



Contract Financial Status

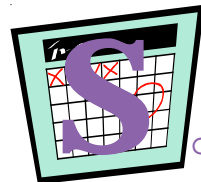
Progress payments in the amount of \$7,223,579 were approved in June. The total amount approved for payment to date reached \$79,991,459 which represents 8.1% of the current total contract price. At this stage, expenditures are primarily related to mobilization, performance and payment bonds, insurance, design services, environmental activities, and right-of-way services.

The maximum payment curve was established initially by the Developer (LSI) at the proposal submission. The maximum payment curve is shown in Figure 4 in comparison to the actual approved draw request amounts.



Contract Changes

A total of 26 Request for Change Proposals (RCP) have been issued for pricing to date. Final negotiations have occurred for ten of the RCP's. Change Order Request No. 1 was prepared by LSI and submitted to TxDOT in June for execution. Table 4 summarizes the current financial status of the SH 130 Project as of June 30, 2003.



Schedule

At the end of this period, 177 calendar days have elapsed since the second notice-to-proceed (NTP2). This represents approximately 13 percent of the 1,360 days allowed to achieve substantial completion of Segment 2 (the first Segment to be completed) and nearly 10 percent of the 1,784 days allowed to achieve substantial completion of Segment 4 (the last to be completed). Evaluation of critical path activities in June indicates that the Project is on schedule.

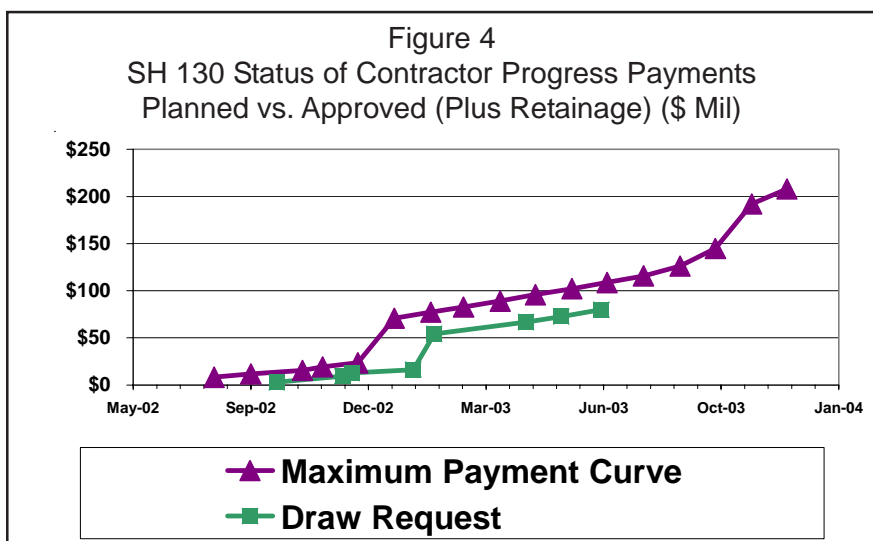


Table 4
SH 130 Contract Status – As of June 30, 2003

Original Contract Amount (NTP2 & NTP5)	\$1,306,554,920
Authorized Amount (NTP2 & NTP5)	\$ 986,321,577
Authorized Changes	\$ 0
Current Contract Amount	\$ 986,321,577
Approved Payments (Plus Retainage)	\$ 79,991,459
Amount Remaining	\$ 906,330,118
Percent Dollars Expended	8.1%
Percent Time Expended	9.9%



Construction

TxDOT's comments were incorporated into LSI's Construction Quality Control/Quality Assurance Program and resubmitted for approval. LSI continued developing traffic control plans and work sequences for SH 130 interchanges at IH 35, US 79, and FM 685. Reconfiguration of the existing buildings began for the main field office and materials testing laboratory on US 79. Other pre-construction activities continued, including the development of mass/haul diagrams, haul route locations, equipment requirements, batch plant and satellite office locations, and finalizing borrow site offers. No field construction activity has occurred to date.

