FY 2008-09	63,605,000

Harris County Public Infrastructure Department
METRO General Mobility Program Project Funding
June 8, 2006

PROJECT	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
	Planned Expenditures (funds shown in thousands)											
Nov 2005 METRO Funding Forecast	2,700	14,124	8,466	2,964	8,942	8,677	17,040	20,010	22,561	29,750	24,635	159,869
Sum Nov 2005	2,700	16,824	25,290	28,254	37,196	45,873	62,913	82,923	105,484	135,234	159,869	
Designated Projects												
Aldine Westfield		4,355					4,801	6,934				16,090
Gessner Road										7,440		7,440
Gosling Bridge		1,500										1,500
Huffmeister Road			1,841						624			2,465
Orem	2,000	1,000				1,561	7,825					12,386
Pct. 3 Misc. Intersection	524											524
Pct. 4 Misc. Intersection							314	1,309				1,623
Townsen Blvd. - G/S & N. Houston Ave. (East)		3,217			(70)							3,147
Townsen Blvd. - US 59 to FM 1960 (West)		3,058			(64)							2,994
Treaschwig - Kingwood to Hardy Toll Road	(4)											(4)
W. Lake Houston Parkway (East)	431	(79)		19								371
W. Lake Houston Parkway (West)		1,073	1,625									2,698
West Road	1											1
Woodforest Blvd.	(30)											(30)
Woodforest Blvd. Bridge	(222)											(222)
Designated Projects Total	2,700	14,124	3,466	19	(134)	1,561	12,940	8,243	624	7,440	0	50,983
Future Designated First Funding Period Projects												
Space Center/Genoa Red Bluff			5,000						2,000			7,000
Spring Cypress Road					3,000	6,000						9,000
Future Designated First Funding Totals	0	0	5,000	0	3,000	6,000	0	0	2,000	0	0	16,000
Future Designated Second Funding Period Projects												
Castlebridge Drive					131							131
Ella Blvd.					1,100							1,100
Greenhouse Road				2,945								2,945
Kirby Drive					3,000							3,000
Theiss Mail Route					1,845							1,845
Future Designated Second Funding Totals	0	0	0	2,945	6,076	0	0	0	0	0	0	9,021
Future Designated Third Funding Period Projects												
Industrial Road								2,800				2,800
Fry Road							4,100					4,100
Tanner						1,116						1,116
Telge @ Spring Cypress								224				224
Future Designated Third Funding Totals	0	0	0	0	0	1,116	4,100	3,024	0	0	0	8,240
Future Designated Fourth Funding Period Projects												
Cutten Road - Greens Bayou Bridge to FM 1960								4,000				4,000
Grant Road - Cypress Creek to Lakewood Forest Drive								2,300				2,300
Greenhouse Road - Clay Road to Kieth Harrow								2,443				2,443
Future Designated Fourth Funding Totals	0	0	0	0	0	0	0	8,743	0	0	0	8,743
Future Designated Projects Funds Available	0	0	0	0	0	0	0	0	19,937	22,310	24,635	66,882
Total General Mobility Estimated Expenditures	2,700	14,124	8,466	2,964	8,942	8,677	17,040	20,010	22,561	29,750	24,635	159,869

Courthouse Complex

HCPID CONSTRUCTION PROGRAMS DIVISION
Downtown Projects Budget Summary
May 19, 2006

	BUDGET	EXP TO DATE	REMAINING COSTS
BUDGET SUMMARY			
Harris County Parking Garage Expansion (Phase II)	$13,062,000	$559,950	$12,502,050
1910 Civil Courthouse Renovation (Phase I and Phase II)	$65,000,000	$550,976	$64,449,024
Plaza / Jury Assembly / Caroline Street Tunnel Expansion	$16,750,000	$1,647,239	$15,102,761
Future Projects	$283,167,000	$0	$283,167,000
GRAND TOTAL	**$377,979,000**	**$2,758,165**	**$375,220,835**
Harris County Parking Garage Expansion Phase II (Estimated start September / October 2006)			
Architecture / Engineering / Material Testing	$984,000	$559,950	$424,050
Construction and Construction Related Items	$12,078,000	$0	$12,078,000
Total	**$13,062,000**	**$559,950**	**$12,502,050**
1910 Civil Courthouse Renovation Phase I and II (Estimated start November 2006)			
Phase I			
Architecture / Engineering / Material Testing	$3,828,000	$550,976	$3,277,024
Construction and Construction Related Items	$5,000,000	$0	$5,000,000
Phase II			
Architecture / Engineering / Material Testing	$726,000	$0	$726,000
Construction and Construction Related Items	$55,446,000	$0	$55,446,000
Total	**$65,000,000**	**$550,976**	**$64,449,024**
Plaza / Jury Assembly / Caroline Street Tunnel Expansion (Estimated start May / June 2007)			
Architecture / Engineering / Material Testing	$2,336,000	$1,647,239	$688,761
Construction and Construction Related Items	$14,414,000	$0	$14,414,000
Total	**$16,750,000**	**$1,647,239**	**$15,102,761**
FUTURE PROJECTS (Pending Commissioners Court Approval)			
District Attorney Building Demolition - estimated start 2006	$1,085,000	$0	$1,085,000
New Central Processing Facility - estimated start 2007	TBD	$0	$0
New Family Law Building - estimated start 2007	$76,409,000	$0	$76,409,000
New Medical Examiner Office (excludes land and parking) - estimated start 2007	$63,720,000	$0	$63,720,000
New Administration Building - estimated start 2008	$131,207,000	$0	$131,207,000
New Downtown Security Building - (does not include land) estimated start 2009	$10,746,000	$0	$10,746,000
Total	**$283,167,000**	**$0**	**$283,167,000**

Parks

Harris County Public Infrastructure Department
Capital Improvement Plan - Funding Summary Park Projects
June 8, 2006

	PRECINCT 1	2	3	4	Total
			(dollars x 1,000)		
Park Bonds (Available Balance as of 3/1/06)	3,621	2,336	326	2,612	8,895
2001 Park Bond Balance to be issued	7,000	7,000	6,100	4,474	24,574
Total Funds Available	10,621	9,336	6,426	7,086	33,469
FY 2006-07 -- 2007-08					
Planned Capital Park Expenditures	14,933	11,720	9,623	6,343	42,619
Projected Park Bond Fund Balance (3/1/08)	(4,312)	(2,384)	(3,197)	743	(9,150)

Harris County Public Infrastructure Department
CIP Park Projects FY 2006-07 -- 2007-08

Pct.	PROJECT	Estimated Pjct Cost
3	Art Storey Park - bridge, pavilion, restrooms	550,000
4	Arthur Bayer Park - Concession, pavilion, ballfields	1,100,000
4	Bane Park - park development	1,000,000
3	Bear Creek Pioneer Park Phase 1 - complex, pavilions, trails	3,473,000
3	Bear Creek Pioneer Park Phase 2 - water plant	450,000
3	Bill Archer Park - Dog Park	150,000
3	Bill Archer Park - various improvements	3,550,000
2	Burnet Memorial Park	2,200,000
2	BW 8 Regional Sports Park Phase I	4,400,000
4	Crosby Park - Ballfields, parking	880,000
2	East Harris County Sports Complex Phase I	5,000,000
1	El Franco Lee Park - Community Center/Park Office	2,500,000
1	El Franco Lee Park - Phase 4 roadway, parking lots (center)	543,000
1	El Franco Lee Park - Phase 6 roadway, parking lots (complex)	1,523,000
1	El Franco Lee Park - Phase 7 roadway, parking lots (fields)	1,675,000
1	El Franco Lee Park - Pressbox, concession & ballfield	924,000
3	George Bush Park - restrooms, playground	500,000
1	Hutchison Park - exercise equipment	120,000
4	Jesse H. Jones Park - Canoe launch stabilization	113,000
4	John Pundt Park - Park station & amenities	1,400,000
3	Katy Park - water well, lighting	250,000
3	Kleb Woods Nature Preserve - homestead, pavilions, nature center	700,000
4	Lindsay Lyons Park - Concession, pavilion	400,000
4	Matzke Park - Parking lot, roadway	450,000
4	Matzke Park - Restroom	250,000
4	Mercer Arboretum - walkway bridge	100,000
1	Park land acquisition	5,000,000
2	Rio Villa Park - Phase 2 development	120,000
1	Sheldon Park Sports Complex - Master Plan	2,648,000
4	Southwell Park - Parking lot	100,000
4	Spring Creek Park - Restroom, parking	550,000
	Total FY 2006-07 -- 2007-08	**42,619,000**

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT
County Parks - Total Acreage
June 8, 2006

Precinct One	**Acreage**
Alexander Deussen Park	309
Almeda Park	43
Barbara Jordan Park	6
Bill Crowley Park	39
Blueridge	296
Brays Bayou Hike & Bike Trail	0
Challenger Seven Memorial Park	326
Choate Park	41
Christia V. Adair	78
Dixie Farm Road Park	40
Dow One Park	9
Dow Two Park	9
Dwight D. Eisenhower Park	683
El Franco Lee Park	365
Ella Blvd. Hike & Bike Trail	0
Finnegan Park (joint City-County Pk.)	19
Frankie Carter Randolph Park	93
Gerber Park	2
Heritage Park Hike & Bike Trail	0
Hunting Bayou Hike & Bike Trail	0
Hutcheson Park	4
Kirkwood South Park	3
Lincoln Park	0
Mickey Leland Memorial Park	0
Norman Way Park	7
Oxnard Park	14
Pep Mueller Park	13
Quebedeaux Park	1
Reliant Park	263
Sagemeadow Park	3
Sheldon Sports Park	15
Sims Bayou Hike & Bike Trail 1	0
Sims Bayou Hike & Bike Trail 2	0
Sims Bayou Hike & Bike Trail 3	0
Southbelt Hike & Bike Trail	0
Street Olympics Complex	7
Tom Bass Regional Park Section I	292
Tom Bass Regional Park Section II Golf	50
Tom Bass Regional Park Section III	115
Sub-Total	3,145

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT
County Parks - Total Acreage
June 8, 2006

Precinct Two	**Acreage**
Allison Peirce Wetlands Sanctuary	6
Armand Bayou Park	2,500
Bay Area Park	64
Baytown Park (Seniors Sports Complex)	6
Beltway 8 Sports Park	173
Buffalo Bend	10
Burnett Park	10
Cedar Bayou Park	170
Cedar Grove Park	1
Channelview Sports Complex	31
Channelwood Park	6
Clear Lake Park North	43
Clear Lake Park South	16
Cloverleaf Park	1
Dads' Club Sports Park	34
East Harris County Soccer Complex	150
Edna Mae Washington Park	30
Grays Sports Complex	1
Highlands Park	16
Highlands Sports Complex	16
I-10 at Beltway 8	15
James Bute Park	5
James Driver Park	29
Jim & JoAnn Fonteno Park	37
Leon Grayson Community Center	2
Lynchburg Ferry Site	4
Meadowbrook Park	13
Moncrief Park	3
Northshore Park	46
Northshore Rotary Park	3
Riley Chambers Park	35
Rio Villa Park	215
River Terrace Park	14
Roy D. "Kipper" Mease Park	297
Seabrook Sports Complex	8
Space Center Blvd Wetlands	24
Stratford Park	13
Sylvan Beach Park	31
Sub-Total	4,081

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT
County Parks - Total Acreage
June 8, 2006

Precinct Three		Acreage
Alief Amity Park		11
Arthur Storey Park		175
Bayland Park		68
Bear Creek Park		3,080
Beeler Memorial Park		1
Bishop Fiorenza Park		13
Brays Bayou Hike & Bike Trail		250
Bud Hatfield Park		53
Carol Tree Park		2
Cypress Park		118
Cypress Top Park		2
Danny Jackson Family Bark Park		3
E. Shadow Lake Park		1
Flag Tree Park		2
Four Seasons Park		32
George Bush Park		7,800
Gessner Park		1
Hockley Park		10
Housman Park		1
John Paul's Landing		865
Katy Park		100
Kleb Woods Nature Preserve		130
Langham Creek Park		190
Mary Jo Peckham Park For All Children		32
Molly Pryor Memorial Orchard		1
Monsignor Bill Pickard Park		8
Moritz Pech Family Park		0
New Kentucky Park		4
Nob Hill Park		13
Nottingham Park		23
Paul D. Rushing Park		216
Ray Miller Park		15
Regency Park		0
Saums Park		1
Sport Park		3
Stein Family Park		4
Telge Park		111
Telge Road West		0
Terry Hershey Park		112
Westview/Moritz Park		0
Zube Park		139
	Sub-Total	13,589

HARRIS COUNTY
PUBLIC INFRASTRUCTURE DEPARTMENT
County Parks - Total Acreage
June 8, 2006

Precinct Four	**Acreage**
A. D. Dyess Park	114
Arthur Bayer Park	22
Bane Park	15
Bracher Park	0
Creek Drive Park	0
Crosby Park	46
Crosby Sports Complex	13
Cypress Creek Park Project Site 6	86
Cypress Creek Park Project Site 7	74
Cypress Creek Park Project Site 8	234
Cypresswood Golf Course	852
Don Collins Park	55
Elizabeth Kaiser Meyer Park	286
Fritsche Park	91
I. T. May Park	69
Independence Park	5
Jesse H. Jones Park and Nature Center	226
John Pundt Park	380
Klein Park	7
Kuykendahl Road Park	107
Lindsay/Lyons Sports Center	108
Little Cypress Preserve	58
Matzke Park	19
Mercer Arboretum & Botanical Gardens	249
Rice Tract	189
Richard P. Doss Park	33
Roy Campbell Burroughs Park	320
Samuel Matthews Park	6
Southwell Park	5
Spring Branch Park	1
Spring Creek Park	114
Sub-Total	3,783
Total County Acreage	24,597

HARRIS COUNTY

PUBLIC INFRASTRUCTURE DEPARTMENT

1001 Preston, 7th Floor
Houston, Texas 77002
(713) 755-4400

MEMORANDUM

DATE: June 12, 2006

TO: Dick Raycraft

CC: Mike Stafford, Charles Dean, Mike Talbott, Bob Gaskins, Gary Stobb, Jackie Freeman, Mike Strech

FROM: Art Storey AS 6/12/06

SUBJECT: Utilities Relocations

Enclosed is a current memorandum from County Attorney Stafford concerning utilities relocations. According to Stafford, the county will be paying more, much more, for road projects because of recent case law on utilities, who relocates them to resolve conflicts, and who pays. This matter should be mentioned in the session on capital projects.

MEMORANDUM

June 9, 2006

TO: Arthur L. Storey P.E.
Executive Director
Public Infrastructure Department
1001 Preston, 7th Floor
Houston, TX 77002

RECEIVED

JUN 1 2 2006

Public Infrastructure Department

CC: Jackie L. Freeman, P.E.
Will Puffer, P.E.
Mike Reily

FROM: Mike Stafford
County Attorney

RE: County's obligation to pay for relocation of utilities within the public right of way

Traditionally and as the result of various statutes, electric companies, telephone companies and other utilities have been permitted to place their cables and other facilities in county roads and rights of way without having to pay a fee. When the county widened or otherwise improved the road the utility companies were required to move their facilities at their own cost to make way for the road improvement. In cases where the county acquired private property which was subject to a superior easement owned by the utility the county paid the company for any required utility relocation.

The common law rule requiring the utilities to pay the cost of relocating their facilities in the public right of way has been changed by court rulings in two recent law suits filed against Harris County.

In *CenterPoint Energy Houston Electric, LLC v. Harris County Toll Road Authority*, the federal district court in Houston ruled that Texas Transportation Code §251.102 was a modification of the common law rule and now requires a county to pay the cost of relocating any utility where right of way has been acquired. That section provides that "a county shall include the cost of relocating or adjusting an **eligible utility facility** in the expense of right of way acquisition." The district court found that when Harris County asserted its right to use right of way formerly maintained by the City of Houston for the construction of the Westpark Tollway, the County "acquired" right of way and therefore had to pay Centerpoint over $10 million to relocate its utility lines. The district court's decision was affirmed by the United States Court of Appeal, Fifth Circuit. A petition seeking review before the United States Supreme Court is pending.

A similar case was filed by Southwestern Bell Telephone Company (now AT&T Texas) contending that it was compelled to relocate telecommunications facilities in the Westpark Tollway. Harris County Civil Court at Law No. 1 followed the U.S. District Court's example and awarded AT&T a judgment in excess of $1.5 million. That case is currently on appeal to the Texas Court of Appeals, 1st District.

The County contends that Section 251.102 of the Transportation Code requires payment only to "eligible" utilities, which are those that are entitled to reimbursement as the result of another law, for example when the utility has a pre-existing easement in the land being acquired or when federal law may provide reimbursement for such costs.

In recent correspondence, AT&T asserts that the County has no authority to compel the relocation of utilities within the public roadways in any circumstances. AT&T states that it will voluntarily pay the cost of utility relocation if the project involves a road widening. If any other road improvement is required such as drainage improvements then AT&T will require Harris County to pay the estimated cost of the work prior to AT&T's relocating the facilities.

In a case currently pending in the 189th District Court of Harris County, the County was compelled to file suit in order to obtain an agreement from AT&T to move its facilities to permit the reconstruction of Cutten Road in Precinct 4. The County deposited $300,000 with AT&T to obtain its agreement to begin the utility work. Ultimately the trial court will determine whether any of this money will be refunded to the County. This case involves the combination of private easement rights and utilities located within the public right of way.

It is anticipated that if AT&T and other utilities prevail in their interpretation of state law, the County's budget will be significantly impacted by the additional fees paid to utility companies to move their facilities. Mike Reily, Utility Coordinator for the County's Public Infrastructure Department reports that within the past year AT&T has demanded payment in six projects with a potential combined liability of over $700,000.00. In addition delays in completing the projects have been experienced as a result of AT&T's refusal to commence work without first being paid. A report concerning those projects is attached to this memorandum as Appendix A.

Tom Rackley, the Harris County Flood Control District's Utility Coordinator, reports that the Flood Control District is facing a similar situation. AT&T facilities cross Sims Bayou as a result of their right to be in a public road right of way. A determination has been made that AT&T has no rights that are superior to that of the District at this location; however, AT&T refuses to relocate the facilities to make way for a District project without a prior agreement by the District to fully reimburse AT&T for the relocation.

Willard Puffer, Director of CAMS, Public Infrastructure Department expresses concern that the County's ability to maintain its road system will be impaired because of the significantly higher costs associated with future road and drainage improvement projects where utilities may be affected. As a result the value of the roads as assets on Harris County's financial report may be adversely impacted.

Thus far the courts have not agreed with the County's interpretation of the Transportation Code and the County should consider looking to the state legislature to amend the law to clarify the rights and obligations of utility companies with respect to their facilities located within the public right of way.

APPENDIX A

County utility adjustment projects involving AT&T Texas
from April 19, 2005 through May 11, 2006

Proposed Reconstruction of Spring Cypress Road from FM 249 to 1900' West of Burlington Northern RR, Precinct 4, Harris County, Texas - AT&T had facilities that were in an easement, our construction called for a new storm sewer to cross their easement. The County Attorney (CA) determined the language allowed for crossing the easement without reimbursement. AT&T has invoiced in the amount of $3,565.77, Harris County has declined payment.

Proposed Drainage Improvements Phase 2 at Rosehill Ranches Subdivision, Precinct 3, Harris County, Texas - AT&T had facilities that were placed in Harris County ROW by statute, their facilities were not in conflict, but had to be temporally removed as the soil necessary to support their cable had to be removed to allow for the construction of a concrete channel. AT&T sent a letter stating they would forward an invoice requesting payment, but we have not received one at this time.

Precinct One Hambrick Road Drainage Improvements (this project was/is to be worked by Precinct personnel) - AT&T had facilities that were placed in Harris County ROW by statute, their facilities were in conflict, even to the point where some of their cables were exposed in the ditch at the time the project was initiated. AT&T has submitted an agreement requiring payment in the amount of $30,493.78, which we have not processed.

Proposed Installation of Sidewalk and ADA Ramps on the West Side of Champions Forest Drive from Lichen Lane to Silver Shadows Drive, Precinct 4, Harris County, Texas - AT&T had facilities that were placed in Harris County ROW by statute. AT&T provided a letter prior to bidding the project indicating their facilities were not in conflict. During construction some of their buried cable was found to be in conflict with a proposed drain pipe. They had to relocate their facilities, sent a work order in the amount of $10,224.39, followed by an invoice in the amount of $10,224.39. The CA provided correspondence on 31 May 2006 declining reimbursement, which will be forwarded to AT&T.

Proposed Reconstruction of Cutten Road from 500' South of FM 1960 to Greens Bayou Bridge, Precinct 4, Harris County, Texas - AT&T had facilities that were in an easement as well as in the existing ROW by statute, our construction called for a new storm sewer to cross their easement. AT&T submitted a work order in the amount of $157,675.23, which was not processed. District Court action was filed to compel relocation of the facilities. Harris County paid AT&T $300,000.00 to be deposited with AT&T and upon Court determination the $300,000.00 will be portioned out as required. In this case AT&T does have a private easement in a significant portion of the land and this particular dispute concerns the interpretation of the private easement agreement.

Proposed Reconstruction of Main Street from SH 225 to 500 Feet South of Southmore, Precinct 2, Harris County, Texas - AT&T had facilities that were placed in Harris County/City of

Pasadena ROW by statute. This is a joint venture between Harris County and the City of Pasadena. The project scope is to replace the existing aged/deteriorated pavement and storm sewer system. Because of the time that has passed since the roadway and storm sewer system was originally constructed, drainage requirements have changed, resulting in the need to increase the size/capacity of the storm sewer system. The County started the design of this project in 2002-2003, sent preliminary drawings to SBC in February 2005, had numerous coordination meetings and exchange of information with SBC over a thirteen, to fourteen month period, and reduced the number of direct conflicts from approximately sixty, to nine or ten and now AT&T is indicating/demanding reimbursement for the adjustments because this project is not a road alignment, or widening project. We have received a work order in the amount of $531,280.78.

HARRIS COUNTY TOLL ROAD AUTHORITY FINANCIAL ALTERNATIVES

June 13, 2006

First Southwest Company
Analysis of Financial Alternatives

Executive Summary

Executive Summary

Harris County (the "County") has requested an in-depth study with respect to ownership and future development of the Harris County Toll Road Authority (the "Authority" or "HCTRA"). The study addresses several key issues:

1. Identify possible long term funding solutions that would bolster the County's and HCTRA's ability to provide for future infrastructure funding needs while maintaining financial strength and strong fund balances, all to be consistent with desired long term County financial goals.
2. Develop an analytical framework for the County to evaluate financial alternatives for HCTRA in terms of operations, toll rate setting mechanisms and policies, and their residual impact on future County and HCTRA development.
3. Determine the financial capacity of the existing system and identify avenues to pursue to increase the financial capacity of the toll road system (as defined below) to aid in increasing mobility within the County.
4. Explore recent trends in public-private partnerships to determine if these financing mechanisms could produce a better economic result, both immediately and over a prolonged period of time, in financing future projects, compared to what is currently available to the County under the existing structure.
5. Quantify the financial, structural, and operational differences and considerations into three principal financing alternatives; County Owned and Operated, Asset Sale, and Concession (each track is defined below), realizing that many permutations could be developed incorporating elements of each of these three approaches.
6. Understand and quantify the changes in how mobility projects are funded within the State of Texas and the applicability to the County and HCTRA in undertaking future projects while working with the Texas Department of Transportation ("TxDOT") to increase mobility within Harris County.

This report is designed to provide a financial framework for the analysis of financial alternatives under which the County can make policy decisions regarding how the County values HCTRA's toll road system (the "System"), considering operational issues, revenue generation capacity, future funding capacity, and certain legal issues that affect value and the ability to continue expansion. This report and the accompanying reports of the investment banking firms analyzing their respective tracks provide background into the changing infrastructure finance marketplace. The reports also identify the financial capacity of the System under various assumptions.

This executive summary should be read along with the supporting detail of the attached individual reports and their supporting documentation, including the Wilbur Smith Associates ("WSA") traffic and revenue report. All references to financial condition and data are as of the date of this report. Financial conditions, future bonding capacity, valuations and differences in financial alternatives will change from the date of the respective reports.

Background

On February 7, 2006, Harris County Commissioners Court ("Commissioners Court") adopted a resolution authorizing Harris County Management Services and the Authority to prepare a study (the "Study") analyzing financial alternatives related to the financing and operation of HCTRA. A team approach was selected to address each of the main financial alternatives. First Southwest Company ("First Southwest") has served as the contracting advisory firm; First Southwest in turn has subcontracted with six other investment banking firms, divided into three teams. The selection of the team members included the input of officials from Harris County and HCTRA, and was approved by Commissioners Court during its February 7, 2006 meeting. By selecting three independent teams to study separate opportunities (or "tracks") for the System, the County and HCTRA intended to draw upon a wide range of experience and resources. The separation of the Study into three components allowed each team to maintain a particular focus on a particular outcome, with the three outcomes compared at the end of the study. In order to keep the analysis comparable, First Southwest, working in conjunction with County and HCTRA staff, developed standard assumptions for all teams to use to produce their results. As with any study, the quality of the inputs significantly influences the results. With respect to traffic and revenue forecasts, WSA, HCTRA's long time traffic and revenue consultant, prepared revenue projections used as the basis for the financial analysis. The three cases WSA prepared include:

- Scenario A: Base Case, which provides for constant toll rates at current levels through the forecast period.
- Scenario B: Inflation Case, which increases toll rates at assumed inflation rates. Tolls are assumed to be increased approximately every 5 years.
- Scenario C: Revenue Maximization Case, which allows toll rates to rise to their "optimized rate" which will generate the maximum amount of revenue, even at the expense of decreased road use.

The investment banking teams that were selected and their assignments are illustrated in the following table:

County Owned & Operated Track 1, Team A	Asset Sale Track 2, Team B	Concession Agreement Track 3, Team C
Citigroup Capital Markets **Siebert Brandford Shank**	**JPMorgan** **Popular Securities**	**Goldman Sachs** **Loop Capital**
Explore Existing Financing Options/ Debt Capacity Alternative Financing Options TIFIA/SAFTEA-LU	Valuation of Asset using: Asset Valuation Discounted cash flow Comparable Entities / Transactions Internal Rate of return	Valuation of Concession under various terms/ time frame: Short-term Concession Long-Term Concession (50, 75, 99 Years)
Analysis of Current Constraints: Project Prioritization Existing Indentures/Laws Tolling Strategies Rating Impacts	Identification of key terms & conditions: System Expansion Control/ Tolling Strategies Operating Standards Retained Ownership	Identification of key terms & conditions: System Expansion Control/ Tolling Strategies Operating Standards Retained Ownership
Operating Entities: Enterprise Fund Qualified Management Contract	Determine key terms, valuation impact	Determine key terms, valuation impact
State Law Options: County Transportation Corp. Regional Mobility Authority Public offering	Comparison of Differences in Asset vs. Concession Valuation and terms and conditions	

Current Financial Condition

HCTRA essentially came into existence in 1984, and since that time has come to operate more than 491 lane miles of toll roads. HCTRA has enjoyed considerable financial success, as indicated by both its increase in net operating revenue over time, as well as by the ready acceptance of its bonds in the capital markets. The System generated net revenue in excess of $137 million for fiscal year 2006 (unaudited), which reflects an increase from $110.7 million the prior year, with expectations that the current trend will increase. The current uninsured natural ratings of the senior-lien revenue debt ($1.295 billion currently outstanding) are "A+" by Fitch, "A1" by Moody's and "AA-" by Standard & Poor's. The subordinate lien revenue bonds ($711 million currently outstanding), which also carry an additional pledge of the County's ad valorem tax, currently carry uninsured natural ratings of "AA+" by Fitch, "Aa1" by Moody's and "AA+" by Standard and Poor's. The subordinate lien bonds have a higher rating than the senior lien bonds because of the credit support of the full faith and taxing powers of the County, though no debt service on these subordinate lien bonds has ever been paid with ad valorem tax revenues. The County's strong financial position benefits the credit rating of the subordinate lien bonds, thus lowering the capital cost to HCTRA. A brief summary of HCTRA's financial operating results for fiscal years ending 2005 and 2006 (unaudited) appear in the following table. The unaudited 2006 figures are subject to change as the audit may require.

Harris County Toll Road Authority
Statement of Revenues, Expenses and Changes in Net Assets
(In Thousands)
For Fiscal Years Ending February 28

	2006 *(unaudited)*	Percentage Change	2005 *(audited)*
Revenues:			
Total Revenues	373,594	15.30%	324,030
Expenses:			
Operating Expenses	69,290	20.75%	57,381
Depreciation	55,344	28.97%	42,913
Nonoperating Expenses	111,658	-1.24%	113,064
Total expenses	236,292	10.75%	213,358
Income Before Contributions And Transfers	137,302	24.06%	110,672
Contributions	2,918	-76.70%	12,523
Transfers Out	(20,241)	0.55%	(20,130)
Change In Net Assets	119,979	16.91%	103,065
Net Assets-Beginning	150,732		47,667
Net Assets-Ending	$ 270,711	79.60%	$ 150,732
Expenses as a % of Revenue:	63.25%		65.85%
Expenses excluding Depreciation & Nonoperating Expenses as a % of Revenue:	18.55%		17.71%

Source: 2005 figures from Harris County Toll Road Authority CAFR; 2006 figures from Harris County Auditor's Office, as of April 2006; percentages calculated.

As these numbers reflect, gross revenues compared year-to-year have increased by 15.3% with net income increasing by 24.06%. The increase in operating expenses net of depreciation was offset by an increase in lease revenues and charges for services. The charges for services include the fee that HCTRA receives to offset expenses related to operating the Fort Bend Toll Road.

In June 2005, Commissioners Court addressed the prioritization of HCTRA capital projects with the adoption of a 5-year Capital Improvement Program ("CIP"). This benefited HCTRA by signaling to the credit markets and the rating agencies an intent to narrow the focus for further development and by indicating that the management of HCTRA and the County would evaluate strategically the growth of the System.

Long-Term Funding Solutions

One of the primary goals of this study was to explore the financial opportunities and resources available to the County and HCTRA. As stated earlier, HCTRA currently enjoys strong financial results and access to the capital markets. Since the inception of HCTRA in 1983, and in particular during the last several years, the financial resources available to HCTRA and the County continue to develop, providing additional project capacity. An important development in the United States during the last two years is the increased acceptance of private, non-governmental investors acquiring long-term financial and operational interests in public toll roads. This has occurred in Texas with the Trans Texas Corridor project, and most notably outside Texas with the granting of concessions of existing toll roads in Chicago and in Indiana, among others. In addition to concessions, there have been sales of municipal assets similar to HCTRA's purchase of the Ship Channel Bridge in 1994 from the Texas Turnpike Authority (which is now a division of TxDOT), as well as investments in greenfield projects.

Because of these developments, the Study has attempted to construct an analytical framework in which to evaluate financial alternatives, which led to the focus on the three identified tracks. Each track contains many different features, risk profiles and constraints. The individual team reports detail the many different permutations of the basic tracks, and these separate reports should be referenced for a more detailed analysis.

The 5-year CIP for HCTRA includes anticipated needs in excess of $1.3 billion assuming all indicated projects are undertaken. Two of the projects might be considered to be secondary in priority, and if excluded would reduce the plan size to approximately $1 billion. The following table provides more detail on the HCTRA 5-year CIP (excluding projects presently under construction):

Harris County Toll Road Authority
5-Year Capital Improvement Program
Project Cost and Current Status (Spring 2006)

	PROJECT	ESTIMATED COMPLETION	ALIGNMENT	ESTIMATED PROJECT COST	STATUS
	Beltway 8 East	2010	US 59 to US 90A (13 miles)	$295,738,000	Design Phase thru 7/07
	Brazoria Toll Road - SH 288	2010	IH 610 to Alvin (20 miles)	$237,725,322	Completed Feasibility Study
	Grand Parkway - Segment E	2011	IH 10 to US 290 (13 miles)	$139,815,000	Completed Schematic Design
	Hardy Toll Road Extension	2010	IH 610 to CBD (3 miles)	$138,684,000	Final Design Est. 7/07
	Hempstead Toll Road (US 290)	2013	IH 610 to Jones Road (13 miles)	$242,300,000	Completed Conceptual Design
*	Ft. Bend Parkway Phase II	On-Hold	US 90A to Post Oak (1.6 miles)	$53,840,000	On hold
*	Fairmont Pkwy/Red Bluff Road	On-Hold	BW 8 to SH 146 along Red Bluff (9 miles)	$205,425,000	On hold
				$1,313,527,322	

* Indicates Secondary Project

Source: Harris County Toll Road Authority Staff.

In addition to these needs, the County anticipates continued funding of connectivity projects at the precinct level, which in the recent past has generally amounted to $5 million per precinct each year, except in 2004 when an aggregate of $67.5 million of mobility funding occurred. Each of the three alternative tracks provides capacity to meet these needs in addition to bolstering the County's funding for public infrastructure and improving connectivity with the System. However, each track has different implications relating to financial and operational issues for the County and the System beyond these immediate needs.

Evaluating Alternatives

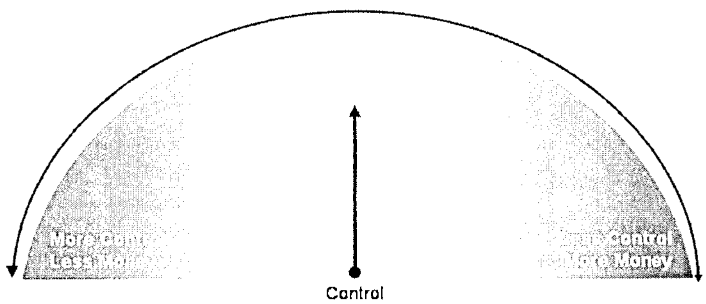
To assist Commissioners Court in evaluating the future development and operation of the System, the study team has developed a financial framework and the resultant operational environment for each separate track.

The driving question revolves around what should be maximized:

- Net revenues, or
- Road utilization, or
- Some combination of net revenues and road utilization.

Currently, Commissioners Court has the authority to set tolls, select projects and set operational standards subject to compliance with financial standards contained in the existing bond indentures and with federal and state laws regarding operation and construction. These characteristics will continue to hold true under the County Owned and Operated track but will change depending upon the nature of either an Asset Sale or a Concession. Alternatives under any of the tracks could result in a diminishment of County control, depending on the particular details of the alternative and any governing agreements. The amount of change in control will depend upon the terms and conditions contained within a sale or concession agreement. The value received in a sale or concession correlates inversely with the amount of control retained, which can be referred to as the control/value spectrum.

CONTROL / VALUE SPECTRUM



Investors will demand a minimum amount of control per level of bid in order to protect their anticipated returns, which limits how much control can be retained by the County in a sale or concession transaction.

In valuing the System under any of the three tracks, toll revenue (a function of toll rates and traffic) drives value more than any other factor. HCTRA, on average, has operating expenses, exclusive of debt service, depreciation and transfers for connectivity, which amount to approximately

15% to 21% of revenues. HCTRA currently outsources approximately 70% of operational expenses[1] thereby extracting private-side operational efficiencies. Therefore, the value proposition going forward primarily depends upon the management of debt service and toll revenue. County management of tolls going forward will be a driver of value in any scenario. In other words, the value proposition must be balanced between achieving desired results for both road utilization and net revenues.

References to value in this study generally focus on the present value of projected cash flows after meeting costs for operations, debt service and maintenance. In some cases, value equals the consideration paid today, particularly in the case of an asset sale or concession. Value may be realized over varying lengths of time, including immediately, or in many different combinations. If a payment is made at inception of the transaction, and there are no future payments, the present value discount factor of the other party still remains important to the County. If a private entity has a higher discount factor than the County, and all other factors are equal, then the value payable by the private entity should be less than that of an equivalent value measured at the County's discount rate. The opposite would be true if the County's discount rate is higher than the private entity's discount rate.

If payments are made over time, the creditworthiness of the private entity and the details of its financing arrangements should be of increased concern to the County. The County should consider the creditworthiness of the private entity as with any contractual relationship, but particularly in this case because of the reliance on the private party to operate the System in a prescribed way, and the heightened monitoring costs and exposure if the counterparty cannot meet these contractual requirements.

As reflected in the reports for Tracks 2 and 3, sale and concession agreements have value and control factors that the County or HCTRA can alter during the negotiation process, resulting in an impact on valuation. Some of the key value and control factors are:

- Future toll increases, including the appropriate toll inflator factors (CPI, GDP, other)
- Operational standards
- Capital improvement and maintenance, including quality levels during the contract period and conditions upon return, if appropriate
- Toll road utilization and impact on alternative free routes
- Participation in ongoing projects
- Development of future projects within a defined area other than tolled projects
- Handling of governmental functions such as:
    - Policing
    - Safety
    - Emergency usage
    - Toll enforcement
- Personnel issues related to current employees of the System
- Requirements regarding defeasance of existing System-related debt[2]
- Taxation
- Remedies with respect to each party's ongoing performance

Certain factors may impact value but may not be controllable through the contract terms and conditions. These include the cost of defeasing HCTRA's debt, and the potential impact of property, sales, and income taxes.[3] From whatever value might be received in a sale or concession, approximately $2 billion would be required to defease[4] all outstanding System-related debt[5], and the County could be

[1] HCTRA
[2] Fulbright & Jaworski, L.L.P. Legal Memo
[3] Fulbright & Jaworski, L.L.P. legal memos regarding defeasance of outstanding debt and state and local taxes
[4] JPMorgan/Popular Securities Report Dated June 2006, page 21

required to repay the $90 million Federal Highway Administration ("FHWA") loan or use that amount of the proceeds for projects eligible for federal assistance.[6] Without future legislative changes, an asset sale or concession will be subject to state and local taxes.[7] The effect of local property taxes might further impair the value of the asset by approximately $2 billion to $4 billion, according to one estimate.[8] Comparing differences between the expenses of a private sector operator versus the County and HCTRA provides key insight into the value proposition for the potential investor.

In addition to the factors above that may affect value to the County, there most likely will be restrictions on the use of net proceeds after the defeasance of debt. The County may be required to dedicate a share of net proceeds proportional to the federal assistance received in building the System, with such funds to be used for projects qualifying under Title 23, United States Code. The remaining net proceeds would be available for other purposes.[9]

Because the System addresses an integral part of the mobility needs of Harris County, involving more than 335 million[10] transactions during the last year, and because the County will continue to have an interest in promoting mobility within Harris County even after a conveyance of the System, the County would have a strong continuing interest in the operational performance and capacity of either a concession or a privately-held toll road. The County would need to retain appropriate staff in order to monitor the performance standards within the contract. At a minimum, ongoing audits and engineering reports would be necessary. When considering the sale or concession results, the County and HCTRA should factor in these ongoing costs. A concession or sale does not eliminate the County's ongoing operational costs.

Legal ability to consummate any sale or concession remains a key obstacle, without further action by the Texas Legislature. The length of any contract supported by tolls must be limited to the amount of time the tolls can stay in place, which under current law is 40 years from the date of bond issuance.[11] Many, though not all, recent concessions extend for much longer than 40 years, as the Goldman/Loop Report discusses. Concessions outside the United States have often been for shorter periods of time; many European or Australian concessions exist for 30 to 40 years or less. Tolls exist on the System currently under specific provisions of Chapter 284, Texas Transportation Code, which tie the toll collections to the life of the bonds supported by the tolls. If a sale requires defeasance of System-related debt, the continuation of tolls cannot be taken as a given.[12]

Once a concession or sale is consummated, the County would be bound by the contractual agreements of the transaction, meaning that any necessary future changes by either side will result in further negotiations. Such negotiations might require an additional exchange of compensation in return for future needs. Similar to other private party contracts, the contract should be viewed as the start of future negotiations, particularly because these contracts tend to cover a very substantial period of time.

[5] Fulbright & Jaworski L.L.P. legal memo
[6] Fulbright & Jaworski L.L.P. legal memo
[7] Fulbright & Jaworski L.L.P. legal memo
[8] JPMorgan/Popular Securities Report Dated June 2006, page 18
[9] Greenberg Traurig, LLP, legal memo
[10] Wilbur Smith Associates Report Dated April 19, 2006, page 10
[11] Bates & Coleman, P.C. legal memo
[12] Andrews Kurth LLP legal memo dated March 3, 2006

Potential issues that could create a monetary payment on the part of the County or HCTRA to the concession or sale counterparty would include:

- Changing the permitted toll structure (i.e. altering the rules for escalating tolls in the future)
- Building any competing free or tolled roads (and defining which roads are "competing")
- Impeding access to the sold or concessioned road
- Allowing governmental usage of the sold or concessioned road

In selling the System outright, or effectively limiting control for a long period of time by a concession, the County will be held to the tolling regime in the contract for sale or concession. Changes in these toll schedules will result in economic changes to the owner or concessionaire for which compensation may be owed by the County. If the changes impair or lower the value to the concessionaire or owner, then the County may be out of pocket for the cost of the impairment, as seen in the recent amendment to the Indiana Toll Road Concession and Lease Agreement.[13] The issue focuses on how compensation might be triggered and how the amount of compensation might be determined. The County must consider if the calculation of the compensation trigger and amount depends upon a traffic and revenue forecast that is more aggressive than the County normally would accept. In such a case, changes triggering compensation may have the effect of locking in the high forecast for the counterparty without the benefit of actual experience.

The development of new competing roads could impair the value of the System in any of the three tracks. With continued ownership through the County, competing roads, either free or tolled, that create diversion from the toll road are absorbed in a reduction in net revenue (unless toll rates are adjusted at the same time). However, in a sale or concession arrangement, if not specifically negotiated in advance, the mere possibility of new competing roads could cause a diminution in the value received or trigger a compensating event in the future. This may be acceptable if the County can adjust the contract terms in the future to arrive at a cost value that would be similar to the cost the County or HCTRA would incur under a continued ownership scenario.

With the continued ownership of all or part of the System, depending on the decisions made by Commissioners Court, HCTRA remains exposed to the continued operational and financial risks currently experienced. In the case of a sale or concession agreement, a majority of these risks can be shifted, depending upon the terms of the agreement, leaving enforcement as the biggest remaining issue. However, if the transfer of the System is incremental or partial, the County remains exposed to changes in future traffic and revenue projections. In any case, the County should strongly consider an analysis regarding the probability of meeting the traffic and revenue projections upon which a sale or concession value depends.

