

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-57**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, HB 3588, passed by the 78<sup>th</sup> Texas Legislature, authorizes regional mobility authorities to develop projects through the use of comprehensive development agreements ("CDAs"); and

WHEREAS, the CTRMA solicited proposals for the development of US 183-A and conducted a thorough evaluation process, designed to assure fairness and objectivity and to determine which proposal provided the best value to the CTRMA; and

WHEREAS, in Resolution No. 04-43, dated September 8, 2004, the Board of Directors approved of the selection of Hill Country Constructors as the proposer that provided the best value to CTRMA and directed the Executive Director and staff to finalize a CDA for the development of US 183-A with Hill Country Constructors; and

WHEREAS, the work performed under the CDA will require oversight by the general engineering consultant retained by the CTRMA (the "GEC"); and

WHEREAS, the GEC previously developed a scope of work and proposed budget (the "CDA Work Authorization") for the work necessary to oversee the design and construction activities performed under the CDA; and

WHEREAS, in Resolution No. 04-52, dated October 27, 2004, the Board of Directors approved the scope of work contained in the CDA Work Authorization subject to: (i) the GEC presenting, on a quarterly basis, a report on work performed to date under the CDA Work Authorization; and (ii) receiving Board approval of work to be performed during the next quarter; and

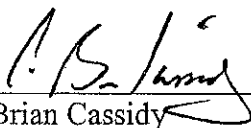
WHEREAS, the GEC has presented for Board approval a scope of work and proposed budget for work to be performed under the CDA Work Authorization during the first quarter of 2005, attached hereto as Attachment "A";

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors approves the scope of work and proposed budget for work to be performed under the CDA Work Authorization for the first quarter of 2005, and reflected in Attachment "A"; and

BE IT FURTHER RESOLVED, that all work performed as reflected in Attachment "A" shall be subject to the Agreement for General Consulting Civil Engineering Services between the CTRMA and the GEC; that all work performed under Attachment "A" shall be funded solely from the existing toll equity grant money for US 183-A and the proceeds of the project financing for 183-A; and that no additional work may be undertaken without the specific approval of the Board of Directors.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8<sup>th</sup> day of December 2004.

Submitted and reviewed by:



C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:



Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-57  
Date Passed 12/08/04

**Approval of Work Efforts Report  
183-A Turnpike Comprehensive Development Agreement (CDA)  
Design & Construction Oversight  
1<sup>st</sup> Quarter 2005**

**Introduction:**

As detailed in the Central Texas Regional Mobility Authority (CTRMA) Resolution No. 04-52 and the General Engineering Consultant (GEC) Work Authorization No. 4, the GEC is required to provide quarterly reports to the CTRMA and its Board of Directors detailing the CDA oversight work and expenditures. The report will detail the CDA oversight tasks performed to date, the CDA oversight tasks to be performed over the next quarter, and the anticipated expenditures and adjustments of the not to exceed amount for the next quarter.

**CDA Oversight Tasks Performed to Date (from October 27, 2004 to December 31, 2004):**

Upon receipt of the CTRMA Board's approval of the CDA Oversight Work Authorization #4 on October 27, 2004, the GEC has quickly mobilized to complete several key tasks, including:

1. Continued refinement of staffing plan to identify personnel capable of leading and / or participating in specific elements of the oversight.
2. Commenced development of subconsultant agreements with associated GEC firms.
3. Commenced development of project oversight manual defining various protocols and procedures to be used during the oversight activities.
4. Completed a preliminary floor-plan layout of the office space for the CDA oversight staff.
5. Prepared for and participated in several meetings and workshops with Hill Country Constructors (HCC) staff on various topics, including safety & health, environmental issues, quality assurance, quality control, project management plan, subcontracting, and public involvement.
6. Finalized CDA Agreement between CTRMA and HCC for execution.
7. Reviewed insurance documents submitted by HCC.
8. Prepared Notice to Proceed 1 for issuance to HCC.