Turnpike Team

2002 Project Bond Oversight
General Engineering Consultant: **PBS&J**

SH 130
Program Manager: HDR Engineering, Inc.
Developer: Lone Star Infrastructure

SH 45N & Loop 1
Construction Manager: **PBS&J**
Construction Contractors:
Sections 1&2: Zachry/Gilbert Constructors
Section 3: Zachry/Gilbert Constructors
Section 4A&4B: Archer-Western Constructors, Ltd.

Central Texas Turnpike System 2002 Project*



Monthly Activity Report
Period Ending June 30, 2003

Construction Contract for Loop 1 North Extension Awarded

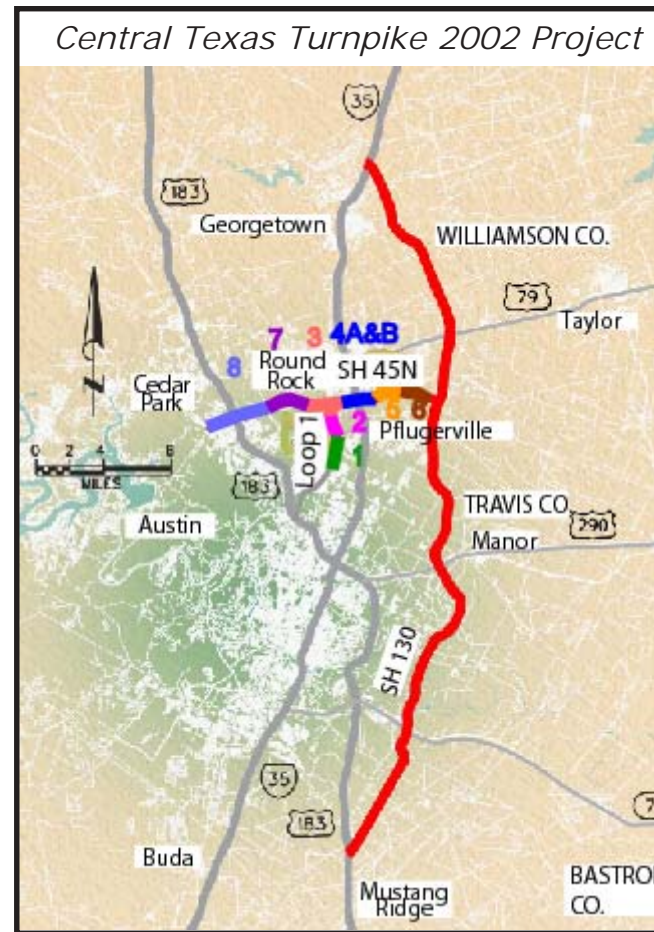
Better access between Mopac (Loop 1) and IH 35 moved a step closer in June with approval of a \$107 million construction contract by the Texas Transportation Commission.

The multi-million dollar contract for the Loop 1 extension will provide a direct connection, via the SH 45 North toll road, to IH 35 at existing FM 1325. (See Sections 1 & 2 on the map.)

The new contract includes a 3.5 mile extension from Parmer Lane to the future SH 45N/Loop 1 interchange, which is already under construction.

Construction will include a six-lane roadway with limited frontage roads. To accommodate toll collections, a toll plaza also will be constructed with three express lanes and eight toll booths in each direction.

The contract was awarded to Zachry Construction Corporation/Gilbert Construction, joint venture partners, which submitted a bid 18.3 percent below the estimated cost (\$132.2 million).



completed by July 14, 2006. If the early completion date is not met but the project is completed before the scheduled opening, the contractor will receive an incentive of \$14,000 for each day that it is early, for a maximum of 75 days.

To discourage delay, the contractor will be charged \$31,900 a day if the project is not completed by the scheduled opening date.

Also, to minimize any inconvenience to motorists, the contractor will be charged a fee for closing travel lanes on Loop 1 and FM 1325. If lanes are closed, a fee will be assessed based on the number of lanes closed, length of time, and time of day for the closures.