When evaluating the differences in present value financial outcomes, the County should keep the foregoing discussion in mind. All outcomes have differences in degrees of control, ongoing costs and risks. Before undertaking an approach other than continued ownership, a clear understanding and assignment of value and ongoing risk must be undertaken to place the valuations in context. The highest price may not necessarily be the best value for the County over a prolonged period of time. Because most bids are based upon present value numbers, the County should understand the differences between the discount rate applicable to the County compared to the discount rate acceptable to the private consortium, and the implication of the difference in discount rates on future performance or compensation under the contract. Small differences in present value discount rates can significantly impact the present value of an asset.

[13] First Amendment to the Indiana Toll Road Concession and Lease Agreement dated April 12, 2006

When evaluating any track, the County should evaluate worst case scenarios and develop and quantify future actions needed to correct such scenarios. As stated earlier, this could potentially require the County to provide compensation to a purchaser or concessionaire, or repurchase the System at some future time (or assume ownership, subject to the rights of creditors of the concessionaire or owner). Situations involving concessions that have been repurchased by governmental entities, if any, and the cost and procedures for addressing such potential occurrences, need to be understood.

When analyzing any transaction, potential impact to the County's credit rating must be understood. The strength of the County's credit rating provides support for the outlook of the System and affects the ability of the County to undertake other projects efficiently and provide the many and varied governmental functions that the County undertakes. In very informal conversations with rating agencies, they have indicated that the rating impact of a sale or concession of HCTRA assets would need to be evaluated on a case-by-case basis, factoring in the use of any up-front proceeds as well as the economic structure of the transaction. The rating agencies have indicated that because the unlimited tax and subordinate lien bonds have been paid for by revenues of the System without past use of ad valorem tax levies, and because no tax has been levied for maintenance and operation, a sale or a concession most likely would not have a significant rating impact, if any, in either direction even though the transaction might eliminate debt carrying the County's ad valorem tax pledge.

These factors, including how the County places a value on continued future expansion, tolling, and operational flexibility, could impact whether the County or HCTRA should proceed with a transaction.

Current Financial Capacity

The County can use the built-up equity value of the existing system and its expected future toll revenues in a number of ways to bolster and enhance the ability to meet future financial needs. The Citigroup / Siebert Brandford Shank team ("Citigroup/Siebert") addresses in detail the potential funding that the current system could support, as well as some approaches for the County to consider regarding future structure of ownership and operational control of the System without the sale or concession of assets to a private entity.

The level of toll revenue (rates and traffic) provides the key to increasing the value of the System to the County and HCTRA, regardless of which alternative is pursued. Using the assumptions in the WSA projections for toll rate growth in step with future predicted inflation, and further assuming the County decides to leverage the System aggressively, the County may be able to support more than $8 billion of additional projects or spending.[14] This assumes targeting the Senior Lien revenue debt of the System at current rating levels (A+/A1). The County might decide to accept a lower rating by reducing the bond covenant regarding annual debt service coverage ratio or requirements, which would increase slightly the cost of borrowing. This reduction in coverage requirement would allow the County to leverage the System to a greater extent to increase the ability to finance projects today, and accordingly reduce the amount available for future pay-as-you-go project funding or funds that could flow through the indentures for any lawful use.[15]

Leveraging the System <u>aggressively</u> beyond today's levels would allow the County and HCTRA to approximate the present value proceeds of either an Asset Sale or Concession. In addition to increasing the present funds available, the County could avoid the cost of defeasing more than $2 billion in outstanding debt, though to make changes in the current lien structure, some defeasance would likely be necessary. This approach also alleviates the issues raised with respect to state and local taxes in the privatization context. Continued ownership of the System would preserve the upside

[14] Citigroup/Siebert Report
[15] Discussion with Andrews Kurth LLP, regarding flow of funds

of appreciation in System value for the County and HCTRA (as well as continued exposure to the associated risk that System value might decrease in the future), and provide a potentially regenerating source of capital, as long as future System projects continue to be undertaken, and provide positive cash flow. The County and HCTRA also maintain control of tolls, operations and maintenance, and future expansion of the System.

However, issues are associated with increasing the amount of debt on HCTRA assets as the public may not differentiate the difference between HCTRA-revenue supported debt and County tax-supported debt as readily as the financial markets and rating agencies do. Rating agencies have historically been reluctant to reward systems with high leverage. Higher leverage should correlate with increased debt service costs, most likely resulting in higher tolls over a prolonged period of time.

The Citigroup/Siebert team looked at a number of possible structures for the System, each of which has attributes that might be viewed positively or negatively, depending on policy decisions to be made by the County and HCTRA. These structures include a regional toll authority (Chapter 366, Texas Transportation Code) and a regional mobility authority or "RMA" (Chapter 370, Texas Transportation Code), in addition to the current structure (under Chapter 284 , Texas Transportation Code).

	HCTRA Chapter 284, Trans. Code	**Regional Toll Authority Chapter 366, Trans. Code**	**Regional Mobility Authority Chapter 370, Trans. Code**
Key Features:			
• Creation Efforts	None required	Orders adopted by two or more counties	One or more counties submit request to TTC; TTC action
• Governing	Commissioners Court	Multi-County Board plus 1 appointment by Governor	Multi-County Board plus Chair appointed by Governor
• Bonds	Property tax and/or revenue	Revenue only	Revenue only
• Powers	Adequate; pooling projects, operating contracts, extending projects into adjacent counties	Adequate; operating contracts, projects in multiple counties (member counties)	Broad
Advantages:	• Local control • Property taxes available for both O&M and debt service • Excess toll revenues remain with County	• Diverse base of revenues from multi-county projects	• Broad definition of "transportation projects" • May impose tolls after bonds paid/defeased • Comprehensive Development Agreement (CDA) powers • Revolving fund ability
Disadvantages:	• Authority to impose tolls expires when bonds paid/defeased • No CDA powers; no design-build • New projects may not access State highway system without TxDOT Approval • Projects may be pooled only one time.	• Limited local control due to multi-County Board • No CDA powers; no design-build	• TxDOT control • Limited local control due to multi-County Board and TxDOT appointment of chair • Excess toll revenues could default to TxDOT Mobility Fund

Source: Citigroup/Siebert Report.

The preliminary financial results as of the date of this Study, which are qualified by reference to the Citigroup/Siebert Report including the underlying assumptions behind such estimates, indicate under the inflation scenario that $8.2 billion could be financed for new infrastructure, and the enterprise value in that case would be approximately $15.5 billion. Additional details of the range of estimated values appear in the following table, but the Citigroup/Siebert Report contains much more detail on these estimates and their underlying assumptions.

Summary of Valuation Estimate – Track 1 – County Owned and Operated

Wilbur Smith Tolling Assumption	Base Case	Inflation Case	Optimized Case
Pooled Projects Funding [1]	$1,305,266,387	$1,305,266,387	$1,305,266,387
Additional Bonding Capacity (2007)[2]	3,232,477,439	6,901,767,160	9,527,526,816
Franchise Value to County (Years 1-50)[3]	2,906,677,456	5,267,643,425	6,853,947,208
Franchise Value to County (Years 51-75)[3]	736,656,519	2,034,538,219	2,931,192,243
Total Enterprise Value	$8,181,077,800	$15,509,215,191	$20,617,932,654

1 – Construction Fund Deposit necessary to fund Pooled Projects.
2 – Additional bonding capacity created by leveraging the system to 1.5x through one 40-year debt issuance (HCTRA Sr. Lien, A1/A+)
3 – Present value of excess revenues at 6.5% over the next 50-75 years (leveraged to 1.0x, similar to a subordinated equity position)

Note: Preliminary, subject to change. Subject to market conditions. Source: Citigroup/Siebert Report.

Significant variance in projected present values of the System exist, and these present values are highly sensitive to changes in the level of tolls (rates and traffic) as well as the discount factors and interest rates. The Study includes a wide range of tolling approaches to give Commissioners Court an idea of the revenue-generating capacity of the System, and the impact that a change in tolling approach can have. Ultimately, Commissioners Court must decide upon the appropriate tolling strategy. We have begun developing preliminary tolling strategy thoughts, but will need the input of Commissioners Court to further refine them. Across the nation and throughout the world, toll roads are revisiting tolling strategies. Options include tying toll increases to a fixed growth amount or percentage, an inflation index, an economic growth index, a mobility congestion index, a minimum annual fixed percentage, or some combination. This topic warrants significant consideration by the County and HCTRA, and requires further tolling and traffic sensitivity studies. We are willing to work with HCTRA and its traffic and revenue consultants in analyzing the financial impact of various tolling strategies.

In developing and exploring alternative financial structures within the County Owned and Operated track, the Citigroup/Siebert team considered a concept of incorporating a new RMA formed exclusively for new development. The new RMA would receive support contractually from HCTRA and its existing road system, without transferring the existing System to the RMA. The County would pledge a particular amount, to be paid from System revenues, to support the RMA in development of new projects. The resulting arrangement would support more than $7.6 billion of debt, plus cover the RMA's operating and maintenance and other sufficient payments to provide the RMA with 1.75x coverage.[16] In comparing this approach to that of the County operating HCTRA as currently structured, the County must weigh the policy advantages and disadvantages of the RMA structure at least as much as the economics of the comparable potential financing costs. **The County should pay particular attention to governance issues related to such a structure and the extent of its financial exposure.**

[16] Citigroup/Siebert Report

Current Trends in Public-Private Partnerships

Much has been written in the last several years with respect to road financing, particularly covering topics such as toll road privatization, comprehensive development agreements ("CDA"), and the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (or "SAFETEA-LU"). Several noteworthy public-private partnerships have resulted in either significant upfront payments or have led to accelerated development of a new project. The most significant recent ones include:

- Trans-Texas Corridor (Dallas to San Antonio)
- Chicago Skyway
- Indiana Toll Road
- Pocahontas Parkway (Richmond, VA)
- SR-125 (San Diego, CA)

The Trans-Texas Corridor ("TTC-35") is a project being undertaken pursuant to the comprehensive development agreement authority of TxDOT, where a private consortium will invest approximately $6 billion for the development of a 314-mile four-lane road between Dallas and San Antonio. The private consortium will pay the State of Texas $1.2 billion for the right to build and operate this road segment for up to 50 years.[17] The assumption is that users of the road will help the concessionaire recapture this upfront fee through the tolls paid to access the road. TxDOT is also exploring comprehensive development agreements for roads in north Texas such as SH 121, SH 161 and I-635 managed lanes among others.[18]

The development of concession and privatization initiatives has a history in Australia and in Europe, with the established investor base primarily situated in these regions of the world. Recently, domestic investment banking firms and major corporations have announced either investment funds or development agreements to invest in infrastructure. The most notable and highly discussed include a recent announcement by Goldman Sachs regarding its intention to raise a $3 billion fund, an effort by the Carlyle Group targeting $1 billion for infrastructure funds,[19] and the recent announcement by General Electric and Credit Suisse that each will invest $500 million into an infrastructure company.[20] It appears the interest in investing in infrastructure will continue and the competition for suitable investments should continue to increase. There is no guarantee that the market will continue to develop. Generally as a market becomes more mature, the efficiency and transparency within the market increases, leading to better understanding and discovery of fair valuation and risks of implementation allowing the further participation by participants initially hesitant to enter the market.

Factors that will influence whether a public-private partnership will produce a materially better financial result than the County Owned and Operated track include whether the amount of leverage deployed exceeds that which HCTRA might deploy, whether the weighted average cost of capital falls below that of HCTRA, whether operating margins change between public and private control of the System whether the HCTRA will institute a tolling schedule similar to what they would allow a private entity, and whether state and local tax issues do not impair value. Based upon a comparison of the financial alternatives today under existing laws, preliminary indications suggest that these alternatives would produce an uncertain amount of additional present value benefit, if any, to the value that the County and HCTRA could receive under aggressive scenarios contained in the County Owned and Operated track.

[17] Source: http://www.keeptexasmoving.com/pdfs/projects/ttc35/final%20cda%20overview.pdf
[18] http://www.dot.state.tx.us website
[19] Source: Mr. Mark Florian Congressional testimony, May 24, 2006 www.house.gov/transportation/ highway/06-05-24/Florian.pdf
[20] Wall Street Journal, June 1, 2006

Financial, Structural and Operational Differences

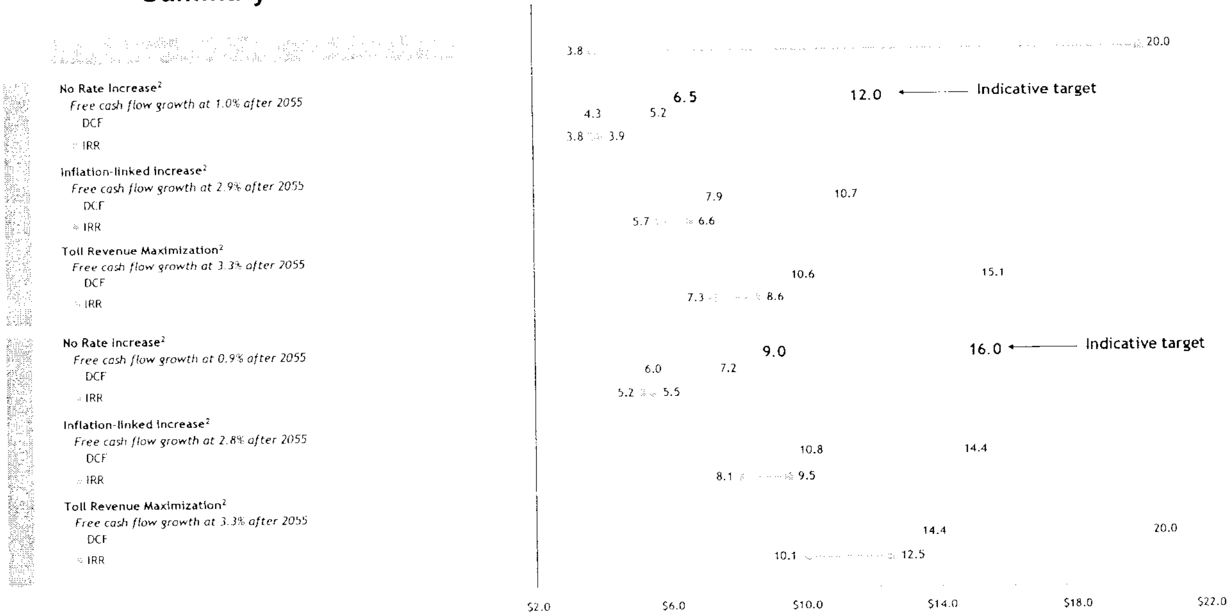
The results and discussions below are qualified by the more detailed reports of the individual investment banking teams studying the individual tracks. The study has attempted to keep the assumptions within each track parallel to produce meaningful comparisons. Inevitably, because of factors such as market differences, each team's desire to produce independent results, and difficulties in quantifying exactly the comparisons requested, differences in the underlying assumptions do occur. Given the time frame of this study with the recent receipt of the June 2006 traffic and revenue projections, it is difficult to achieve a line by line analysis of the differences in each track's financial modeling approach and various permutations. The results produced are useful for broad comparison purposes but would need further refinement to produce a more definitive comparison of the forecasted value differences in each approach. Further refinement would be appropriate and can be accomplished if the County desires. Such continued study might include examining the alternatives further, improving traffic and revenue forecasts with the development of a method of assessing the likelihood of achieving projected results, and considering operational issues. As with any market, a range of present-worth values exists, and the relative magnitude of potential values should be considered and weighed against the value and control factors discussed earlier. The level of risk assumed by the County in each track remains difficult to quantify due to the generalized approach, but must be considered as part of the context within which present value comparisons are made.

Given the caveats above, each of the teams studying Track 2 and Track 3 provided a range of values, depending on a number of criteria. In addition to assuming various toll rate growth regimes, the valuations also depend heavily on assumptions regarding future legislative changes (regarding such items as length of a concession and applicability of local property taxes, among other things). The capital structure presumed for the purchaser or concessionaire also plays an important role. These transactions typically involve up to 80% debt financing, after completion of initial and permanent funding (see the individual reports for detail). The payback for patient equity often can take 14 to 15 years in some cases depending upon assumptions being realized[21], while project-associated debt may be amortized (and refinanced) over a far longer period of time. The JPMorgan/Popular Securities ("JPMorgan/Popular") team provided a range of values for a sale transaction to a private party of between \$3.8 and \$20 billion, depending on the assumptions. For the inflation case, and assuming relief from property taxation, the range of value is from \$11 to \$14 billion, based on a discounted cash flow approach.[22] For the concession approach, the Goldman Sachs/Loop Capital ("Goldman/Loop") team estimates a range in values of \$7.5 to \$10 billion for a 50-year concession, and \$9 to \$12 billion for a 75-year concession. Factors affecting values, in addition to the length of the concession, include the assumed capital structure of the concessionaire and the prevailing interest rate environment. These values represent gross values of the System, before taking into account any defeasance of System-related debt and any restrictions on the use by the County of proceeds related to the valuation or the effect of taxes if an exemption from property taxes is not obtained.[23] The various projections estimate that the reduction in value of HCTRA at a 3% property tax burden would reduce upfront proceeds by as much as \$2 to \$4 billion.[24]

Tables from the reports for Tracks 2 and 3 are reproduced below, and provide estimates of indicative values as analyzed by the respective teams. These tables include differing valuation techniques, and the individual reports should be consulted to place these results in proper context.

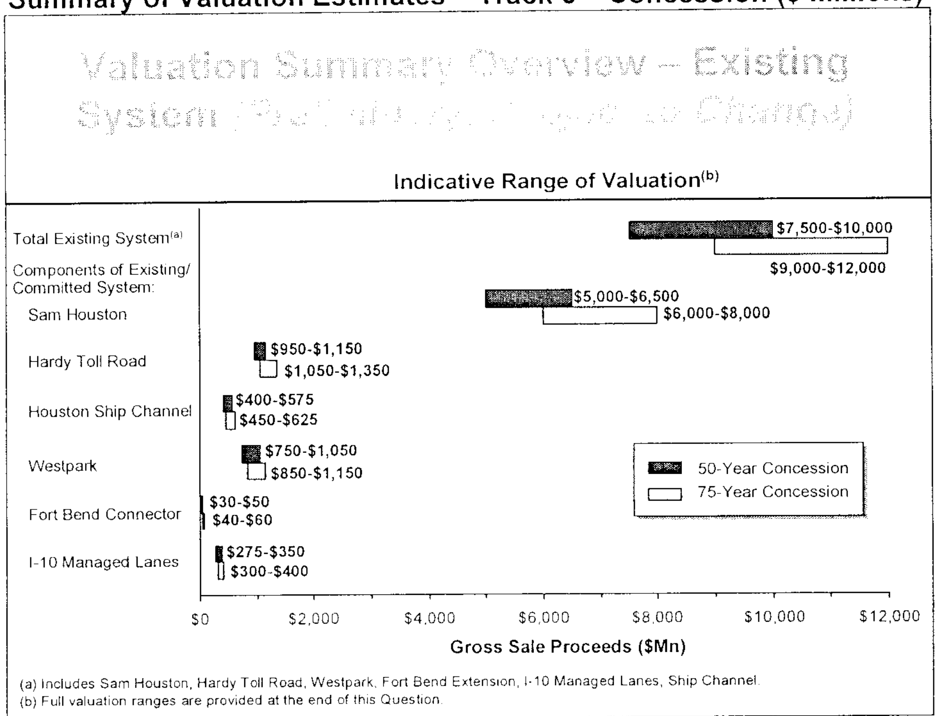
[21] Macquarie presentations for Chicago Skyway and Indiana Toll Road respectively
[22] JPMorgan/Popular Report
[23] Goldman/Loop Report
[24] JPMorgan/Popular Report

Summary of Valuation Estimates – Track 2 – Asset Sale ($ Billions)



Source: JPMorgan/Popular Report; please see report for description of assumptions and further detail regarding the valuations.

Summary of Valuation Estimates – Track 3 – Concession ($ Millions)



Source: Goldman/Loop Report; please see the report for description of assumptions and further detail regarding the valuations.

The robustness of the System and its large toll revenue potential may hinder the County's ability to achieve the economic values indicated in these preliminary studies. The shear size of the potential value and the limited ability for a large group of bidders to bid independently could limit the pool of bidders, as does the ability to appropriately value new projects. The Goldman/Loop report recommends that if the County or HCTRA desires to use a concession, then such a concession might best be considered under an incremental approach.[25] However, an incremental approach introduces some of the same risk of current ownership such as negative fluctuations in revenue, continuing interest rate risk, and market capitalization costs as well as introducing complications related to integrating the systems of more than one owner/operator. A thorough analysis of potential bidding structures must be formulated and tested without signaling a transaction to the market that will influence the outcome.

In order to more fully test the possible values of net revenue or sale proceeds, a toll revenue maximization projection was included in the WSA projections. The purpose was to determine maximum revenue generating capabilities even at the expense of road traffic throughput, and to also quantify generally the related traffic diversion impact. Traffic diversion potential creates a high risk for other neighboring roads (County-owned and otherwise), but at a cost that has not been quantified. The costs would include building capacity to reduce congestion on alternative roads and the opportunity cost of restricting tolls at some level that increases toll road use, thereby reducing congestion on alternative routes. This relationship and the infrastructure cost can be studied further but would require additional in-depth engineering cost estimates and traffic and revenue projections as well as capacity analysis. Below is a preliminary projection from WSA indicating the expected weekday diversion rates for traffic count.

Wilbur Smith Associates
Estimated Traffic Impact
(Number of Cars Per Weekday)

		Scenario A (Base Case)	Scenario B (Inflation Case)			Scenario C (Revenue Optimized Case)		
	Tollway	Weekday Traffic	Weekday Traffic	Traffic Impact	% Traffic Impact	Weekday Traffic	Traffic Impact	% Traffic Impact
2010	Sam Houston	641,200	606,200	(35,000)	-5.5%	536,800	(104,400)	-16.3%
	Hardy	89,800	84,600	(5,200)	-5.8%	71,800	(18,000)	-20.0%
	Ship Ch. Bridge	49,600	43,800	(5,800)	-11.7%	43,600	(6,000)	-12.1%
	Westpark	159,026	148,500	(10,526)	-6.6%	139,900	(19,126)	-12.0%
	Ft Bend Connector	11,700	11,700	None		11,700	None	
		951,326	894,800	(56,526)	-5.9%	652,200	(147,526)	-15.5%
2025	Sam Houston	906,600	818,400	(88,200)	-9.7%	663,600	(243,000)	-26.8%
	Hardy	147,800	132,800	(15,000)	-10.1%	115,200	(32,600)	-22.1%
	Ship Ch. Bridge	71,000	64,000	(7,000)	-9.9%	59,200	(11,800)	-16.6%
	Westpark	236,000	203,000	(33,000)	-14.0%	194,900	(41,100)	-17.4%
	Ft Bend Connector	20,700	19,200	(1,500)	-7.2%	19,200	(1,500)	-7.2%
		1,382,100	1,237,400	(144,700)	-10.5%	838,000	(330,000)	-23.9%

Source: Wilbur Smith Updated Transaction and Revenue Estimates – Harris County Toll System dated June 6, 2006

[25] Goldman/Loop Report

Changes in State of Texas Mobility Funding affecting Harris County

TxDOT potentially has a significant impact on the financial condition and abilities of HCTRA and the County with respect to mobility funding. TxDOT's recent letter to the County with respect to the development of a planned segment of the Grand Parkway and other projects indicates significant interest by TxDOT of having a financial stake in County toll roads.[26] Historically, TxDOT and HCTRA have worked collaboratively to improve mobility within Harris County. A recent example is the I-10 managed lanes project for which HCTRA committed $250 million for the development of improvements to I-10, of which HCTRA has paid $137.5 million as of June 1, 2006.

TxDOT has stated that an $86 billion fund gap remains between funding sources and the needs for mobility projects in Texas by 2030. TxDOT has developed four strategies to build transportation projects. These strategies are relevant to the County because a large percentage of the Texas economy and population lie within the County and the region. TxDOT's four strategies are:

1. New revenue tolls, including highway safety bonds, the Texas Mobility Fund, toll equity, and toll debt. TxDOT is also partnering with the private sector in the financing of transportation projects.

2. Regional Mobility Authorities (RMA) and pass-through toll financings, among other methods, to "partner" with local and regional leaders.

3. Comprehensive Development Agreements (CDA) to encourage competition among project contractors and thereby reduce costs.

4. Consumer-driven decisions to transportation.[27]

Innovative financing arrangements, including concession agreements and shadow tolling, are being seen at both state and federal levels as available tools to solve funding needs or increased mobility demands. As discussed in the JPMorgan/Popular and Goldman/Loop Reports, the current supply of capital and the level of investor interest in Public Private Partnerships ("P3"), and particularly in existing toll road assets, are considerable, though deployment of such capital remains subject to a number of terms and conditions. It has been estimated that the tax exempt market has generate $25 billion in 2005 for investment in toll roads. Both private and public financing should be viewed as available to support a project and should be contemplated in determining the least expensive cost of capital that gives the County the desired control profile.[28]

As P3 transactions become more commonplace, governmental entities, such as the County, using traditional tax-exempt financing will have to become more aggressive in leveraging their systems and in operating as efficiently as possible in order to compete with the economics of long-term concession agreements (i.e. relying upon increased tolling schedules, higher leverage ratios and increased efficiencies). This will include revisiting past decisions about the desired rating level of the system debt, considering issuance of longer maturity debt with lower coverage requirements, more generous additional bonds tests, becoming more aggressive in implementing toll increases and becoming more operationally efficient. This will require a balancing between toll revenue and toll road maximization because of the effects of toll elasticity and diversion.

[26] Letter from Mr. Gary Trietsch to Mr. Art Storey dated April 24, 2006
[27] The Texas Transportation Challenge, http://www.dot.state.tx.us/txdotnews/trans_challenges.pdf
[28] Bond Buyer June 12, 2006, Michael Stanton "The Hard Road to Tomorrow's Transportation Infrastructure"

Currently, either an asset sale or concession of all or part of the System involves legal hurdles and requires further legal analysis. Because the teams were primarily charged with valuing the System, the opportunity for public-private development of CIP projects was of secondary consideration. The Goldman/Loop report indicates that potential concessionaires are primarily interested in an existing facility with established cash flow, and may provide little additional compensation for a greenfield project.[29] We suggest that if the County or HCTRA would want to undertake a greenfield project with a private investor, then further exploration should be undertaken. Various greenfield projects involving concessions are under development or have been completed in the United States. Notable projects include SR-125 in San Diego and the recent contract for the development of the Pocahontas Parkway in Virginia.

The County and HCTRA find themselves in an enviable position. HCTRA enjoys strong cash flows, particularly as the economy within Harris County continues to grow. The value of the System can be realized in a number of different ways depending upon the desires and decisions the County makes with respect to tolling schedules, toll road utilization, continued development with respect to both System and non-System projects, and the financial risk profile that the County desires to accept in the future. The teams have defined a range of possibilities, but no specific recommendation can be made without Commissioners Court guidance on these core issues.

[29] Goldman/Loop Report

Required Disclosure:

The information in this report is based upon (i) the three separate studies conducted by Citigroup/Siebert Brandford Shank, JPMorgan/Popular Securities, and Goldman Sachs/Loop Capital, (ii) traffic and revenue forecasts prepared by Wilbur Smith Associates, (iii) legal analysis provide by Andrews Kurth LLP, Bates & Coleman, P.C., Fulbright & Jaworski L.L.P. and Greenberg Traurig, LLP, and (iv) information supplied by Harris County (the "County") and the Harris County Toll Road Authority ("HCTRA"). For a complete review of the work product of the individually referenced firms please see each firm's specific report attached to this report. Any management forecast supplied to us by the County reflects prevailing conditions and the County's views as of the date indicated or provided, all of which conditions and views are accordingly subject to change. This report is not a research report, and other parties should not rely upon this study or interpret this study as a recommendation to third parties to take action. Third parties are responsible for their own due diligence and investment decisions. This document may not be used in the offering or sale of any security or instrument.

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Harris County Toll Road Authority
Team A – County Owned & Operated

EXECUTIVE SUMMARY

Purpose of the Study

Harris County (the "County") has retained Citigroup Global Markets Inc. ("Citigroup") and Siebert Brandford Shank & Co., L.L.C. ("Siebert") to provide investment banking services for a comprehensive analysis of the existing Harris County Toll Road System (the "Authority" or "HCTRA" or the "System") and its future capital needs to determine how to continue to generate the greatest value to the County and its stakeholders. "Value," for the purposes of our report, encompasses the following characteristics of the System:

- Continue providing the System's users with the highest quality product in terms of service, maintenance and reasonable toll rates
- Preserving the ability to improve roadways through an ongoing connectivity program which allows for mobility improvements to and from existing and/or projected new tollways in and out of the County
- Maintaining a highly efficient capital structure that minimizes cost and maximizes flexibility
- Developing or maintaining a legal and political framework that allows the County sufficient control while also providing for additional benefits

The valuation analysis takes into account both the successful development of the existing System over the past 23 years along with the series of seven priority toll road projects (the "Pooled Projects")—totaling more than 800 miles—that the County expects to complete over the next 5-7 years. A key objective of this phase of the study is to identify the various options the County may consider in order to best position the Authority for the future and for the benefit of County residents, while continuing to maintain overall County ownership, operation and development flexibility.

Options Available to Maximize Value

Various options exist that the County may consider as it evaluates the future of the System. These options generally include: (i) gradually or immediately restructure the Authority's existing debt under a new stand-alone toll credit to release the lien on the County's property tax resources and the commitment to cover operations and maintenance expenses, (ii) reorganize the System into a different or modified legal operating structure, and (iii) adopt tolling strategies in the context of maximizing value to the users. Each of these is discussed further below:

Debt Restructuring. Given the risks associated with the start-up of the System in the late 1980 s, the addition of County property tax support to the overall security structure of the financings was a very prudent and cost-effective approach. However, given the tremendous success of the System and its continued maturation and expansion, the Authority and the County have the option of eliminating all at once or gradually eliminating the County's contingent property tax liability through modifications to the existing bond indentures. Legally, this would be accomplished through the refunding/defeasance of the outstanding senior and subordinate lien debt.

As discussed in detail in our full report, accomplishing this restructuring of $1.7 billion of debt all at once today would result in a present value cost to the Authority of approximately $102 million. A partial restructuring of roughly $1 billion of debt that eliminates the County's property tax liability over time would cost approximately $35 million in today's dollars. These dollar amounts reflect the fact that portions of the Authority's outstanding bonds are non-callable, non-advance refundable or provide little economic savings with a refinancing. However, the County receives the benefit of having its contingent property tax liability fully or partially eliminated today.

Benefits and Considerations of Restructuring Existing Debt	
Benefits	**Considerations**
1. Releases County contingent tax liabilities	1. Costs of refinancing and defeasance
2. Credit positive for County's G.O. rating	2. Unlikely to result in County G.O. upgrade immediately
3. Modernize bond indenture (net pledge, covenants)	3. Potential HCTRA credit rating impacts
4. Non-recourse project finance structure	
5. Re-shape existing debt profile (smoothing, 40-year)	
6. Gradual reduction would cost less than a total refinancing required for a concession/asset sale	

The decision to undertake either approach would require the County to weigh the costs of the restructuring versus the benefit received by reducing/eliminating its property tax credit exposure.

Legal Operating Structure. The operating strength of the existing System provides the County with the economic foundation to evaluate all ownership and operating structures at its disposal and to choose the structure that ultimately best serves the County and its citizens. While each of the legal structures discussed in detail in our full report have numerous advantages and disadvantages, the County should evaluate several key factors as it decides the future of the Authority. These key factors include:

- Local oversight/management of the Authority's implementation of programs and policies, such as toll setting
- Accountability to the public
- Ability and incentive to expand the System and advance mobility within the County and surrounding areas
- Flexibility in the timing of development and procurement of projects
- Financial and operating strength of the System
- Credit rating impacts to both the County and the Authority
- Financial assistance for additional non-tolled infrastructure initiatives

HCTRA's existing County enterprise fund structure has demonstrated remarkable financial and operational success and we believe this structure should continue to serve as the organizational building block for the future. While the other possible entities, such as a Regional Toll Authority (Chapter 366 of Texas Transportation Code) or Regional Mobility Authority (RMA) (Chapter 370 of Texas Transportation Code), would not be recommended in isolation, combining some of the features of an RMA, in particular, with the County's existing enterprise fund structure could provide significant value.

During the past 20 years, the Texas Legislature has added a number of new options and powers for financing toll projects. Since RMAs are intended to be utilized by counties or regions that lack existing toll authorities, HCTRA does not possess as many of the broad powers available to an RMA. The ability of an RMA to enter into Comprehensive Development Agreements (CDAs) and the latitude for expending excess revenues are clearly advantageous features that may also be useful to the Authority. With some potential statutory amendments to address those issues, the Authority should be able to merge the most beneficial features of an RMA into the County's current enterprise fund structure to ensure the advancement of the County's goals. Although the Authority may choose not to utilize any of these powers, these prospects could be useful to the Authority as it moves forward with its extensive capital improvement program.

Comparison of County Enterprise and HCTRA/RMA Hybrid	
County Enterprise	**HCTRA/RMA Hybrid**
+Lowest Cost of Capital	+Flexibility to utilize DB, DBO, DBOM, CDAs
+Full County Control	+No dilution of HCTRA Senior Lien
	+Increased flexibility for use of excess revenues
	+Preserves HCTRA debt capacity
-Utilizes HCTRA debt capacity for System expansion	-Obligates HCTRA for O&M support and additional pledges
-Less flexibility with surplus revenues	-Governor appoints RMA Chairperson (existing statute)
-No ability to utilize DB, DBO, DBOM, CDAs	-Slightly higher costs of capital due to lower rated RMA

HCTRA/RMA Hybrid. This proposed hybrid County structure would be comprised of the Authority as a County enterprise fund as it exists today plus the creation of a single or multi-county RMA that will serve as an extension of the Authority to develop and finance the Pooled Projects in the future. Since the RMA will be responsible for the financing of start-up toll projects, financial support as required will be provided by the HCTRA System as the "parent" organization on a quantified or capped basis.

For financing purposes, we assume that the RMA would separately issue its own bonds to fund the Pooled Projects and the structure would benefit from the financial support of HCTRA's system revenues on a contractual basis to support operations and maintenance costs. HCTRA's additional financial support, if required, would be limited to maintaining a minimum level of debt coverage either by ongoing cashflow support or an upfront capital contribution for construction costs in order to reduce the size of any bond offering, thereby improving revenue coverage for the RMA debt. These payments from HCTRA would be on a subordinate basis to all of HCTRA's outstanding bonds, essentially creating a third or fourth lien on HCTRA system revenues. The ability to limit HCTRA's financial obligations to the RMA would help preserve HCTRA's existing high-investment grade ratings and insulate the Authority from the construction, ramp-up and traffic risks associated with start-up toll road projects.

While numerous variations of this structure exist, the contractual payments or limited pledge from HCTRA provide an economical manner to leverage the strength of the current HCTRA System, while gaining the project delivery and funding flexibility options of an RMA. Since some of the Pooled Projects are not fully feasible on a stand-alone basis, the contractual obligation of HCTRA to fund operation and maintenance expenses and maintain a minimum level of debt service coverage on RMA-issued bonds, if required, will allow the RMA to effectively access the capital markets to provide funding for the Pooled Projects. Such a structured pledge would limit HCTRA's liability to the RMA and keep the credit ratings independent as well. We believe this structure could provide HCTRA with numerous benefits by: (i) allowing the County to maintain control of the RMA, (ii) allowing the County to indirectly utilize CDAs, and (iii) providing the County with greater flexibility and limiting the downside impact an expansion could have on the financial operations of the HCTRA System.

Summary of Financial Results. We analyzed the financial capacity of the System and the ability to fund all of the Pooled Projects assuming the current County enterprise structure and the Hybrid RMA structure. As summarized in the table below and based upon the assumptions as detailed in our full report, either structure can effectively accomplish the County's goals to sufficiently leverage the existing System to fund the Pooled Projects while maintaining significant debt capacity thereafter to fund future capital needs for additional System expansion.

Comparison of Financial Capacity			
County Enterprise		HCTRA/RMA Hybrid	
Pooled Project Funding:	$1,305,266,387	Pooled Project Funding:	$1,305,266,387
Additional Bonding Capacity:	$6,901,767,160	Additional Bonding Capacity:	$6,301,902,250
Total Financial Capacity (2007):	$8,207,033,547	Total Financial Capacity (2007):	$7,607,168,637

Note: Preliminary, subject to change. Subject to current market conditions

As the County evaluates its options, it must weigh the relative values of preserved bonding capacity, local ownership and control, independence, current toll rates and future toll increases, term of debt, treatment of excess revenues, and the overall impact to the County both politically and economically.

Tolling Strategies. An emerging trend in U.S. municipal toll facilities is for the controlling board to adopt a forward-looking toll policy. The forward-looking policy would establish a regime for a certain level of future toll increases and has the advantage of increasing the value, and bonding capacity, of the toll road today by the rating agencies having more confidence to take into account such toll increases when analyzing HCTRA's pro forma revenues. Because the forward-looking policy would be passed by the Commissioner's Court, and not become part of the bond indenture, HCTRA would retain flexibility to later amend the policy in response to future situations.

Enterprise Value

To assess the overall value of HCTRA as a complete enterprise, the System's bonding capacity and value of excess revenues should be analyzed. Using various assumptions fully detailed in our report, we analyzed HCTRA's value utilizing the three tolling scenarios generated by Wilbur Smith and Associates. As shown in the following table, we first included the $1.3 billion of net proceeds needed to finance the $1.4 billion of Pooled Projects (the construction fund earns an additional $100mm of interest). We then determined the additional net proceeds generated by issuing bonds that would reduce senior debt service coverage to 1.50x, a level consistent with an A1/A+ rated program. Finally, to provide a comparison to the asset and concession sales, we valued the excess cash flows generated by the System after first paying O&M, senior and subordinate debt service, and capital expenditures. We then took the present value of such cash flow at 6.50%. This method replicates how a private entity would value the excess cash flow to determine the equity value for a given return rate.

Harris County Toll Road Enterprise Valuation

	Base Case	Inflation Case	Optimized Case
Pooled Projects Funding[1]	$1,305,266,387	$1,305,266,387	$1,305,266,387
Additional 2007 Bonding Capacity[2]	3,232,477,439	6,901,767,160	9,527,526,816
Franchise Value to County (Years 1-50)[3]	2,906,677,456	5,267,643,425	6,853,947,208
Franchise Value to County (Years 51-75)[3]	736,656,519	2,034,538,219	2,931,192,243
Total Enterprise Value	**$8,181,077,800**	**$15,509,215,191**	**$20,617,932,654**

1 - Construction Fund Deposit necessary to fund the Pooled Projects
2 - Additional bonding capacity created by leveraging the System to 1.5x through one 40 year debt issuance (HCTRA Sr. Lien, A1/A+)
3 - Present value of excess revenues at 6.5% over the next 50-75 years (leveraged to 1.0x, similar to a subordinated equity position)

Note: Preliminary, subject to change. Subject to current market conditions

The Enterprise Value calculations shown above are largely dependant upon the debt term, the Franchise Valuation horizon and the revenue/tolling and expenditure assumptions utilized. Additionally, the allowance for a longer debt term/additional bond issue as well as a revenue forecast higher than WSA's Optimized Case would generate a greater present value to the County.

As shown in the results, because of the cash flow nature of toll road valuation, different rate assumptions have a significant impact on valuation and bonding capacity. HCTRA must continue take into account the impact of any rate increase within the context of a public policy perspective, looking at both the effect on users as well as the ability to finance and accelerate mobility projects.

Conclusion

From both the mobility and financial perspectives, the County owns and operates one of the most successful toll road networks in the country, in terms of traffic growth and quality of service. Due to steady population growth (1.85% compounded annually since 1990) and land migration, the County is faced with several challenges going forward in the Houston metropolitan area and the counties surrounding Harris County. To manage this high level of growth and continue to enhance mobility and support the County's economic development, the County must determine how to meet the region's transportation needs in a manner that maximizes value.

As demonstrated in the table above, the HCTRA System is one of the country's most valuable toll enterprises when taking into account the existing System and its future growth potential with an estimated value ranging from $8.1 billion to over $20.6 billion. Through efficiently meeting its capital needs over the next 5-7 years, the County has the opportunity to continue to prosper as the premier toll road authority in the Houston metropolitan and the adjoining county areas.

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JUNE 2006

HARRIS COUNTY TOLL ROAD AUTHORITY FINANCIAL ALTERNATIVES STUDY

Asset Sale / Asset Valuation

JPMorgan

POPULAR SECURITIES

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1. Executive Summary

J.P. Morgan Securities ("JPM") and Popular Securities ("PS") were tasked with researching and evaluating the potential sale of all or a portion of the Harris County Toll Road Authority's ("HCTRA") toll road assets. In this Report, JPM/PS provides a detailed analysis of the various implications thereof, including legal, public policy, and economic.

The following conclusions and recommendations are among the key findings detailed within our Report:

The HCTRA System

- There is a healthy US and global market for transportation infrastructure assets.
- HCTRA is one of the most highly regarded road networks in the nation.
- HCTRA has five major categories of assets
  - "Brownfield" or existing roadways
  - "Greenfield" or planned and approved but as yet unconstructed roadways
  - Improvements and real estate (generally along the roadways)
  - Franchising, licensing and naming rights related to the roadways
  - "Other" rights including the right to develop ferry service and other forms of mass transit with the HCTRA system
- HCTRA's asset base is not limited to Greenfield and Brownfield roadways but includes other assets such as real estate attendant to but not necessary for roadways purposes, franchise rights, licensing rights and other associated development rights. **This Report has not valued these assets.** However, they have intrinsic value and many could be considered and sold separately or included in the overall sale process thereby allowing the market to optimize their value.
- The Valuation analysis encompasses only the 83 miles of existing roadway, the recently completed WestPark Tollway and the in-progress IH-10 Managed Lanes.