**CDA Oversight Tasks to be Performed Over Next Quarter (from January 1, 2005 to March 31, 2005):**

The GEC will continue to implement the CDA oversight program over the next quarter. Specific tasks to be completed include:

1. Continue to identify and add staff required to complete the oversight activities.
2. Commence movement of staff into the HCC provided 183-A project office.
3. Continue development of subconsultant agreements.
4. Continue development of project oversight manual.
5. Continue meeting with HCC staff to discuss various topics
6. Commence review of HCC Safety & Health Plan
7. Commence review of HCC Environmental Construction Monitoring Plan
8. Commence review of HCC Design Quality Management Plan – Quality Assurance

9. Commence review of HCC Design Quality Management Plan – Quality Control
10. Commence review of HCC Subcontracting Plan
11. Commence review of HCC Construction Quality Management Plan – Quality Assurance
12. Commence review of HCC Construction Quality Management Plan – Quality Control
13. Commence review of HCC Public Information Plan
14. Purchase computers, trucks, and other equipment to support oversight effort
15. Implement Web based document control system
16. Assist in coordination and attend Ground Breaking Ceremony and other Public Meetings
17. Attend daily meetings with HCC
18. Conduct over the shoulder reviews during design
19. Attend meetings with TxDOT, FHWA, City, County and other stakeholders
20. Develop monthly status reports on progress and quality of HCC work
21. Receive and commence review of submittals to insure compliance with contract documents

**Anticipated Expenditures and Adjustments of the Not to Exceed Amount for Next Quarter (from January 1, 2005 to March 31, 2005):**

The GEC currently anticipates to expend approximately \$497,000 from October 27, 2004 to December 31, 2004 as part to the CDA oversight efforts. In regard to the timeframe between January 1, 2005 to March 31, 2005, the GEC anticipates to expend approximately \$1,275,000, resulting in an anticipated cumulative expenditure total of \$1,772,000 thru March 31, 2005 (vs. the CDA oversight budget of \$14,178,080.95).