Construction of the Loop 1 extension is expected to begin in early fall. It is scheduled to be open by September 2007.

To help ensure timely completion of this section, incentive options were included in the contract. The contractor will receive a one-time bonus of \$2 million if the project is

the Central Texas Turnpike Project, which also includes the SH 45 North and the northern 49 miles of SH 130. The entire turnpike project is scheduled for completion by December 2007.

Additional construction contracts for the turnpike project are scheduled to be awarded later this year.

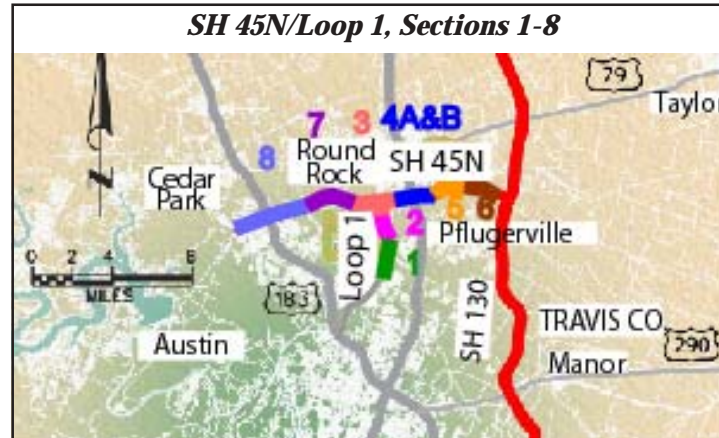
*This report is for the Central Texas Turnpike Project (2002 Project). For more complete information on the CTPP-2002 Project, refer to the Official Statement or the latest quarterly report (www.texastollways.com). Information is also available from the State Information Depository and the Nationally Recognized Municipal Securities Information Repositories. No financial decision should be made based solely upon this report. TxDOT Public Information Office: 512-463-8588.

SH 45N/Loop 1 Project Status

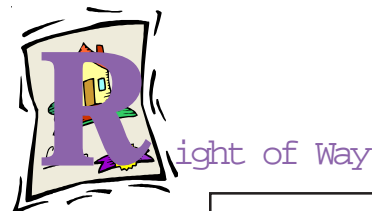


Roadway and bridge design will be complete on all sections of SH 45N and Loop 1 by October 2003. Construction plans are complete on all sections except 5 and 6, which will also be complete by October 2003, as shown below.

All geotechnical work and surveying on SH 45N/Loop 1 is complete.



SH 45N/Loop 1 Construction Plans		
Section	% Complete	Estimated Completion Date
1-2	100%	Complete
3	100%	Complete
4A & 4B	100%	Complete
5	90%	Oct. 2003
6	95%	Sept. 2003
7	100%	Complete
8	100%	Complete



The right of way status for SH 45N/Loop 1 is shown in Figure 1.

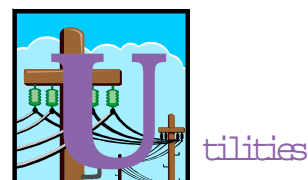
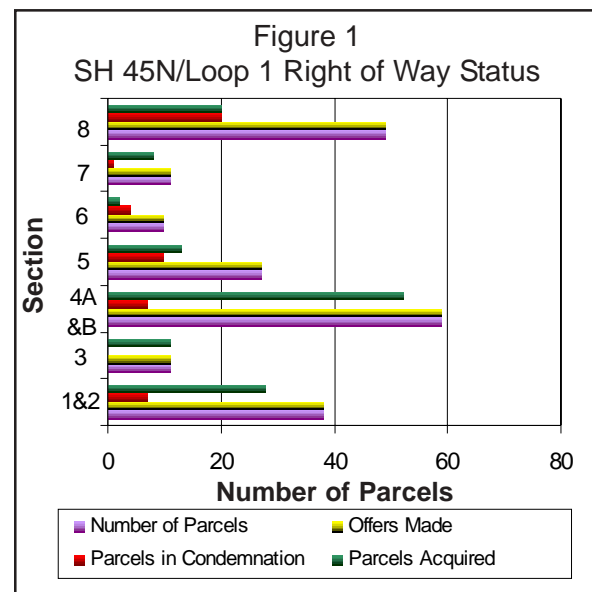


Table 1 shows the status of utility adjustments by section. For Sections 1 & 2, 7 and 8, utility relocation will be performed concurrently with construction. This will not impact the schedule.