Public Policy Considerations

- Harris County's (the "County") dynamic economy and the need for additional highway capacity creates a set of conditions that differs substantially from other U.S. toll road privatizations.
- Revenue maximization is not, and should not become, the sole objective of an asset sale. Rather, the goal should be the highest possible price for the assets you choose to sell given the level of control the County wishes to exercise over those assets and the level of risk it is willing to retain, post sale.
- Among the dynamics over which the County may wish to exercise some level of control are:
  - Toll increases
  - Equity returns
  - Financing and refinancing strategies and timing
  - Amount of leverage or debt on assets post-sale
  - Environmental impact
  - International bidder/buyer participation
  - Degree of diversion on to local roads
  - Operation and maintenance standards
  - Repair schedules and reserve funds
  - Law enforcement and emergency assistance

- The lowest values are associated with retaining the most control and higher values can be anticipated in scenarios where the County retains less control over the assets. JPM/PS terms this the "*Control/Value Continuum*".
- Addressing Grand Parkway development upfront allows the County to 1) potentially avoid an adverse non-compete agreement and/or payment to the private owner for the County's ability to develop or 2) recognize compensation for including development rights in the sale.

Legal Considerations

- The HCTRA system was constructed with an intricate mix of federal, State and local funding. As a consequence, the authority to maintain tolls, or impose tolls in the future, springs from the use of a portion of the sale proceeds for "qualified projects" as defined in Title 23 of the US Code.
- "Qualified Projects" includes such things as new roadway construction and reconstruction and resurfacing of existing roadways as well as any feasibility and engineering expenses related to either activity.
- Assuming a sale, the County is still responsible for ensuring the assets are properly maintained in the event the owner becomes insolvent or otherwise neglectful. This is typically addressed with a "Reversion" clause in a contract of sale.
- The Texas constitutional ban on any County maintaining an ownership interest in a corporation limits the County's and perhaps HCTRA's ability to sell a minority interest in the HCTRA assets (selling only a minority interest would allow the County to maintain a greater level of control than in a full sale scenario), JPMorgan has developed an alternative which has satisfied such legal prohibition in other successful government asset sales.
- An outright sale of HCTRA assets will require changes of law and government approvals
  - Federal Highway Administration ("FHWA"), Title 23 Qualified Projects
  - Chapter 284 of Texas Transportation Code

Sale Considerations

- The County has at least six options with respect to a "sale" of its toll road assets
  - Sale of the entire System ("Total Sale")
  - Sale of parts or segments of the System's assets ("Partial Sale")
  - Sale of a minority interest in the System ("Sale of a Minority Interest")
  - Trade Sale
  - Auction Sale
  - IPO
- The sale of one HCTRA asset might facilitate the construction or improvement of another HCTRA project or asset.
- The County must have ironclad contract provisions in any contract of sale.
- These contracts can provide the County with whatever degree of "control" it deems necessary or appropriate, and can also contain enforcement provisions and other safeguards to ensure that the County is adequately protected in the event that the "control" provisions and other affirmative obligations of the purchaser are not honored.

Implementation Considerations

- A successful sale requires:
  - Knowledge of the assets, bidders and investors;
  - Experience in conducting successful sales on behalf of government clients
  - Seamless execution
  - Understanding of the client's objectives
  - Ability to resolve public employee concerns and properly reconcile the public's "right to know" with the bidder's customary confidentiality and anonymity
- There is a direct correlation between the rate at which tolls are permitted to increase and the value realizable in a sale.
- The value of the assets is heavily dependent on the County's policy parameters and objectives for the sale process, the conduct of the sale process and in a trade sale, the bidders' commercial perspectives.
- Any successful sale of HCTRA assets would be the result of a fluid, dynamic process that embraces policy and value matters necessarily outside the scope of the Traffic & Revenue ("T&R") and Dr. Barton Smith's studies.

Study and Valuation Assumptions

- The Valuation Analysis encompasses only the 83 miles of existing roadway and the in-progress IH-10 Managed Lanes.
- JPM/PS, with input from the County, HCTRA, and its advisors, diligently developed a full set of assumptions concerning economic, traffic and revenue forecasts, operating projections, and population growth.
- The key drivers affecting the HCTRA valuation included forecasts of:
  1) Toll rates - provided by HCTRA's traffic consultant, Wilbur Smith Associates ("WSA") out to 2055 and trended with the same growth pattern beyond 2055
  2) Traffic growth - provided by WSA out to 2055 and trended with the same growth pattern beyond 2055
  3) Operating expenses - historical and current budgeted figures provided by HCTRA and trended forward with the assumed growth in inflation
  4) Capital expenses - renewal and replacement expense forecast provided for the next 30 years by HCTRA and trended after 30 years
- WSA provided three distinct toll revenue forecast scenarios:
  - **Scenario 1:** No Toll Increase throughout the Study period
  - **Scenario 2:** Inflation Linked Toll Increase - periodic toll increases to keep up with inflation
  - **Scenario 3:** Revenue Maximization: tolls are set to maximize annual toll revenue regardless of the forecasted traffic diversion created by the higher tolls
- Regional economic assumptions used by WSA were provided by Dr. Barton Smith's "Regional Economic Growth Study", which projects continued "dynamic" growth in the Houston/Harris County region.
- For each toll revenue scenario we assumed that the new HCTRA owner paid annual property taxes (assumed to be 3.0% of the initial purchase price) and ran separate scenarios assuming the new HCTRA owner was granted a full property tax abatement.

- Eventual bidders will likely 1) have divergent perspectives on any one or all of the assumptions enumerated, 2) prepare separate forecasts using other consultants and 3) may be prepared to base their bid on higher traffic forecasts. Provided this is solely at the risk of the bidder/investor (and this requires careful safeguards in sale agreements), this should not be a matter of concern to the County.

Realizing Value

- The range of valuations is dependent upon three significant variables
  - The degree of County control of the roadways following a sale
  - Future toll increases
  - Whether the new owners are required to pay real property taxes
- A highly competitive process conducted in current market conditions could yield more aggressive bids and higher proceeds for any particular policy settings.
- Actual proceeds will also be affected by:
  - County policy parameters
  - Management of the sale process
  - The market on the date of sale
  - Market's commercial appetite
  - Investor/buyer valuation methodologies

Financial Considerations

- JPM/PS used several valuation methodologies to assess HCTRA's economic value, including:
  1) Internal Rate of Return ("IRR") - most common technique used by active infrastructure equity investors
  2) Discounted Cash Flow ("DCF") - very common valuation technique in mergers and acquisition transactions
  3) Comparable entities or transactions - least relevant to HCTRA due to the difficulty of comparing toll roads worldwide due to differing tolling regimes, concession tenors and asset lives
- Debt financing and equity market parameters are the true drivers of valuation and therefore we believe IRR based valuation ranges to be more realistic than DCF valuation ranges.
  - Should market acceptance of lower debt service coverage ratios and/or the view that equity investors take regarding future toll road asset value change, we could realize valuations that are closer to the DCF results.
- For the IRR based valuation scenarios, we sized:
  - Specially tailored debt structures using market based metrics for both interest rates and credit margins.
  - Equity investment amounts linked to targeted IRR's
- The IRR based valuation results range from approximately $4 billion up to in excess of $10 billion, dependent on the toll revenue forecast used and the assumption of a property tax liability or full abatement. Accordingly, net value available to the County ranges between $2 and $8 billion after satisfying all debt.
- "Change in Use" Federal Tax Code provisions require HCTRA to defease tax-exempt debt associated with the assets. The cost of defeasance is approximately $2Bn.

- The most significant HCTRA value component is the Sam Houston toll road, which depending on the scenario, produces valuations ranging between $2.7 and $7.6 billion.
- Proceeds of up to $20 billion can be calculated on more optimistic commercial assumptions and increased public risk exposure, but we consider it imprudent for the County's decisions to be based on these higher estimates.
- We calculate valuation ranges for each scenario by modifying key valuation drivers. This creates a macro valuation range between $3 and $20 billion; **however the expected valuation range is between $7 and $14 billion, which, net of defeasance costs, produces $5 to $12 billion in net proceeds available to the County**.
- Each investor will have its own view on economic growth, parameters dictating future traffic and toll revenues, alternative time horizons and risk appetites, differing needs for cash yield vs. IRR, etc. JPM/PS has undertaken the valuations in this Report on a prudent, conservative basis. However, we would manage any sale process with a goal of aligning maximum proceeds to HCTRA consistent with its policy objectives.

Recommendation

Among the most important objectives of the JPM/PS Team is to avoid having a successful sale and a failed public policy. Accordingly, we have spent considerable time gaining an understanding of the County's short term and long term objectives. The result of that work is an analytical framework within which the County, together with its other advisors, can work through the many policy choices associated with a "sale" scenario. JPM/PS views this process, the Control/Value Assessment, as essential to the successful execution of any privatization mandate and will devote considerable time and resources to completing this exercise with County officials, HCTRA and County staff, First Southwest and the County's legal and other advisors if the decision is made to proceed. This work, however, is the starting point. Your advisor during any execution phase must be as invested as the Commissioners, staff and First Southwest to working through each scenario to ensure the best possible outcome for Harris County.

The JPM/PS Team recommends that the County proceed with a two step process. First, the County should concentrate on the Control/Value Assessment to identify the optimal conditions for sale and to determine more precisely what level of control it is willing to cede in order to derive value from the toll road system assets. The County would then be positioned to move forward with respect to the sale process that best suits its goals and objectives. We would be pleased to assist the County throughout this process.

Recent Developments in Privatizations

JPM/PS professionals monitor privatization activity that may affect the market and our clients. Outlined below in case study format are some recent developments concerning six relevant privatizations.

The purpose of this exercise is not to discredit privatizations, quite the contrary, JPM/PS believes privatization to be the most important new tool to assist governments as they attempt to meet growing needs with diminishing resources. The six case studies provide new insights into the dynamic field of global toll road privatization.

The predicate challenge for any successful privatization is to establish a transparent, objective, rules-based, fair process to value alternative proposals while ensuring public policy implementation and securing the highest possible value for the assets. The case studies provide important insights into how other governments have managed the process and what issues have emerged as a consequence. They are offered to assist Harris County officials as they deliberate about addressing the County's future transportation needs and how best to leverage HCTRA assets to meet those needs.

The six case studies concern:

1. Snowy Hydro Limited
2. Sydney Cross City Tunnel
3. Trans-Texas Corridor I-35
4. 407 Express Toll Route
5. Chicago Skyway
6. Indiana Toll Road

Case Study: Snowy Hydro Limited ("Snowy Hydro")

snowy hydro
renewable energy

Overview: Renewable energy company Snowy Hydro Limited owns and operates the 3,756 MW Snowy Mountains hydroelectric facility consisting of 7 power plants and 16 dams. Owners of Snowy Hydro, including the New South Wales Government (58%), the Australian Government (13%) and the Victoria Government (29%) had planned to put their shares up for sale in coming months.

Recent Developments: In early June, the Australian Government decided to withdraw its 13% shareholding from the sale in response to strong public opposition and "the need to safeguard the interests of all those dependent on Australia's iconic water resources", according to Prime Minister John Howard. Howard's decision prompted the project's other shareholders - the New South Wales and Victoria state governments - to cancel the sale of their shares.

Prime Minister John Howard responded to his decision not to sell the Australian Government's share by saying "News of the sale was met with fierce opposition from farmers, community groups and politicians who feared that new owners might divert water from the Snowy River."

Before canceling the sale the New South Wales, Victoria and Federal Governments decided to alter the terms of the proposed offering by limiting foreign ownership of the Snowy Hydro facility. Legislation was to be introduced limiting total foreign ownership to 35 percent, and limiting foreign individual or company interest to 15 percent. The Australian State governments had misjudged the public sensitivity to foreign ownership issues. This, coupled with the concerns about the Sydney Cross City Tunnel Project, forced a reversal in government policy.

Observations: Public education up front is necessary. As attributed in the comments by Prime Minister Howard, by not keeping the relevant parties informed and involved in the privatization process the government was forced to pull the sale of shares after millions of dollars were spent preparing for the sale. The lack of transparency and public information erodes confidence in a project and in privatization policies.

Case study: Sydney Cross City Tunnel ("SCCT")

Cross City Tunnel

Overview: In December 2002 CrossCity Motorway Ltd ("CCM"), a consortium consisting of Cheung Kong Infrastructure, DB Capital Partners, Bilfinger Berger and Baulderstone Hornibrook were awarded a 35 year concession for the construction and tolling of the SCCT. CCM paid A$97 million upfront to the Roads and Traffic Authority ("RTA").

The Government used a "no net cost to government" requirement and the size of the upfront payment as the two primary criteria for the tunnel bidding process. Greens MP and roads spokeswoman Lee Rhiannon confirmed that the Government failed to achieve it's objectives of relieving traffic congestion, improving public transport and making central Sydney a more pleasant domain. The primary objective of the tunnel and the way that it was tendered were in conflict with each other.

Recent Developments: Upon project completion traffic has been operating at approximately 1/3 of projected traffic levels despite a series of toll-free and half-toll periods. Significant road closures with minimal public outreach increased public resentment to the project and increased the notion of "funneling" traffic into the tunnel.

The high level of public outrage led to the appointment of the Audit Office of New South Wales to examine the awarding of the contract and the commissioning of the SCCT. The Auditor-General's Report criticized the practice of demanding upfront fees and using the size of the fee as a factor in determining the winning bidder. Recent Auditors' Report and journalistic articles concerning SCCT also highlight the hazards of maximizing upfront dollars vs. optimizing public policy, which in this case was to relieve traffic on competing roads. The Audit also revealed that in the instance of SCCT, the entire upfront payment will be absorbed once all claims are settled. "The upfront payment was legitimate and was an explicit part of the bidding process. It made it easier to compare bids, but risked pushing the tolls up."

On June 1, 2006 in the Sydney Morning Herald, Eric Roozendaal, the New South Wales Minister for Roads was quoted as saying that in the future the amount of the toll would be considered when evaluating the award of contracts. The following week New South Wales State Premier Morris Iemma surmounted to public pressure and announced he plans to undo 13 road restrictions that were enacted as part of the government's commitments to the concessionaire for the SCCT.

Observations: In evaluating bids on the basis of a large upfront payment, the Audit Office of New South Wales concluded,

> "The Government, Treasury and the RTA did not sufficiently consider the implications of an upfront payment involving more than simple project cost reimbursement (i.e. a 'Business Consideration Fee') ... No real thought was given to: foregoing the fee to reduce the toll charges on tunnel users, or how this amount was to be used (e.g. retained by the RTA for use on other roadworks or used by Treasury for allocation to other areas of government)."

Sticking to the original project requirements deemed essential to success is a critical factor to achieving long-run success. In the case of SCCT, maintaining direct toll-free alternative routes was a key initial principle, but was lost as the project developed according to the Audit Office of New South Wales.

Case Study: Trans-Texas Corridor I-35 ("TTC-35")

Trans-Texas CORRIDOR

Overview: The Trans-Texas Corridor is a proposed multi-use, statewide network of transportation routes in Texas that will incorporate existing and new highways, railways and utility right-of-ways. In December 2004, Cintra Zachry LP, consisting of Concesiones de Infraestructuras de Transporte, S.A. ("Cintra") and Zachry Construction Corporation was selected as the master developer for the TTC-35. In March 2005 the two parties signed a Comprehensive Development Agreement ("CDA") for the design and master plan of the 650 mile TTC-35 corridor from Oklahoma south to Mexico. No construction contracts have been awarded. Cintra Zachry has been negotiating a CDA for the first project, State Highway 130 Segments 5 & 6 ("SH130 5&6"), since signing the CDA for TTC-35 in 2005.

Recent Developments: In April a 4,000-page draft environmental impact statement for the Trans-Texas Corridor-35 was released along with a preferred corridor alternative narrowed from the original study area. This summer the Texas Department of Transportation ("TxDOT") is holding public hearings throughout the study area to receive public input on the projects.

On June 5, 2006 Texas Transportation Commission announced that an agreement in principle has been reached to sign a CDA for the development of SH130 5&6.

Observations: Large multinational firms with significant amounts of project equity and financing capacity have increased their activity in the US. There is a very healthy market for US toll road assets.

Case study: 407 Express Toll Route ("407 ETR")

407 ETR

Overview: 407 ETR runs 108 kilometers east and west just north of Toronto. 407 ETR opened for tolling in 1997 and quickly established a successful track record, achieving the Province's goals of providing mobility to a highly congested suburban area. In 1999 the Province of Ontario executed a 99 year lease with a consortium comprised of Cintra, SNC-Lavalin and Caisse de depot et placement du Quebec for C$3.1 billion. The proceeds were used for, among other things, tax cuts.

The concession agreement has provided significant opportunity for the consortium to generate significant returns to their equity and has been the source of much public dispute. In a news release by the Ministry of Transportation entitled "Government Fights to Better protect 407 ETR Drivers", the Ontario government indicates it has been fighting hard on its commitment to better protect the public interest under the contract, aggressively pursing a number of legal proceedings[1]. The Province:

- Challenged toll increases by 407 ETR without obtaining government approval
- Was pursuing arbitrations related to how toll rates are calculated
- Fought 407 ETR's attempt to compel the Registrar of Motor Vehicles to deny licence plates to individuals who 407 ETR claimed had unpaid tolls
- Challenged the amount of money owed to it by 407 ETR under the contract

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[1] Press Release: Ministry of Transportation. "Government Fights to Better Protect 407 ETR Drivers".

- And 407 ETR were engaged in a number of other legal proceedings to resolve issues related to the interpretation of the contract in the public interest.

The ruling court has consistently upheld the concession agreement as the ruling document for 407 ETR.

As indicated above, according to an article in Toll Road News, "the province has fought tenaciously against 407 ETR since the present populist regime of Dalton McGuinty came to power in early 2003 promising to roll back 407 tolls. In a statement today transport minister Harinder Takhar is quoted as "disappointed" by the toll rate hike, but for the first time he acknowledges the concessionaire's legal right to make the raise. More specifically, Minister Takhar is quoted as saying "It is unfortunate that the previous government agreed to a contract that does not give the province the ability to protect motorists by approving changes to toll rates." (Dec 20 CNW release)

The article goes on to say "[The minister] has previously charged the concessionaire as being in breach of contract by raising toll rates without prior government approval, and has pushed an apparently endless stream of law suits and appeals against rulings that the concessionaire is acting lawfully."

Recent Developments: On March 31, 2006, the province of Ontario and 407 ETR agreed to a settlement that is a better deal for drivers as announced by Minister of Transportation Harinder Takhar.[2] Minister Takhar comments, "Drivers told us they wanted better customer service and more accountability." The agreement includes:

- The introduction of a $40 million customer benefit program
- Savings for heavy-usage and heavy-vehicle drivers
- The addition of over 100 kilometers of new highway capacity by late 2007
- Settlement of all outstanding disputes between 407 ETR and the Province
- Appointment of an ombudsman to advocate on behalf of 407 ETR users

Observations: The recent 407 ETR settlement provides insight into the practice of maximizing upfront dollars vs. optimizing public policy. According to TollRoadsNews article entitled "Ontario gov dead wrong on 407 ETR toll setting", the provincial government of Ontario has no legal basis whatever for controlling toll rates on 407 ETR" and that "Indeed the contract so clearly assigns 407 ETR the right to set tolls and precludes governmental interference". Where the public was initially told, "tolls can only be adjusted by 2% per year, plus inflation for the first 15 years, and thereafter by inflation only", the reality is a province memorandum to bidders stated: "Provided that (the) concession co(mpany) can achieve peak traffic levels above the traffic threshold it will be permitted to set peak toll rates at any level without constraint."

The same article quotes politicians in opposition at the time expressing their concern with regard to largely unregulated tolling:

> (1) "They get to set toll rates at whatever level they want. They get to set the toll rates at whatever level they want. The public has no say, (the) consumer has no say. There isn't an independent body that would examine the increase..." (Joseph Cordiano, MP York South-Weston)
> (2) "This is going to be a private highway. We won't have any control. There is no control whatever..." (Mario Sergio MP, York West)

[2] Press Release. March 31, 2006 Ministry of Transportation "Province and 407 ETR Agree to Better Deal for Drivers".

The Province does have the ability renegotiate key terms every five years, but there is no obligation on the company to agree to any changes - or to restrain itself from demanding exorbitant compensation if it does.

Case study: Chicago Skyway ("Skyway")

CHICAGO SKYWAY

Overview: The Chicago Skyway was transferred on January 24, 2005 for $1.83 billion to the Skyway Concession Co. LLC(Cintra - 55%; & MIG- 45%) for 99 years. The Chicago Skyway is a 7.8 mile, six-lane, access-controlled, median-divided toll bridge that primarily serves as a means to travel to Indiana.

The Chicago Skyway had historically been considered an "albatross around the city's neck" according to Alderman Richard Mell (33rd) as quoted in the Chicago Sun-Times. Chicago defaulted on interest payments and faced eventual default on principal for the original debt sold for the Chicago Skyway in the 1950s. A refunding in the early 1990s helped to avoid default. Thus the privatization was viewed by many Chicagoans as a good deal since they were paid well for an underperforming asset and used the proceeds to pay for important City needs.

Upon commencing the lease, funding was achieved through a combination of sponsor equity and European bank financing. Initial equity contributions made by Cintra and MIG were $485 and $397 million, respectively. Within 6 months, the initial bank financing was refinanced with a $1.55 billion refinancing. Upon completion of the refinancing Cintra & MIG were able to reduce their equity stake in the transaction from $882 million to $509 million, to just 58% of the initial equity contribution (from 48% of the bid to 28%).

The City of Chicago used the $1.83 billion received from the lease to fund the following:

- $460 mil. - Defeased all outstanding Skyway-backed bonds
- $500 mil. - Set aside to create permanent reserve account
- $375 mil. - Used to create annuity to be used for various expenses
- $100 mil. - Used to finance various neighborhood projects
- $400 mil.(remaining balance) - Used to retire other debt

Observations: Shortly after the refinancing Project Finance Magazine commented that it had, "substantially increased the sponsors' ROI (return on investment) on the deal." Goldman Sachs JBWere investment adviser David Miller commented in The Canberra Times that, "it is an aggressive refinancing considering the free cash flow from the road was not covering its interest payments and the level of uncertainty over future traffic growth rates, given volumes are currently being impacted by road works."

Case study: Indiana Toll Road ("ITR")

Overview: The Indiana Toll Road ("ITR") is a primary 157 mile east-west traffic artery in northern Indiana connecting the Ohio Turnpike and Chicago Skyway. On January 23, 2006, ITR Concession Company LLC, on behalf of Statewide Mobility Partners LLC (Cintra - 50%; & MIG- 50%) was selected as the preferred bidder for a 75 year concession for $3.85 billion. Initial financing is provided by European banks and sponsor equity. Financial close is anticipated to take place in June 2006.

On February 1, the Indiana House of Representatives passed the "Jobs Bill of a Generation", the Major Moves transportation initiative (House Bill 1008) resulting in the largest infrastructure investment in state history. The revenue from the lease agreement will fully fund Indiana's 10-year transportation construction plan and eliminate the state's $2.8 billion transportation deficit. The United States Department of Transportation has projected that Major Moves could create as many as 130,000 jobs directly through the design, construction and maintenance of these roads, as well as indirectly through logistics, manufacturing, distribution, and other fields. Statewide Mobility Partners has also agreed to invest an additional $4 billion to upgrade the toll road over the 75 year term of the lease.

Recent Developments: Following announcement of a deal with Statewide Mobility Partners several amendments and public opposition has occurred. A major factor in generating the substantial upfront sale proceeds was the large initial increase in tolls. An amendment to the Major Moves initiative was the implementation of a toll freeze for residents of the seven counties surrounding the toll road at current levels for a defined time period, saving state residents that travel the road for personal use, money. An additional amendment offered by Senator Robert Meeks, R-LaGrange, changed the way monies provided to the toll road counties is distributed.

As a consequence, Governor Daniels secured approval of the transaction by just one vote in the State Senate. His approval rating fell to 37% according to the Indianapolis Star.

Pending litigation can thwart the closing of the ITR transaction as the consortium can pull out of the deal if litigation is pending when the deal is scheduled to close on June 30th. Opponents of the plan to lease ITR are currently appealing a May 26 decision by the court to post a $1.9 billion bond to move ahead with their lawsuit. Oral arguments before the Supreme Court are scheduled for Tuesday, June 13th.

Observations: John Foote, a senior fellow at Harvard's Kennedy School of Government, has praised the ITR transaction for being more in the public interest than the Chicago Skyway, "first, all of the sale proceeds will be reinvested by the state to improve its transportation infrastructure," he said. "True, these new roads will be paid for, in effect, by the people who use the Indiana Toll Road, but these users as well as the taxpayers should benefit from an enhanced statewide transportation system."

Additionally, Governor Daniels provided his insights on the public policy goal of paying for additional long-term public assets with the lease of ITR:

> "In government it is a mistake -- a misdeed, even -- to take value from a capital asset and use it for short-term operating purposes ... thanks to this deal, we will be able to quadruple the amount of state money devoted to new road construction projects over the next decade."

Governor Daniels provided some important observations for those considering roadway privatization in a New York Times OpEd published on May 27, 2006. the Governor wrote in part:

> "As governor, I should have done much more than I did to walk Indiana through, in advance, both the business case and the realities of today's global economic competition."

Conclusions

Important takeaways from these cases studies lead to the following conclusions:

- Take relevant constituencies opinions into account from the beginning
- Keep constituencies informed of objectives and uses of proceeds
- Stick to original public policy objectives

- Don't be solely focused on money
- Use proceeds to generate long-term benefits of area
- Care is needed with "non-compete" clauses, these can create public concern after the event and be hard to reverse

Taking into account these key points will contribute to a sale process that achieves the objectives of all parties involved and bidders will recognize this and place greater value on the assets.

Goldman Sachs

Concession Agreement

Loop Capital

Harris County Toll Road Authority

HCTRA
Harris County Toll Road Authority

June 13, 2006

1. Executive Summary, Options, and Methodology of Valuation

a) Executive Summary
   i.) Purpose of the Track
      (1) Team background
      (2) Disclosures
   ii.) Scope/limitations of study
   iii.) Defining County Goals
      (1) Risk aversion
      (2) Continued Interest?
   (3) Operational
      (a) Governmental Function
         (i) Mobility
         (ii) Emergency
         (iii) Human Resources
   (4) Mobility/Connectivity
      (i) Connectivity
      (ii) Pooled Projects

i.) PURPOSE OF TRACK

The purpose of our portion of the study is to examine the economic, public policy and other implications of pursuing a concession agreement on all or a portion of the HCTRA system and/or on some portion of major planned projects.

(1) TEAM BACKGROUND

Goldman, Sachs & Co.

Goldman Sachs and Loop Capital have provided HCTRA a very experienced and capable advising team. Goldman Sachs' day-to-day contact for this engagement is ***Greg Carey***, Managing Director and Head of the Municipal Finance and Infrastructure Groups' Transportation Group. Greg brings with him in-depth knowledge of the Harris County Toll Road Authority having served on a multitude of HCTRA financings. Greg also has extensive experience with other Texas transportation issuers through his work as senior manager to the Central Texas Turnpike Project and numerous North Texas Tollway Authority financings. In addition, he has specific private transportation facilities evaluation and advising experience through his work on SR 125 in California, Las Vegas Monorail, TxDOT's CDA Program, Highway 407 in Toronto, and representing the Chicago Skyway winning concessionaire - Cintra Macquarie Consortium.

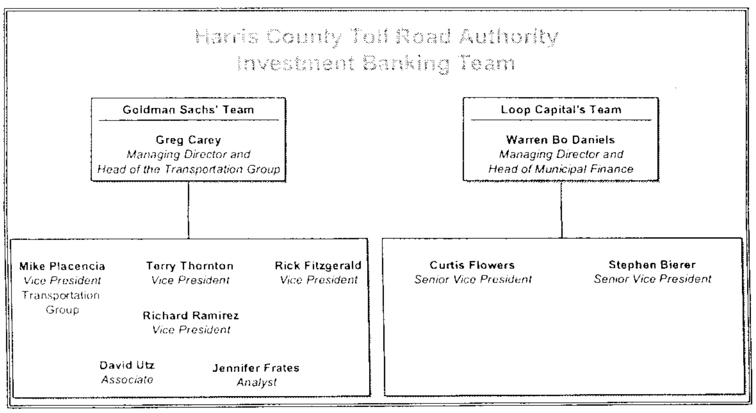
In addition to Greg, the Goldman Sachs team is supported by an experienced and committed team of finance and advisory professionals. ***Mike Placencia***, Vice President and member of the Transportation Group, has extensive experience providing quantitative, execution and financial modeling for major municipal and transportation issuers. He is also a lead in TxDOT's CDA Program. ***Rick Fitzgerald***, Vice President, provides regional coverage and oversight to the assignment and brings a familiarity with HCTRA from over 10 years of covering the Authority. ***Richard Ramirez***, Vice President, also provides regional coverage. ***Terry Thornton***, Vice President, provides general regional coverage to the Authority and other accounts in the County and State of Texas. ***David Utz***, Associate, worked on the Chicago Skyway concession sale as well as numerous other potential concession opportunities. David, along with ***Jennifer Frates***, Analyst, provide day-to-day support for the assignment.

Loop Capital

Loop Capital's Team consists of senior bankers familiar with the Authority as well. ***Bo Daniels*** has significant experience with privatizations, having worked on the landmark Chicago Skyway privatization while at Goldman Sachs, then at Loop Capital. He has over 17 years of experience in Municipal Finance and has structured numerous transactions for transportation issuers nationwide.

Curtis Flowers, is head of the Southwest Region for Loop Capital and is the primary coverage person for the County and worked on several County financings. He also provides regional coverage for issuers in the State of Texas.

Stephen Bierer, provides analytical support and technical services to the Loop team.



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(2) Disclosures

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For the purposes of the valuation analyses contained herein, we have relied without independent verification upon the accuracy and completeness of all of the financial, accounting and other information reviewed by us, and have assumed such accuracy and completeness for such purposes. You understand that we have used information provided to us with respect to traffic, capital expenditures, and other information referenced herein. With respect to the traffic and revenue forecasts, we have assumed that they have been reasonably prepared by Wilbur Smith on bases reflecting the best currently available estimates and good faith judgments of the future financial performance. In addition, we have not performed any due diligence on HCTRA.

Methodologies other than those used herein could be employed in coming to a range of values and such methodologies could produce different results.

We point out that any valuation analysis necessarily depends upon conditions as they exist and can be discerned at a particular time and any views on value involve numerous assumptions and uncertainties, many of which cannot be verified or ascertained. Our views herein are based only on economic, market and other conditions as they exist and can be evaluated by us on the date hereof. We do not have any obligation to update, revise or reaffirm the views set forth in this presentation.

It is understood that we are not experts in law, taxation or accounting and therefore express no view as to the legal, tax or accounting treatment with respect to any of the matters set forth herein, nor are we providing any assurance as to the adequacy or appropriateness of our views, the methodologies employed hereunder (including the underlying assumptions), or our procedures for your purposes.

ii.) SCOPE/LIMITATIONS OF STUDY

While the scope of this study covers broad economic impact and connectivity type questions with respect to the long-term plans for this large toll road system, we are limited by the following items:

Data available – The quality of our outputs regarding the valuation of existing and potential new projects is only as good as the detail of the inputs, including: a) detail of traffic and revenue growth, b) breakout of operating and maintenance expenses, c) projected major and maintenance capital expenditure.

Role of Goldman Sachs and Loop Capital – We are not traffic consultants, economic research firms, law firms, or urban planning/civil engineering firms, and as such, rely on the accuracy of information provided by such entities.

iii.) DEFINING COUNTY GOALS

There are many considerations and objectives to balance when defining the County's goals to best serve its constituencies.

(1) Risk Aversion

While we can not assess the County's views towards risk, it is helpful to discuss the risks and risk transfers available with a concession agreement. Provided below are several major risks and their potential mitigants. This list is certainly not exhaustive but merely indicative.

Risks and mitigants of pursuing a concession:

Risk: Value of potential bids are less than desired outcome.
Mitigant: County rejects such bids and considers additional leverage or operating status quo.

Risk: Concern of transferring operating control to another party.
Mitigant: Tightly constructed concession agreement allows the public entity to retain oversight or even control.

Risk: Congestion grows in the corridor such that additional lanes or exits are necessary in order to best facilitate the traffic.
Mitigant: The County can build in predefined volume triggers that force the potential Concessionaire to undertake expansionary projects.

Risk: Traffic volume proves to be more robust than anticipated implying value was left on the table.
Mitigant: The County could retain a predetermined percentage of the operations.

Additionally, there are other risks, as indicated below, that are potentially best retained by the County and some that are best allocated to a concessionaire through a concession agreement. Through our experiences with Chicago, Indiana, and other assignments, the term best used is to indicate potential best "value" for the assumption of the relevant risk. It is by no means meant to be the appropriate policy choice for the County.

Infrastructure risks can be allocated through a Public-Private Partnership.

Risk	Category	Best Allocation: County	Best Allocation: Private Operator
Construction	■ Cost Overruns/Delays		✓
Traffic and Revenue	■ Predictable		✓
Operating	■ Operating Expenses		✓
	■ Capital Expenses		✓
	■ Availability		✓
Force Majeure	■ Terrorism/Earthquakes	✓	
	■ Fire/Flooding/Hurricanes		✓
Legal/Regulatory	■ Interpretation		✓
	■ Framework Change	✓	
Environmental	■ Pre-Existing Conditions	✓	
	■ During Concession		✓

(2) Continued Interest

Continued interest can be broken into three key categories:

(a) Ability to maintain an active role in the oversight of the HCTRA system – This clearly can be retained within a concession strategy by mandating that the concessionaire provide quarterly traffic and revenue updates as well as an annual audit. This mechanism enables the County to monitor the performance of the roads under the direction of the concessionaire, with predefined measures to enable the County to regain control of the asset should such measures be violated.

(b) Ability to retain a financial interest in the performance of the HCTRA system included in any potential concession agreement – A strategy that could be employed here is the ability of the County to retain a predefined percentage of the ongoing operating revenue. For example, the County could dictate through the concession agreement that the concessionaire is to transfer 20-50% of the operating revenue every year. This both a) provides an ongoing financial interest for the County in the operation of the roads, and b) creates an ongoing annuity stream that could be used for infrastructure or other needs in addition to any potential up-front payment. The potential drawback to this strategy is that this will correspondingly reduce any potential concessionaire's bid.

(c) County could retain O&M of the system – This would be a mitigant to value as concessionaires want to control operations.

(3) Operational

(a) Governmental Function – There can still clearly be an ongoing governmental function with any concession strategy. The overall involvement depends upon the underlying goals of the County (i.e., maximize up-front proceeds today through a concession, maximize government control through retained ownership, or just leveraging the existing system and operating status quo). An additional governmental function could be the implementation of the existing capital improvement plan. For example, HCTRA could execute a concession on the existing system and use some portion of those proceeds to execute and fund some of the larger projects. Once complete, HCTRA could then consider a concession on such a new asset to fund the development of further additional roads.

(i) Mobility – If the County's goal is to maximize mobility, then a concession is a unique opportunity to do so. By transferring revenue and potentially operating risk to a third party for an up-front payment, the County has the benefit of its existing system being potentially run by a private operator that is directly incentivised to maintain high traffic volumes; and has an additional source of funds to augment other transportation needs. This could conceivably expedite existing planned projects.

(ii) Emergency – Regardless of whether HCTRA elects to pursue a concession or not, the emergency service provided by local fire fighters and police department would remain intact. From a public policy and safety perspective this would remain unchanged. Both in the Chicago Skyway 99-year concession deal as well as the Indiana Toll Road 75-year concession deal, there is a mechanism built in for such services to be paid for by the concessionaire but delivered by the existing public entity.

(iii) Human Resources – The primary issues or concerns relating to staffing are two-fold; first, an element of operating efficiency, and second maintaining employment opportunities for those individuals currently employed by HCTRA.

Regarding the first concern, it would be helpful for HCTRA to evaluate its current staffing levels and corresponding operating costs associated with salaries and wages. Then HCTRA could consider adjusting staffing levels as appropriate to avoid unneeded overhead to improve profitably prior to a potential concession. While any potential public or private entity will make its own assumptions regarding the appropriate staffing levels, creating any such operating efficiencies in advance of pursuing a concession process would be advantageous.

Regarding continued employment opportunities, HCTRA has a few options that we could analyze:

- ***Full mandate to hire current employees*** – HCTRA could require that the employees would be part of the new concession company. This would be less attractive to the concession company, and may limit the number of potential bidders.
- There is also the possibility of HCTRA ***operating and maintaining*** the facilities.
- ***Limited mandate to hire employees*** – HCTRA would mandate that any potential public or private party interview current HCTRA employees to grant them a fair opportunity to retain their current positions; however, the concessionaire would not be mandated to hire them. A similar process was used with the Chicago Skyway concession lease transaction and proved to be successful in maintaining the proper public policy objectives.

(4) Mobility/Connectivity

The overall mobility/connectivity of the HCTRA system is an underlying and important goal.

(a) **Connectivity** – Simply put, the County should strive to deliver the most timely and economic method for connecting its roadway system to facilitate its transportation needs. A concession strategy could provide funds to accelerate the existing pooled projects. One of the motivations in the Indiana Toll Road concession was a desire to fund a $2.8 billion capital plan to improve connectivity.

(b) **Pooled Projects** – Our current understanding is that HCTRA has approximately $1.3 billion of potential projects above and beyond the soon to be completed Westpark and IH-10 including:

- Beltway 8 East
- Brazoria Toll Road - SH 288
- Grand Parkway - Segment E
- Hardy Toll Road Extension
- Hempstead Toll Road (US 290)
- Ft. Bend Parkway Phase II
- Fairmont Parkway/Red Bluff Road

The sooner these projects can be completed, the more connectivity the HCTRA system can offer. Therefore utilizing alternative financing mechanisms such as a concession on the existing system and/or a potential greenfield concession on some of the above mentioned projects should help to expedite this public policy objective.

b) Options available to accomplish County goals
  i.) Full System Concession
  ii.) Partial System Concession
    (1) Existing elements
      (a) All
      (b) Part
    (2) Future System Expansion
      (a) In Process
        (i) West Park Connector
        (ii) I-10
        (iii) Near Term CIP
  iii.) Range of Concession Agreements
    (1) Short-term Agreements (0 to 25 Years)
    (2) Extended Agreements
      (a) Greater than 25 but less than 50
      (b) 50 Year
      (c) 75 Year
      (d) 99 Year
  iv.) Type of Concession
    (1) Operating Agreement with potential County interest
    (2) Full Concession with no future interest

It is important to note that there are many political, legal (such as Section 284 potential limitation on term), and public policy issues that will have a great deal of influence on the viability and benefits of a potential concession. Additionally, it is important to consider local/state issues such as the relationship with TxDOT. Legal and tax advisors, as well as other consultants will need to be involved to determine the appropriate mechanisms to accomplish any permutation of a concession outlined below.

i.) FULL SYSTEM CONCESSION

We understand the full system concession to include the existing system, those in process and the seven major proposed projects previously mentioned.

The existing system:

(a) The Hardy Toll Road

(b) Sam Houston Tollway

(c) Houston Ship Channel Bridge

Recently finished/still in process:

(a) Westpark Tollway (extension opened 6/8/2005)

(b) Fort Bend Connection

(c) IH-10 West Toll Lanes

Major Proposed Projects:

(a) Beltway 8 East

(b) Brazoria Toll Road - SH 288

(c) Grand Parkway - Segment E

(d) Hardy Toll Road Extension

(e) Hempstead Toll Road (US 290)

(f) Ft. Bend Parkway Phase II (Secondary Project)

(g) Fairmont Pkwy/Red Bluff Road (Secondary Project)

While it may be worth contemplating a potential concession of all of the above mentioned components of the system, we would not recommend such a strategy to occur at once. Including all of the proposed projects into one concession approach would provide too many uncertainties and would make it too difficult to assess the relative value being provided for each component.

To the extent a concession approach is pursued, a staggered approach would likely work best, beginning with the existing system (including Westpark and IH-10).

It is our view that the County could not receive fair value for the system if it were to pursue a full system concession for the following reasons:

- It would take a large consortium with a variety of equity partners to pursue a transaction which could be in excess of $10 billion, thus eliminating some of the inherent competition.
- Asking bidders to value Greenfield projects that have imbedded risk with *unproven* cash flows potentially marginalizes the premium to be paid on the *proven* components of the existing system.

ii.) PARTIAL SYSTEM CONCESSION

(1) EXISTING ELEMENTS

(a) All – We believe a concession on the existing elements is a way to raise sufficient funds to retire the existing debt (approximately $2 billion) *and* to accelerate funding and construction of the major proposed primary and secondary projects. This would provide significant operational efficiencies to ensure aggressive bids.

(b) Part – To the extent HCTRA wishes to retain complete operational control over a portion of the existing system, it could, for example, keep Sam Houston and do a concession of the remaining existing system. Depending on the success of this first concession transaction, they could then contemplate a concession on the remaining components of the existing system. This strategy would be helpful in creating a series of transactions with a range in size that could keep bidding parties interested. However, the more transactions, the more time, cost and energy the county and bidding concessionaires will have to devote.

(2) FUTURE SYSTEM EXPANSION

(a) In Process

(i) Westpark Connector – It is our understanding that a majority of the Westpark toll road was completed in June 2005, and any additional work should be completed shortly. Thus, including Westpark in any potential concession is worth considering as the majority of the construction risk has already been absorbed by HCTRA thus mitigating some of those risks that would be factored into a potential concessionaires' models.

(ii) IH-10 – As this project is still being funded and has a lawsuit currently outstanding, we do not think it would be the best concession candidate. Once the lawsuit is settled, and the project is further complete, we would recommend reconsidering it.

(iii) Near Term CIP – HCTRA could consider doing one or several of the larger proposed projects (possibly Beltway 8 East or Brazoria Toll Road) as greenfield concession projects, but attempting to do them all at one time would not be effective. Even if these $200+ million projects are to be considered for concession based strategies, we would recommend staggering such a process to occur after an initial concession on the existing facility. The more elements of uncertainty involved in the bid process (i.e., construction risk, etc.) the higher the difficulty in achieving quality bids with a system the size of HCTRA. We would also recommend mentioning the possibility of future greenfield concessions and estimated sizes during the initial concession process to stimulate the appropriate dialogue with potential bidders, but would prefer to keep them focused on the existing system for the first bid process. more robust traffic studies would also need to be completed on these projects.

iii.) RANGE OF CONCESSION AGREEMENTS

The key with respect to concession term is to balance public policy goals, while trying to transfer tax ownership to allow for maximum depreciation flexibility.