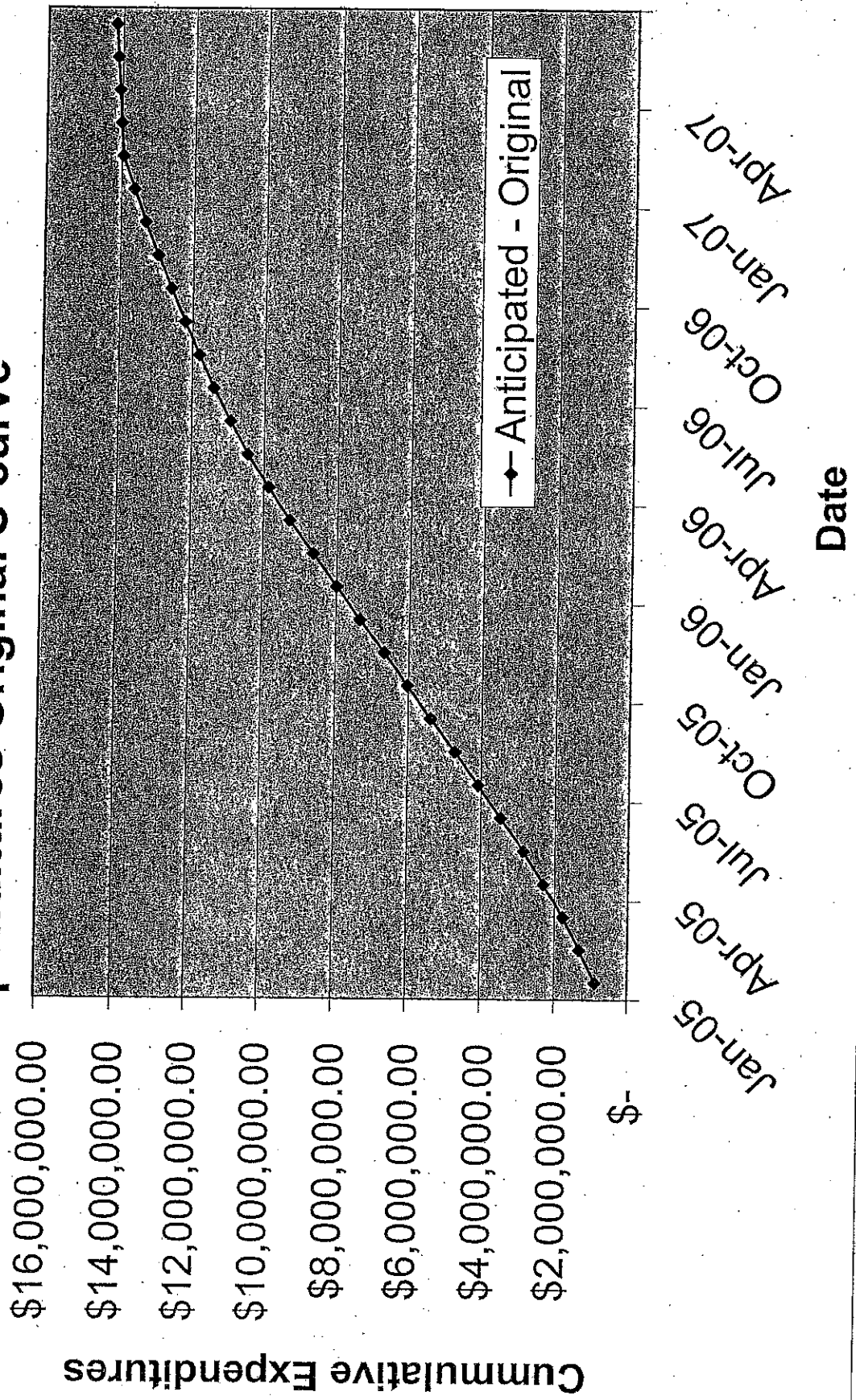
“S-curve” charts have been developed to graphically illustrate the anticipated expenditures over the duration of the associated activities; these charts are attached hereto as Exhibits 1 and 2. The first Exhibit, titled “Exhibit 1: Anticipated CDA Oversight Expenditures Original S-curve”, contains a S-curve representing the anticipated expenditures (per the staffing plan established during the development of Work Authorization #4 in October 2004) of the total CDA oversight budget of \$14,178,080.95 thru June 1, 2007. The second Exhibit, entitled “Exhibit 2: Anticipated CDA Oversight Expenditures 1<sup>st</sup> Quarter S-curve”, presents the anticipated expenditures thru March 31, 2005.

Given that this is the first report prepared for the CTRMA, there are no actual expenditure figures presented on these S-curves. Future reports will include a S-curve detailing the actual expenditures over said timeframe.