Section	Required Adjustments	Adjustments Complete	Completion Date
1 & 2	10	2	July '04
3	10	10	Complete
4A & 4B	11	5	June '04
5	9	0	February '04
6	3	0	March '04
7	5	1	June '04
8	6	0	April '06



Work continued on development of the traffic advisory database. Over the next few months, use of this management tool will be expanded to other project elements. The public involvement staff responded to routine media inquiries and requests for information from the public (phone, e-mail, and written responses). The news release on award of the Loop 1 contract was prepared and distributed. Speaking engagement opportunities to increase public awareness and understanding of the CTPP were investigated. The public involvement staff began developing marketing plans for the CTPP and its electronic toll tag program.



Field subsurface exploration and sampling for bridge structures is now about 83 percent complete and draft reports have been issued internally to LSI for 75 percent of the bridge structures. The formal submittal and review of bridge reports by the LSI design quality assurance firm and the Turnpike Team is now about 32 percent complete. As part of the review process, comment resolution meetings are held weekly to resolve technical issues. LSI's geotechnical engineers have submitted formal subsurface investigation plans for toll plazas, bridge class culverts, signs, and retaining walls.

Field exploration and sampling work is about 68 percent complete for pavement investigations while laboratory testing and engineering design analysis continues. The Turnpike Team completed its review of the first formal pavement report submittal for Section 7. The Pavement Technical Work Group continues work on various technical aspects of the pavement designs.



Geotechnical field exploration and sampling work being conducted on SH 130.



What's new with Document Control? This month all incoming and outgoing Turnpike Team documents (correspondence, submittals, draw requests, changes, maps, etc.) were re-directed to be sent through Document Control prior to being sent or distributed. Document Control will enter all documents into DocMan and distribute them as noted.

Development continued on the "auto uploader", and the "auto logger" was put into production. These applications automatically add electronic documents into DocMan upon receipt, and update the project logs when they are added. Progress continues to be made migrating documents from the old libraries into the new library. The first version of I2MS (Inspection and Materials Management System) was released this month as scheduled. This system will assist the Turnpike Team in its management of materials testing and construction inspection and will facilitate the use of quality materials on the project.



On July 17, 2002, the U.S. Army Corps of Engineers issued a Section 404/10 permit to TxDOT for impacts to wetlands and waters of the U.S. (creeks, streams and rivers) as a result of the SH 130 project. A condition of the permit requires TxDOT to mitigate (create) approximately 175 acres of wetlands to offset the project's impact to wetlands and waters of the U.S.

TxDOT has identified numerous locations along the project route that might serve as mitigation sites. In June, LSI and TxDOT began feasibility studies of these sites to identify which would have the best potential to serve as a wetland mitigation site. TxDOT is also exploring the possibility to incorporate borrow locations into the mitigation plan.