(1) Short-Term Agreements (0-25 years)

Such a concession term is unlikely to allow maximum flexibility for the concessionaire regarding depreciation/amortization of the original purchase price. For this to occur, the concession term must exceed the useful life of the underlying asset. This short-term approach is not useful if the goal is to maximize potential value from a given asset but may be useful if it accomplishes a policy objective of the County. This may be helpful if the key goal is to return a road to a free road as quick as possible.

(2) Extended Agreements

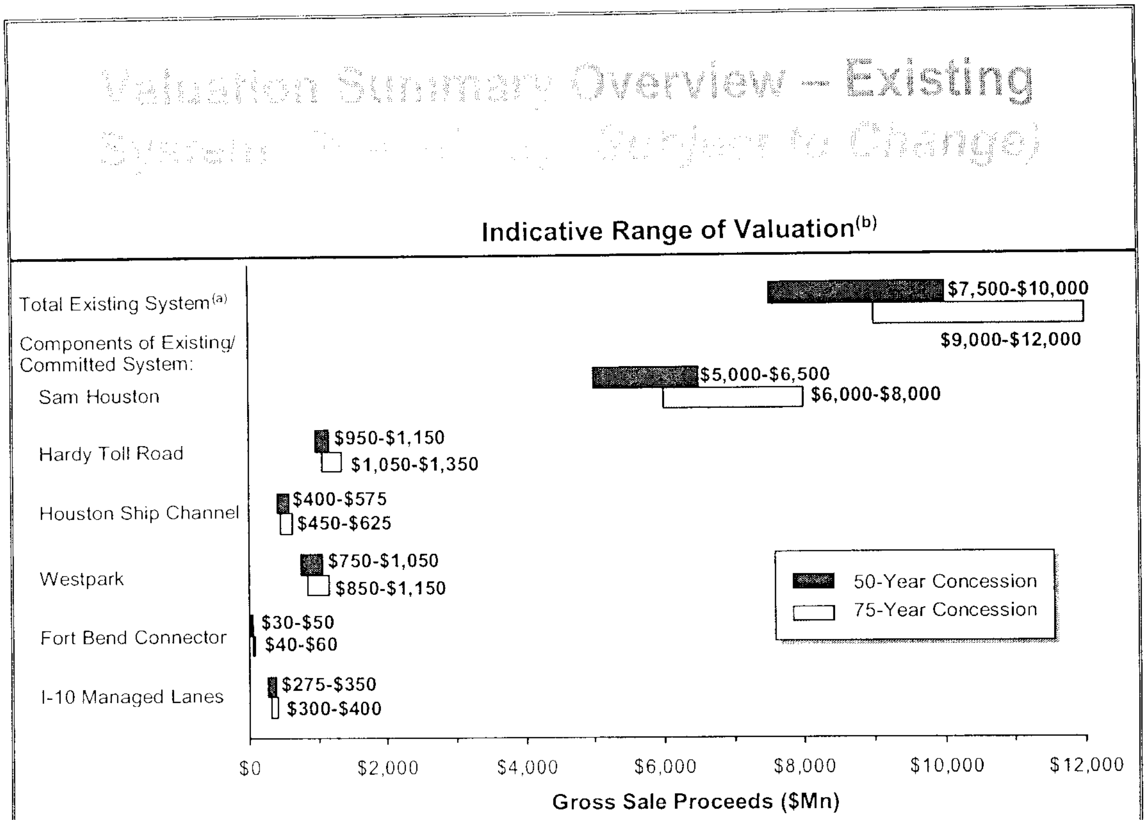
(a) Greater than 25 but less than 50 years – The same comments apply here as stated above in (1). This approach may be useful as a strategy to get a new project completed and returned to being a free road as soon as possible but is not a strategy for maximizing potential up-front proceeds. This is unlikely to provide the desired tax ownership concessionaires desire to maximize value.

(b) 50 Year – A concession term of 50 years has the potential to grant a concessionaire the ability to amortize/depreciate the purchase price as if they are the owner for tax purposes (assuming 50 years is greater than the useful life of the asset). This in and of itself can add significant value to a potential bid based on this tax benefit.

(c) 75 Year – A concession of this length should, in many circumstances, exceed the useful life of the given asset allowing for tax ownership treatment. Additionally, a concession of this length gives the concessionaire more flexibility in terms of a potential financing package with longer term debt and the ability to refinance such debt at some point in the future. Adding this level of flexibility can add significant value to the potential bids in addition to the value of the additional 25 years of cash flow vs. a 50 year concession. This was the selected term of the recent $3.85 billion Indiana Toll Road transaction (still in process). There could be as much as 15-25% additional bid value by going from 50 to 75 years. Recent feedback is that concessionaires are most interested in 75-99 year type deals.

(d) 99 Year – This carries all of the benefits of the 75-Year concession with additional flexibility in terms of debt repayment. This would give bond insurers and rating agencies the maximum comfort that any potential debt raised to fund a concessionaire's bid will have time to be restructured in a way that it is repaid prior to the final maturity. This was the selected term of the recent $1.83 billion Chicago Skyway transaction. This may add as much as 10-15% more value than 75 years.

As is discussed later in Question 7 of our report, we have focused on 50-75 year concession terms to assist the County in understanding the potential value. While there are a wide variety of assumptions that could influence the value, a range of $7.5-12.0 billion is potentially achievable. Below is a summary that is discussed in greater detail in Question 7.



(a) Includes Sam Houston, Hardy Toll Road, Westpark, Fort Bend Extension, I-10 Managed Lanes, Ship Channel.
(b) Full valuation ranges are provided at the end of this Question.

iv.) TYPE OF CONCESSION

(1) Operating Agreement with Potentinal County Interest

This could be accomplished in at least in two key ways:

(a) Operating Agreement with County Still Operating the Asset – While the concessionaire would still benefit from the cash flows of the asset during the term of the concession, they may not be as interested in having the County operate the facility day-to-day. This could have the effect of a) potentially costing the County millions in a reduced up-front payment, and b) disincentivizing certain bidders from participating. However, given the sheer strength of the System's cash flow, we believe bidders will still show up in this case.

(b) Operating Agreement with the Concessionaire Whereby the County Retains Percentage Interest – This strategy is one the County could pursue to maintain an ongoing interest in any financial upside, but would directly reduce any potential bids by concessionaires. Thus, there is an implicit tradeoff that would need to be considered. One strategy to deal with this potential interest would be to have this as one category on a bid form, i.e., what would your bid be to operate the asset and have the benefit of the cash flows outright, versus what would your bid be if the County were to receive 20% of the ongoing operating revenue of the asset? This is just one example of how the County could potentially assess the perceived value tradeoff. The County could also elect to cap a concessionaire's upside by predefining maximum profitability with any excess profits flowing back to the County.

(2) Full Concession with No Future Interest

This is the most common approach, which enables the concessionaire to operate the asset(s) for a predefined period of time but based upon set operating standards. This approach makes the most sense if the goal of the County is to maximize up-front proceeds from a potential concession transaction. The trade-off is that the County would not retain any of the operating cash flows until the end of the concession.

c) Methodology of Valuation
  i.) Component approach
  ii.) System Approach
  iii.) Impact on the County
    (1) Mobility
      (a) Primary Systems
      (b) Secondary (Relief to adjacent alternatives)
    (2) Economic
      (a) Time Savings
      (b) Business Impact
        (i) Local
        (ii) Regional
        (iii) National
      (c) Impact on other Community Assets
        (i) ability to move traffic from the port without the system
        (ii) Intercontinental Airport
        (iii) Metro (Westpark buses)
      (d) Land Development (2 mile Radius)

i.) COMPONENT APPROACH

In terms of the methodology for valuation, we used both a discounted cash flow (DCF) analysis as well as a capital structure model to assess values based on certain ranges of desired internal rates of return (IRRs).

We present some indicative results in the valuation Question 7. With respect to potential concessionaires, there is some risk in a component approach of the existing system because there could be perceived less strategic value in owning one small component if another party could potentially own an adjoining road. This could still be achieved by the County but would require the county to be extremely thoughtful regarding the split of the existing system into major components (i.e., Sam Houston and Hardy).

Another point of consideration with respect to a component approach is the time and resources that would be required from HCTRA to undergo such a process. Each concession is labor intensive and document intensive and therefore must be factored into consideration of a component approach.

A component approach that could work would be a concession on the existing system as the first stage and then contemplating doing some of the large CIP projects as later stages, either as greenfield projects or after they are operational. This strategy is likely to maximize value by removing some of the inherent risks associated with greenfield projects.

ii.) SYSTEM APPROACH

We used the same methodology for valuing the existing system as a whole as mentioned at the beginning of the component approach. We look at the system as being the existing facilities in operation excluding the large CIP projects being contemplated, which were looked at separately.

iii.) IMPACT ON THE COUNTY

(1) Mobility

(a) Primary Systems – Regardless of whether or not the County elects to pursue a concession on the primary HCTRA system, the mobility of the County based on the primary system should be similar. That is, whether the County operates the system or a private concessionaire operates the system, there should be no significant implications on the functioning of the system (barring increased operational efficacy incentives under a concession approach). To the extent a concession on the primary system enables projects on the secondary system to be implemented sooner, the mobility on the primary system could also be improved.

(b) Secondary – Executing a concession agreement on the primary/existing facility will certainly have positive impact on the mobility of the secondary system. This would be due to the benefit of additional proceeds, which could accelerate new projects contemplated by the County. The sooner those projects are underway, the less congestion there could be on the secondary system.

(1) Economic

(a) Time Savings – To the extent a concession process enables the County to accelerate the funding of certain capital improvement projects, such enhancements should save the traveling public time. Other enhancements that could save travelers time is a further emphasis on economic incentives such as getting more users to utilize the automatic vehicle identification ("AVI") program that allows motorists non-stop passage by using a transponder. Private concessionaires are incentivised and therefore typically quick at implementing/enhancing such electronic tolling systems. As such, this could potentially create additional time savings for commuters.

We defer the broader/more detailed time savings implications to traffic and economic consultants. While such benefits may result from a concession, including such implications into a quantitative valuation is difficult; however, such rationale is beneficial when contemplating ranges by providing a qualitative basis for achieving higher values.

(b) Business Impact

(i) Local – It is extremely difficult to measure the impact on valuation based on local businesses from pursuing a concession, but we would estimate that increased speed of delivery of potential capital improvement projects would have a positive impact on local businesses. It is also important to consider oil prices, general economic growth and competing roads but is difficult to quantify the impact.

(ii) Regional – To the extent that a concession on the existing system helps to facilitate speed of delivery of potential capital improvement projects, then improved connectivity within the region should also drive positive impacts on regional businesses. There is no clear way to measure the dollar value impact of such items. We would defer to a feasibility consultant to adequately answer such questions.

(iii) National – Improved connectivity in the HCTRA tollroad system can potentially lead to positive national economic impact. We would defer to a feasibility consultant to assess such implications.

(c) Impact on other Community Assets

(i) Ability to move traffic from the port without the system – As the system would not go away under a concession agreement, this would not appear to be an issue. Transfer of operations of the asset should not hinder or impair such traffic from the port.

(ii) Intercontinental Airport – Transportation to and from IAH should only be enhanced by accelerating potential capital improvement projects from the proceeds of a concession. More detailed analysis in this regard should be conducted by a feasibility consultant.

(iii) Metro (Westpark buses) – As the transportation system continues to evolve and improve, there could be improved transportation speed and efficiency of the bus system, asking it more appealing to more riders. More detailed analysis in this regard should be conducted by a feasibility consultant.

(d) Land Development (2 mile radius) – As the transportation system continues to get bigger and better, additional development is likely to occur. A concession could potentially accelerate such development, but this is not something we would be able to adequately assess. More detailed analysis in this regard should be conducted by a feasibility consultant.

d) Parties and responsibilities

As investment banking firms, we view our principal responsibilities as assessing the potential value to the County of executing concession transactions.

There are law firms involved with the responsibility of addressing legal and tax related issues.

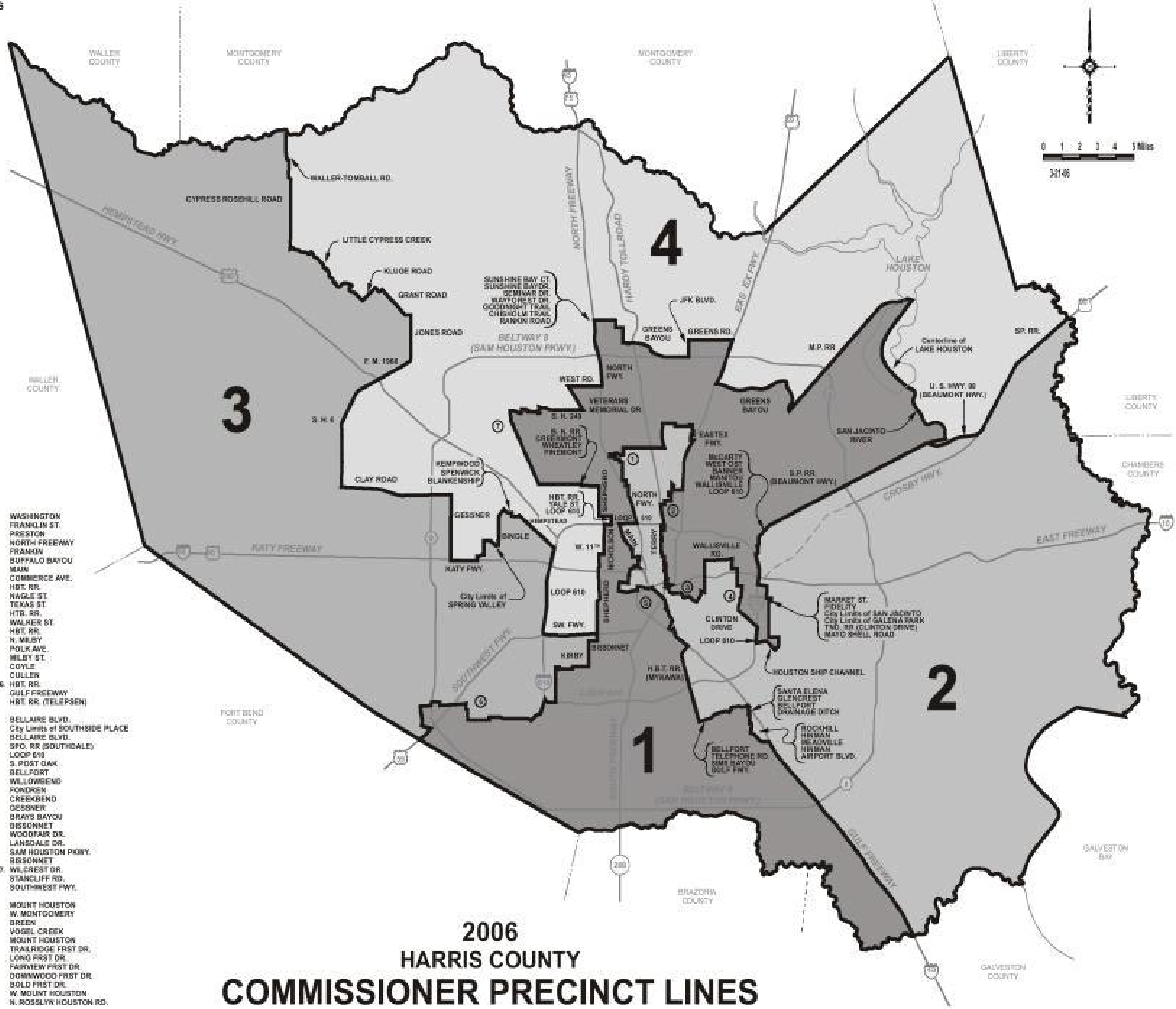
Wilbur Smith is the traffic consultant and is principally responsible for addressing the traffic and revenue implications of various tolling scenarios on the existing system as well as the five main capital improvement projects and the two secondary projects being contemplated.

e) Purpose and limitations

As was previously stated in 1 a) ii) Scope/limitations of study, we are limited by the inputs given to us. Some of the questions contained herein are not expressly financial/investment banking questions and are best answered by other parties. The purpose of the study is provide a framework to the County to evaluate pros and cons regarding a potential concession on all or a part of the existing HCTRA system as well as capital improvement projects under consideration.

f) Reliance

While we understand that the County will be using this study to assist in the evaluation of a concession strategy vis-à-vis other studies and options, we are heavily reliant on information (projections, CapEx estimates, expense estimates, etc.) provided by HCTRA and its consultants. As such, the quality of our outputs are only as good as the quality of the inputs that we are given. Without conducting extremely thorough due diligence and having additional firms conduct follow up traffic studies and engineering reports, etc. such reliance is necessary.



2006
HARRIS COUNTY
COMMISSIONER PRECINCT LINES

ADDITIONAL BOUNDARIES

1. AIRLINE
   E. BURRESS
   BARRETT
   E. TIDWELL RD.
   NORTH FREEWAY
   WERNER
   NEW HAVEN
   NORDLING RD.
   E. PARKER RD.
   WERNER
   E. RIVERWOOD DR.
   MERRIWOOD LANE
   W. SPREADING OAK DR.
   YALE
   W. RITTENHOUSE
   MERRIWOOD. LANE
   W. GRENFELL LANE
   NORTHLINE DR.
   E. RITTENHOUSE
   NORDLING RD.
   LITTLE YORK
   ALDINE WESTFIELD
   South Property Line of
   KEITH WEISS Park
   HALLS BAYOU
   BERTRAND
   HARTLEY
   OAKVILLE
   HARROW
   WEDGEWOOD
   DELMAN
   MOONEY
   HOLBROOK
   ROSEMARY

2. LAURA KOPPE
   JENSEN
   ALDINE WESTFIELD
   HARRELL
   BERRY
   MILLICENT
   SADLER
   WEST
   McDANIEL
   SCHNEIDER
   CROSSTIMBERS
   HBT. RR.
   FAIRBANKS
   ELYSIAN
   EUEL
   HARDY
   BRAGG
   TERRY

3. BIGELOW
   HARDY
   ORR
   MAURY
   LINE
   ELYSIAN
   CAMPBELL
   MAURY
   QUITMAN
   HB & T RR. (MAFFITT)
   LEE
   MAFFITT
   SUMPTER
   ELYSIAN
   LORRAINE
   MAFFITT
   MILLS
   HB & T RR.
   HARRINGTON
   MAFFITT
   BURNETT
   HB & T RR.
   HB & T RR. (ROTHWELL)
   MAFFITT
   NANCE
   JENSEN
   EASTEX FWY.
   BUFFALO BAYOU
   LOCKWOOD
   HB & T RR. (CLINTON)
   HB & T RR. (ZINDLER)

4. HBT. RR. (TERMINAL)
   HBT. RR. (LAREDO)
   McCARTY
   HBT. RR. (CANDY)
   HBT. RR. (PEARL)

5. DeGEORGE
   MELWOOD
   REAGAN
   MERRILL
   FLORENCE
   REDAN
   BEAUCHAMP
   BAYLAND
   FLORENCE
   SAGE
   NORTH SABINE
   WHITE OAK DRIVE
   TAYLOR
   SPRING
   SAWYER ST.
   CENTER ST.
   SP. RR. (MONTROSE)
   BUFFALO BAYOU
   MEMORIAL DRIVE
   TRINITY
   WASHINGTON
   FRANKLIN ST.
   PRESTON
   NORTH FREEWAY
   FRANKIN
   BUFFALO BAYOU
   MAIN
   COMMERCE AVE.
   HBT. RR.
   NAGLE ST.
   TEXAS ST.
   HTB. RR.
   WALKER ST.
   HBT. RR.
   N. MILBY
   POLK AVE.
   MILBY ST.
   COYLE
   CULLEN

6. HBT. RR.
   GULF FREEWAY
   HBT. RR. (TELEPSEN)

   BELLAIRE BLVD.
   City Limits of SOUTHSIDE PLACE
   BELLAIRE BLVD.
   SPO. RR (SOUTHDALE)
   LOOP 610
   S. POST OAK
   BELLFORT
   WILLOWBEND
   FONDREN
   CREEKBEND
   GESSNER
   BRAYS BAYOU
   BISSONNET
   WOODFAIR DR.
   LANSDALE DR.
   SAM HOUSTON PKWY.
   BISSONNET

7. WILCREST DR.
   STANCLIFF RD.
   SOUTHWEST FWY.

   MOUNT HOUSTON
   W. MONTGOMERY
   GREEN
   VOGEL CREEK
   MOUNT HOUSTON
   TRAILRIDGE FRST DR.
   LONG FRST DR.
   FAIRVIEW FRST DR.
   DOMMWOOD FRST DR.
   BOLD FRST DR.
   W. MOUNT HOUSTON
   N. ROSSLYN HOUSTON RD.

COUNTY BUILDINGS

1. CONGRESS PLAZA, ANNEX 46
   1019 CONGRESS
2. ADMINISTRATION BUILDING, ANNEX 53
   1001 PRESTON
3. DISTRICT ATTORNEY'S BUILDING
   ANNEX 54
   201 FANNIN
4. FAMILY LAW CENTER, ANNEX 52
   1115 CONGRESS
5. CIVIL COURTS BUILDING, ANNEX 51
   301 FANNIN
6. OLD WILSON BUILDING, ANNEX 21
   49 SAN JACINTO
7. INMATE PROCESSING CENTER, ANNEX 68
   1201 COMMERCE
8. CRIMINAL JUSTICE CENTER, ANNEX 65
   1201 FRANKLIN
9. ANNEX 22
   1301 FRANKLIN
10. JUVENILE JUSTICE CENTER
    ANNEX 60
    1200 CONGRESS
11. DRUG BUILDING, ANNEX 18
    406 CAROLINE
12. FIRE STATION, ANNEX 2
    1302 PRESTON
13. ANDERSON CLAYTON BUILDING, ANNEX 44
    1310 PRAIRIE
14. SAN JACINTO JAIL, ANNEX 42
    701 N. SAN JACINTO
15. PEDEN BUILDING (LEASED TO), ANNEX 27
    600 N. SAN JACINTO
16. CARPENTER SHOP, ANNEX 30
    1505 COMMERCE
17. CENTRAL AIR CONDITIONING & HEATING PLANT
    ANNEX 72
    1303 PRESTON
18. CHANNEL GARAGE
    426 AUSTIN
19. HOGAN ALLNOCH, ANNEX 23
    1319 TEXAS
20. GULF SERVICE STATION, ANNEX 34
    1117 FRANKLIN
21. SWEENEY BUILDING (LEASED FROM), ANNEX 15
    301 MAIN
22. PILLOT BUILDING (LEASED FROM), ANNEX 16
    1012 CONGRESS
23. COFFEE POT BUILDING, ANNEX 20
    102 SAN JACINTO
24. NOT USED
25. VMC FUELING STATION, ANNEX 85
    AUSTIN AND PRESTON
26. BAKER STREET JAIL
    1200 BAKER
27. "LITTLE" BAKER STREET JAIL (LEASED TO)
    1307 BAKER
28. PALACE HOTEL (LEASED TO)
    218 La BRANCH
29. CIVIL COURTHOUSE
    201 CAROLINE
30. IRON MOUNTAIN WAREHOUSE
    700 N. SAN JACINTO

COUNTY PARKING

I. SURFACE PARKING
   1200 BAKER STREET
II. PARKING LOT
   LaBRANCH
IV. PARKING
   FRANKLIN @ SAN JACINTO
V. PARKING
   AUSTIN @ PRAIRIE
VI. PARKING
   1319 TEXAS
VII. DRUG BLDG. PARKING
   CAROLINE
VIII. CONGRESS PLAZA PARKING GARAGE
   1019 CONGRESS
IX. OLD LOMAS PARKING GARAGE
   FRANKLIN @ FANNIN
X. GULF STATION PARKING
   FRANKLIN @ SAN JACINTO
XI. PARKING
   COMMERCE @ FANNIN
XII. PARKING GARAGE
   1401 CONGRESS
XIII. SURFACE PARKING
   1300 BAKER STREET

OPEN SPACES

A. QUEBEDEAUX PARK
   CONGRESS @ FANNIN
B. FAMILY LAW CENTER PLAZA
   CONGRESS @ SAN JACINTO

LEGEND

COUNTY BUILDINGS

COUNTY OWNED PARKING

COUNTY TUNNEL SYSTEM

COUNTY OVERHEAD WALKWAYS

OPEN SPACES

HARRIS COUNTY
DOWNTOWN COURTHOUSE COMPLEX

FEBRUARY 2006

FPM PROPOSED CAPITAL IMPROVEMENT PROJECTS
FY 2006 – 2007

JUVENILE JUSTICE FACILITIES

1. **Juvenile Justice Center** - The Juvenile Justice Center (JJC) opened in Q2 of 2006 and provides space for 250 juvenile detention beds (occupancy has already been exceeded), Juvenile Courts and Juvenile Administration. As part of the Downtown Master Plan, $7.2 million was spent to build-out space to house Justice of the Peace 1.2 and Constable Precinct 1 until such time that HCJPD needed use of the entire facility. Prior to their move-ins, both departments raised some concerns about the suitability of this space and Commissioners Court delayed making a final decision concerning move-in until FPM revisited the Downtown Master Plan.

   Option 1 - If the County elects to retain the single functionality concept with the JJC, the spaces designated for the Constable and JP should be reconfigured and used for Juvenile Justice purposes. Under this scenario, the Juvenile Division of the District Attorney's Office would take the majority of the 2nd floor space, and other functions of the Juvenile Probation Department would occupy the residual balance. The estimated project budget to relocate the Juvenile Division is $421,000 and an additional $786,000 to re-allocate the first floor for HCJPD and other juvenile related functions space

   Option 2 - If the County elects to proceed with the JP and Constable move-in, some modification to the facility is needed to improve suitability. The JP Courtroom requires modification to improve sightline issues. The estimated cost is $300,000. In order to complete the move-in of the Constable's Office, some modification to the office layout to improve efficiency is in order. Additionally, a review to determine filing space and the number of automated file storage units (lektrievers) will be needed. FPM recommends that the Office of Management Services coordinate with the Constable and County Courts Administrative personnel to determine if there are any alternative solutions that might delay or postpone the need to add a third lektriever. The estimated project budget to improve efficiency in the Constable's area is $421,000, which includes $50,000 for an additional lektriever.

   PGAL recommends, and FPM concurs, that the Court continue with the original Master Plan directive and relocate both the Constable and JP from Annex 2 into the JJC facility.

2. **West Dallas Detention Center** - As part of the Master Plan update, FPM requests that the Court authorize a Mechanical, Electrical, Plumbing (MEP) systems study be conducted to determine the economic feasibility of renovating and adding on to the existing structure as opposed to simply razing the entire complex, and constructing a new facility. Once this study has been completed, a total Juvenile Probation Master Plan review should be conducted to develop a proposed long-term action plan. As part of this study, FPM recommends a demographic study, similar to that performed as part of the HCSO's Central Processing Facility project, be done to help determine the long-term number of female and male juvenile beds required, the number and location for CUPS reporting centers as well as the

location and space requirements for the Juvenile Justice Alternative Education Program. Once this model has been developed, the study should determine how 3540 West Dallas, Burnett-Bayland and the City of Houston's West Side Police Command Station can best be utilized to fulfill HCJPD's needs. The estimated budget to prepare the study and report is $100,000.

3. **Youth Village Soil Erosion Remediation -** The existing wooden bulkhead on the eroding shoreline along the Harris County Youth Village is on the verge of collapsing into the lake. PID received authorization September 23, 2003, to negotiate with Walter P. Moore & Associates, Inc., for design and contract phase engineering services. Construction documents have been completed and this project is currently waiting for funding, and once received it will be placed out for bid. The estimated construction cost is $1,170,000.

4. **Youth Village** – The Director of Juvenile Probation has requested minor renovations for the girl's dormitory to include a lighting retrofit, interior painting and fencing. FPM applied and received a temporary Certificate of Occupancy (CofO) from the City of Pasadena and was advised that the boiler needed repaired/replace prior to receiving a permanent CofO. The estimated project budget to complete all work is $240,000.

5. **HCJPD Building Improvements** – HCJPD has requested a number of improvements to various facilities that are a combination of capital improvements, maintenance requests and in-house funded operational projects. Two items of particular importance are a request to install a camera security system, similar to the one in the new JJC, in all juvenile facilities. Secondly, according to the Director of HCJPD, there appears to be a problem in that larger delivery vehicles cannot get into the basement area of the JJC via the entrance ramp. These vehicles are instead blocking the driveway while they are unloading, and thus HCJPD van and law enforcement access is compromised. FPM will work with HCJPD on their requests to identify the project scope, cost and scheduling and bring any capital project back for Court review and approval.

6. **Juvenile Justice Alternative Education Program** – The HCJPD Director has submitted a request to locate two facilities that the County can purchase that will be used to house the JJAEP schools. Currently, two lease facilities are being used, and based on some preliminary modeling, it appears that owning two facilities would be financially more advantageous to the County than continuing to lease. FPM will work with HCJPD to identify options and will bring them back for Court consideration.

CRIMINAL JUSTICE FACILITIES

1. **Harris County Central Processing Facility** – The program for the Central Processing Facility (CPF) has been updated to reflect current operating criteria. This update includes a formal population growth projections analysis for Harris County that is being used to help determine facility size through 2025. Additionally, bed space and associated functions are being requested to accommodate Medical, Mental Health and general inmate population.

   The Sheriff's Office and the Houston Police Department are continuing to review operational issues that will influence the CPF. A preliminary program report, which includes a projected facility size and project budget, has been received and a preliminary analysis has been conducted. Based on the review FPM suggested and the HCSO has agreed to prepare a detailed listing of all the parameters used to formulate the project scope and segment and prioritize them by essential requirements versus requested enhancements. Once this review has been completed the facility will be 're-sized' and re-priced', and a formalized recommendation will be presented for Court approval.

The study to determine the inmate processing and housing rates to be used as a basis for the inter-local agreement, including a memorandum of understanding documenting these decisions for approval by County and City officials is in progress, Management Services Department (MSD) is currently leading the discussions with the City to draft a funding agreement.

As part of the construction of a new CPF, an estimated $6M is scheduled to build the heating and cooling system within the building. FPM recommends these funds be re-directed to build a stand-alone central plant, which will support the entire Detention Zone as well as provide emergency back-up service to the Central Plant located at 1302 Preston. The estimated additional cost is $12M.

2. **Video Visitation** – An MSD study is proceeding to determine how to incorporate video conferencing and video visitation into both the 1200 Baker and 701 San Jacinto jails. The implementation of this program would eliminate the need for escorting visitors inside the jails and subsequently increase the overall safety of the Detention Zone. This program is also being studied by MSD to determine if the same technology could be used for video medical and psychiatric services, which has the potential of maximizing efficiency of the onsite medical and mental health staffing. This study is scheduled to be complete in Q3 2006. Prior to a full-scale implementation, a pilot program will be modeled to test the logistics and hardware/software capabilities. The estimated project budget for both facilities, excluding technology and equipment is $397,000. If proven successful, this technology should be incorporated into the proposed Central Processing Facility.

3. **Mental Health Cellblock Conversion** – In order to provide additional cell space to serve the mental health population in the jail system, one of the cellblocks in the 1200 Baker Street jail is proposed to be converted for this purpose. This conversion will provide an additional 8 isolation cells and 39 single man cells for mental health use. The estimated project budget is $511,000.

4. **701 San Jacinto Jail** – The majority of the building operations systems in this jail were installed in 1989, and some are coming to the end of their useful lives. As part of the FPM maintenance program the following systems repairs are needed:

    - Security System – Carter & Burgess performed an assessment of the door control, intercom and closed circuit television system. The existing system is obsolete, with most repair parts either nonexistent or hard to find. This project will require the movement of inmates off one floor at a time while repairs are being made. The estimated project budget to replace the system is $4,500,000.

    - Lighting System - As part of the County energy conservation program, FPM is retrofitting the existing lighting systems in all buildings, with more energy efficient T8 lamps with electronic ballasts. To minimize security issues, FPM recommends that this project be done in conjunction with the replacement of the security system. The estimated project budget is $125,000 and has a projected 2-year payback.

- Back-up Generator – This facility currently contains two stand-alone generators, with each providing backup power for half the building. As part of the HCSO emergency plans, they are requesting, and FPM concurs that a third generator be installed which would serve as a backup to both systems. The estimated project budget is $420,000.

- Other life cycle – In addition to the above-mentioned items FPM, working in conjunction with the HCSO and Aramark have identified other equipment and systems that need repaired and/or replaced. The estimated cost for this repair is $100,000.

5. **Criminal Justice Center**

District Attorney's Office (DAO) – The DAO located on the 6th floor of the CJC has unfinished "shell" space that is proposed to be partially completed to house the DAO's Post-Conviction Writs Group and their in-house Information Technology Group. This work would also involve minor renovation of a small portion of the existing office space and would re-allocate space utilization for the DAO Appellate Group. The estimated project budget is $425,000.

District Attorney's Security – As part of their in-house realignment, the DAO has requested that the security monitoring system, currently located on the 1st floor be relocated to the 2nd floor. Additional cameras will be added to enhance the total system capability, which will increase the overall security of the CJC. The estimated project cost is $145,000, and will be funded by DAO discretionary funds.

6. **Courthouse Plaza - Jury Assembly**

New Plaza/Jury Assembly Facility - The Downtown Master Plan recommends that a new open public space be constructed at grade and the jury assembly function be located at the basement level on the block bounded by Franklin, Caroline, Congress and San Jacinto. The jury assembly function will then be relocated from Congress Plaza, and the new site will be tunnel connected to the Criminal Justice Center, the new Juvenile Justice Center, and the new Civil Courthouse. Architectural and engineering services continue on this project utilizing PSP (Bricker & Cannady Architects), and construction is expected to start following the completion of the phase II (800-vehicle expansion) of the 1401 Congress Garage. The estimated project budget is $16,750,000.

7. **1301 Franklin**

Sheriff's Office (HCSO) Field Operations Support Bureau – Currently, the HCSO Alarm Detail is located at the 9418 Jensen location. This space is needed for expansion of the Social Services group, and the HCSO has requested that the Alarm Detail be relocated to the 1301 Franklin facility. Additionally, the HCSO has requested that the Firearms Laboratory, currently housed at the Medical Examiner's Office, also be relocated to the 1301 Franklin facility, and that two floors at 1301

Franklin (preferably the second and third floors) be renovated and that these operations, as well as the Automated Fingerprint Identification System (AFIS), Identification and the Crime Scene Unit (CSU) be centralized at one location, adjacent to their Bureau Major. The estimated project budget is $3,574,000.

Sheriff's Office Property Room – Currently, the HCSO property room is located at the 601 Lockwood location. The HCSO has requested as part of the master plan to relocate this operation to the 1301 Franklin facility. Prior to relocation, the HCSO will review contents and minimize property to be moved. The estimated project budget is $1,906,000.

DA's Storage – Currently the District Attorney (DAO) is using a portion of their space in the CJC facility to store disposed cases. Additionally, disposed files are also stored at 601 Lockwood. The DAO plans call for them to relocate these files to a floor (preferably the third floor) in the 1301 Franklin facility. This would free up office space in the CJC for additional personnel, as well as eliminate frequent trips to retrieve files from the current Lockwood storage facility. The estimated project budget is $827,000, and the DAO has agreed to fund up to $200,000 of this expense.

County Clerk's Storage – Currently the County Clerk (CCO) is using the old Coffee Pot Building located at 102 San Jacinto as an interim location to house records. This facility is scheduled to be razed to convert the property into a surface parking lot. It is necessary to move the files to 1301 Franklin, prior to razing the Coffee Pot Building. The estimated project budget to prepare 1301 Franklin is $262,000; additionally the $1,200,000 shelving cost will be paid by the CCO. In an effort to expedite matters, FPM proposes that the CCO immediately move their files to one of the vacant floors in 1301 Franklin without any modifications. Then when funding is available, a floor can be renovated to accommodate the new shelving. This would allow FPM to raze the Coffee Pot facility, build a surface parking lot, and begin generating additional revenue for the County.

District Clerk's Storage – The District Clerk (DCO) currently has four floors of records storage and imaging operations in the 1301 Franklin facility. The DCO has recently acquired the Appellate Courts' records storage and has requested an additional half of a floor to temporarily accommodate the storage of these records while their eligibility for imaging is being evaluated. The DCO proposes to occupy this additional space without removal of any of the steel, and thus there would be no construction related move-in cost.

8. **Nance Street Warehouse** -The Harris County Toll Road Authority (HCTRA) owns a warehouse located at 2202 Nance Street. Currently HCTRA officials are negotiating with the Texas Department of Transportation (TXDOT) to determine how much of the building will have to be removed to accommodate the adjacent toll road construction. As part of this project, FPM has had some preliminary discussions concerning a total renovation of the facility which could then be used to relocate the HCSO's Detective Bureau and Field Operations Support Bureau personnel (excluding the Communications Division) currently located at 601 Lockwood and 1301 Franklin. Once HCTRA finalizes discussions with TXDOT personnel, FPM will work with HCTRA and HCSO personnel to develop a more definitive plan which will be presented to Commissioners Court for approval.

9. **5290 Griggs** – FPM is currently working with Constable Precinct 7 to finalize the build-out of lease space located at 5290 Griggs. To minimize construction costs FPM proposed and Constable Walker agreed to utilize modular furnishings. The estimated cost to purchase this furniture and install voice data cabling is $166,000.

10. **1307 Baker/Inmate Processing** – FPM working in conjunction with the HCSO and Aramark have identified certain equipment and systems that need repaired and/or replaced. The estimated cost for this repair is $200,000.

DOWNTOWN BUILDINGS

1. **Administration Building**

Auditor – A request has been made to consolidate operations of the Auditor's Office (AO) on the 5th and 8th floors of the Administration Building. Currently, the staff is located on the 8th floor of the Administration Building and the 14th floor of Annex 44. This relocation will be a two-step process with the initial build-out and relocation of the Accounting and Executive Divisions to the 5th floor. Once the 5th floor is renovated and occupied, the 8th floor renovation will begin. Upon completion, all AO personnel currently housed in Annex 44 will relocate there. The estimated project budget is $5,193,000.

County Clerk Elections and Public Affairs – Following the move of part of the County Clerk's Office (CCO) into the new Civil Courthouse, the County Clerk has requested that the Election Services and Public Affairs sections remain on the 4th floor of the Administration Building. Further, the County Clerk had initially requested, and subsequently withdrew a request that a portion of the space be modified to accommodate new postal ballot equipment. If the CCO requests that Commissioners Court revisit this postal ballot equipment issue, FPM suggest 1301 Franklin, 606 Canino and the Toll Road properties at Nance and South Post Oak be considered.

Treasurer –The Treasurer is requesting space in the Administration Building to consolidate functions currently located in the basement and 6th floor. Accordingly, plans are to renovate approximately 5,500 square feet of the 4th floor to accommodate this request. The estimated project budget is $649,000.

Cafeteria – Carter & Burgess completed a study and report, which recommends that the grease trap located in the basement should be upgraded from a 1,000 gallon to a 6,000 gallon unit in order to meet current City of Houston building codes, and handle the expanded facility use requirements. The estimated project budget is $300,000.

Engineering – Engineering currently has staff located on the basement, 6th and 7th floors in the Administration Building as well personnel housed in multiple floors of the Cotton Exchange Building. Engineering is proposing to consolidate this staff on the 5th floor of the Administration Building. The estimated project budget is $2,200,000.

Early Voting - The County Clerk's Office Early Voting is currently located on the 16th of the Cotton Exchange Building. In order to facilitate public access and proximity to the downtown rail line, Early Voting is proposed to be located on the first floor of the Administration Building, where the tax office Conference rooms are currently located. These two rooms can be scheduled by all departments, however the CCO will be given top priority and the rooms will be reserved for their exclusive use during all elections. There are no construction costs for this relocation.

2. **Anderson-Clayton Building**

Information and Technology (ITC) – ITC administration phase I calls for the relocation of the ITC Executive, Finance, Administration, Human Resources and Budget Divisions from the Drug Building, 406 Caroline, to the 16th floor of the Anderson-Clayton Building. The estimated project budget is $451,000.

ITC - Relocate the JIMS contractors from the 2nd floor of the Drug Building to 6,000 square feet of space on the 11th floor of the Anderson Clayton Building. The estimated project cost is $526,000.

ITC – After the Auditor has relocated from the Cotton Exchange Building, the JIMS Application Developers are scheduled to occupy the 14th floor of Annex 44. The estimated project budget is $804,000.

ITC – After CCO Early Voting has moved from the 16th floor of the Anderson Clayton Building, ITC Administration Phase II is planned. This includes the relocation of the Managing Directors from 406 Caroline to the 16th floor of the Anderson Clayton Building. The estimated project budget is $356,000.

ITC – Currently ITC occupies space on the 12th floor of the Anderson Clayton Building, where they have requested to build-out a media and training room. The estimated project budget is $105,000.

ITC – ITC has requested modification of the 15th floor of the Anderson Clayton Building to accommodate a new ITC Quality Assurance Group. The estimated project budget is $110,000.

Public Infrastructure (PID), Victims Assistance and Veteran Services – Another option to consolidate operations and provide expansion space for PID's Construction Services and Road & Bridge Groups, involves a realignment of space on the 8th and 10th floors in the Anderson Clayton Building. The proposed plan would consolidate PID's operations into expanded space on the 10th floor, provide increased Victims Assistance space, also on the 10th floor, and relocate Veterans Services into expanded space on the 8th floor. The estimated project budget is $433,000.

Veterans Services – In addition to the option discussed above, Veteran Services has requested to relocate to the 1st floor of the Cotton Exchange Building. This move would not only provide needed additional space, but also more importantly provide easier access for handicapped veterans that frequent the office. The estimated project budget is $221,000.

Management Services Human Resources (HR) – In order to provide expansion space for their office, HR proposes to relocate their training function to vacant space within the Anderson Clayton Building. Their preference is the vacant space on the 1st floor of the Anderson Clayton Building. The estimated project budget is $331,000.

FPM - The East and North sides of the Anderson Clayton basement need further repair. Additionally wood replacement and wet sealing the glass at the storefront is required. The estimated cost budget is $479,000.

FAMILY LAW FACILITIES

1. Existing Family Law Center

If the proposed renovation/new construction of the Family Law Center does not move forward at this time there are three projects that need immediate Court review.

Domestic Violence Center – The County Domestic Violence Coordinating Council has initiated a one-stop center for victims of family violence. The primary goal of this center is to enhance public safety by providing a consolidated center of support services. This group is a collaborative effort comprised of members of the District Attorneys Office, law enforcement, family violence centers and victims assistance groups. With the opening of the new Civil Courthouse, space is available within the Family Law Center, with their preference being the vacant space on the 5th floor of the Family Law Center for this operation. The estimated project budget is $136,000.

Family Court Staff – Due to the previous crowded conditions in the Family Law Center, a portion of the Family Court staff was housed in the old District Attorneys (DA) Building. In order to proceed with the proposed demolition of the DA Building, this group will move back into the Family Law Center. The estimated project budget is $65,000.

District Clerk – The District Clerk's Office has requested the vacant space located on the 5th floor of the Family Law Center for use for their Family Intake Group. This area's configuration matches the DCO's space needs and they could move into the space with no modification.

2. Family Law Center Development

Family Law Center - The Downtown Master Plan recommends the consolidation of all Family Court functions into either a renovated or a new facility following move-in to the new Civil Courthouse and Juvenile Justice Center. This structure would accommodate all the Courts and related functions. There are four different possible scenarios to achieve a consolidated facility:

- **Option 1: Renovate Family Law Center** – The existing 108,220 square foot building does not meet current fire codes and will require a complete replacement of the mechanical, electrical and plumbing systems. Additionally, Family Court personnel contend that within five years the facility will not have sufficient space to meet their needs. Because of the extensive nature of renovation required, this option would also necessitate the Family Courts and their associated offices to relocate to another location to be determined prior to the start of construction. The estimated budget is $41,893,000.

- **Option 2: Expand and Renovate Family Law Center** – Based on discussions with Family Court personnel, their contention is that the Family Court's caseloads have been and will continue to grow and within five years, the existing facility will not have sufficient space to accommodate their needs. Accordingly, the estimated project budget to expand the existing facility, add 140,000 S.F. of shell space and a 70 car parking garage is $80,557,000.

- **Option 3: New Building on the Family Law Center Block** – The Downtown Master Plan calls for the new replacement Family Law Center facility to remain at its current location, which would position all court related functions facing the new Jury Assembly Plaza. This option would require the Family Courts and their associated offices to relocate to another location to be determined prior to start of construction. The estimated project budget is $90,250,000, which includes the demolition of the existing building.

- **Option 4: New Building on the Coffee Pot Block** – Locating a new structure on the Coffee Pot Block would facilitate the construction, and allow the Courts to remain in their current location during construction and eliminate a double move. The estimated project budget is $90,144,000 for demolition of the Coffee Pot building and Gulf Station and constructing a new replacement building.

Family Courts Interim Locations

In order to build on the existing site or renovate the existing structure, the Family Courts and their associated support staff will have to be relocated to an interim location prior to the start of construction. Currently there are nine Family Courts and nine Family Associate Courts. Interim location options include the following:

- **Interim Option 1: Fire Station** – With the relocation of the Constable's Office and Justice of the Peace out of the Old Fire Station, this building has sufficient space to house all the Family Courts with minor modifications. The estimated project budget is $660,000.

- **Interim Option 2: 1910 Civil Courthouse** – With the opening of the new Civil Courthouse, this building is currently vacant and awaiting restoration and construction for the Courts of Appeal. There is sufficient space to house all the Family Courts with minor modifications. The estimated project budget is $590,000.

- **Interim Option 3:** CJC/Civil Courthouse – Currently there are four fully furnished courtrooms and one ceremonial courtroom in the new Civil Courthouse. There are five fully furnished courtrooms and one ceremonial courtroom located in the CJC. Additional shell space is available in the CJC and Civil Courthouse that can be built out for use by the remaining Family Courts and associated support staff. The estimated project budget is $758,000.

3. **New Administrative Support Building** – The master plan recommends consolidating all existing downtown administration functions and the Law Library into a new Administrative Support Building. Currently, these operations are housed in the Administration, Cotton Exchange and Drug Buildings as well as the CAO's staff located in Congress Plaza. The Downtown Master Plan calls for the new structure to be located on the block currently housing the Coffee Pot Building. The estimated project budget is $135,382,000, which includes the demolition cost of the existing structures.

4. **Security Building** – The proposed new Security Building would be located adjacent to the Downtown Central Plant, on the southeast corner of the Congress and Caroline intersection. The building would be designed to house Constable Precinct 1, as well as provide a storefront operation, overlooking the new Courthouse Plaza and Jury Assembly Building, for law enforcement providing security for the Downtown Courthouse Complex. The estimated project budget is $10,746,000 for the design and construction, and an additional $1,239,000 is needed to purchase the property.

5. **Old District Attorney's Building** – The Old District Attorney's Building has been used as overflow space in recent years and with the opening of the new Civil Courthouse, the building's occupied space has been greatly reduced. It currently houses two groups, the Family Court staff and the County Attorney's Children's Protective Division. Both groups are scheduled for consolidation with the remainder of their departments. The Old DA building is currently tied to the downtown central plant, which is operating at maximum capacity. The Downtown Master Plan recommends this building be removed from the central plant system and be demolished. The estimated project budget is $1,085,000.

6. **Congress Plaza** – The County Attorney Office (CAO) staff associated with the Children's Protective Division located on the 5th floor of the Old District Attorney's Building will have to be relocated in order to demolish that structure. In addition, the County Attorney has recently added a new Legislative Relations function. Plans call for both of these groups to be relocated to the 16th floor of Congress Plaza. This space was recently vacated by District Courts that moved into the new Civil Courthouse. The County Attorney plans to use one of the existing courtrooms for Moot Trials, which is needed to prepare for eminent domain cases. These combined functions would require the balance of the 16th floor. The CAO has agreed to move into this space as is, and thus there would be no construction expense.

7. **Old 1910 Courthouse** – Completion of the new Civil Courthouse building in Q1 2006 has allowed the historic Civil Courts building to be vacated and the facility is now available for restoration. In May 2004, the Texas Historical Commission awarded Harris County a planning grant for $500,000, and FPM will apply for a construction grant for $5,500,000 during the next round of the Historic Courthouse Preservation Grants Program. Design work is proceeding to fit the 1st and 14th Courts of Appeal into this historic Courthouse, and a selective demolition package is scheduled for bid in Q3 2006. However, a question has arisen as to whether Commissioners Court and/or Commissioners Court and only the 1st and 14th Courts of Appeal, minus their support staffs, should be relocated to this facility. The estimated project budget is $65,000,000.

8. **Old Drug Building** – After relocating certain groups into the Anderson Clayton Building, the remaining ITC support services will remain in the Drug Building. If a new Administrative Support Building is not built, this facility will need to be renovated. The estimated project budget is $6,145,000.

9. **Wilson Building**

   IV-D Masters Court – A fourth IV-D Masters Court has been created by the State and needs a Courtroom and associated support spaces. Space in the Wilson Building is available in the recently vacated former JIMS's offices area, which will allow the court to be in close proximity to the other three IV-D Courts. The estimated project budget for renovations in the Wilson Building is $601,000 of which $400,000 has been funded.

   Security System – The existing security system, which consists of the door control, intercom and closed circuit television system, recently failed the jail inspection. Carter & Burgess was hired to perform an assessment and recommended a replacement of the entire system. The estimated project budget is $275,000.

   Pretrial/MHMRA Screeners - In order to allow Pretrial Services and MHMRA better access to female prisoners in the IPC, as well as to provide a more secure working environment for County employees, modifications are proposed on the 1st floor of the Wilson Building. The proposed plan will provide a larger holding tank for females with adjacent interview space for Pretrial Services. Additionally, the space made available by the Probable Court staff's relocation to the CJC will be utilized to provide additional interview space for MHMRA staff. The estimated project budget is $291,000.

OTHER BUILDING PROJECTS

1. **Annex 26 at Wallisville Road** - A request has been made by Commissioner, Precinct 2 for minor renovations and expansion to the Jim Fonteno Annex Courthouse and parking lot. The project budget is estimated to be $791,000.

2. **Roof Replacement and Repairs for Various County Buildings** – As a continuation of the FPM annual roof maintenance program, Engineering and Facilities Consulting, Inc. (EFC) performed roof surveys on various County buildings to determine their condition and make recommendations regarding repair or replacement. A preliminary report indicates that the following roofs require re-roofing/major repair work. The estimated project budget for this work is $1,400,000.

   - Youth Village – Main administration building and boys dormitory
   - Crosby Library
   - Aldine Library
   - Annex 10, Clear Lake
   - Forensic Center, Annex 28
   - North Channel Library

- Annex 35, Pech Road
- RTC Building, Annex 83
- Burnett-Bayland Home – Administration & Gymnasium buildings
- VMC @ 2505 Texas - structural evaluation only

3. **HVAC Replacement for Various County Buildings** – Every year FPM repairs and/or replaces HVAC units on an emergency basis. History shows that these units have an expected service life and as such may be replaced on a planned basis. Accordingly, FPM has prepared a listing of all FPM maintained facilities and a proposed schedule for replacement of the HVAC systems. The estimated project budget for this year's proposed work is $375,000.

4. **New Facilities** – The new Civil Courthouse and Juvenile Justice Center were recently opened, and as the occupants are getting settled into their new space FPM is being requested to make modifications, repairs and purchases that are not covered under any general contractor warranties. An estimated $248,000 is needed for the new Civil Courthouse, and an additional $1,006,000 (HCJPD $556,000 – Juvenile Judges $450,000) for the JJC. These figures do not include technology (ITC) related system requests Accordingly, FPM is requesting $1,254,000 to be transferred from the original construction fund to be established to handle such requests.

5. **Transtar Facility** – As part of the Homeland Security initiative, a request has been made to renovate the existing facility and construct an addition to the facility. The proposed project includes level 3 interior build out, construction of a second elevator, a new 39,300 square foot addition, 162 new parking spaces, 2 guard booths, security gates and an elevated heliport. Upon completion, the Harris County Sheriff's Office Communications/Dispatch Center will be relocated to the new addition. The estimated project budget is $21,720,000.

6. **Annex 28 – Medical Examiners Office** – At the request of PID, FPM hired Wilson Architectural Group to review Crime Lab Design's study and report dated June 30, 2005, that proposed a $106-$140 million Medical Examiner's Office. Based on this review, Wilson Architects, working in conjunction with the MEO and HCSO prepared an alternative building proposal. This alternative proposes a base $63,721,000 MEO facility with add-on compliments totaling an additional $53 million. Land and parking costs are necessarily not included in these figures since negotiations with the Texas Medical Center are required.

7. **Annex 28 – Medical Examiners Office** – The fire alarm system at the Medical Examiners Office is in need of replacement. The system is over twenty years old and replacement parts to continue to keep it operational are either hard to find or no longer available. This system also controls certain laboratory vent hoods as well as stair access control throughout the building. The estimated cost for design, city review and permitting, equipment and installation is $175,000.

8. **Annex 17 (Cypresswood) Remodeling** – Judge Adams, Justice of the Peace, Precinct 4, Position 1, has requested that a portion of his existing office be remodeled to increase space efficiency, in order to better accommodate existing personnel as well as additional staffing within the same square footage. The

estimated project budget for this renovation is $157,000, including new modular furnishings.

9. **ITC Disaster Recovery Center** – ITC is currently working to design and build-out a Disaster Recovery Center to be located in Tomball, Texas. This facility will serve as a remote control center in the event of an emergency. The estimated project budget is $1,560,000.

10. **Annex 67 at 10851 Scarsdale** – During preparation for the scheduled construction at this Annex, it has been determined that the JP courtroom is not within ADA compliance. The Judge has requested additional courtroom changes to better control and accommodate the increased number of clients. The estimated project cost is $100,000.

PARKING

1. **Expansion of the Parking Garage** – The existing parking garage located at 1401 Congress contains parking for approximately 1,180 cars. The 800 car expansion of this garage was anticipated in the original design and construction, and Walter P. Moore Engineers has applied for and received a building permit, with construction scheduled to begin in June 2006, and take 8-9 months to complete. The estimated cost to expand the garage is $13,062,200, of which $11,417,970 has been funded.

2. **Surface Parking at Coffee Pot Building Site** – The Coffee Pot building currently houses approximately 30,000 square feet of County Clerk records. Once these records are relocated into 1301 Franklin, the building will be vacant. The Coffee Pot Building, built in the 1920's, contains approximately 64,424 square feet, is in poor condition and not cost effective to renovate. The Downtown Master Plan recommends that the Coffee Pot Building and Gulf Station be demolished to clear the property for future use. The Coffee Pot Building location is a prime block for development within the downtown complex. In the interim, the site can accommodate parking for approximately 117 cars. Design and construction will take 5 – 7 months and the estimated project budget is $1,954,000. This lot will generate approximately $575,000 of annual net revenue for the county.

3. **Parking lot at 2525 Murworth** – The Director of Protective Services for Children and Adults has requested funding to affect design changes to the parking lot layout, repair potholes and correct the drainage problem at the parking facility at Murworth. The estimated project budget is $90,000.

4. **Surface Parking at 1300 Baker** – An interim surface parking lot has been constructed on the site of the former steel plant in order to provide employee and visitor parking for the Detention Zone. This lot is currently generating annual revenues of approximately $325,000. Plans are to construct a more permanent lot on this site which will increase the number of spaces. The estimated project budget is $943,000.

5. **Annex 31 Parking Lot Drainage** – The parking lot floods routinely during rainstorms due to its design. FPM obtained a recommendation for remediation for a

2-3 year flood plain mitigation from Carter & Burgess. The estimated project budget is $177,000.

6. **Northwest Library Parking Lot** – This parking lot has deteriorated beyond the scope of normal repair work, and needs major work and a complete overlay. The estimated project budget is $125,000.

7. **Annex 11 Parking Lot** – Current plans call for an expansion of the parking area at the West Side Courthouse Annex. Concrete boxes will be installed in the drainage ditch and subsequently backfill will be placed on top of them. Once this has been finalized, a layer of asphalt finish will be applied. The estimated project budget is $2,000,000.

PROPERTY AQUISITION

1. **Downtown Security Building** – This proposed acquisition would include the balance of the block adjacent to the Central Plant. This block is planned for future support facilities, including a new Security "Storefront" Building. The estimated land acquisition budget is $1,239,000.

2. **1307 Baker Street Jail** – The County currently leases the 1307 Baker Street Jail from the State of Texas. The planned use for the building is to continue housing County inmates. This building has a bed capacity of 1,072 inmates or 11% of the Harris County total bed capacity. Acquisition of this facility would assure continued availability of this essential function and discussions should continue with the State of Texas to acquire this property.

3. **707 Top Street Jail** – In addition to purchasing the 1307 Baker Street facility, the County should seriously consider acquiring the State's Top Street Jail. With the purchase of these two facilities, the County would own all the property within the Adult Detention Zone, and could close Baker Street and have total control of the Detention Zone.

4. **2500 Texas Avenue** – Currently, ITC's Radio Shop is leasing the facility located at 2500 Texas, and their long-term plans are to remain at that location. Based on preliminary negotiations with the property owners, the County would be better off financially to purchase the property and renovate the facility. The estimated cost to purchase is $2,017,000 with another $3,536,000 needed for renovation.

5. **Annex A @ Antoine** – Currently, FPM has been working with personnel from Juvenile Probation, the Health Department and WIC to locate a property to replace the leased Annex A facility. A suitable replacement was found and Commissioners Court approved the purchase subject to funding. Construction is scheduled to be complete in 6 months. The cost needed to purchase and renovate this facility is $4,867,820.

6. **Northwest Freeway** – Currently, Public Infrastructure Department's Right of Way, Permitting and Flood Control Divisions are leasing space in two separate facilities on the Northwest Freeway. Based on preliminary studies, the County would be better off financially to purchase a property and consolidate all three operations at a single location. The estimated cost to purchase and renovate one of the facilities is

$6,350,000. An estimated additional $1,170,000 in capital improvements for roof, HVAC and parking lot repair would be needed within five years.

7. **Canino Drive -** The Director of the Health Department has requested a new replacement Animal Control facility. As part of this request a 4.3-acre tact of land, contiguous with the existing facility has been located and can be purchased for an estimated $400,000.

SURPLUS PROPERTY

1. **Annex 2 Fire Station @ 1302 Preston** – This building has been used as interim space by the Constable and JP and is one of the proposed options for interim space for the Family Courts during the construction of the new Family Law Center. Once these interim users vacate the building, the building should be sold.

2. **Old VMC Building (Channel Garage) @ 426 Austin** – The building is vacant and not required for County use. Currently, FPM is negotiating with the Port of Houston to exchange the Channel Garage for a tract of parkland located in Precinct 2.

3. **Hogan Allnoch Building and Adjacent Parking Lot @ 1319 Texas** – Right of Way (ROW) is currently working to sell this facility.

4. **Wilson Building @ 49 San Jacinto-** With the opening of the new Central Processing Facility and a new Family Law Center, the Wilson Building will be vacant. The 157,000 square foot building, constructed in the 1920's, is in poor condition and renovation is not cost effective. Until such time that there is a need for this space, the site could be used for a parking lot or as open space which is consistent with proposals of the Buffalo Bayou development. The estimated project budget is $3,067,000.

5. **Inmate Processing Center @ 1201 Commerce**– The IPC will become vacant with the opening of the new Central Processing Facility (CPF). Due to the specialized nature of the IPC design and construction, it is not cost effective for reuse. The IPC will be available for demolition after the opening of the CPF. This site could then be converted to a parking lot. The estimated project budget is $1,355,000.

6. **Anderson Clayton Building @ 1310 Prairie**– The Anderson Clayton Building tenants will be moved into the proposed new Administration Building. At that time, the facility could be sold.

7. **Administration Building @ 1001 Preston–** Upon completion of the new Administration Building, the existing Administration Building could be sold.

8. **Congress Plaza @ 1019 Congress-** Upon completion of the new Administration Building, the existing Congress Plaza Building could be sold.

9. **Old Drug Building @ 406 Caroline -** Upon completion of the new Administration Building, the existing Drug Building could be sold.

10. **Pillot/Sweeney/Old Palace Hotel** – These three facilities are currently under lease agreements with private entities, but should be sold. Their historical classification, lease agreements and tax status limit their sales marketability.

Page 16 of 16

HARRIS COUNTY FACILITIES AND PROPERTY MANAGEMENT'S BUILDING LIST

Prog.	Key Map#	FPM Reg.	Prct.	Building	Common Name	Address	City	Managed By	Approx. Sq.Ft.
Owned Facilities									
30	532R	2	1	Astrodome/Reliant Center		Loop 610 @ Kirby	Houston	Sports Con	0
146	493S	3	1	Annex 1	Near Town	1413 Westheimer	Houston	FPM	2,102
629	493M	BS	2	New Baker St. Jail		1200 Baker Street	Houston	FPM	603,324
726	618J	2	2	Branch Library	Freeman Memorial (Vacant)	16602 Diana Lane	Clear Lake	FPM	10,253
727	447H	4	3	Branch Library	Katherine Tyra Branch	16719 Clay Road	Houston	FPM	12,900
729	369F	4	3	Branch Library	Northwest	11355 Regency Green Dr.	Cypress	FPM	12,000
730	297X	1	4	Branch Library	Kingwood	4102 Rustic Woods Dr.	Kingwood	FPM	12,000
731	333F	1	4	Branch Library	Baldwin Boettcher	22248 Aldine Westfield	Humble	FPM	10,729
732	412D	1	1	Branch Library	Aldine	11331 Airline Dr.	Houston	FPM	13,268
733	410S	4	4	Branch Library	Fairbanks	7122 N Gessner	Houston	FPM	7,151
734	490S	4	3	Branch Library	Spring Branch	930 Corbindale	Houston	FPM	11,124
738	330R	4	4	Branch Library	Barbara Bush	6817 Cypresswood	Houston	FPM	32,000
739	414F	1	1	Branch Library	High Meadows	4500 Aldine Mail Route	Houston	FPM	9,175
740	335U	1	4	Branch Library	Octavia Fields	1503 S. Houston	Humble	FPM	15,500
743	419C	1	4	Branch Library	Crosby	135 Hare Road	Crosby	FPM	10,752
746	459Q	2	2	Branch Library	Stratford	509 Stratford	Highlands	FPM	3,161
749	620L	2	2	Branch Library	Evelyn Meador	2400 N Meyer Road	Seabrook	FPM	7,367
750	618U	2	2	Branch Library	Clear Lake City-County Freeman Branch	16616 Diana Ln.	Clear Lake	FPM	41,953
751	446W	4	3	Branch Library	Maud Smith Marks	1815 Westgreen Blvd.	Katy	FPM	14,160
752	458P	2	2	Branch Library	North Channel	15741 Wallisville Road	Houston	FPM	13,936
753	536X	2	2	Branch Library	South Houston	607 Avenue Road	S. Houston	FPM	6,085
755	576Z	3	1	Branch Library	Parker Williams	10851 Scarsdale Blvd.	Houston	FPM	19,658
756	337V	1	4	Branch Library	Atascocita	19520 Pinehurst Trails	Humble	FPM	12,872
800	493G	3	2	Annex 41		1225 Elder Street	Houston	FPM	13,749
802	493M	Z6	1	Annex 2	Fire Station	1302 Preston	Houston	FPM	63,197
804	536G	2	2	Annex 4		109 East Shaw	Pasadena	FPM	20,152
805	292Q	1	4	Annex 5	Spring Historical Museum	403 Main Street	Spring	FPM	2,710
806	412U	4	1	Annex 6	formerly 8111 lawn	818 Ringold	Houston	FPM	10,862
807	540Y	2	2	Annex 7		117 East Avenue A	LaPorte	FPM	3,904
808	501L	2	2	Annex 8	Baytown Courthouse	701 Baker Road	Baytown	FPM	20,724
809	494V	3	2	Annex 9	Raul C. Martinez Annex	1001 Marcario Garcia Dr.	Houston	FPM	14,893
810	618P	2	2	Annex 10	Bay Area Annex	16603 Buccaneer Lane	Houston	FPM	36,102
811	447H	4	3	Annex 11	West Side Annex	16715 Clay Road	Houston	FPM	19,350
812	532C	3	1	Annex 12	Children's Assessment Center	2501 Dunstan	Houston	FPM	57,600
813	487B	4	3	Annex 13		17423 Katy Freeway	Houston	FPM	33,162
814	533H	3	1	Annex 14	Southeast Annex	5737 Cullen Blvd.	Houston	FPM	17,505
815	493L	Z3	1	Annex 15	Sweeney Building	301 Main Street	Houston	FPM	8,243
816	493L	Z3	1	Annex 16	Pillot Building	1012 Congress	Houston	FPM	18,207
817	330R	4	4	Annex 17		6831 Cypresswood Drive	Spring	FPM	25,408
818	493M	Z3	1	Annex 18	Drug Building	406 Caroline	Houston	FPM	66,572
819	531B	3	3	Annex 19	Southwest Annex	6000 Chimney Rock	Houston	FPM	17,323
820	493M	Z2	1	Annex 20	Coffee Pot Building	102 San Jacinto	Houston	FPM	64,424
821	493M	Z2	2	Annex 21	Wilson Building	49 San Jacinto	Houston	FPM	157,062
822	493M	Z4	1	Annex 22	Central Jail	1301 Franklin	Houston	FPM	812,500
823	493M	Z4	1	Annex 23	Hogan Allnoch Building	1319 Texas	Houston	FPM	58,334
825	538X	2	2	Annex 25	W. Kyle Chapman Annex	7330 Spencer Highway	Pasadena	FPM	18,124
826	457S	2	2	Annex 26	Jim Fonteno Annex	14350 Wallisville	Houston	FPM	25,854
827	493M	Z2	2	Annex 27	Peden Building	600 North San Jacinto	Houston	FPM	64,200
828	532M	3	1	Annex 28	Forensic Center	1885 O.S.T..	Houston	FPM	74,072
829	448N	4	3	Annex 29	Agriculture Center	3033 Bear Creek Dr.	Houston	FPM	22,150
830	493M	3	2	Annex 30	Carpenter Shop	1505 Commerce	Houston	FPM	17,045
831	412V	4	1	Annex 31	Mickey Leland Annex	7300 North Shepherd	Houston	FPM	24,800
834	501X	2	2	Annex 33	Juvenile Probation Baytown	807 W. Sterling	Baytown	FPM	7,500
835	451S	4	4	Annex 35		1721 Pech Road	Houston	FPM	23,433
836	454X	1	1	Annex 36		3701 Cavalcade	Houston	FPM	4,750
837	413U	1	1	Annex 37	Animal Shelter	612 Canino Road	Houston	FPM	11,522
839	494P	2	2	Annex 39		333 Lockwood	Houston	FPM	7,500
843	536G	2	2	Annex 32	Pasadena Savings & Loan	101 South Main	Pasadena	FPM	10,988
844	493M	Z5	1	Annex 44	Anderson Clayton Building	1310 Prairie	Houston	FPM	222,420
845	493 M	Z4	2	Booking Center	Booking Center	700 N. San Jacinto	Houston	FPM	0
846	493M	Z3	1	Annex 46	Congress Plaza	1019 Congress	Houston	FPM	401,794
847	533N	3	1	Annex "N" Oilers Training	Pct.1 Street Olympics Headquarters	2727 El Camino	Houston	FPM	17,298
849	454A	1	2	Annex "S"	Social Services	9418 Jensen Drive	Houston	FPM	29,920
851	493M	Z3	1	1910 Historic Courthouse		301 Fannin	Houston	FPM	162,360
852	493M	Z4	1	Family Law Bldg		1115 Congress	Houston	FPM	114,378
853	493M	Z3	1	Admin. Bldg.		1001 Preston	Houston	FPM	277,341

Rex Michels 5/17/2006

HARRIS COUNTY FACILITIES AND PROPERTY MANAGEMENT'S BUILDING LIST

Prog.	Key Map#	FPM Reg.	Prct.	Building	Common Name	Address	City	Managed By	Approx. Sq.Ft.
854	493M	Z4	1	Dist. Atty. Bldg.		201 Fannin	Houston	FPM	87,128
860	414L	1	2	Annex 60		9111 Eastex Freeway	Houston	FPM	126,844
861	493M		1	**Parking Lot**		Austin @ Prairie	Houston	FPM	0
862	493M	Z4	1	Annex 34	Old Gulf Station	1117 Franklin	Houston	FPM	1,501
863	494P	2	2	Annex 40		601 Lockwood	Houston	FPM	193,902
864	493M	BS	2	Annex 42	New Jail	701 North San Jacinto	Houston	FPM	580,400
865	493M	Z2	1	Criminal Justice C.		1201 Franklin	Houston	FPM	753,000
866	493L	1	2	Annex 43	Thomas St. Clinic	2015 Thomas Street	Houston	Hosp. Dist.	191,072
867	616G	3	1	Annex 67		10851 Scarsdale Blvd.	Houston	FPM	41,644
868	493M	BS	2	Inmate Processing		1201 Commerce	Houston	FPM	52,650
870	493M	3	1	Vehicle Maint.	Leff Bros. Warehouse.	2505 Texas Avenue	Houston	FPM	40,600
871	493M	Z6	1	FPM Operations	Old VMC	426 Austin	Houston	FPM	19,400
872	493M	Z1	1	Central Plant		1303 Preston	Houston	FPM	18,360
873	493M	Z5	1	Civil Courthouse		201 Caroline	Houston	FPM	661,011
874	376K	1	4	Boot Camp		2310 1/2 Atascocita Road	Humble	Comm. Cor	45,000
877	376K	1	4	State Jail Facility		2350 Atascocita Road	Humble	State	0
878	492A	4	4	Transtar		6922 Katy Road	Houston	Var. Govt.	52,000
881	336W	1	4	Annex 81	Health Care Facility	1730 Humble Place	Humble	FPM	7,320
883	491V	4	3	Annex 83	RTC Building	2221-2223 W. Loop South	Houston	FPM	141,180
887	531F	3	3	Burnett-Bayland Reception		6500 Chimney rock	Houston	FPM	38,000
889	492M	4	1	Juvenile Probation		3540 West Dallas	Houston	FPM	26,550
890	492M	4	1	Juvenile Detention		3540 West Dallas	Houston	FPM	118,050
891	531F	3	3	Burnett-Bayland		6500 Chimney rock	Houston	FPM	64,387
892	619L	2	2	Youth Village		210 J.W. Mills	Seabrook	FPM	96,683
893	531F	3	3	Chimney Rock Center	New Youth Service Center @ 6300 C.R	6425 Chimney Rock	Houston	FPM	51,579
899	493M	Z6	1	Juvenile Justice Center		1200 Congress	Houston	FPM	343,031
900	413U	1	1	Voting Machine Wrhs.		606 Canino	Houston	FPM	0
904	404D	4	3	Katy Road Juvenile Fac		9114 Katy Hockley	Katy	FPM	50,000
912	375C	1	4	Annex 3	Humble Courthouse	7900 Will Clayton	Humble	FPM	25,865
913	493M	Z5	1	Old Palace Hotel		216 La Branch	Houston	FPM	8,064
916	494J	3	2	Nance Warehouse	**(OWNED BY TOLL ROAD)**	2202 Nance	Houston	Toll Road	127,568
917	571C	3	1	S. Post Oak Road	**(OWNED BY TOLL ROAD)**	11246 S. Post Oak Road	Houston	Toll Road	100,080
918	494P	2	2	Crites Warehouse		4625 Crites	Houston	FPM	54,605
924	329E	4	4	District V Patrol		23828 Tomball	Tomball	FPM	12,096
925	376K	1	4	Academy Building		2316 Atascocita Road	Humble	FPM	43,997
926	376K	1	4	Fire Investigation Building		2318 Atascocita Road	Humble	FPM	10,059
927	376K	1	4	Evidence Storage Building		2322 Atascocita Road	Humble	FPM	720
928	376K	1	4	Burn Building		2324 Atascocita Road	Humble	FPM	3,469
929	376K	1	4	Fire Station		2326 Atascocita Road	Humble	FPM	7,353
932	376K	1	4	Shooting Range		2326 Atascocita Road	Humble	FPM	28,902
954	493M	Z5	1	H.C. Parking Garage		1401 Congress	Houston	FPM	412,200
					Lease / Purchase				
801	541B	2	2	Annex "J"		1000 Robert E. Lee	Baytown	Lease/Pur.	19,688
869	529D	4	3	Annex "Q"	Community Supervision	10585 West Office	Houston	Leased	10,955
882	493V	3	1	Annex "B"	O.S.T. & 288	3330 O.S.T.	Houston	Lease/Pur.	60,000
920	532Q	3	1	Annex M	Murworth	2525 Murworth	Houston	Lease/Pur.	199,932
921	532Q	3	1	Annex M	Lantern Point-68,125 sf in murworth total	8410 Lantern Point Drive	Houston	Lease/Pur.	
					FPM's Leased Facilities				
562	412G	4	4	Engineering Permit		10,000 N.W. Freeway	Houston	Leased	0
628	493 M	BS	2	Baker St. Jail		1307 Baker Street	Houston	Leased	109,457
735	444Y	4	3	Branch Library	Katy	5414 Franz	Houston	Leased	15,000
741	532E	3	3	Branch Library	West University	6108 AUDEN	Houston	Leased	5,200
742	580C	2	2	Branch Library	Edith Wilson	600 S. Broadway	La Porte	Leased	23,357
744	496J	2	2	Branch Library	Jacinto City	921 AKRON	Jacinto City	Leased	3,880
747	496S	2	2	Branch Library	Galena Park	1500 Keene St	Galena Park	Leased	5,800
824	493Q	3	1	Annex 24	Court of Appeals	1305 San Jacinto	Houston	Leased (2)	47,850
832	533N	3	1	Annex "C"	Co. Library Admin.	8080 El Rio	Houston	Leased	30,450
833	411Y	4	1	Annex "A"		5668 W. Little York	Houston	Leased	18,777
842	330R	4	4	Annex "O"		16000 Stuebner Airline	Houston	Leased	1,230
855	493R	3	1	Annex "Z"		714-720 Bastrop	Houston	Leased	27,338
858	376J	1	4	Sheriff Academy		3000 Wilson Rd.	Houston	Leased	9,818
876	534I	3	1	Annex "E"	Palm Center	5330 Griggs Road	Houston	Leased	20,000
879	493M	3	1	Annex "G"		2500 Texas Avenue	Houston	Leased	20,725
888	493E	4	1	CUPS 0		170 Heights	Houston	Leased	1,910
894	574A	3	1	CUPS 1		4605 Wilmington	Houston	Leased	1,586
896	494F	2	1	CUPS 2		4014 Market	Houston	Leased	1,824
897	488V	4	3	Juvenile Probation	W.Side Comnd Center	3203 So. Dairy Ashford	Houston	Leased	45,187
915	409K	4		Auto Theft Lease		17427 Village Green Dr.	Houston	Lease	2,744

Rex Michels 5/17/2006

HARRIS COUNTY PUBLIC LIBRARY
CAPITAL IMPROVEMENTS PROGRAM
2006

REQUESTS FOR FUNDING

Replacement of 100 Public Access Computers and 70 Laptops:	**$214,000**
Replacement of 11 self-check out machines:	**$198,000**
Total Requested for 2006:	**$412,000**

NEW FUTURE LIBRARY BUILDING PROJECTS: ESTIMATED COSTS

Parker Williams	$1,263,000
Barrett Station	$4,218,500
Evelyn Meador	$4,008,500*
McNair	$5,457,500
Stratford	$5,407,500
Baldwin Boettcher	$8,667,395**
Fairbanks	$8,667,395**
Kingwood	$8,667,395***
TOTAL:	**$46,357,185**

***Joint Projects with the City of Seabrook**
****Joint Projects with North Harris Montgomery Community College District on the campuses of North Harris and the Cy-Fair College's Fairbanks Center**
*****Joint Project with the City of Houston. It has been suggested that the City of Houston fund the construction costs, opening day collection, technology and furnishings.**

JUSTIFICATION FOR FUNDING FOR FUTURE NEW LIBRARY BUILDINGS

PRECINCT ONE

RENOVATION OF THE PARKER WILLIAMS BRANCH

Renovation Cost:	**$800,000**
New Service Model:	**$183,000**
Furnishings:	**$280,000**
Total Cost of Project:	**$1,263,000**

This 20,000 square foot library was opened in 1993. It is located in a shopping center in southeast Harris County in Annex 67. The library needs minor renovations including new carpet, paint, a redesign of space to allow for the new service model, and a redesign of the small meeting rooms and staff space.

FUNDS REQUESTED FOR A NEW BRANCH LIBRARY IN BARRETT STATION (Precinct Two)

Recommended Building Size:	**12,000 square feet**
Building Construction Cost:	**$3,026,500**
Opening Day Collection:	**$800,000**
Technology:	**$200,000**
Furnishings:	**$192,000**
Total Cost of Project:	**$4,218,500**

FUNDS REQUESTED FOR THE EVELYN MEADOR BRANCH LIBRARY RENOVATION/EXPANSION (Precinct Two)

Current Building Size:	**7,217**	
Recommended Building Size:	**20,000**	
Building Construction Cost:		**$3,837,500***
City of Seabrook:		**$1,299,000****
Harris County:		**$2,538,500**
Opening Day Collection and Supplies		**850,000**
Technology:		**300,000**
Furnishings:		**320,000**
TOTAL COST OF PROJECT:		**$5,307,500**
TOTAL COST FOR HARRIS COUNTY:		**$4,008,500**

EVELYN MEADOR BRANCH LIBRARY FUNDING CONTINUED

***Based on $145.00 per square feet for new construction. Architectural fees at 10% of construction cost, a contingency fund are recommended at 5% of the construction cost and testing is 2.5% of the construction cost. Also included is a graphic/signage allowance and funding for the phone system and cabling. The construction cost includes funds for 50 parking spaces at $2,400 per space.**

****The citizens in the City of Seabrook passed a library referendum in November 2002 for $1,299,000 in funding for the expansion/renovation of the Evelyn Meador Branch Library. These bonds will be sold by the City of Seabrook in 2007.**

MCNAIR LIBRARY PROJECT
New Branch Library
(Precinct Two)

Recommended Building Size:	**20,000 square feet**
Building Construction Cost:	**$3,837,500***
Opening Day Collection and Supplies:	**1,000,000**
Technology:	**300,000**
Furnishings:	**320,000**
Total Project Cost:	**$5,457,500**

***Please see explanation under the Evelyn Meador Library Funding.**

FUNDING REQUESTED FOR A NEW BUILDING FOR THE STRATFORD BRANCH LIBRARY
(Precinct Two)
(Not included in the 1997 Library Bond Fund)

Current Building Size:	**2,700 square feet**
Recommended Building Size:	**20,000 square feet**
Building Construction Cost:	**$3,837,500***
Opening Day Collection and Supplies:	**950,000**
Technology:	**300,000**
Furnishings:	**320,000**
Total Cost of Project:	**$5,407,500**

***Please see explanation of funding under the Evelyn Meador Branch Library**

Negotiations are currently being held with Goose Creek Independent School District to lease property to Harris County for the new library building.

FUNDS REQUESTED FOR A NEW BUILDING FOR THE BALDWIN BOETTCHER BRANCH LIBRARY
A possible joint project between North Harris College and Harris County (Precinct Four)

Current Building Size:	**10,137 square feet**
Recommended Building Size:	**70,000-78,000 square feet (Harris County would be responsible for approximately 35,000 square feet of building costs.)**

Building Construction Cost:	**$6,593,125***
Opening Day Collection:	**$1,000,000**
Technology:	**514,270**
Furnishings:	**560,000**
TOTAL COST OF PROJECT:	**$8,667,395**

***Please see explanation of funding under the Evelyn Meador Branch Library**

FUNDS REQUESTED FOR THE FAIRBANKS BRANCH LIBRARY
A possible joint project between Cy-Fair College and Harris County (Precinct Four)

Current Building Size:	**7,247 square feet**
Recommended Building Size:	**35,000 square feet**
Building Construction Cost:	**$6,593,125***
Opening Day Collection:	**$1,000,000**
Technology:	**514,270**
Furnishings:	**560,000**
TOTAL COST OF PROJECT:	**$8,667,395**

***Please see explanation of funding under the Evelyn Meador Branch Library**

FUNDS REQUESTED FOR THE KINGWOOD BRANCH LIBRARY
A possible joint project between the City of Houston and Harris County
(Precinct Four)

Current Building Size:	**12,000 square feet**
Recommended Building Size:	**35,000 square feet**
Building Construction Cost:	**$6,593,125**
Opening Day Collection:	**$1,000,000**
Technology:	**514,270**
Furnishings:	**560,000**
TOTAL COST OF PROJECT:	**$8,667,395**

It is recommended that the City of Houston fund the entire construction project including the opening day collection, technology and furnishings. The City is also being asked to construct a building with a minimum square footage of 30,000. In addition, it has been recommended that the City of Houston provide an annual payment for operations costs. Harris County will operate the new library.