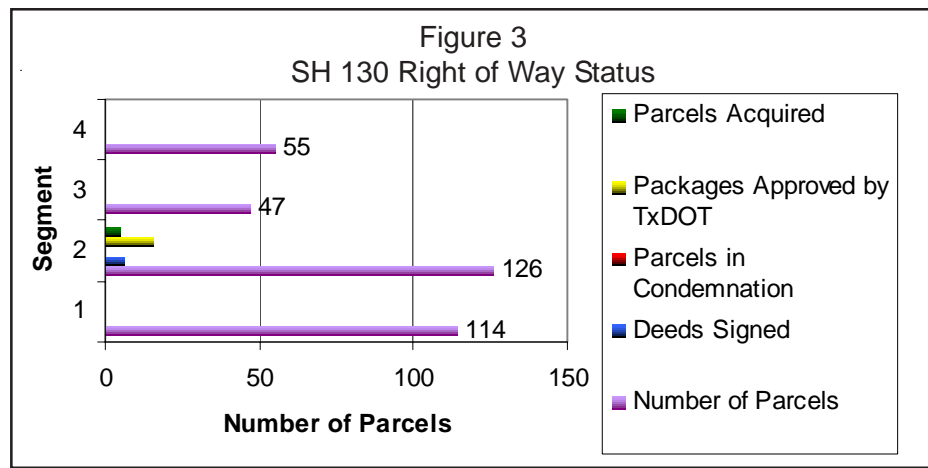
A formal mitigation plan, which identifies the site(s) and lays out the details of how the mitigation will be accomplished, must be submitted to the U.S. Army Corps of Engineers by January 2004. It is estimated that the mitigation plan will be completed and submitted by mid-December 2003.



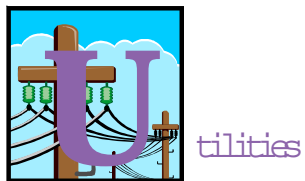
The second project quarterly newsletter is near completion. Public outreach staff has been coordinating with LSI in scheduling and planning a groundbreaking ceremony. A management tool for review and web posting of traffic advisories was developed and tested. Other public outreach activities include regular communication with the general public, the media, and affected property owners, updates of the website, and promotion of a speakers bureau.



Survey, appraisals, and approval of acquisition packages for Segment 2 are increasing on a regular basis. LSI has a goal of 10 or more parcels a week to be submitted to TxDOT for approval over the next several months.



Offers have been made to 20 property owners to date. Out of these 20, TxDOT received six accepted offers and five counter-offers with three refusals. Five parcels have been closed and negotiations are ongoing with the remaining eleven parcels. Three condemnation packages are expected to be on the Texas Transportation Commission agenda for the month of July. The right of way status, by segment, is illustrated in Figure 3.



The LSI utility coordination team continues to coordinate the utility adjustment design work with utility owners and the LSI roadway design team. Subsurface utility engineering has progressed to a stage of completing over four hundred quality Level A locates, which are being incorporated into the construction plans. This more precise information has contributed to the "design around philosophy" to minimize the need for utility adjustment construction and continues to promote opportunities to protect the utility in place.

TxDOT continues to review permit requests from utility owners requesting to enter the proposed SH 130 right of way to serve future customers. These utilities include electrical distribution lines, communication facilities, and waterlines. The frequency of these permit requests is anticipated to increase with the design of new subdivisions along the right of way. These requests are carefully considered and reviewed with utility partners so that potential future adjustments to the facilities are eliminated and the SH 130 schedule is not impacted.



Several utility adjustments are scheduled to start later next month, with the majority of adjustments scheduled in 2004. TxDOT is anticipating the first utility assemblies, complete with plans, specs, and estimates, to be delivered in July for review and approval.



The survey group continues to complete parcel surveys in the areas of the project schedule priority blocks. The first group of right of way (ROW) parcel acquisition packages were for whole property acquisitions. The earlier efforts to complete parcel surveys in this area are now seen in acquisition packages



Surveyor taking measurements in the SH 130 corridor.

being reviewed by the Turnpike Team. As of the end of the month, quality assurance has issued 105 compliance certificates for parcel survey documents. Parcels boundary corners are being staked with priority being based on the current acquisition schedule. As yet, no TxDOT Type II concrete ROW monuments have been set.



All environmental issues have been resolved on the additional right of way parcel required for a drainage easement in Section 7. The Texas Historical Commission cleared the parcel on June 26, 2003. A Sewage Collection System permit for Sections 1 and 2 is expected to be approved by the Texas Commission on Environmental Quality (TCEQ) in July 2003. All environmental permits have been obtained for Sections 3, 4A & 4B, 5 and 6.