***Please see explanation of funding under the Evelyn Meador Branch Library**

HARRIS COUNTY PUBLIC LIBRARY
Estimated Operating Costs Per Branch Library
FY 2006

BRANCH	SQ. FT	TOTAL EXPENSE
Clear Lake City-County Freeman Memorial	42,000	$ 2,735,812
Tomball	72,000	$ 2,442,079
Barbara Bush Branch	32,000	$ 2,284,610
Cy-Fair	78,000	$ 1,689,834
Katherine Tyra	12,000	$ 1,277,617
Maud Marks	12,300	$ 1,148,963
Atascocita	12,000	$ 961,758
Northwest	12,000	$ 951,537
Parker Williams	20,000	$ 947,959
Octavia Fields	15,000	$ 940,991
LaPorte	23,357	$ 893,901
Aldine	13,268	$ 882,666
Kingwood	12,000	$ 862,258
North Channel	14,000	$ 837,299
Baldwin Boettcher	10,137	$ 794,188
Katy	15,000	$ 646,767
Spring Branch	10,532	$ 673,027
Fairbanks	7,247	$ 524,652
High Meadows	9,500	$ 484,185
Crosby	10,500	$ 450,011
West University	5,200	$ 447,600
Evelyn Meador	7,217	$ 426,824
South Houston	5,800	$ 345,436
Galena Park	5,800	$ 332,351
Jacinto City	3,800	$ 314,465
Stratford	2,700	$ 240,188

HARRIS COUNTY PUBLIC LIBRARY
ESTIMATED OPERATING COSTS PER GROUP OF BRANCHES FOR FY2006

VERY LARGE BRANCHES - $1,000,000 - $2,700,000

Barbara Bush
Clear Lake/Freeman
Cy-Fair College
Katherine Tyra
Maud Smith Marks
Tomball

LARGE BRANCHES - $837,000 - $961,000

Aldine
Atascocita
Kingwood
LaPorte
North Channel
Northwest
Octavia Fields
Parker Williams

MEDIUM BRANCHES - $426,000 - $794,000

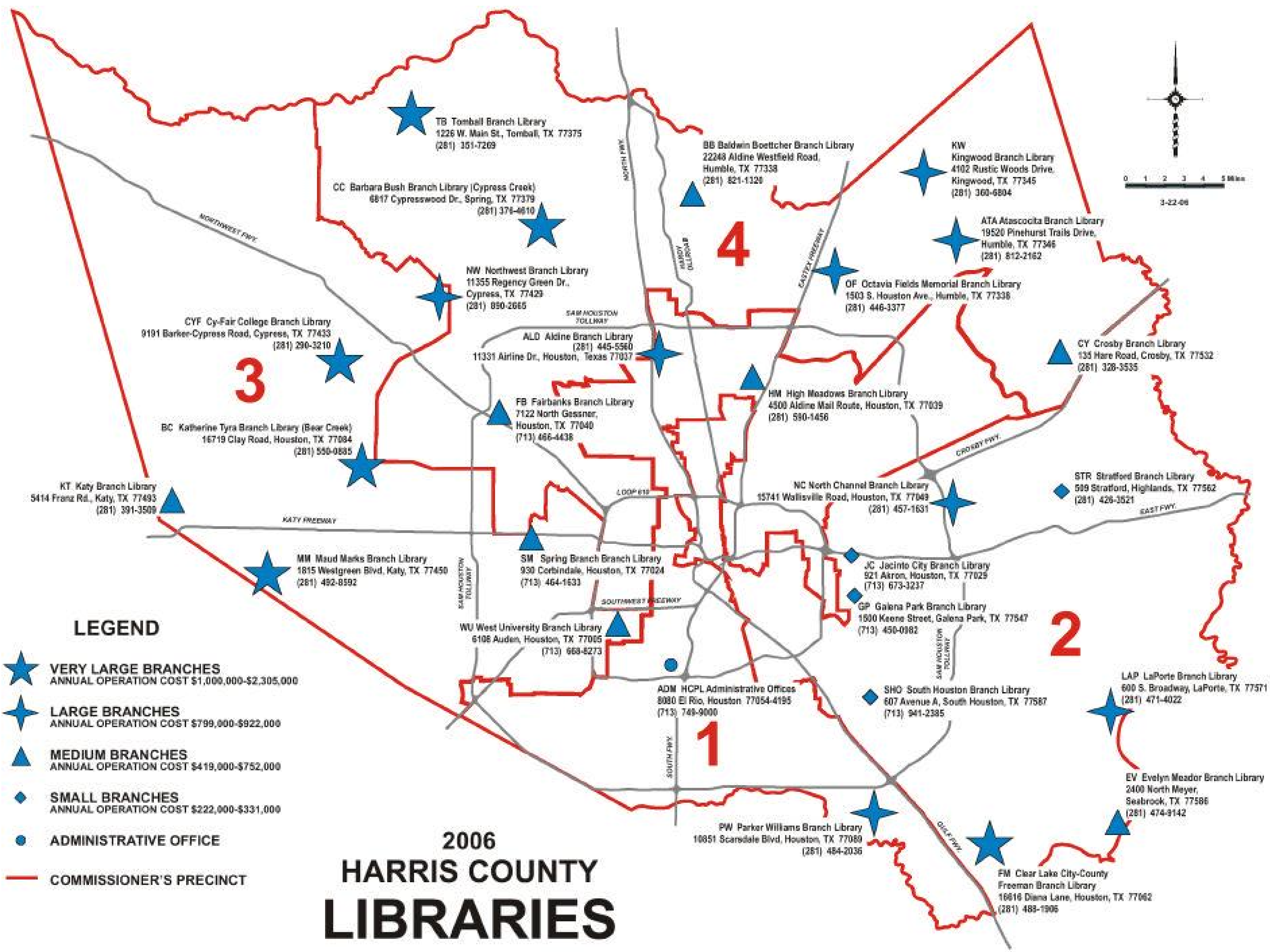
Baldwin Boettcher
Crosby
Evelyn Meador
Fairbanks
High Meadows
Katy
Spring Branch
West University

SMALL BRANCHES - $240,000 - $345,000

Galena Park
Jacinto City
South Houston
Stratford

OASIS BRANCH - $5,000

Finnegan Park (Precinct One)
Lincoln Park (Precinct One)


2006
HARRIS COUNTY
LIBRARIES
LEGEND
VERY LARGE BRANCHES
ANNUAL OPERATION COST $1,000,000-$2,305,000
LARGE BRANCHES
ANNUAL OPERATION COST $799,000-$922,000
MEDIUM BRANCHES
ANNUAL OPERATION COST $419,000-$752,000
SMALL BRANCHES
ANNUAL OPERATION COST $222,000-$331,000
ADMINISTRATIVE OFFICE
COMMISSIONER'S PRECINCT
1
2
3
4
TB Tomball Branch Library
1226 W. Main St., Tomball, TX 77375
(281) 351-7269
CC Barbara Bush Branch Library (Cypress Creek)
6817 Cypresswood Dr., Spring, TX 77379
(281) 376-4610
NW Northwest Branch Library
11355 Regency Green Dr.,
Cypress, TX 77429
(281) 890-2665
CYF Cy-Fair College Branch Library
9191 Barker-Cypress Road, Cypress, TX 77433
(281) 290-3210
BC Katherine Tyra Branch Library (Bear Creek)
16719 Clay Road, Houston, TX 77084
(281) 550-0885
KT Katy Branch Library
5414 Franz Rd., Katy, TX 77493
(281) 391-3509
MM Maud Marks Branch Library
1815 Westgreen Blvd, Katy, TX 77450
(281) 492-8592
ALD Aldine Branch Library
(281) 445-5560
11331 Airline Dr., Houston, Texas 77037
FB Fairbanks Branch Library
7122 North Gessner,
Houston, TX 77040
(713) 466-4438
SM Spring Branch Branch Library
930 Corbindale, Houston, TX 77024
(713) 464-1633
WU West University Branch Library
6108 Auden, Houston, TX 77005
(713) 668-8273
BB Baldwin Boettcher Branch Library
22248 Aldine Westfield Road,
Humble, TX 77338
(281) 821-1320
KW
Kingwood Branch Library
4102 Rustic Woods Drive,
Kingwood, TX 77345
(281) 360-6804
ATA Atascocita Branch Library
19520 Pinehurst Trails Drive,
Humble, TX 77346
(281) 812-2162
OF Octavia Fields Memorial Branch Library
1503 S. Houston Ave., Humble, TX 77338
(281) 446-3377
CY Crosby Branch Library
135 Hare Road, Crosby, TX 77532
(281) 328-3535
HM High Meadows Branch Library
4500 Aldine Mail Route, Houston, TX 77039
(281) 590-1456
NC North Channel Branch Library
15741 Wallisville Road, Houston, TX 77049
(281) 457-1631
STR Stratford Branch Library
509 Stratford, Highlands, TX 77562
(281) 426-3521
JC Jacinto City Branch Library
921 Akron, Houston, TX 77029
(713) 673-3237
GP Galena Park Branch Library
1500 Keene Street, Galena Park, TX 77547
(713) 450-0982
ADM HCPL Administrative Offices
8080 El Rio, Houston 77054-4195
(713) 749-9000
SHO South Houston Branch Library
607 Avenue A, South Houston, TX 77587
(713) 941-2385
LAP LaPorte Branch Library
600 S. Broadway, LaPorte, TX 77571
(281) 471-4022
EV Evelyn Meador Branch Library
2400 North Meyer,
Seabrook, TX 77586
(281) 474-9142
PW Parker Williams Branch Library
10851 Scarsdale Blvd, Houston, TX 77089
(281) 484-2036
FM Clear Lake City-County
Freeman Branch Library
16616 Diana Lane, Houston, TX 77062
(281) 488-1906
NORTHWEST FWY.
NORTH FWY.
HARDY TOLLROAD
EASTEX FREEWAY
SAM HOUSTON TOLLWAY
CROSBY FWY.
LOOP 610
KATY FREEWAY
EAST FWY.
SOUTHWEST FREEWAY
SOUTH FWY.
GULF FWY.
0 1 2 3 4 5 Miles
3-22-06

HARRIS COUNTY
SPORTS & CONVENTION
CORPORATION

May 18, 2006

The Honorable Robert Eckels and
Commissioners Eversole, Garcia, Lee and Radack
Administration Building
1001 Preston, 9th Floor
Houston, Texas 77002

Harris County
Sports & Convention
Corporation

One Reliant Park
Houston, TX
77054

832.667.1841
Fax 832.667.1410

Re: Harris County Sports & Convention Corporation
Fiscal Year 2006-2007
Capital Improvement Program

Dear Members of the Court:

Transmitted herewith is a copy of the report which describes the Corporation's Fiscal Year 2006-2007 Capital Improvement Program.

Please call me at 832.667.1841 if you have any questions.

Sincerely,

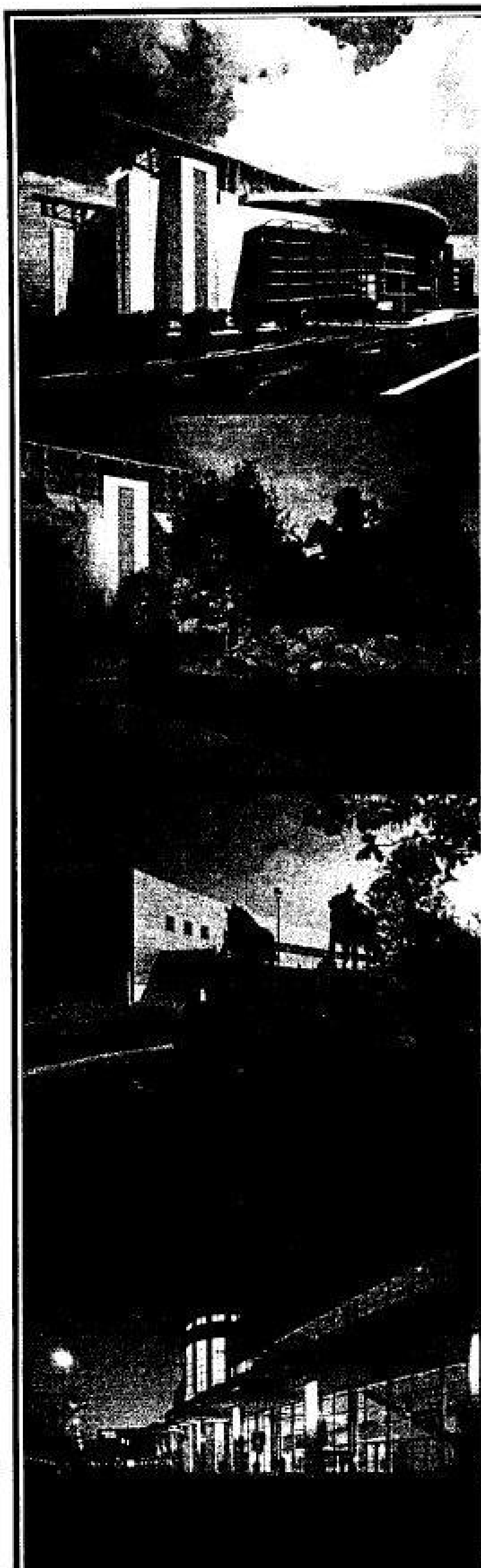
Willie P. Loston
Executive Director

WPL:gh

Enclosure

cc:	Michael Surface	- HCSCC Chairman
	Charles Sowell	- HCSCC Vice Chairman
	John Montalbano	- HCSCC Secretary/Treasurer
	Felix Cook	- HCSCC Director
	Bill T. Teague	- HCSCC Director
	Richard L. Raycraft	- Harris County – Director of Management Services/Budget Officer
	Barbara Schott	- Harris County Auditor
	Michael Stafford	- Harris County Attorney
	Arthur L. Storey	- Harris County – Office of Public Infrastructure
	Michael Yancey	- Harris County - Facilities & Property Management

RELIANT PARK | RELIANT STADIUM | RELIANT CENTER | RELIANT ASTRODOME | RELIANT ARENA



Reliant Park

Capital Improvement Program Funding Request

Fiscal Year 2006-2007

Presented To:
Harris County Commissioners Court

Robert Eckels, Harris County Judge
El Franco Lee, Commissioner, Precinct 1
Sylvia R. Garcia, Commissioner, Precinct 2
Steve Radack, Commissioner, Precinct 3
Jerry Eversole, Commissioner, Precinct 4

June 20, 2006

Harris County
Sports & Convention Corporation

TABLE OF CONTENTS

Executive Summary

This report addresses the immediate and long–term capital improvement ("CIP"), and capital repair & replacement ("R&R") needs for Reliant Park. Over the past 7 years the Harris County Sports & Convention Corporation ("HCSCC") has successfully developed Reliant Park into one of the premiere sports, entertainment and exposition venues in the United States.

This 2006-2007 Reliant Park CIP/R&R request has been developed with input from our two primary tenants and SMG, our operations group, as well. Their participation has once again helped HCSCC to better understand the overall needs of Reliant Park as we endeavor to meet our objective of maintaining a safe and efficient complex that is user friendly and meets the needs of our visitors, tenants and major exhibitors and contract service providers.

This past year was extraordinary for Reliant Park. Though the complex sustained some damage from Hurricane Rita, Reliant Park turned into a major shelter for thousands of Hurricane Katrina evacuees. Approximately eighty percent of the Katrina related operational expenses have been reimbursed to HCSCC from the Harris County FEMA claim. However, no reimbursement has been received for expenses related to Rita.

The Fall 2005 departure of Astroworld allowed HCSCC to free up parking for major tenants and attract more revenue generating events, like the 2006 Houston Grand Prix, utilizing the Reliant Park parking lot areas

The Astrodome Redevelopment Corporation ("ARC") continues to study the feasibility of converting the Reliant Astrodome in to a convention center hotel. We expect to execute a project development letter of intent during the second quarter of calendar 2006. Upon execution and approval from Commissioners Court, ARC will have approximately one year to complete several milestone tasks before final approval of the project can be granted.

HCSCC continues to pursue funding sources other than Harris County to enhance Reliant Park facilities. This year, in order to accommodate the Houston Grand Prix, Reliant Park will receive approximately $2 million of improvements, all from outside funding sources.

HCSCC's Reliant Park Utility Management Program has been in effect for two years and is yielding cost savings through reduced electricity, gas and water usage. The 2005 utility usage at Reliant Park shows a leveling off with only slight differences in most categories compared to 2004. The project Management team, which meets regularly, continues to develop and implement best practices for Reliant Park utilities.

Last year HCSCC developed a thirty year comprehensive Repair and Replacement program in order to efficiently maintain the county's significant investment in Reliant Park. Though it was not funded by Harris County, this program is crucial to the long term success of Reliant Park. HCSCC respectfully requests Harris County Commissioners Court consideration for full funding this year.

Finally, HCSCC is requesting funding for FY 2006-2007 totaling $4,821,740. This amount includes current year CIP funding of $2,833,200, and an R&R funding contribution of $1,988,540.

In summary, HCSCC respectfully requests that Harris County Commissioners Court approve the following recommendations:

CIP-REC-01 Approve the Fiscal Year 2006-2007 Capital Improvement Program Funding Request Totaling $2,833,200.

CIP-REC-02 Approve the Fiscal Year 2006-2007 Capital Repair & Replacement Funding Request Equal to $1,988,540.

Reliant Park Capital Projects Recommendations - FY 2006/2007

Project Description	Unit Cost	Quantity	Fiscal Year 2006-2007
			6
Reliant Center			
Modify Exhibit Hall and Meeting Room Doors to Eliminate Removable Mullions	150,000	1	150,000
Column ID Graphic	75,000	1	75,000
Office Build Out	125,000	1	125,000
Interior Surveillance Cameras for Exhibit Halls	40,000	1	40,000
Sub-Total Reliant Center			$ 390,000
Reliant Astrodome			
Fire Alarm System Upgrade/Replacement	150,000	1	$ 150,000
Fire Marshall Requested Improvements	100,000	1	100,000
Installation of Iron Swing Gates w/Locks for Reliant Astrodome	80,000	1	80,000
Code Required Elevator Upgrades	150,000	1	150,000
Sub-Total Reliant Astrodome			$ 480,000
Reliant Arena			
Exterior Door Replacements	210,000	1	210,000
Code Required Elevator Upgrades	50,000	1	50,000
Fire Alarm System Upgrades	25,000	1	25,000
Replace Temporary Show Power with Permanent	10,000	1	10,000
Sub-Total Reliant Arena			$ 295,000
Parking and Traffic Improvements			
Additional & stripe lines, crosshatchings and stopbars	2,500	1	$ 2,500
Portable Light Towers	7,500	4	30,000
Portable Toll Booths	15,000	6	90,000
Sub-Total Parking and Traffic Improvements			$ 122,500

Page 1 of 2

Reliant Park Capital Projects Recommendations - FY 2006/2007

Project Description	Unit Cost	Quantity	Fiscal Year 2006-2007
Reliant Park Site Improvements			
Add Card Reader to Gate Arms at Day Lot	15,000	1	$ 15,000
Install Security Cameras for Parking Lots and Toll Plazas	75,000	1	75,000
Additional Pathways and Sidewalks	70,000	1	70,000
Add Ladder to Marquee	20,000	1	20,000
Site Utilities	200,000	1	200,000
Sub-Total Reliant Park Site Improvements			$ 380,000
Total Facilities CIP Request			$ 1,667,500
SMG Requested CIP			$ 1,000,000
Aramark CIP			$ 165,700
Total CIP Request			$ 2,833,200

Reliant Park FY 2006-2007 Review of Operations

The fiscal year ending February 2006 was most unusual, both operationally and financially due to the massive and successful relief effort involved with Hurricanes Katrina and Rita.

Total events at the Reliant Park complex decreased 33% from the previous year, from 721 to 480, resulting in a drop in attendance from 3.7 million to 3.4 million guests. However, gross revenues increased 26% to $37,187,160, while expenses only increased 16% to $33,695,605. As a result, net operating income (before utility expenses) increased from $499,161 in FY 2004 to $3,491,555 this year. Please note that results include partial reimbursement from FEMA for hurricane relief efforts that severely impacted September and November operations.

As mentioned earlier, Reliant Park's role in hurricanes Katrina and Rita relief efforts was monumental and without precedence. Hurricane Katrina was the largest natural disaster in U.S. history and Reliant Park became the largest natural disaster shelter in U.S. history. The genuine outpouring of sympathy and aid from the Houston area community generally and Reliant Park specifically, garnered significant positive response from national and international media throughout the world. Officials from Reliant Park, Harris County, City of Houston, law enforcement agencies, Houston ISD and the Houston medical community all deserved the heartiest thanks and congratulations from a grateful community and nation.

Three Reliant Park venues were utilized as evacuee centers (the Astrodome, Reliant Center and Reliant Arena) and all normal operations of the Park were shut down during all of September and part of October. A total of 37 major events were cancelled as the Park housed over 27,000 evacuees. SMG Maintenance & Engineering departments were able to get all Astrodome operating systems (air conditioning, water, electrical) up and running for the length of the relief effort – no small feat in view of the age of the facility and its partial shut-down status prior to this undertaking.

Immediately after the majority of shelter activities ended, Reliant Park transitioned to a staging area for vast quantities of supplies FEMA was shipping to Hurricane Rita victims. The North Fannin parking lot became a trucking center for all shipments headed for relief areas. Then, with a great deal of effort, the venues of Reliant Park were completely cleaned and prepared for normal operations, on schedule and with a minimum of disruption.

The Texans enjoyed a great season operationally, and have high hopes that next year will bring a much improved record as they take advantage of the number one pick in the up-coming NFL draft. The Rodeo looks forward to improved weather and expects to continue its impressive growth of charitable contributions within the Houston area.

Event Activity and Attendance by Category
Fiscal Year 2005-2006 vs. 2004-2005

	FY 2005-2006		FY 2004-2005	
	Events	Attendance	Events	Attendance
Rodeo	25	1,122,828	23	1,017,351
Entertainment	56	347,512	117	428,259
NFL	10	552,272	11	659,587
Amateur Sports	17	339,178	38	296,887
Motor Sports	5	171,550	3	138,813
Convention	9	75,320	22	58,831
Consumer Show	98	426,462	121	591,539
Trade Show	15	16,108	41	40,184
Meetings/Seminar	101	37,158	162	53,663
Comm/Religious	56	189,994	79	248,809
Other Events	88	97,584	104	197,645
TOTAL	***480***	***3,375,966***	***721***	***3,731,568***

Financial Overview of Previously Approved Major Capital Improvement Projects

Commissioners Court authorized interim partial funding of $904,000 to replace the Reliant Arena Roof. This project will be completed in the early summer of 2006. The Corporation also completed and made final disbursements on several projects approved for County funding in previous years during 2005.

Budget control for capital projects at Reliant Park has been accomplished by the establishment of project budgets and purchase orders for each major category of projects. The Corporation's Board approves all invoices submitted for funding from County Capital Project funds and the approved invoices are recapped, by project, and forwarded to the County's Office of Financial Services for further review and funding. All fixed assets at Reliant Park are owned by Harris County. Improvements and repairs to the facilities at Reliant Park are recorded on the County's fixed asset ledger. Equipment purchased by the Corporation with County funding is accounted for by the Corporation, with the County retaining ultimate ownership.

Significant Issues Related to Certain Capital Facilities

Reliant Stadium

This past summer the HCSCC board of directors authorized the replacement of Reliant Stadium's service level hot water line due to premature corrosion problems. This approximately $270,000 project, funded by the stadium repair and replacement fund, was completed by the end of July 2005.

Reliant Stadium upgrades this year included modifications to the stadium HVAC system to provide better airflow throughout the facility. Upgrades were also provided for the east and west VIP stairwells and "WOW" wall access points.

Also this year, the project team completed the process of modifying electrical circuits servicing concession areas on all floor levels to conserve electricity usage during non-event hours.

The Houston Texans have funded a project to install 68 custom lateral arm awnings in select suites that receive too much direct sunlight during games with the roof open. This project will be complete before the 2006-2007 season.

Reliant Center

In the spring of 2005, several large cracks in the terrazzo flooring were identified in the lobby areas of Reliant Center. An independent inspection was conducted and a repair project was developed. After several repair schedule delays due to contractor availability, OTC and hurricanes Katrina and Rita, this project was finally completed in December.

This fiscal year HCSCC authorized and funded $100,000 to the development of an officially licensed Starbucks Café in Reliant Center between Halls 'C' and 'D'. The project was completed before the 2006 Houston Livestock Show and Rodeo.

Reliant Arena

For the past 2 years Reliant Arena has undergone 2 major renovation projects. Last year, after experiencing gradual settlement, several walls on the east side of the building began to show significant signs of movement. HCSCC's construction cost to repair the walls was $1,535,735. HCSCC was able to use deferred CIP funds from the proposed turf farm to partially fund this project.

This year, after identifying a severe leaking problem, HSCSS authorized a major roof renovation project which will cost approximately $1.9 million.

In light of its age and lack of modern day event resources, HCSCC is very concerned about the continued investment and repairs to this facility. SMG has projected that it will not be able to effectively sell/operate events in the facility within the next 10 years.

Reliant Park Site Improvements

This year HCSCC's board of directors approved the investigation of potholes that have developed mainly in the footprint of the demolished Astrohall. The project team identified numerous voids of various sizes under the asphalt surface and developed a course of corrective action. In the fall, the HCSCC board of directors authorized the repair plan and the parking lot repair project was completed before the 2006 Houston Livestock Show and Rodeo.

Additional stripping and partial resurfacing of the Reliant Park parking lot was also authorized to better accommodate the Texans and Houston Livestock Show and Rodeo. This work yielded approximately 1,200 additional parking spaces at Reliant Park.

As mentioned earlier, in December 2005, the Reliant Park entered into a 5 year facilities management agreement to host the Houston Grand Prix. This exciting event will yield almost $2 million in site improvements to Reliant Park.

Fiscal Year 2006-2007 Capital Improvement Project Funding

Request Narrative

Reliant Center

Two years ago, HCSCC withheld CIP requests for Reliant Center. Last year, four (4) items were identified for CIP, however, they were never funded. This year, HCSCC again requests funding for last years proposal with only one new request for 2006-2007.

1. For safety reasons, modifications to Reliant Center Exhibit Hall and meeting room doors to eliminate removable mullions are requested.

2. Column identification graphics are again requested for address way-finding needs for visitors and exhibitors.

3. There also continues to be a need to build out Reliant Center offices for service contractors.

4. For safety/security reasons, HCSCC is requesting additional interior surveillance cameras for the Exhibit Hall areas.

Reliant Astrodome

With exception to hurricane Katrina, the Reliant Astrodome was used sparingly. Currently the facility provides office space for approximately 60 contract service employees.

HCSCC continues to work with the Astrodome Redevelopment Corporation ("ARC"), a private development firm, to develop a plan to convert the building into a destination oriented facility with hotel, convention and retail capabilities.

In order to maintain the facility in its current state, HCSCC is requesting funding for several upgrades requested by the City of Houston Fire Marshal. All 2006-2007 CIP requests are from the unfunded CIP request from last year (2005-2006) with exception to a new requirement from the City of Houston requiring code upgrades to elevators.

1. Fire alarm system upgrades/replacements for the facility are requested to abide by City of Houston fire code.

2. Fire Marshal requested improvements include mainly electrical modifications to occupied office areas.

3. Installation of iron swing gates and security fencing is requested for security and operations.

4. As mentioned earlier, the City of Houston Fire Marshal requested elevator code upgrades to Astrodome elevators.

Reliant Arena

As mentioned earlier, necessary repairs and renovations are a concern to HCSCC with regards to the future of this facility. Therefore, this year's request will only be the unfunded CIP requests carried over from last year in regards to City of Houston code requirements and building security. The only new item will be a Fire Marshal request for elevator upgrades.

1. City of Houston Fire Marshal requested exterior door replacement has been an issue now for over a year.

2. As mentioned earlier, the City of Houston Fire Marshal has recently requested code required elevator upgrades.

3. City of Houston Fire Marshal requested fire alarm system upgrades.

4. Upgrade show power from temporary to permanent. This was also requested by the City of Houston Fire Marshal.

Reliant Park Parking & Traffic Impovments

Previous (2005-2006) CIP funding requested for Reliant Park parking and traffic improvements have been reevaluated by HCSCC in light of the closing of Astroworld. This year's request is mainly based on safety and operational efficiencies.

1. Additional traffic/pedestrian striping, crossings and stop bars are requested to improve event operations and safety.

2. Portable light towers are requested to allow flexibility for operations when preparing for events in the parking lots and to provide additional lighting for security. Currently, this equipment is rented.

3. Additional portable toll booths to allow flexibility for operations during events.

Reliant Park Site Improvements

HCSCC is again mainly requesting funding for last year CIP to better accommodate various Reliant Park visitors. The only new item is in regard to additional site utilities to better accommodate the growing number of outdoor events at Reliant Park.

1. Additional card key reader for day lot. This unfinished work will improve operations with visitors and employees who share the same parking lot south of the stadium.

2. Security cameras for parking lots and toll plaza are of importance to HCSCC to maintain safety.

3. Additional pathways and sidewalks.

4. Latter to access Reliant Park marquee.

5. As mentioned earlier, additional site utilities to better service the growing amount of events staged in the Reliant Park parking lots.

SMG Requested Improvements

Our complex facility operations manager, SMG/Reliant Park, again has requested funding for last years (2005-2006) CIP request.

1. Additional computer software for accounting purposes.
2. Office furnishings.

3. Communication devices and system upgrades.

4. Additional tables, chairs.

5. Additional operational equipment including: potable stanchions, staging equipment, bicycle barricades, concrete traffic barriers, portable concrete pyramids, golf carts, signage and graphics allowance, sign making equipment, pressure washing equipment, six (6) equipment trailers, five (5) flat bed trucks, four (4) tugs and a boom lift.

Aramark Requested Improvements

Aramark Sports & Entertainment Food Services at Reliant Park has submitted the following CIP funding requests:

1. Mobile Kitchen to address the growing number of site/parking lot events at Reliant Park.

2. Starbucks free standing directional signs. The large demand for this product has required HCSCC to provide more directional signage throughout Reliant Park.

3. Build out back concession stand into a booth service pantry to more efficiently serve exhibit shows.

4. Concession graphics and signage electrical upgrades

Reliant Park Capital Projects Recommendations - FY 2006/2007				
Project Description	Fiscal Year 2007-2008	Fiscal Year 2008-2009	Fiscal Year 2009-2010	Fiscal Year 2010-2011
	7	8	9	10
Reliant Center				
Build Out Concession Stand 1 in Reliant Center	700,000	-	-	-
Install 120v and 480v Bus Duct on West Side of Hall	125,000	-	-	-
Carpet Racks for Attic Stock	7,000	-	-	-
Build Out Concession Stand 7 in Reliant Center	-	175,000	-	-
Build Out Concession Stand 9 in Reliant Center	-	-	175,000	-
Build Out Concession Stand 12 in Reliant Center	-	-	175,000	-
Sub-Total Reliant Center	832,000	175,000	350,000	-
Reliant Astrodome				
Install Security Fencing Between Reliant Stadium and Reliant Astrodome to Secure Plaza	50,000	-	-	-
Replace Overhead Door at East Loading Dock of Reliant Astrodome	60,000	-	-	-
Code Compliance, Fire and Life Safety Allowance	150,000	-	-	-
Code Compliance, Fire and Life Safety Allowance	-	165,000	-	-
Code Compliance, Fire and Life Safety Allowance	-	-	180,000	-
Code Compliance, Fire and Life Safety Allowance	-	-	-	195,000
Sub-Total Reliant Astrodome	$ 260,000	$ 165,000	$ 180,000	$ 195,000
Reliant Arena				
Construct Ticket Windows at West Entry	84,000	-	-	-
Signage and Graphics	150,000	-	-	-
Install Security Fencing Arena	75,000	-	-	-
	-	-	-	-
Sub-Total Reliant Arena	309,000	-	-	-
Parking and Traffic Improvements				
Parking Improvement Allowance	50,000	-	-	-
Parking Improvement Allowance	-	55,000	-	-
Parking Improvement Allowance	-	-	60,000	-
Parking Improvement Allowance	-	-	-	65,000
Sub-Total Parking and Traffic Improvements	50,000	55,000	60,000	65,000

Reliant Park Capital Projects Recommendations - FY 2006/2007

Project Description	Fiscal Year 2007-2008	Fiscal Year 2008-2009	Fiscal Year 2009-2010	Fiscal Year 2010-2011
Reliant Park Site Improvements				
New Kirby and Fannin Irrigation	80,000	-	-	-
Site Graphics - Phase I	750,000	-	-	-
Site Graphics - Phase II	-	750,000	-	-
Canopies at Parking Entrances				
Canopy @ Reliant Parkway and Kirby	500,000	-	-	-
Canopy @ Westridge Gate	-	610,000	-	-
Canopy @ Holly Hall and Fannin	-	-	500,000	-
Canopy @ Naomi and Fannin	-	-	300,000	-
Canopy @ Reliant Parkway and Fannin	-	-	-	300,000
Canopy @ Main Street Gate	-	-	-	-
Marquees				
Mini-Marquee @ Reliant Parkway and Kirby	250,000	-	-	-
Mini-Marquee @ Westridge and Kirby	300,000	-	-	-
Mini-Marquee @ Holly Hall and Fannin	-	300,000	-	-
Mini-Marquee @ Naomi and Fannin	-	300,000	-	-
Mini-Marquee @ Reliant Parkway and Fannin	-	-	300,000	-
Marquee @ Main and McNee	-	-	750,000	-
Marquee @ Fannin and 610	-	-	-	1,500,000
Sub-Total Reliant Park Site Improvements	1,880,000	1,960,000	1,850,000	1,800,000
Total Facilities CIP Request	$ 3,331,000	$ 2,355,000	$ 2,440,000	$ 2,060,000
SMG Requested CIP	$ 1,421,100	$ 1,536,100	$ 896,100	$ 861,100
Aramark CIP	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Total CIP Request	4,852,100	3,991,100	3,436,100	3,021,100

Capital Repair & Replacement Funding Request Narrative

Last year HCSCC identified annual R&R items to include, but not limited to facilities, parking lots, fixtures, furnishings, equipment and other miscellaneous items as necessary.

HCSCC developed a thirty year R&R contribution funding plan as well an annual R&R project schedule. These schedules are based on overall Reliant Park R&R needs with the exception of Reliant Stadium. The funding plan includes the annual funding from Harris County, an annual 3% inflation cost, interest earnings, routine annual R&R costs as well as some major R&R costs.

The schedule also assumes providing R&R for the Reliant Astrodome in its current condition for five (5) years and the Reliant Arena for ten (10) years. However, the schedules do not take into account unforeseen major structural replacements or repairs that may occur with the facilities and/or parking lots.

This year, HCSCC proposes to have relatively minor routine repairs and replacement projects for all facilities. Resurfacing and re-striping parking lot areas are again included as HCSCC will plans to incrementally repair parking areas annually.

Schedule Year	Calendar Year	Annual Repair and Replacements	Major Repair and Replacement	Total Annual and Major Repairs and Replacements	Annual R&R Funding Requirement	R&R Reserve Funding Requirement	Total Funding Requirement	[-] Less Prior Year R&R Reserve Fund Balance	Annual Funding Rquest to Harris County	Contribution to R&R Reserve	R&R Reserve Interest Earnings	R&R Reserve Fund Balance
Adjustments		3.00%				20%					2.00%	
Annual Expense		$ (150,000)										
Start Year		6				6						
Comments			Values From Major Repair and Replacement Schedule			Percentage of Upcoming Year						
1	2002	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -	$ -	$ -
2	2003	-	-	-	-	-	-	-	-	-	-	-
3	2004	-	-	-	-	-	-	-	-	-	-	-
4	2005	-	-	-	-	-	-	-	-	-	-	-
5	2006	-	-	-	-	-	-	-	-	-	-	-
6	2007	(150,000)	(1,838,540)	(1,988,540)	1,988,540	256,657	2,245,197	-	2,245,197	256,657	5,133	261,791
7	2008	(154,500)	(1,128,787)	(1,283,287)	1,283,287	968,926	2,252,213	(261,791)	1,990,422	968,926	19,379	988,304
8	2009	(159,135)	(4,685,493)	(4,844,628)	4,844,628	225,917	5,070,545	(988,304)	4,082,241	225,917	4,518	230,435
9	2010	(163,909)	(965,675)	(1,129,584)	1,129,584	447,624	1,577,208	(230,435)	1,346,773	447,624	8,952	456,576
10	2011	(168,826)	(2,069,293)	(2,238,119)	2,238,119	731,625	2,969,744	(456,576)	2,513,167	731,625	14,632	746,257
11	2012	(173,891)	(3,484,233)	(3,658,124)	3,658,124	847,314	4,505,438	(746,257)	3,759,181	847,314	16,946	864,261
12	2013	(179,108)	(4,057,465)	(4,236,572)	4,236,572	215,128	4,451,701	(864,261)	3,587,440	215,128	4,303	219,431
13	2014	(184,481)	(891,160)	(1,075,641)	1,075,641	275,339	1,350,980	(219,431)	1,131,549	275,339	5,507	280,846
14	2015	(190,016)	(1,186,678)	(1,376,694)	1,376,694	1,525,257	2,901,950	(280,846)	2,621,105	1,525,257	30,505	1,555,762
15	2016	(195,716)	(7,430,567)	(7,626,283)	7,626,283	1,360,287	8,986,570	(1,555,762)	7,430,809	1,360,287	27,206	1,387,493
16	2017	(201,587)	(6,599,847)	(6,801,435)	6,801,435	1,578,494	8,379,929	(1,387,493)	6,992,436	1,578,494	31,570	1,610,064
17	2018	(207,635)	(7,684,837)	(7,892,472)	7,892,472	824,177	8,716,649	(1,610,064)	7,106,584	824,177	16,484	840,660
18	2019	(213,864)	(3,907,019)	(4,120,883)	4,120,883	2,142,015	6,262,898	(840,660)	5,422,238	2,142,015	42,840	2,184,855
19	2020	(220,280)	(10,489,795)	(10,710,075)	10,710,075	2,485,494	13,195,569	(2,184,855)	11,010,714	2,485,494	49,710	2,535,204
20	2021	(226,888)	(12,200,583)	(12,427,472)	12,427,472	890,683	13,318,155	(2,535,204)	10,782,950	890,683	17,814	908,497
21	2022	(233,695)	(4,219,720)	(4,453,415)	4,453,415	927,618	5,381,033	(908,497)	4,472,537	927,618	18,552	946,170
22	2023	(240,706)	(4,397,385)	(4,638,091)	4,638,091	201,439	4,839,530	(946,170)	3,893,359	201,439	4,029	205,468
23	2024	(247,927)	(759,268)	(1,007,195)	1,007,195	1,735,452	2,742,648	(205,468)	2,537,180	1,735,452	34,709	1,770,161
24	2025	(255,365)	(8,421,897)	(8,677,262)	8,677,262	593,207	9,270,468	(1,770,161)	7,500,307	593,207	11,864	605,071
25	2026	(263,026)	(2,703,008)	(2,966,034)	2,966,034	220,118	3,186,152	(605,071)	2,581,081	220,118	4,402	224,520
26	2027	(270,917)	(829,673)	(1,100,589)	1,100,589	226,721	1,327,311	(224,520)	1,102,791	226,721	4,534	231,256
27	2028	(279,044)	(854,563)	(1,133,607)	1,133,607	973,460	2,107,067	(231,256)	1,875,811	973,460	19,469	992,929
28	2029	(287,416)	(4,579,885)	(4,867,301)	4,867,301	240,529	5,107,829	(992,929)	4,114,900	240,529	4,811	245,339
29	2030	(296,038)	(906,606)	(1,202,644)	1,202,644	147,247	1,349,891	(245,339)	1,104,552	147,247	2,945	150,192
30	2031	(304,919)	(431,318)	(736,237)	736,237	-	736,237	(150,192)	586,045	-	-	-
Total		$ (5,468,890)	$ (96,723,294)	$ (102,192,184)					$ 101,791,369		$ 400,815	

Reliant Park Utility Management Update

HCSCC developed a Utility Management Team to focus on energy conservation at Reliant Park in 2003. This team, which includes representatives from Reliant Energy, Entergy, SMG, the Texans and HLS&R, has met regularly for the last two years to monitor utility (gas, water, electricity) usage/cost and identify effective energy conservation opportunities for Reliant Park.

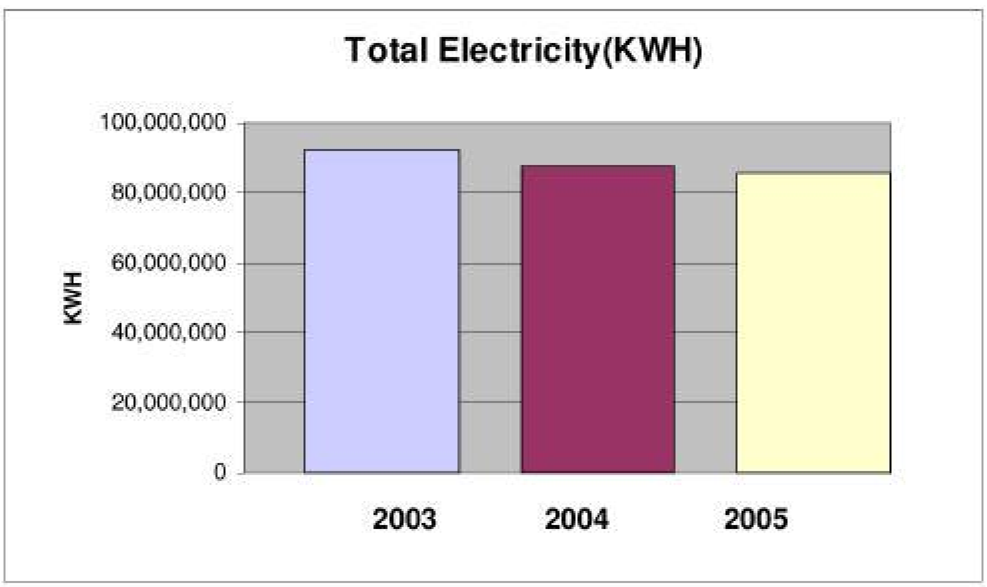
Entergy has taken on the role for utility data collection and provides the group with a working map of the complex that identifies each utility meter. They also prepare monthly spreadsheets that report all Reliant Park utility consumption.

SMG has developed an energy conservation program for all Reliant Park operations. Reliant Energy is assisting as well, and has provided a detailed analysis of current Reliant Park electricity rates as well as market trends and has made recommendations to HCSCC to adjust accordingly.

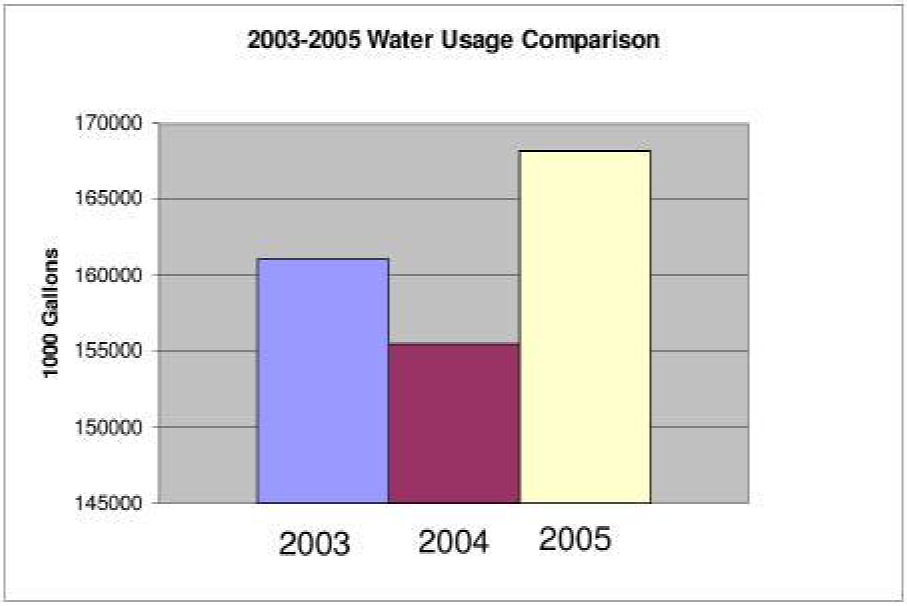
In November 2005, HCSCC entered into an interlocal agreement with the Texas CUC Aggregation Project, Inc., (Public Power Pool) to assist HCSCC in negotiating for a new electricity agreement. The following month HCSCC entered into a new 2-year power supply agreement with Reliant Energy.

Thus far in 2006 there seems to be some leveling off of usage in all categories. After enjoying reductions in most utility usage over the past two years, it seems that the Reliant Park Utilities Management Team has reached the threshold of its objectives.

The graphs on the following pages indicate usage in all categories (Electricity, Water and Gas) from 2003-2005.

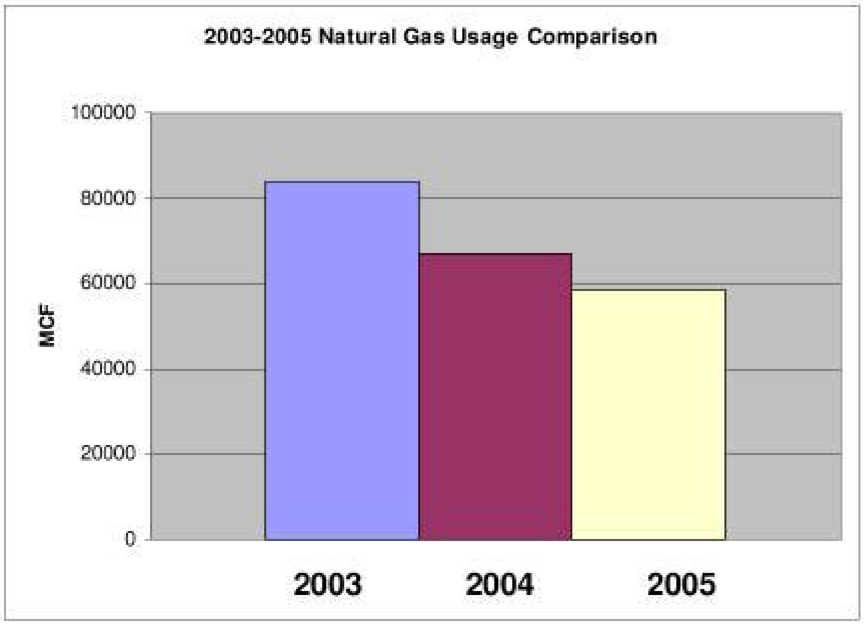


For the second year in a row the electricity usage at Reliant Park was down. In 2003 the Kilowatt Hours (KWHs) consumed was 92,313,950. In 2004 the KWHs consumed was 87,493,659. In 2005 the KWHs consumed was 85,826,374. This is an overall reduction of 6,487,576 KWHs in two years.

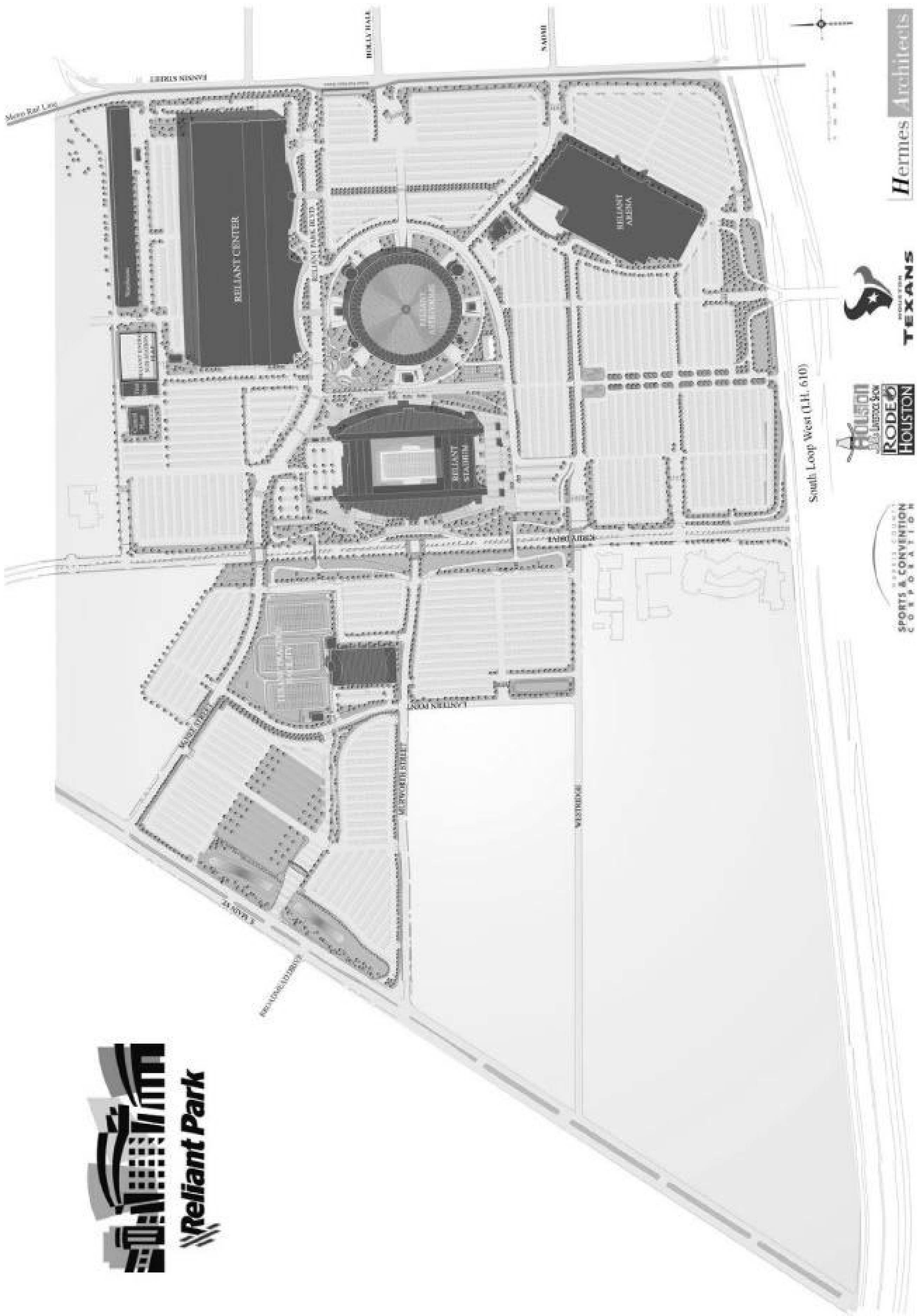


Water usage at Reliant Park was higher this year than in any of the previous. Abnormally dry conditions are attributed to the 2005 numbers as well as the water necessary to address the Katrina hurricane evacuees and the associated clean-up efforts.

In 2003 Reliant Park consumed 161,027 gallons of water. In 2004 water usage was recorded at 151,531 gallons. In 2005 168,212 gallons were consumed. That's an total increase of 7,185 since 2003.



For the second year in a row, the gas usage at Reliant Park is down. In 2003 usage was at 83,980 MCF, 2004 was 67,011 MCS, 2005 was 58,613. This is an overall reduction of 25,367 MCF over the past 2 years.


Reliant Park
RELIANT CENTER
RELIANT STADIUM
RELIANT ARENA
FANNIN STREET
South Loop West (I.H. 610)
KIRBY DRIVE
Hermes Architects
HOUSTON TEXANS
RODEO HOUSTON
SPORTS & CONVENTION CORPORATION

HARRIS COUNTY
SPORTS & CONVENTION
CORPORATION

Memo

Harris County
Sports & Convention
Corporation

One Reliant Park
Houston, TX
77054

832.667.1841
Fax 832.667.1410

To: Dr. Richard L. Raycraft
Harris County Budget Office

From: Kevin H. Hoffman KH
Project Director

Date: April 28, 2006

Re: Reliant Arena Roof Repair/Replacement

The original 2005-2006 CIP request of $700,000 for the Reliant Arena roof project presented to Harris County Commissioners Court in June of 2005 was based on an overlay, not replacement, of the existing roofing membrane. It's also important to note that this cost estimate was developed prior to the hiring of our roof consultant Raba-Kistner. More specifically, the increase in cost of approximately $1,200,000 can be attributed to the following:

1) The introduction of an independent consultant, Raba-Kistner, to develop a clearly defined, scope of work for each roof area at the Arena. In order to gain a roofing system with a minimum life expectancy of 10 years, Raba-Kistner's recommended scope definition included partial tear down and remedial work in some areas as well as complete tear down and rebuild in other areas. The new scope includes a new metal roof at the Arena proper (central section), lightning protection and significant drainage modifications and additions. Raba Kistner also identified several costly code compliance issues that must be addressed.

2) The natural disasters in the Gulf Coast region during August and September 2005 helped escalated costs. Roofers are among the trades most affected by these events and are in very high demand. Fuel prices, manufacturing of petroleum based products and availability of material and equipment in the region are contributing cost issues as well.

3) The timing of the work was expedited such that the first phase ensured Halls B and D were acceptable for the 2006 Houston Livestock Show & Rodeo (HLS&R). The second phase required a remobilization to complete the remainder of the roof. Any remobilization is costly for contractors in a high demand market and this increased cost is reflected in the final pricing of the project.

The total project cost is now $1,862,844. The increased cost has required HCSCC to shift all Reliant Arena '05-'06 CIP funding to the roof project ($904,000). The other code compliance projects, originally scheduled for funding last year, will be requested again in the 2006-2007 CIP request. With exception of the sprinkler system compliance project, in which HCSCC was able to address with existing savings ($28,000).

In all, HCSCC is requesting an additional $958,844 for the balance of the Reliant Arena Roof project.

I hope this answers the questions you had regarding the pricing for this work. As always, if we can provide any additional information, do not hesitate to call.

KHH:gh

Copy to: Willie P. Loston

HARRIS COUNTY, TEXAS

TOTAL TAX AND REVENUE PRINCIPAL REQUIREMENTS

JUNE 20, 2006

FISCAL YEAR END FEBRUARY	COUNTY LIMITED TAX BONDS	COUNTY UNLIMITED TAX BONDS	TOLL ROAD UNLIMITED TAX BONDS	FLOOD CONTROL LIMITED TAX BONDS	PORT OF HOUSTON UNLIMITED TAX BONDS	TOTAL TAX PRINCIPAL REQUIREMENTS	TOLL ROAD REVENUE BONDS	HOTEL OCCUPANCY BONDS	TOTAL REVENUE PRINCIPAL REQUIREMENTS	TOTAL PRINCIPAL REQUIREMENTS
2007	$ 29,910,000	19,140,620	6,922,906	17,070,000	13,625,000	$ 86,668,526	20,890,000	4,070,000	$ 24,960,000	$ 111,628,526
2008	28,495,000	21,687,327	6,068,227	8,755,287	13,140,000	78,145,841	23,000,000	5,460,000	28,460,000	106,605,841
2009	31,460,000	23,842,422	10,675,665	7,908,864	15,580,000	89,466,951	25,580,000	6,315,000	31,895,000	121,361,951
2010	32,545,000	26,244,593	41,540,000	8,667,889	15,600,000	124,597,482	27,210,000	7,825,000	35,035,000	159,632,482
2011	28,650,000	34,630,000	43,285,000	8,318,921	13,635,000	128,518,921	33,600,000	9,350,000	42,950,000	171,468,921
2012	34,945,000	30,690,000	44,970,000	8,124,024	12,790,000	131,519,024	36,235,000	10,485,000	46,720,000	178,239,024
2013	39,250,000	28,005,000	47,210,000	9,435,000	13,775,000	137,675,000	39,645,000	12,940,000	52,585,000	190,260,000
2014	34,025,584	18,502,902	57,225,000	9,715,000	14,440,000	133,908,486	42,625,000	6,464,438	49,089,438	182,997,924
2015	34,506,960	19,933,384	63,695,000	8,685,000	15,150,000	141,970,344	46,145,000	7,495,500	53,640,500	195,610,844
2016	36,460,277	19,647,743	42,015,000	7,945,000	15,905,000	121,973,020	49,680,000	7,036,510	56,716,510	178,689,530
2017	39,058,848	18,988,742	27,735,000	7,170,000	16,705,000	109,657,590	53,810,000	6,592,866	60,402,866	170,060,456
2018	40,167,915	19,357,229	28,515,000	7,545,000	17,555,000	113,140,144	58,100,000	6,633,370	64,733,370	177,873,514
2019	32,790,000	32,515,000	29,330,000	22,925,000	18,450,000	136,010,000	56,905,000	7,506,338	64,411,338	200,421,338
2020	19,300,000	34,190,000	30,170,000	39,325,000	19,390,000	142,375,000	59,840,000	7,195,898	67,035,898	209,410,898
2021	20,205,000	35,940,000	31,060,000	41,385,000	20,370,000	148,960,000	62,580,000	15,950,000	78,530,000	227,490,000
2022	19,540,000	37,785,000	20,680,000	45,175,000	21,390,000	144,570,000	65,355,000	16,525,000	81,880,000	226,450,000
2023	20,390,000	39,670,000	21,085,000	47,465,000	21,775,000	150,385,000	23,840,000	17,150,000	40,990,000	191,375,000
2024	21,470,000	41,670,000	21,525,000	49,845,000	13,830,000	148,340,000	25,270,000	6,150,806	31,420,806	179,760,806
2025	64,055,000	43,755,000	21,975,000	10,795,000	6,410,000	146,990,000	26,610,000	5,882,279	32,492,279	179,482,279
2026	8,835,000	0	12,860,000	0	6,755,000	28,450,000	27,985,000	5,659,303	33,644,303	62,094,303
2027	9,265,000	0	12,860,000	0	7,120,000	29,245,000	30,875,000	17,925,000	48,800,000	78,045,000
2028	9,715,000	0	12,860,000	0	1,095,000	23,670,000	33,850,000	18,600,000	52,450,000	76,120,000
2029	6,215,000	0	12,860,000	0	0	19,075,000	36,980,000	4,979,736	41,959,736	61,034,736
2030	0	0	12,860,000	0	0	12,860,000	40,245,000	19,325,000	59,570,000	72,430,000
2031	0	0	12,860,000	0	0	12,860,000	43,670,000	20,025,000	63,695,000	76,555,000
2032	0	0	12,860,000	0	0	12,860,000	47,355,000	20,775,000	68,130,000	80,990,000
2033	0	0	12,860,000	0	0	12,860,000	51,285,000	21,550,000	72,835,000	85,695,000
2034	0	0	12,860,000	0	0	12,860,000	55,415,000	0	55,415,000	68,275,000
2035	0	0	0	0	0	0	72,685,000	0	72,685,000	72,685,000
2036	0	0	0	0	0	0	77,410,000	0	77,410,000	77,410,000
TOTAL	$ 641,254,584	546,194,962	711,421,798	366,254,985	314,485,000	$ 2,579,611,329	$ 1,294,675,000	295,867,044	$ 1,590,542,044	$ 4,170,153,373

(A) It is anticipated that Toll Road revenue will continue to be sufficient to meet debt requirements for both the revenue and tax bonds.

(B) Includes the Road Series 2006-A Forward Refunding which will settle July 12, 2006.

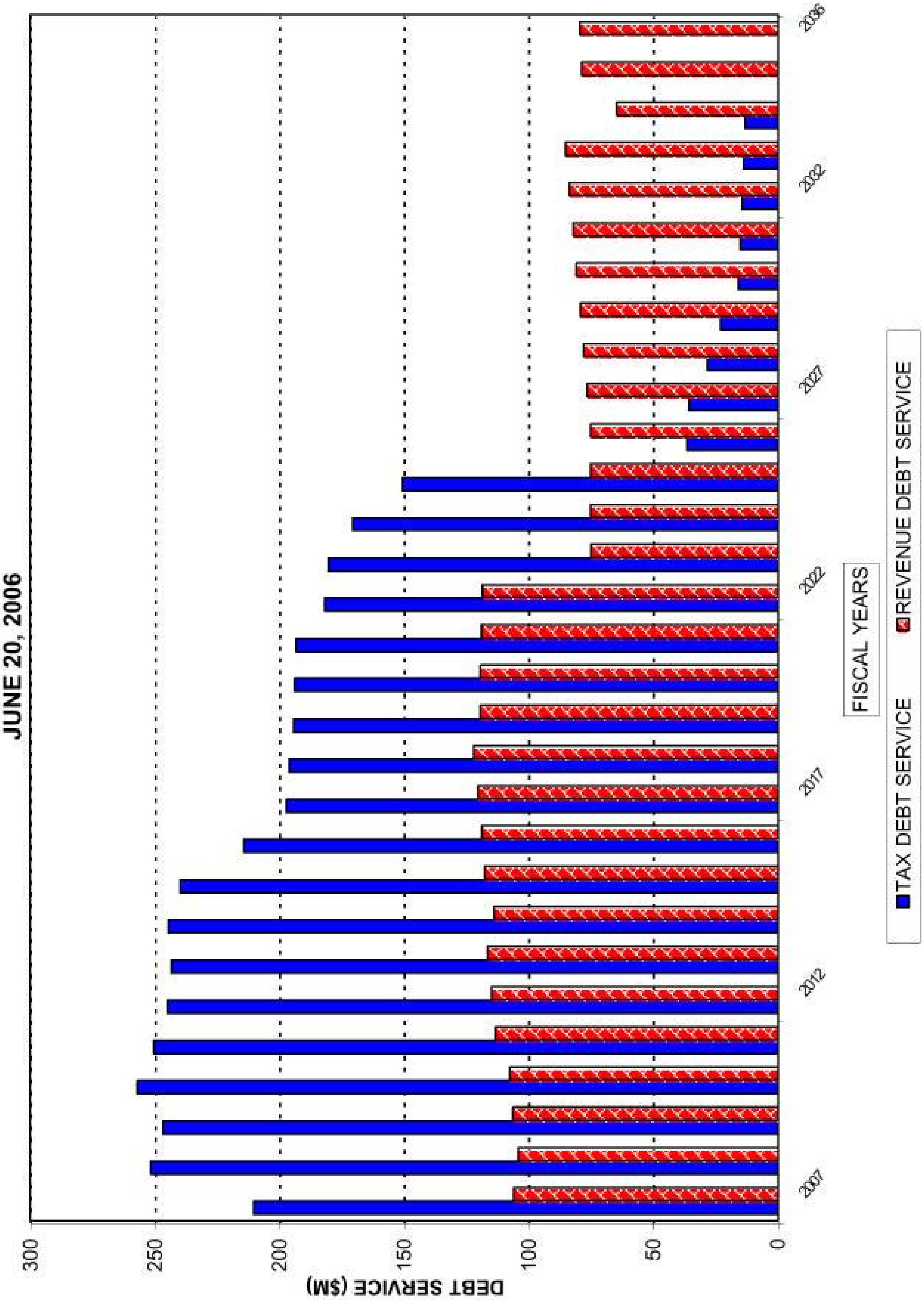
(C) Includes the Port of Houston Authority Series 2006-A (AMT) Forward Refunding which will settle July 19, 2006.

HARRIS COUNTY, TEXAS
TOTAL TAX AND REVENUE DEBT SERVICE REQUIREMENTS
JUNE 20, 2006

FISCAL YEAR END FEBRUARY	COUNTY LIMITED TAX BONDS	COUNTY UNLIMITED TAX BONDS	TOLL ROAD UNLIMITED TAX BONDS	FLOOD CONTROL LIMITED TAX BONDS	PORT OF HOUSTON UNLIMITED TAX BONDS	TOTAL TAX DEBT SERVICE REQUIREMENTS	TOLL ROAD REVENUE BONDS	HOTEL OCCUPANCY BONDS	TOTAL REVENUE DEBT SERVICE REQUIREMENTS	TOTAL DEBT SERVICE REQUIREMENTS
2007	$ 45,850,435	39,424,071	75,413,269	26,098,762	23,574,796	$ 210,361,333	89,932,195	15,900,565	$ 105,832,760	$ 316,194,093
2008	57,597,679	54,200,329	74,863,269	34,437,744	30,451,230	251,550,251	87,299,816	17,030,315	104,330,131	355,880,382
2009	59,318,529	51,879,941	74,988,031	30,846,244	29,697,543	246,730,288	88,653,105	17,565,465	106,218,570	352,948,858
2010	58,983,572	51,650,291	87,220,694	30,130,144	28,955,132	256,939,833	88,845,037	18,689,639	107,534,676	364,474,509
2011	53,613,983	56,215,716	86,496,694	27,728,631	26,259,289	250,314,313	93,581,250	19,749,229	113,330,479	363,644,792
2012	58,631,757	50,606,554	85,577,444	25,418,256	24,767,620	245,001,631	94,411,284	20,340,457	114,751,741	359,753,372
2013	61,254,345	46,387,054	85,312,031	25,206,706	25,142,620	243,302,756	95,857,123	20,673,957	116,531,080	359,833,836
2014	60,101,632	49,241,804	85,105,612	25,014,981	25,145,340	244,609,369	96,713,680	17,120,120	113,833,800	358,443,169
2015	59,257,428	47,536,904	84,494,981	23,497,644	25,151,925	239,938,882	97,959,467	19,730,120	117,689,587	357,628,469
2016	59,826,760	46,958,666	60,148,275	22,328,275	25,153,555	214,415,531	99,055,161	19,730,120	118,785,281	333,200,812
2017	60,870,742	45,932,116	44,204,397	21,147,512	25,157,368	197,312,135	100,551,152	19,730,120	120,281,272	317,593,407
2018	60,297,588	45,925,079	43,639,441	21,146,088	25,164,217	196,172,413	101,993,019	20,172,605	122,165,624	318,338,037
2019	44,191,088	45,928,554	43,062,831	36,129,975	25,236,330	194,548,778	97,890,794	21,411,282	119,302,076	313,850,854
2020	29,054,650	45,929,997	42,471,594	51,326,412	25,241,633	194,024,286	97,898,192	21,427,415	119,325,607	313,349,893
2021	29,028,013	45,930,472	41,871,031	51,321,850	25,237,120	193,388,486	97,577,495	21,455,990	119,033,485	312,421,971
2022	27,409,250	45,936,335	30,229,681	52,939,138	25,240,180	181,754,584	97,152,522	21,488,658	118,641,180	300,395,764
2023	27,341,325	45,928,040	29,601,491	52,947,237	24,555,680	180,373,773	53,381,987	21,551,285	74,933,272	255,307,045
2024	27,386,075	45,941,250	28,965,684	52,929,625	15,542,980	170,765,614	53,533,556	21,578,588	75,112,144	245,877,758
2025	68,945,987	45,942,750	28,317,072	11,361,738	7,492,935	162,060,482	53,537,291	21,585,168	75,122,459	237,182,941
2026	10,392,813	0	18,325,500	0	7,513,035	36,231,348	53,534,344	21,590,077	75,124,421	111,355,769
2027	10,390,212	0	17,682,500	0	7,535,645	35,608,357	54,956,481	21,607,768	76,564,249	112,172,606
2028	10,386,625	0	17,039,500	0	1,149,750	28,575,875	56,324,294	21,672,800	77,997,094	106,572,969
2029	6,510,212	0	16,396,500	0	0	22,906,712	57,699,216	21,685,063	79,384,279	102,290,991
2030	0	0	15,753,500	0	0	15,753,500	59,088,090	21,730,217	80,818,307	96,571,807
2031	0	0	15,110,500	0	0	15,110,500	60,475,978	21,773,072	82,249,050	97,359,550
2032	0	0	14,467,500	0	0	14,467,500	61,873,675	21,841,712	83,715,387	98,182,887
2033	0	0	13,824,500	0	0	13,824,500	63,281,719	21,909,885	85,191,604	99,016,104
2034	0	0	13,181,500	0	0	13,181,500	64,697,469	0	64,697,469	77,878,969
2035	0	0	0	0	0	0	78,657,006	0	78,657,006	78,657,006
2036	0	0	0	0	0	0	79,442,013	0	79,442,013	79,442,013
TOTAL	$ 986,640,700	907,495,923	1,273,765,022	621,956,962	479,365,923	$ 4,269,224,530	$2,375,854,411	550,741,692	$ 2,926,596,103	$ 7,195,820,633

(A) It is anticipated that Toll Road revenue will continue to be sufficient to meet debt requirements for both the revenue and tax bonds.
(B) Includes the Road Forward Refunding which will settle July 12, 2006.
(C) Includes the Port of Houston Authority Forward Refunding which will settle July 19, 2006.

HARRIS COUNTY, TEXAS
TOTAL TAX AND REVENUE DEBT SERVICE REQUIREMENTS
JUNE 20, 2006



HARRIS COUNTY, TEXAS
TOLL ROAD TAX AND REVENUE PRINCIPAL REQUIREMENTS
JUNE 20, 2006

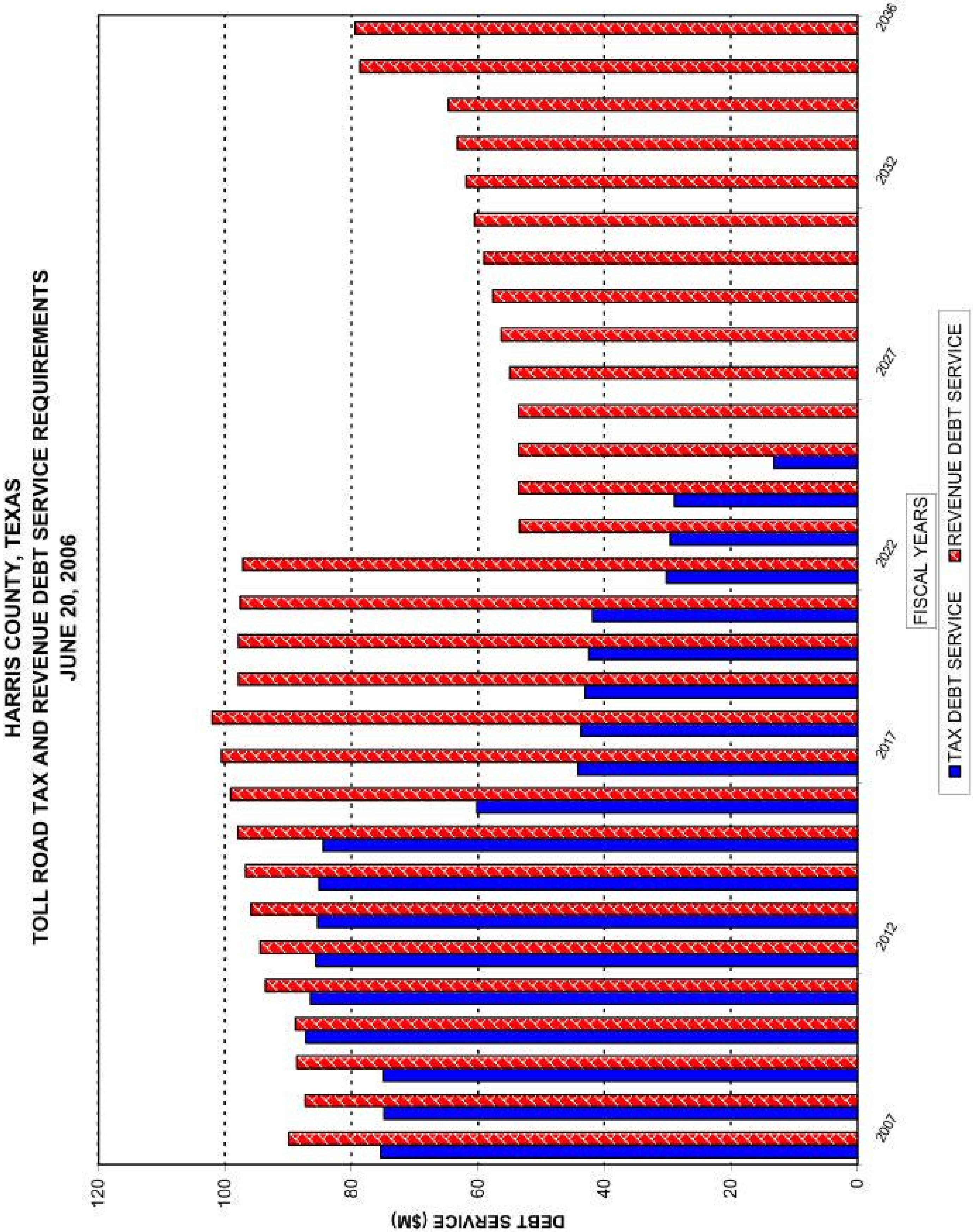
FISCAL YEAR ENDING FEBRUARY	TOLL ROAD UNLIMITED TAX BONDS	TOLL ROAD UNLIMITED REVENUE BONDS	TOTAL TOLL ROAD PRINCIPAL REQUIREMENTS
2007	$ 6,922,906	20,890,000	$ 27,812,906
2008	6,068,227	23,000,000	29,068,227
2009	10,675,665	25,580,000	36,255,665
2010	41,540,000	27,210,000	68,750,000
2011	43,285,000	33,600,000	76,885,000
2012	44,970,000	36,235,000	81,205,000
2013	47,210,000	39,645,000	86,855,000
2014	57,225,000	42,625,000	99,850,000
2015	63,695,000	46,145,000	109,840,000
2016	42,015,000	49,680,000	91,695,000
2017	27,735,000	53,810,000	81,545,000
2018	28,515,000	58,100,000	86,615,000
2019	29,330,000	56,905,000	86,235,000
2020	30,170,000	59,840,000	90,010,000
2021	31,060,000	62,580,000	93,640,000
2022	20,680,000	65,355,000	86,035,000
2023	21,085,000	23,840,000	44,925,000
2024	21,525,000	25,270,000	46,795,000
2025	21,975,000	26,610,000	48,585,000
2026	12,860,000	27,985,000	40,845,000
2027	12,860,000	30,875,000	43,735,000
2028	12,860,000	33,850,000	46,710,000
2029	12,860,000	36,980,000	49,840,000
2030	12,860,000	40,245,000	53,105,000
2031	12,860,000	43,670,000	56,530,000
2032	12,860,000	47,355,000	60,215,000
2033	12,860,000	51,285,000	64,145,000
2034	12,860,000	55,415,000	68,275,000
2035	0	72,685,000	72,685,000
2036	0	77,410,000	77,410,000
TOTAL	$ 711,421,798	1,294,675,000	$ 2,006,096,798

(A) It is anticipated that Toll Road revenue will continue to be sufficient to meet the debt requirements for both the revenue and tax bonds.

HARRIS COUNTY, TEXAS
TOLL ROAD TAX AND REVENUE DEBT SERVICE REQUIREMENTS
JUNE 20, 2006

FISCAL YEAR ENDING FEBRUARY	TOLL ROAD UNLIMITED TAX BONDS	TOLL ROAD UNLIMITED REVENUE BONDS	TOTAL TOLL ROAD DEBT SERVICE REQUIREMENTS
2007	75,413,269	89,932,195	165,345,464
2008	74,863,269	87,299,816	162,163,085
2009	74,988,031	88,653,105	163,641,136
2010	87,220,694	88,845,037	176,065,731
2011	86,496,694	93,581,250	180,077,944
2012	85,577,444	94,411,284	179,988,728
2013	85,312,031	95,857,123	181,169,154
2014	85,105,612	96,713,680	181,819,292
2015	84,494,981	97,959,467	182,454,448
2016	60,148,275	99,055,161	159,203,436
2017	44,204,397	100,551,152	144,755,549
2018	43,639,441	101,993,019	145,632,460
2019	43,062,831	97,890,794	140,953,625
2020	42,471,594	97,898,192	140,369,786
2021	41,871,031	97,577,495	139,448,526
2022	30,229,681	97,152,522	127,382,203
2023	29,601,491	53,381,987	82,983,478
2024	28,965,684	53,533,556	82,499,240
2025	28,317,072	53,537,291	81,854,363
2026	18,325,500	53,534,344	71,859,844
2027	17,682,500	54,956,481	72,638,981
2028	17,039,500	56,324,294	73,363,794
2029	16,396,500	57,699,216	74,095,716
2030	15,753,500	59,088,090	74,841,590
2031	15,110,500	60,475,978	75,586,478
2032	14,467,500	61,873,675	76,341,175
2033	13,824,500	63,281,719	77,106,219
2034	13,181,500	64,697,469	77,878,969
2035	0	78,657,006	78,657,006
2036	0	79,442,013	79,442,013
TOTAL	$ 1,273,765,022	2,375,854,411	$ 3,649,619,433

(A) It is anticipated that Toll Road revenue will continue to be sufficient to meet the debt requirements for both the revenue and tax bonds.


HARRIS COUNTY, TEXAS
TOLL ROAD TAX AND REVENUE DEBT SERVICE REQUIREMENTS
JUNE 20, 2006
DEBT SERVICE ($M)
120
100
80
60
40
20
0
2007
2012
2017
2022
2027
2032
2036
FISCAL YEARS
TAX DEBT SERVICE
REVENUE DEBT SERVICE

HARRIS COUNTY, TEXAS

Analysis of Outstanding Debt

Principal Only

As of June 20, 2006

		OUTSTANDING
Tax Supported Debt/Certificates of Obligation		
Harris County Road Bonds		$ 546,194,962
Harris County Permanent Improvement Bonds	$ 591,204,584	
Certificates of Obligation, Series 1998A *	32,530,000	
Certificates of Obligation, Series 2001A *	17,520,000	
Total Limited Tax Issues		$ 641,254,584
Harris County Flood Control District Bonds		366,254,985
Total Bonds and Certificates of Obligation Payable - Tax		$ 1,553,704,531
Revenue Supported Debt		
Harris County Tax and Subordinate Lien Revenue Forward Refunding Bonds, Series 1998 (AMT)		$ 33,925,000
General Obligation and Revenue Refunding Bonds, Series 2002		62,622,044
General Obligation and Revenue Certificates, Series 2002 *		18,840,000
Tax & Subordinate Lien Revenue Refunding Bonds, Series 2004-A (AMT)		3,680,000
Tax & Subordinate Lien Revenue Refunding Bonds, Series 2004-B		176,800,000
Total Bonds Payable - Revenue		$ 295,867,044
TOTAL COUNTY PRINCIPAL PAYABLE		$ 1,849,571,575
Tax Supported Debt - Port of Houston		
Unlimited Tax Port Improvement Bonds		$ 314,485,000
Harris County Toll Road Authority		
Toll Road Tax Bonds		$ 711,421,798
Toll Road Multi-Mode Senior Lien Revenue Bonds		1,294,675,000
Total Toll Road Bonds		$ 2,006,096,798
TOTAL PRINCIPAL PAYABLE		$ 4,170,153,373

* Certificates of Obligation

The above reflects the contracted Road Series 2006-A Forward Refunding which will settle on July 12, 2006 and the Port of Houston Authority Series 2006-A (AMT) Forward Refunding which will settle on July 19, 2006.

HARRIS COUNTY, TEXAS
BONDS AUTHORIZED BUT UNISSUED
AS OF JUNE 20, 2006

BOND SCHEDULE VOTED NOVEMBER 1983			
DESCRIPTION	VOTED	SOLD	UNSOLD
1983 TOLL ROAD	$ 900.00	882.33	$ 17.67
TOTAL	$ 900.00	882.33	$ 17.67

BOND SCHEDULE VOTED NOVEMBER 1987			
DESCRIPTION	VOTED	SOLD	UNSOLD
1987 ROAD	$ 255.00	255.0	$ 0.00
1987 PARKS	13.00	13.00	0.00
1987 PARKING FACILITIES	5.00	5.00	0.00
1987 LIBRARY	3.50	3.50	0.00
1987 FLOOD CONTROL	250.00	155.00	95.00
1987 PORT OF HOUSTON	100.00	100.00	0.00
TOTAL	$ 626.50	531.5	$ 95.00

BOND SCHEDULE VOTED NOVEMBER 1989			
DESCRIPTION	VOTED	SOLD	UNSOLD
1989 FIRE TRAINING SITE	$ 5.00	0.00	$ 5.00
1989 PORT OF HOUSTON	130.00	120.04	9.96
TOTAL	$ 135.00	120.04	$ 14.96

BOND SCHEDULE VOTED NOVEMBER 1993			
DESCRIPTION	VOTED	SOLD	UNSOLD
1993 CRIMINAL JUSTICE CENTER	$ 85.00	85.00	$ 0.00
1993 PORT OF HOUSTON	150.00	150.00	0.00
TOTAL	$ 235.00	235.00	$ 0.00

BOND SCHEDULE VOTED NOVEMBER 1997			
DESCRIPTION	VOTED	SOLD	UNSOLD
1997 ROADS	$ 356.00	342.18	$ 13.82
1997 LIBRARY	15.00	13.69	1.31
1997 PARKS	7.00	7.00	0.00
TOTAL	$ 378.00	362.87	$ 15.13

BOND SCHEDULE VOTED NOVEMBER 1999			
DESCRIPTION	VOTED	SOLD	UNSOLD
1999 CIVIL JUSTICE CENTER	$ 119.00	95.00	$ 24.00
1999 PORT OF HOUSTON	387.00	99.54	287.46
TOTAL	$ 506.00	194.54	$ 311.46

BOND SCHEDULE VOTED NOVEMBER 2001			
DESCRIPTION	VOTED	SOLD	UNSOLD
2001 ROADS	$ 475.00	0.00	$ 475.00
2001 PARKS	60.00	2.13	57.87
TOTAL	$ 535.00	2.13	$ 532.87

TOTAL	$ 3,315.50	2,328.41	$ 987.09

Harris County, Texas

Schedule of Bonds Authorized

but not issued as of June 20, 2006

Balance of authorized but unsold bonds:

	County and Flood Control		
1987	Flood Control	$	95,000,000
1989	Fire Fighting Facilities		5,000,000
1997	Roads		13,820,000
1997	Library		1,306,000
1999	Civil Justice Center		24,000,000
2001	Roads		475,000,000
2001	Parks		57,871,000
	Subtotal - County and Flood Control	$	671,997,000
1983	Toll Road	$	17,673,000
	Subtotal - Toll Road Authority	$	17,673,000
	Port of Houston		
1989	Deepening and Widening of Ship Channel	$	9,960,000
1999	Port Improvements		287,460,000
	Subtotal - Port of Houston	$	297,420,000
Total Bonds Authorized but unissued as of June 20, 2006		$	987,090,000

HARRIS COUNTY, TEXAS

COUNTY

UNLIMITED ROAD CURRENT DEBT SERVICE REQUIREMENTS

AS OF JUNE 20, 2006

FISCAL YEAR END FEBRUARY		TOTAL UNLIMITED (ROAD) GENERAL OBLIGATION TAX BONDS	COMMERCIAL PAPER REFUNDED UNLIMITED (ROAD) TAX BONDS (A)		COUNTY UNLIMITED (ROAD) TOTAL TAX BOND DEBT SERVICE
2008	$	43,038,354	11,161,975	$	54,200,329
2009		40,717,966	11,161,975		51,879,941
2010		40,488,316	11,161,975		51,650,291
2011		45,053,741	11,161,975		56,215,716
2012		39,444,579	11,161,975		50,606,554
2013		35,225,079	11,161,975		46,387,054
2014		38,079,829	11,161,975		49,241,804
2015		36,374,929	11,161,975		47,536,904
2016		35,796,691	11,161,975		46,958,666
2017		33,408,891	12,523,225		45,932,116
2018		33,395,854	12,529,225		45,925,079
2019		9,367,079	36,561,475		45,928,554
2020		9,364,297	36,565,700		45,929,997
2021		9,363,222	36,567,250		45,930,472
2022		9,372,835	36,563,500		45,936,335
2023		9,364,290	36,563,750		45,928,040
2024		9,376,500	36,564,750		45,941,250
2025		0	45,942,750		45,942,750
2026		0	0		0
	$	477,232,452	390,839,400	$	868,071,852

(A) The debt service shown is the County Unlimited Road Commercial Paper Refunding, Series 2003-B and 2004-B. These two refundings restored the Unlimited Road Commercial Paper Program to its original capacity. The County is required to levy an annual ad valorem tax for these bonds within its statutory unlimited tax rate maximum.

HARRIS COUNTY, TEXAS

FLOOD CONTROL DISTRICT

DEBT SERVICE REQUIREMENTS

AS OF JUNE 20, 2006

FISCAL YEAR END FEBRUARY		TOTAL GENERAL OBLIGATION DEBT	COMMERCIAL PAPER REFUNDED DEBT (A)		FLOOD CONTROL DISTRICT TOTAL DEBT SERVICE
2008	$	13,293,406	21,144,338	$	34,437,744
2009		9,699,906	21,146,338		30,846,244
2010		8,981,806	21,148,338		30,130,144
2011		6,582,094	21,146,537		27,728,631
2012		4,270,469	21,147,787		25,418,256
2013		4,059,169	21,147,537		25,206,706
2014		3,866,694	21,148,287		25,014,981
2015		2,353,356	21,144,288		23,497,644
2016		1,183,238	21,145,037		22,328,275
2017		0	21,147,512		21,147,512
2018		0	21,146,088		21,146,088
2019		0	36,129,975		36,129,975
2020		0	51,326,412		51,326,412
2021		0	51,321,850		51,321,850
2022		0	52,939,138		52,939,138
2023		0	52,947,237		52,947,237
2024		0	52,929,625		52,929,625
2025		0	11,361,738		11,361,738
2026		0	0		0
	$	54,290,138	541,568,062	$	595,858,200

(A) The debt service shown is the Flood Control District Commercial Paper Refunding, Series 2003-B and 2004-A. These two refundings restored the Flood Control District Commercial Paper Program to its original capacity. The County is required to levy an annual ad valorem tax for these bonds within its statutory limited tax rate maximum. An annual transfer is made from the County established debt service fund for the levied tax collections to the Flood Control District debt service fund which processes the actual payments.