The TCEQ is scheduled to approve the Section 7 WPAP by September 2003. A pre-construction notification under Section 404 nationwide permit 14 has been submitted and approved by the U.S. Army Corps of Engineers for fill activities associated with construction. Environmental clearance for Section 7 construction is scheduled by August 2003. TCEQ is expected to approve the Water Pollution Abatement Plan for Section 8 by August 2003.

Using a web-cam mounted at the top of a billboard in Section 4, project team staff has observed two adult and four juvenile barn owls inhabiting the sign. Monitoring will continue until the young have fledged.

Cave Discovered along SH 45

A cave was discovered during milling of a limestone outcrop in Section 3 on June 26, 2003. This feature, dubbed Outcrop Cave by the project karst geologist, was found to harbor an endangered cave-adapted invertebrate. The Bone Cave harvestman, found only in central Texas, is a small, orange mite about the size of a sunflower seed kernel. Emergency consultation with the U.S. Fish and Wildlife Service (for endangered species issues) and TCEQ (for aquifer recharge issues) immediately ensued. Both agencies authorized further excavation of the cave to determine if it extended beyond the project's planned limits. The construction schedule has proceeded without delay due to a quick response from the construction team, superior environmental expertise on the project team, and TxDOT's close coordination with the agencies.



Stalagmites form beneath the rock joint that extends the length of this passage (top).



Project field staff evaluate the initial collapse of Outcrop Cave (above).



Mike Warton, project geologist, inspects preserved biological specimens from the cave including the endangered Bone Cave harvestman (right).



Construction bids for Section 7 are scheduled to be opened in August 2003 with construction expected to start this fall. Sub-structure construction in Section 3 (SH 45N / Loop 1 interchange) continues with drainage work, drilled shafts, footings and columns that will support the interchange direct connectors. To date, the contractor has earned 22% of the total construction costs and has used 14% of the contract time. Construction of Section 4 (SH 45 / IH 35 interchange) will begin in mid-July with work starting west of IH 35. For Section 1 & 2 (Loop 1), bids were opened on June 4, 2003, with a low bid of \$107,960,584 submitted by Zachry Construction Corp./Gilbert Texas Construction, L.P. The engineer's estimate was \$132,251,748. The contract was awarded on June 26, 2003 and construction is scheduled to begin in August 2003.

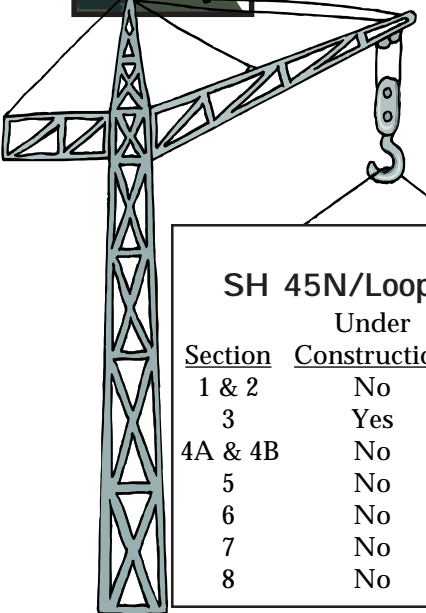


Table 2
SH 45N/Loop 1 Construction Status

Section	Under Construction	Bid Open	Project Award	Construction Start	Construction Finish
1 & 2	No	6/03	6/03	8/03	10/06
3	Yes	10/02	1/03	2/03	9/06
4A & 4B	No	5/03	5/03	7/03	10/06
5	No	3/04	N/A	6/04	9/07
6	No	4/04	N/A	7/04	9/07
7	No	8/03	N/A	11/03	9/07
8	No	9/03	N/A	12/03	9/07



Precast deckform panels being placed in preparation of the bridge slab placement (Section 3).