HARRIS COUNTY, TEXAS
CERTIFICATES OF OBLIGATION DEBT SERVICE REQUIREMENTS
JUNE 20, 2006

FISCAL YEAR END FEBRUARY	LIMITED AD VALOREM TAX LIEN $69,290,000 CONSTRUCTION AND EQUIPPING NEW JAIL FACILITY SERIES 1998	$32,510,000 CONSTRUCTION AND EQUIPPING NEW PARKING GARAGE SERIES 2001	TOTAL LIMITED AD VALOREM TAX REQUIREMENTS	HOTEL TAX LIEN $33,060,000 GENERAL OBLIGATION AND REVENUE SERIES 2002	TOTAL CERTIFICATES OF OBLIGATION REQUIREMENTS
2007	$ 2,901,925	1,629,828	$ 4,531,753	1,007,150	$ 5,538,903
2008	3,636,200	1,629,719	5,265,919	2,138,150	7,404,069
2009	3,634,050	1,628,078	5,262,128	2,670,025	7,932,153
2010	1,157,400	1,631,875	2,789,275	3,231,981	6,021,256
2011	1,157,400	1,630,750	2,788,150	3,980,519	6,768,669
2012	1,157,400	1,632,250	2,789,650	4,574,400	7,364,050
2013	1,157,400	1,631,250	2,788,650	6,180,413	8,969,063
2014	1,157,400	1,631,938	2,789,338	0	2,789,338
2015	1,157,400	503,750	1,661,150	0	1,661,150
2016	1,157,400	503,750	1,661,150	0	1,661,150
2017	1,157,400	503,750	1,661,150	0	1,661,150
2018	1,157,400	503,750	1,661,150	0	1,661,150
2019	4,987,400	503,750	5,491,150	0	5,491,150
2020	4,985,050	503,750	5,488,800	0	5,488,800
2021	4,985,050	503,750	5,488,800	0	5,488,800
2022	4,986,950	503,750	5,490,700	0	5,490,700
2023	4,985,300	503,750	5,489,050	0	5,489,050
2024	4,989,875	2,278,250	7,268,125	0	7,268,125
2025	0	2,275,000	2,275,000	0	2,275,000
2026	0	2,277,000	2,277,000	0	2,277,000
2027	0	2,278,875	2,278,875	0	2,278,875
2028	0	2,275,500	2,275,500	0	2,275,500
2029	0	0	0	0	0
TOTAL	$ 50,508,400	28,964,063	$ 79,472,463	$ 23,782,638	$ 103,255,100

HARRIS COUNTY, TEXAS
TOTAL COUNTY TAX AND REVENUE DEBT SERVICE REQUIREMENTS
RELIANT PARK SUMMARY
JUNE 20, 2006

	HOTEL OCCUPANCY TAX DEBT SERVICE					
FISCAL YEAR END FEBRUARY	TAX & SUB LIEN REVENUE FORWARD REF 1998 (AMT) BONDS	GENERAL OBLIGATION AND REVENUE 2002 REFUNDING BONDS	GENERAL OBLIGATION AND REVENUE 2002 CERT OF OBLIGATION	TAX & SUB LIEN REVENUE REFUNDING 2004 - A (AMT) BONDS	TAX & SUB LIEN REVENUE REFUNDING 2004 - B BONDS	TOTAL RELIANT PARK DEBT SERVICE
2007	$ 5,878,665	0	1,007,150	174,750	8,840,000	$ 15,900,565
2008	5,877,415	0	2,138,150	174,750	8,840,000	17,030,315
2009	5,880,690	0	2,670,025	174,750	8,840,000	17,565,465
2010	5,877,408	0	3,231,981	740,250	8,840,000	18,689,639
2011	5,876,460	0	3,980,519	1,052,250	8,840,000	19,749,229
2012	5,876,433	0	4,574,400	1,049,625	8,840,000	20,340,458
2013	5,880,735	0	6,180,413	1,240,250	7,372,560	20,673,957
2014	0	11,215,000	0	0	5,905,120	17,120,120
2015	0	13,825,000	0	0	5,905,120	19,730,120
2016	0	13,825,000	0	0	5,905,120	19,730,120
2017	0	13,825,000	0	0	5,905,120	19,730,120
2018	0	13,825,000	0	0	6,347,605	20,172,605
2019	0	13,825,000	0	0	7,586,282	21,411,282
2020	0	13,825,000	0	0	7,602,415	21,427,415
2021	0	0	0	0	21,455,990	21,455,990
2022	0	0	0	0	21,488,658	21,488,658
2023	0	0	0	0	21,551,285	21,551,285
2024	0	16,210,000	0	0	5,368,588	21,578,588
2025	0	16,210,000	0	0	5,375,168	21,585,168
2026	0	16,210,000	0	0	5,380,078	21,590,078
2027	0	0	0	0	21,607,768	21,607,768
2028	0	0	0	0	21,672,800	21,672,800
2029	0	17,915,000	0	0	3,770,063	21,685,063
2030	0	0	0	0	21,730,217	21,730,217
2031	0	0	0	0	21,773,072	21,773,072
2032	0	0	0	0	21,841,712	21,841,712
2033	0	0	0	0	21,909,885	21,909,885
2034	0	0	0	0	0	0
TOTAL	$ 41,147,805	160,710,000	23,782,638	4,606,625	320,494,625	$ 550,741,692

HARRIS COUNTY, TEXAS
PORT OF HOUSTON AUTHORITY BOND ANALYSIS
AS OF JUNE 20, 2006

	SERIES	APPROVED 1989 (NON-AMT) PROGRAM WIDENING CHANNEL	APPROVED 1993 PROGRAM PORT IMPROVEMENTS	APPROVED 1999 (AMT) PROGRAM PORT IMPROVEMENTS	TOTAL APPROVED PROGRAMS UNISSUED
ORIGINAL APPROVAL		$ 130,000,000	150,000,000	387,000,000	$ 667,000,000
DECEMBER 15, 1994	1994		(15,000,000)		(15,000,000)
DECEMBER 5, 1995	1995		(12,000,000)		(12,000,000)
MAY 14, 1996	1996-A	(10,000,000)			(10,000,000)
MAY 14, 1996	1996-B		(42,000,000)		(42,000,000)
JULY 9, 1997	1997	(28,000,000)			(28,000,000)
NOVEMBER 17,1998	1998-A		(81,000,000)		(81,000,000)
NOVEMBER 17,1998	1998-B	(7,000,000)			(7,000,000)
SEPTEMBER 28, 1999	1999-A	(14,000,000)			(14,000,000)
NOVEMBER 29,2000	2000-A	(12,000,000)			(12,000,000)
NOVEMBER 29,2001	2001-A	(17,300,000)			(17,300,000)
NOVEMBER 29,2001	2001-B			(70,000,000)	(70,000,000)
DECEMBER 12, 2002	2002-A	(16,000,000)			(16,000,000)
SEPTEMBER 8, 2005 (A)	2005-A			(29,540,000)	(29,540,000)
SEPTEMBER 8, 2005 (B)	2005-B	(15,740,000)			(15,740,000)
UNISSUED AS OF JUNE 20, 2006		$ 9,960,000	0	287,460,000	$ 297,420,000

A. The Series A amount shown is the refunding bifurcated new money commercial paper principal as calculated by the the Office of Financial Planning.

B. The Series B amount is the refunding commercial paper new money as determined by First Southwest's pricing packet last page.

HARRIS COUNTY, TEXAS

PORT OF HOUSTON AUTHORITY

DEBT SERVICE REQUIREMENTS

AS OF JUNE 20, 2006

FISCAL YEAR END FEBRUARY		TOTAL GENERAL OBLIGATION DEBT	COMMERCIAL PAPER REFUNDED DEBT (A)		PORT OF HOUSTON AUTHORITY TOTAL DEBT SERVICE
2008	$	28,269,549	2,181,681	$	30,451,230
2009		27,515,862	2,181,681		29,697,543
2010		26,773,451	2,181,681		28,955,132
2011		24,077,608	2,181,681		26,259,289
2012		22,585,938	2,181,682		24,767,620
2013		22,505,939	2,636,681		25,142,620
2014		22,391,409	2,753,931		25,145,340
2015		19,867,744	5,284,181		25,151,925
2016		19,542,123	5,611,432		25,153,555
2017		19,222,937	5,934,431		25,157,368
2018		18,362,036	6,802,181		25,164,217
2019		16,052,949	9,183,381		25,236,330
2020		18,783,751	6,457,882		25,241,633
2021		20,707,989	4,529,131		25,237,120
2022		20,712,049	4,528,131		25,240,180
2023		20,208,048	4,347,632		24,555,680
2024		12,495,561	3,047,419		15,542,980
2025		7,492,935	0		7,492,935
2026		7,513,035	0		7,513,035
2027		7,535,645	0		7,535,645
2028		1,149,750	0		1,149,750
2029		0	0		0
	$	383,766,308	72,024,819	$	455,791,127

(A) The debt service shown is the Port of Houston Authority Commercial Paper Refunding Series 2005-A and 2005-B. These two refundings restored the Port of Houston Authority Commercial Paper Program to its original capacity. The County is required to levy an annual ad valorem tax for these bonds within its statutory limited tax rate maximum.

HARRIS COUNTY, TEXAS

CAPITAL PROGRAM BUDGET

JUNE 20, 2006

Tax Rates for
Port of Houston Authority

Tax Year		Tax Rate
1984	$	0.00939
1985		0.00765
1986		0.00798
1987		0.00715
1988		0.01091
1989		0.01267
1990		0.01327
1991		0.01531
1992		0.01496
1993		0.01222
1994		0.01316
1995		0.01285
1996		0.01600
1997		0.01959
1998		0.02132
1999		0.02040
2000		0.01830
2001		0.01826
2002		0.01989
2003		0.02000
2004		0.01673
2005	$	0.01474

HARRIS COUNTY, TEXAS
HARRIS COUNTY HOSPITAL DISTRICT
FIVE-YEAR PROJECTION AT 19.216¢

	FISCAL YEAR						
	2006	2007	2008	2009	2010	2011	2012
	TAX YEAR						
	2005	2006	2007	2008	2009	2010	2011
HOSPITAL DISTRICT TOTAL	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216

	FISCAL YEAR						
	2006	2007	2008	2009	2010	2011	2012
HOSPITAL DISTRICT TOTAL	377,819,582	407,237,140	408,530,463	419,417,896	436,902,493	449,979,641	455,122,983

	TAX YEAR						
	2005	2006	2007	2008	2009	2010	2011
TAXABLE VALUE PER $100	2,022,529,201	2,093,274,464	2,165,680,693	2,221,994,832	2,317,489,799	2,384,410,897	2,408,255,006
TAX RATE	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216
OPERATING FUND							
CURRENT TAXES	341,018,725	365,107,484	377,736,529	387,558,802	404,214,968	415,887,300	420,046,173
LYL TAXES	20,291,263	30,316,164	19,216,183	19,880,870	20,397,832	21,274,472	21,888,805
CURRENT P&I	1,550,626	2,425,293	1,537,295	1,590,470	1,631,827	1,701,958	1,751,104
P&I DELINQUENT	3,457,688	2,598,648	2,782,210	2,878,447	2,953,295	3,080,219	3,169,165
DELINQUENT	11,501,280	6,789,551	7,258,246	7,509,308	7,704,572	8,035,693	8,267,736
	377,819,582	407,237,140	408,530,463	419,417,896	436,902,493	449,979,641	455,122,983

A) Tax Year 2005 is the Harris County Appraisal District (HCAD) valuation from the March 18, 2006 certified valuation report reduced by the actual Freeport Exemption loss of $3,737,633,040, as of February 6, 2006, which became effective January 1, 2005.

B) Tax Years 2006-2011 are the HCAD mid-range values from the Five-year Forecast dated December 1, 2005 and assume an annual estimated increasing Freeport Exemption loss.

HARRIS COUNTY
NET TAX REVENUE GENERATED
BY ONE CENT PER $100 VALUATION - MID RANGE
JUNE 20, 2006

COUNTY

TAX YEAR	TAXABLE VALUE BASE	GROSS TAX REVENUE .01 RATE PER $100 VALUE	ANNUAL 3.0% LOSS FACTOR	ASSESSOR COLLECTOR 2.0% FEE	MAXIMUM NET TAX REVENUE	TAX REVENUE YEAR 1 95.0%	TAX REVENUE YEAR 2 5.0%
2005	$ 206,027,637,928	20,602,764	618,083	399,694	**19,584,987**	**18,605,738**	**979,249**
2006	214,777,084,776	21,477,708	644,331	416,668	**20,416,710**	**19,395,874**	**1,020,835**
2007	224,028,084,776	22,402,808	672,084	434,614	**21,296,110**	**20,231,304**	**1,064,805**
2008	231,144,084,776	23,114,408	693,432	448,420	**21,972,557**	**20,873,929**	**1,098,628**
2009	242,475,084,776	24,247,508	727,425	470,402	**23,049,682**	**21,897,197**	**1,152,484**
2010	249,274,084,776	24,927,408	747,822	483,592	**23,695,994**	**22,511,195**	**1,184,800**

The Taxable value base for Tax Year 2005 is from the HCAD updated certified valuation report dated March 18, 2006 plus State Rolling Stock of $37,084,776.
The Taxable value base for Tax Year 2006 is from the HCAD letter dated September 12, 2005 mid-range, plus State Rolling Stock of $37,084,776.
Tax Year 2007-2010 values shown are the mid-range from the HCAD Five-year Forecast Report of December 1, 2005, plus the Tax Year 2005 State Rolling Stock of $37,084,776.

FLOOD CONTROL

TAX YEAR	TAXABLE VALUE BASE	GROSS TAX REVENUE .01 RATE PER $100 VALUE	ANNUAL 3.0% LOSS FACTOR	ASSESSOR COLLECTOR 2.0% FEE	MAXIMUM NET TAX REVENUE	TAX REVENUE YEAR 1 95.0%	TAX REVENUE YEAR 2 5.0%
2005	$ 202,252,920,112	20,225,292	606,759	392,371	**19,226,163**	**18,264,854**	**961,308**
2006	209,327,446,398	20,932,745	627,982	406,095	**19,898,667**	**18,903,734**	**994,933**
2007	216,568,069,346	21,656,807	649,704	420,142	**20,586,961**	**19,557,613**	**1,029,348**
2008	222,199,483,216	22,219,948	666,598	431,067	**21,122,283**	**20,066,169**	**1,056,114**
2009	231,748,979,859	23,174,898	695,247	449,593	**22,030,058**	**20,928,555**	**1,101,503**
2010	238,441,089,658	23,844,109	715,323	462,576	**22,666,210**	**21,532,899**	**1,133,310**

The Taxable value base for the Tax Year 2005 is from the HCAD certified tax roll packet dated March 18, 2006 reduced by the Freeport Exemption loss of $3,737,633,040 which became effective January 1, 2005.
The Taxable value base for Tax Year 2006 is from the HCAD letter dated September 12, 2005 mid-range.
Tax Year 2007-2010 values shown are the mid-range from the HCAD Five-year Forecast Report of December 1, 2005 reduced by an annual estimated increasing Freeport Exemption loss.

HARRIS COUNTY
NET TAX REVENUE GENERATED
BY ONE CENT PER $100 VALUATION - MID RANGE
JUNE 20, 2006

HOSPITAL DISTRICT

TAX YEAR	TAXABLE VALUE BASE	GROSS TAX REVENUE .01 RATE PER $100 VALUE	ANNUAL 3.0% LOSS FACTOR	ASSESSOR COLLECTOR 1.5% FEE	MAXIMUM NET TAX REVENUE	TAX REVENUE YEAR 1 95.0%	TAX REVENUE YEAR 2 5.0%
2005	$ 202,252,920,112	20,225,292	606,759	294,278	**19,324,255**	**18,358,042**	**966,213**
2006	209,327,446,398	20,932,745	627,982	304,571	**20,000,191**	**19,000,181**	**1,000,010**
2007	216,568,069,346	21,656,807	649,704	315,107	**20,691,996**	**19,657,396**	**1,034,600**
2008	222,199,483,216	22,219,948	666,598	323,300	**21,230,050**	**20,168,547**	**1,061,502**
2009	231,748,979,859	23,174,898	695,247	337,195	**22,142,456**	**21,035,333**	**1,107,123**
2010	238,441,089,658	23,844,109	715,323	346,932	**22,781,854**	**21,642,761**	**1,139,093**

The Taxable value base for the Tax Year 2005 is from the HCAD certified tax roll packet dated March 18, 2006 reduced by the Freeport Exemption loss of $3,737,633,040 which became effective January 1, 2005.
The Taxable value base for Tax Year 2006 is from the HCAD letter dated September 12, 2005 mid-range.
Tax Year 2007-2010 values shown are the mid-range from the HCAD Five-year Forecast Report of December 1, 2005 reduced by an annual estimated increasing Freeport Exemption loss.

PORT OF HOUSTON AUTHORITY

TAX YEAR	TAXABLE VALUE BASE	GROSS TAX REVENUE .01 RATE PER $100 VALUE	ANNUAL 3.0% LOSS FACTOR	ASSESSOR COLLECTOR FEE	MAXIMUM NET TAX REVENUE	TAX REVENUE YEAR 1 95.0%	TAX REVENUE YEAR 2 5.0%
2005	$ 202,252,920,112	20,225,292	606,759	587,124	**19,031,409**	**18,079,839**	**951,570**
2006	209,327,446,398	20,932,745	627,982	587,124	**19,717,638**	**18,731,756**	**985,882**
2007	216,568,069,346	21,656,807	649,704	587,124	**20,419,979**	**19,398,980**	**1,020,999**
2008	222,199,483,216	22,219,948	666,598	587,124	**20,966,226**	**19,917,915**	**1,048,311**
2009	231,748,979,859	23,174,898	695,247	587,124	**21,892,527**	**20,797,901**	**1,094,626**
2010	238,441,089,658	23,844,109	715,323	587,124	**22,541,662**	**21,414,579**	**1,127,083**

The Taxable value base for the Tax Year 2005 is from the HCAD certified tax roll packet dated March 18, 2006 reduced by the Freeport Exemption loss of $3,737,633,040 which became effective January 1, 2005.
The Taxable value base for Tax Year 2006 is from the HCAD letter dated September 12, 2005 mid-range.
Tax Year 2007-2010 values shown are the mid-range from the HCAD Five-year Forecast Report of December 1, 2005 reduced by an annual estimated increasing Freeport Exemption loss.

Harris County, Texas
CIP - Roads
FY 2006-07 Appropriations Budget
As of 5/31/2006

				Remaining Available Budget Balance	
Org / Fund	**Adjusted Budget**	**FY 2006-07 Expenditures**	**Project Encumbrances**	**Allocated Projects**	**Unallocated Projects**
Precinct One--101					
Fund 3120, Metro Street Improvement	1,868,199	-	-	1,124,825	743,374
Fund 3600, Road Capital Projects	2,308,443	318,207	866,302	323,934	800,000
Fund 3730, Road Refunding '04B - 2001 Road/Constr.	16,842,105	-	-	-	16,842,105
Fund 3860, 1987 Road/Refunding '96	1,226,197	30,923	79,352	1,115,922	-
Fund 3940, 1997/2001 Road - CP Series C	24,535,206	6,593,946	9,082,857		8,858,403
Precinct 1 totals	46,780,150	6,943,076	10,028,511	2,564,681	27,243,882
Precinct Two--102					
Fund 3120, Metro Street Improvement	247,215	-	820	-	246,395
Fund 3500, 1975 Road Bond	25,928	-	21,503	-	4,425
Fund 3600, Road Capital Projects	16,583,868	567,482	5,702,542	8,947,411	1,366,433
Fund 3610, Metro Designated Projects	4,000,000	1,145,002	2,854,998	-	-
Fund 3730, Road Refunding '04B - 2001 Road/Constr.	17,965,747	617,215	7,177,963	8,156,790	2,013,779
Fund 3830, 1987 Road '93	80,126	-	80,126	-	-
Fund 3860, 1987 Road/Refunding '96	483,272	35,185	426,605	-	21,482
Fund 3940, 1997/2001 Road - CP Series C	38,872,306	2,595,694	14,076,445	16,257,484	5,942,683
Precinct 2 totals	78,258,462	4,960,578	30,341,002	33,361,685	9,595,197
Precinct Three--103					
Fund 3120, Metro Street Improvement	60,848	-	41,234	1,468	18,146
Fund 3500, 1975 Road Bond	271,059	4,130	41,000	225,928	-
Fund 3600, Road Capital Projects	7,901,907	72,975	907,679	4,491,189	2,430,064
Fund 3610, Metro Designated Projects	4,132,149	-	-	4,132,149	-
Fund 3730, Road Refunding '04B - 2001 Road/Constr.	25,157,651	3,091,297	18,435,656	3,099,673	531,025
Fund 3830, 1987 Road '93	8,543	-	-	8,543	-
Fund 3860, 1987 Road/Refunding '96	37,532	-	12,519	22,284	2,729
Fund 3940, 1997/2001 Road - CP Series C	17,658,243	3,611,876	13,488,695	547,672	10,000
Precinct 3 totals	55,227,932	6,780,278	32,926,783	12,528,906	2,991,964
Precinct Four--104					
Fund 3600, Road Capital Projects	2,680,192	260,072	1,540,974	879,146	-
Fund 3610, Metro Designated Projects	9,974,927	2,185,941	5,407,866	2,381,121	-
Fund 3730, Road Refunding '04B - 2001 Road/Constr.	35,789,474	-	9,945,662	-	25,843,812
Fund 3830, 1987 Road '93	130,851	-	16,433	114,418	-
Fund 3860, 1987 Road/Refunding '96	629,611	37,815	494,985	96,811	-
Fund 3940, 1997/2001 Road - CP Series C	38,658,733	5,302,194	33,325,554	30,986	-
Precinct 4 totals	87,863,788	7,786,022	50,731,474	3,502,482	25,843,812
All Precincts---101-104					
Fund 3120, Metro Street Improvement	2,176,262	-	42,054	1,126,293	1,007,915
Fund 3500, 1975 Road Bond	296,987	4,130	62,503	225,928	4,425
Fund 3600, Road Capital Projects	29,474,410	1,218,736	9,017,496	14,641,680	4,596,498
Fund 3610, Metro Designated Projects	18,107,076	3,330,943	8,262,864	6,513,270	-
Fund 3730, Road Refunding '04B - 2001 Road/Constr.	95,754,976	3,708,512	35,559,282	11,256,463	45,230,720
Fund 3830, 1987 Road '93	219,520	-	96,559	122,961	-
Fund 3860, 1987 Road/Refunding '96	2,376,611	103,923	1,013,461	1,235,017	24,211
Fund 3940, 1997/2001 Road - CP Series C	119,724,488	18,103,710	69,973,551	16,836,142	14,811,085
All Precincts totals	268,130,330	26,469,954	124,027,770	51,957,754	65,674,854

053106-CIPRoadsPcts.xls8/23/2006

Harris County, Texas
CIP - Roads
FY 2006-07 Appropriations Budget
As of 5/31/2006

Org / Fund	Adjusted Budget	FY 2006-07 Expenditures	Project Encumbrances	Remaining Available Budget Balance: Allocated Projects	Remaining Available Budget Balance: Unallocated Projects
PID-Right of Way---040					
Fund 3940, 1997/2001 Road - CP Series C	2,230,797	-	-	2,230,797	-
Public Infrastructure R.O.W. Totals	2,230,797	-	-	2,230,797	-
Tunnel & Ferry Precinct 2---105					
Fund 3600, Road Capital Projects	390,218	7,498	382,720	-	-
Tunnel & Ferry Precinct 2 Totals	390,218	7,498	382,720	-	-
Misc. General Admin.---203					
Fund 3120, Metro Street Improvement	4,190,699	-	-	4,190,699	-
Fund 3500, 1975 Road Bond	574,303	-	-	574,303	-
Fund 3600, Road Capital Projects	17,938,251	-	-	17,938,251	-
Fund 3610, Metro Designated Projects	1,816,131	-	-	1,816,131	-
Fund 3730, Road Refunding '04B - 2001 Road/Constr.	50,565	-	-	50,565	-
Fund 3940, 1997/2001 Road-CP Ser C - Reserve	8,090,466	-	-	-	8,090,466
Fund 3940, 1997/2001 Road-CP Ser C - St ROW	6,886,472	-	-	6,886,472	-
Misc. General Admin. Totals	39,546,887	-	-	31,456,421	8,090,466
Fund Totals					
Fund 3120, Metro Street Improvement	6,366,961	-	42,054	5,316,992	1,007,915
Fund 3500, 1975 Road Bond	871,290	4,130	62,503	800,231	4,425
Fund 3600, Road Capital Projects	47,802,879	1,226,234	9,400,216	32,579,931	4,596,498
Fund 3610, Metro Designated Projects	19,923,207	3,330,943	8,262,864	8,329,401	-
Fund 3730, Road Refunding '04B - 2001 Road/Constr.	95,805,541	3,708,512	35,559,282	11,307,028	45,230,720
Fund 3830, 1987 Road '93	219,520	-	96,559	122,961	-
Fund 3860, 1987 Road/Refunding '96	2,376,611	103,923	1,013,461	1,235,017	24,211
Fund 3940, 1997/2001 Road - CP Series C	136,932,223	18,103,710	69,973,551	25,953,411	22,901,551
Totals	310,298,232	26,477,452	124,410,490	85,644,972	73,765,320

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Harris County, Texas
CIP - Parks
FY 2006-07 Appropriations Budget
As of 5/31/2006

Org / Fund		Adjusted Budget	FY 2006-07 Expenditures	Project Encumbrances	Remaining Available Budget Balance Allocated Projects	Remaining Available Budget Balance Unallocated Projects
Precinct One--101						
Fund 3670	Capital Projects	3,748,000	-	-	3,748,000	-
Fund 3690	1982 Park Bond S '82	833,548	-	-	236,551	596,997
Fund 3850	1987 Park Bond S '94	80,543	-	-	80,543	-
Fund 3890	Cert of Obg. Series 1994	177,697	-	7,050	168,904	1,743
Fund 3930	P/I(Comm Paper) Series B-2001 Park	4,563,276	136,526	447,203	2,012,186	1,967,361
Precinct One Totals		9,403,064	136,526	454,253	6,246,184	2,566,101
Precinct Two--102						
Fund 3850	1987 Park Bond S '94	1,102	-	1,102	-	-
Fund 3890	Cert of Obg. Series 1994	26,197	-	26,197	-	-
Fund 3930	P/I(Comm Paper) Series B-2001 Park	3,857,143	207,846	1,358,241	75,317	2,215,739
Precinct Two Totals		3,884,442	207,846	1,385,540	75,317	2,215,739
Precinct Three --103						
Fund 3850	1987 Park Bond S '94	1,102,823	107,321	779,472	216,030	-
Fund 3930	P/I(Comm Paper) Series B-2001 Park	793,479	132,925	639,512	21,042	-
Precinct Three Totals		1,896,302	240,246	1,418,984	237,072	-
Precinct Four --104						
Fund 3670	Capital Projects	200,114	-	137,226	-	62,888
Fund 3890	Cert of Obg. Series 1994	72,694	1,931	70,762	1	-
Fund 3930	P/I(Comm Paper) Series B-2001 Park	3,582,218	249,048	1,740,169	1,593,001	-
Precinct Four Totals		3,855,026	250,979	1,948,157	1,593,002	62,888
All Precincts						
Fund 3670	Capital Projects	3,948,114	-	137,226	3,748,000	62,888
Fund 3690	1982 Park Bond S '82	833,548	-	-	236,551	596,997
Fund 3850	1987 Park Bond S '94	1,184,467	107,321	780,574	296,573	-
Fund 3890	Cert of Obg. Series 1994	276,588	1,931	104,009	168,905	1,743
Fund 3930	P/I(Comm Paper) Series B-2001 Park	12,796,116	726,345	4,185,124	3,701,546	4,183,100
All Precincts Totals		19,038,833	835,597	5,206,933	8,151,575	4,844,728
Misc. General Admin.--203						
Fund 3690	1982 Park Bond S '82	383,683	-	-	383,683	-
Fund 3850	1987 Park Bond S '94	119,438	-	-	119,438	-
Misc. General Admin. Totals		503,121	-	-	503,121	-
Fund Totals--Parks						
Fund 3670	Capital Projects	3,948,114	-	137,226	3,748,000	62,888
Fund 3690	1982 Park Bond S '82	1,217,232	-	-	620,235	596,997
Fund 3850	1987 Park Bond S '94	1,303,905	107,321	780,574	416,011	-
Fund 3890	Cert of Obg. Series 1994	276,588	1,931	104,009	168,905	1,743
Fund 3930	P/I(Comm Paper) Series B-2001 Park	12,796,116	726,345	4,185,124	3,680,504	4,204,142
Fund Totals		19,541,955	835,597	5,206,933	8,633,655	4,865,770

053106-CIPParksPcts.xls6/8/2006

Harris County, Texas
CIP - Libraries
FY 2006-07 Appropriations Budget
As of 5/31/2006

Precinct / Fund	Adjusted Budget	FY 2006-07 Expenditures	Project Encumbrances	Remaining Available Budget Balance: Allocated Projects	Remaining Available Budget Balance: Unallocated Projects
Precinct One--101					
Fund 3930 Comm Paper S' B - P/I - Libraries					
Aldine Library	13,298	-	-	13,298	-
Stella Link Library	132,485	-	132,485	-	-
Fund 3930 Comm Paper S' B - P/I - Libraries - Total	145,783	-	132,485	13,298	-
Precinct Three --103					
Fund 3930 Comm Paper S' B - P/I - Libraries	49,550	-	-	49,550	-
Management Services--203					
Fund 3930 Comm Paper S' B - P/I - Libraries	412,580	-	-	412,580	-
County Engineer--208					
Fund 3670 Capital Projects - Libraries					
Clear Lake/Freeman Library	70,335	-	-	70,335	-
Fund 3670 Capital Projects - Libraries - Total	70,335	-	-	70,335	-
Library--285					
Fund 3670 Capital Projects - Libraries					
Clear Lake/Freeman Library	4,648	-	959	3,689	-
Fund 3670 Capital Projects - Libraries - Total	4,648	-	959	3,689	-
Fund 3930 Comm Paper S ' B - P/I - Libraries					
Clear Lake/Freeman Library	160,287	12,052	145,994	2,241	-
Cypress Creek/Bush Library	(20)	-	-	(20)	-
Balwin Boettcher Library	312	-	-	312	-
Aldine Library	(36,634)	-	-	(36,634)	-
Katy Library	9,975	2,117	8,450	(592)	-
Tomball Library	512,828	2,672	445,001	65,155	-
High Meadows Library	3,327	-	3,204	123	-
Cy-Fair Library	64,491	9,848	46,639	8,004	-
New Service Model	3,066	-	-	3,066	-
Fund 3930 Comm Paper S ' B - P/I - Libraries - Total	717,632	26,689	649,288	41,655	-
Fund 3960 P/I(Comm Paper) Series A-1 - Libraries					
Horizon Library System	602	-	-	602	-
Fund 3960 P/I(Comm Paper) Series A-1 - Libraries - Total	602	-	-	602	-
Fund 3980 PIB Comm Paper Ser D2002 - Libraries					
Tomball Library	4,842,364	7,442	4,120,046	714,876	-
Cyfair Library	2,035	-	-	2,035	-
Aldine Library	36,634	-	-	36,634	-
Fund 3980 PIB Comm Paper Ser D2002 - Libraries - Total	4,881,033	7,442	4,120,046	753,545	-
Total Library	5,603,915	34,131	4,770,293	799,491	-
FUND TOTALS - Libraries					
Fund 3670 Capital Projects - Libraries	74,983	-	959	74,024	-
Fund 3930 Comm Paper S' B - P/I Libraries	1,325,546	26,689	781,773	517,083	-
Fund 3960 P/I(Comm Paper) Series A-1	602	-	-	602	-
Fund 3980 PIB Comm Paper Ser D - 2002	4,881,032	7,442	4,120,046	753,545	-
Totals - Libraries	6,282,163	34,131	4,902,778	1,345,254	-

053106-CIPPCTs-Libraries.xls6/8/2006

Harris County, Texas
CIP - Flood Control District
FY 2006-07 Appropriations Budget
As of 5/31/2006

Fund/Description		Adjusted Budget	FY 2006-07 Expenditures	Project Encumbrances	Remaining Available Budget Balance: Allocated Projects	Remaining Available Budget Balance: Unallocated Projects
Flood Control Capital Projects						
Fund 3240	Regional FC Projects	19,149,959	721,061	907,798	1,687,586	15,833,514
Fund 3310	Flood Control Project Contribution	19,723,242	749,518	5,562,896	4,207,328	9,203,501
Fund 3320	FC Bonds 2004A - Construction	88,653,065	10,857,385	38,356,395	38,585,469	853,816
Fund 3970	FC Comm Paper Series F--Expenditures	113,971,803	3,659,158	30,246,576	71,147,120	8,918,949
Fund 3970	FC Comm Paper Series F--GrantsTrn-Out	7,919,068	233,453	-	7,685,615	-
Fund 3970	FC Commercial Paper Series F Total	121,890,871	3,892,611	30,246,576	78,832,735	8,918,949
Fund 7283	FEMA-Allison Hazard Mitigation -- Grant	5,278,622	4,536	464	-	5,273,622
						-
Flood Control Projects Total		254,695,759	16,225,111	75,074,129	123,313,118	40,083,402
Management Services--203 Financial						
Fund 3240	Regional FC Projects	56,208	-	-	56,208	-
Fund 3320	FC Bonds 2004A - Construction	13,681	-	-	13,681	-
Fund 3970	FC Comm Paper Series F	215,707	-	-	215,707	-
Management Services Total		285,596	-	-	285,596	-
FUND TOTALS						
Fund 3240	Regional F/C Projects	19,206,167	721,061	907,798	1,743,794	15,833,514
Fund 3310	Flood Control Project Contribution	19,723,242	749,518	5,562,896	4,207,328	9,203,501
Fund 3320	FC Bonds 2004A - Construction	88,666,746	10,857,385	38,356,395	38,599,150	853,816
Fund 3970	FC Commercial Paper Series F	122,106,578 *	3,892,611 **	30,246,576	79,048,442	8,918,949
Fund 7283	FEMA-Allison Hazard Mitigation Grant	5,278,622	4,536	464	-	5,273,622
FUND TOTALS		254,981,355	16,225,111	75,074,129	123,598,714	40,083,402

* Includes $7.92M of Budget for Transfers-Out to FEMA Fund 7283.
** Includes $233,453 of Actual Transfers-Out to FEMA Fund 7283.

053106-CIPFloodControl.xls6/8/2006

Harris County, Texas
CIP - Other Permanent Improvements
FY 2006-07 Appropriations Budget
As of 5/31/2006

Org / Fund	Adjusted Budget	FY 2006-07 Expenditures	Project Encumbrances	Remaining Available Budget Balance: Allocated Projects	Remaining Available Budget Balance: Unallocated Projects
Precinct One--101					
Fund 3890 Cert of Obg. Series 1994	79,382	-	-	79,382	-
Precinct One Totals	79,382	-	-	79,382	-
Precinct Four --104					
Fund 3960 PIB Comm Paper Series D - 2002	770,000	-	-	770,000	-
Precinct Four Totals	770,000	-	-	770,000	-
All Precincts					
Fund 3890 Cert of Obg. Series 1994	79,382	-	-	79,382	-
Fund 3960 PIB Comm Paper Series D - 2002	770,000	-	-	770,000	-
All Precincts Totals	849,382	-	-	849,382	-
Public Infrastructure--030					
Fund 3710 Perm Impr. Series 2002 - Civil Courthouse	91,742	46,467	25,545	19,730	-
Fund 3890 Cert of Obg. Series 1994	1,727,432	1,458,762	150,640	118,030	-
Fund 3980 PIB CP Series D - 2002 - Civil Courthouse	13,855,113	8,593,309	1,748,010	3,513,793	-
Fund 3980 PIB CP Series D - 2002 - Juvenile/Other	11,454,798	5,099,698	3,775,077	2,580,024	-
Public Infrastructure Totals	27,129,085	15,198,236	5,699,272	6,231,577	-
Right of Way--040					
Fund 3670 Capital Projects	20,000	-	2,500	17,500	-
Right of Way Totals	20,000	-	2,500	17,500	-
Tunnel & Ferry Precinct 2--105					
Fund 3980 PIB Comm Paper Series D - 2002	(2,444)	-	-	(2,444)	-
Tunnel & Ferry Precinct 2 Totals	(2,444)	-	-	(2,444)	-
Facilities & Property Management--299					
Fund 3700 CO Series 2001, Constr-Parking Garage	8,380,110	-	1,195,052	7,185,058	-
Fund 3710 Perm Impr. Series 2002 - Civil Courthouse	30,000	-	-	30,000	-
Fund 3890 Cert of Obg. Series 1994	2,123,790	-	595,044	1,528,746	-
Fund 3960 P/I(Comm Paper) Series A-1	59,303	-	-	59,303	-
Fund 3980 PIB Comm Paper Series D - 2002	4,816,811	466,704	2,800,630	1,549,476	-
Facilities & Property Management Totals	15,410,014	466,704	4,590,726	10,352,583	-
Management Services/Financial--203					
Fund 3670 Capital Projects	49,877	-	-	49,877	-
Fund 3700 CO Series 2001, Constr-Parking Garage	22,446	-	-	22,446	-
Fund 3710 Perm Impr. Series 2002 - Civil Courthouse	195,993	-	-	195,993	-
Fund 3880 CO Series 1998-Baker St Jail	72,888	-	-	72,888	-
Fund 3890 Cert of Obg. Series 1994	18,336	-	-	18,336	-
Fund 3910 P/I(Comm Paper) Series D-1	12,312	-	-	12,312	
Fund 3920 P/I(Comm Paper) Series D-Dome	36,497	-	-	36,497	-
Fund 3960 P/I(Comm Paper) Series A-1	18,364,245	-	-	18,364,245 *	-
Fund 3980 PIB Comm Paper Series D - 2002	54,383,629	-	-	54,383,629 *	-
Management Services/Financial Totals	73,156,223	-	-	73,156,223	-

* Commissioners Court approves all future project allocations.

053106-CIPOther PI OrgsPcts.xls6/8/2006

Harris County, Texas
CIP - Other Permanent Improvements
FY 2006-07 Appropriations Budget
As of 5/31/2006

				Remaining Available Budget Balance	
Org / Fund	Adjusted Budget	FY 2006-07 Expenditures	Project Encumbrances	Allocated Projects	Unallocated Projects
HC Sports & Convention Corp.--206					
Fund 3760 1988T Astrodome Impr. Proj.	337,608	-	25,083	312,525	-
Fund 3910 P/I(Comm Paper) Series D1-Dome	875,783	-	818,605	57,178	-
Fund 3920 P/I(Comm Paper) Series D-Dome	848,412	-	699,287	149,124	-
Fund 3980 PIB Comm Paper Series D - 2002	2,631,039	-	3,535,039	(904,000)	-
HC Sports & Convention Corp. Totals	4,692,842	-	5,078,014	(385,173)	-
PID-County Engineer--208					
Fund 3670 Capital Projects	541,499	228,200	38,560	274,739	-
Fund 3700 CO Ser 2001, Constr-Parking Garage	11,186,851	302,750	298,250	10,585,851	-
Fund 3960 P/I(Comm Paper) Series A-1	1,213,472	83,819	716,264	413,389	-
Fund 3980 PIB Comm Paper Series D - 2002	21,494,910	958,859	6,400,902	14,135,150	-
PID-County Engineer Totals	34,436,732	1,573,628	7,453,976	25,409,129	-
Fire & Emergency Services - 213					
Fund 3960 P/I(Comm Paper) Series A-1	1,541	-	-	1,541	-
Fire & Emergency Services Totals	1,541	-	-	1,541	-
Medical Examiner--270					
Fund 3960 P/I(Comm Paper) Series A-1	111,859	51,480	410	59,969	-
Fund 3980 PIB Comm Paper Series D - 2002	(19,796)	-	-	(19,796)	-
Medical Examiner Totals	92,063	51,480	410	40,173	-
Public Health & Environmental Services--275					
Fund 3980 PIB Comm Paper Series D - 2002	478,184	13,828	10,494	453,862	-
Public Health & Environmental Services Totals	478,184	13,828	10,494	453,862	-
Central Technology--292					
Fund 3950 P/I(Comm/ Paper) Series '96A	2,844,126	-	-	2,844,126	-
Fund 3960 P/I(Com/Paper) Series A-1	12,142,240	4,534,645	5,624,211	1,983,384	-
Fund 3980 PIB Comm Paper Series D - 2002	200,816	-	60,476	140,339	-
Central Technology Totals	15,187,182	4,534,645	5,684,687	4,967,849	-
Tax Assessor-Collector--530					
Fund 3960 P/I(Comm Paper) Series A-1	375,000	-	-	375,000	-
Tax Assessor-Collector Totals	375,000	-	-	375,000	-
District Clerk--550					
Fund 3960 P/I(Comm Paper) Series A-1	200,750	200,750	-	-	-
Fund 3980 PIB Comm Paper Series D - 2002	2,773,813	649,575	1,185,061	939,177	-
District Clerk Totals	2,974,563	850,325	1,185,061	939,177	-
Juvenile Probation--840					
Fund 3890 Cert of Obg. Series 1994	2,938,620	-	-	2,938,620	-
Juvenile Probation Totals	2,938,620	-	-	2,938,620	-
Children & Adults Protective Services--880					
Fund 3980 PIB Comm Paper Series D - 2002	13,397	-	13,105	292	-
Children & Adults Protective Services Totals	13,397	-	13,105	292	-
County Courts--940					
Fund 3960 P/I(Comm Paper) Series A-1	1,209	-	-	1,209	-
County Courts Totals	1,209	-	-	1,209	-

053106-CIPOther PI OrgsPcts.xls6/8/2006

Harris County, Texas
CIP - Other Permanent Improvements
FY 2006-07 Appropriations Budget
As of 5/31/2006

					Remaining Available Budget Balance	
		Adjusted Budget	FY 2006-07 Expenditures	Project Encumbrances	Allocated Projects	Unallocated Projects
FUND TOTALS						
Fund 3670	Capital Projects	611,377	228,200	41,060	342,116	-
Fund 3700	CO Series 2001, Constr-Parking Garage	19,589,407	302,750	1,493,302	17,793,355	-
Fund 3710	Perm Impr. Series 2002 - Civil Courthouse	317,735	46,467	25,545	245,723	-
Fund 3760	1988T Astrodome Impr. Proj.	337,608	-	25,083	312,525	-
Fund 3880	CO Series 1998-Baker St Jail	72,888	-	-	72,888	-
Fund 3890	Cert of Obg. Series 1994	6,887,561	1,458,762	745,684	4,683,114	-
Fund 3910	P/I(Comm Paper) Series D1-Dome	888,094	-	818,605	69,490	-
Fund 3920	P/I(Comm Paper) Series D-Dome	884,909	-	699,287	185,621	-
Fund 3950	P/I(Comm Paper) Series '96A	2,844,126	-	-	2,844,126	-
Fund 3960	P/I(Comm Paper) Series A-1	32,469,618	4,870,694	6,340,885	21,258,039	-
Fund 3980	PIB Comm Paper Series D - 2002	112,850,268	15,781,972	19,528,794	77,539,502	-
Totals		177,753,591	22,688,845	29,718,245	125,346,499	-

053106-CIPOther PI OrgsPcts.xls6/8/2006

HARRIS COUNTY

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