Sections 1 & 2 let in June 2003 and have been awarded to Zachry Construction Corp./

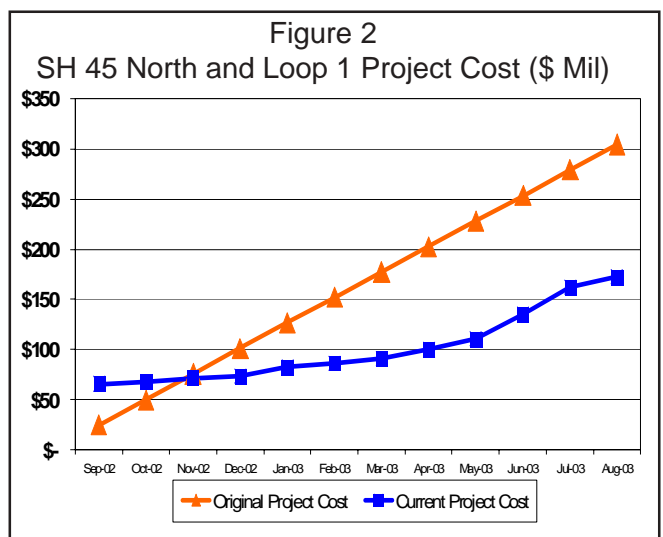
Gilbert Texas Construction, L.P. Construction is anticipated to begin late this summer. Section 3 construction is currently on schedule to meet the open to traffic date of September 2006. Section 4 was let in May 2003 and was awarded to Archer Western Construction. Construction is anticipated to begin mid summer. Section 7 is scheduled to let in August 2003 and Section 8 is scheduled to let in September 2003.



Bridge foundation shafts being drilled at the La Frontera intersection (Section 4).



Payments in the amount of \$162,668,666 have been made since bonds were issued in August 2002. This represents 13.5% of the total project costs. Currently, expenditures are related to all sections in the final design, right of way acquisition and utility adjustments stages. Expenditures related to construction are only incurred by the SH 45N/ Loop 1 Interchange project (Section 3). See Figure 2 for project costs.



SH 130 Project Status



Roadway Design

During the month of June, LSI continued progress on the development of SH 130 design plans. Significant milestones during June included the following submittals to TxDOT: Section 7 grading and drainage plans; Segment 3 ultimate schematic pre-construction review plans; Segment 4 ultimate schematic pre-construction review plans; and Segment 4 interim schematics.

Beyond the schematic stage of design, the design work for the four segments is further divided into 15 sections, as follows:

- Segment 1 - Sections 1-4
- Segment 2 - Sections 5-10
- Segment 3 - Sections 11-13
- Segment 4 - Sections 14-15

The design packages for each section are being prepared in two parts each, including a separate submittal to TxDOT for review and comment. The first design package will be grading and drainage plans. Once the plans are accepted and approved by TxDOT, LSI can begin construction activities for grading, drainage and, on a limited basis, pavement construction. The second package will include final roadway plans. These two submittals, combined, will constitute what would normally be a single set of TxDOT roadway design plans. The division into two packages will allow LSI to begin early construction activities while still completing design on the remaining elements of the project.

During the month of July, it is anticipated that LSI will submit several grading and drainage plans to TxDOT for review and comment. These plans should include grading and drainage plans for Sections 1, 2, 5, 8 and 12. Concurrently with the preparation of the grading and drainage plans, LSI is actively preparing and progressing on the development of the final roadway plans for each respective section. See the chart above for the design percentage complete by segment.



Bridge Design

There will be 110 bridges in Segments 1 through 4. The bridge plan review schedule is shown in Table 3. The length and height of 56 retaining walls have been established in Segments 1 and 2. The Aesthetics Committee is in the process of selecting designs for feature retaining wall panels and selecting landscape designs.



SH 130
Design Completion

- Segment 1 - 37%
- Segment 2 - 50%
- Segment 3 - 29%
- Segment 4 - 20%

Table 3
SH 130 Bridge Plan Review Schedule

	Number of Bridges	TxDOT Prelim Layout Review Complete	Geometric Control Plan Review (65% Complete Level)	
			Design Team	DQAF/TxDOT
Segment 1	35	15	9	0
Segment 2	41	28	11	3
Segment 3	20	12	0	0
Segment 4	14	0	0	0
TOTAL	110	55	20	3