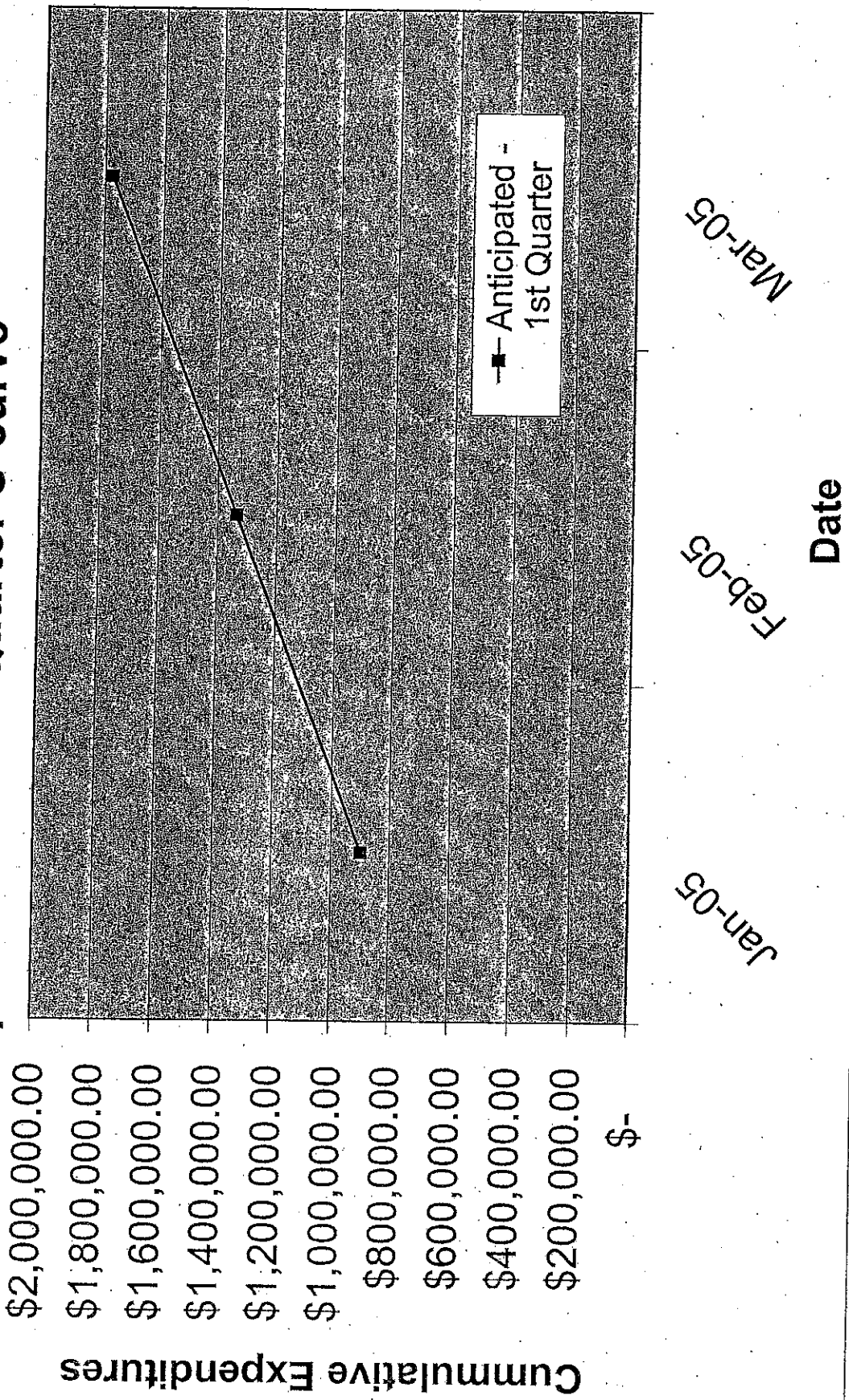
Should you have any questions or require additional information in regard to the foregoing information, please feel free to contact Richard Ridings at 512.996.9778.

Attachments (2)

# Exhibit 1: Anticipated CDA Oversight Expenditures Original S-curve



## Exhibit 2: Anticipated CDA Oversight Expenditures 1st Quarter S-curve



Cumulative Expenditures

\$2,000,000.00  
 \$1,800,000.00  
 \$1,600,000.00  
 \$1,400,000.00  
 \$1,200,000.00  
 \$1,000,000.00  
 \$800,000.00  
 \$600,000.00  
 \$400,000.00  
 \$200,000.00  
 \$-

■ Anticipated -  
1st Quarter

Jan-05      Feb-05      Mar-05

Date

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-58**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the CTRMA identified the proposed US 183-A turnpike as its initial project in the petition filed under the RMA Rules; and

WHEREAS, the CTRMA has prosecuted the development of the US 183-A project to the point where a CDA developer has been selected, an application for a TIFIA loan has been submitted, and preparations are being made to issue turnpike revenue bonds; and

WHEREAS, the projected financing for the US 183-A project has always contemplated an additional grant of financial assistance from TxDOT (in addition to the initial "toll equity" grant of \$12.7 million made to assist with development costs); and

WHEREAS, CTRMA staff and consultants have estimated the level of financial assistance needed from TxDOT to be approximately \$65 million;


NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the CTRMA hereby approves and ratifies the submission to TxDOT of a Request for Financial Assistance pursuant to 43 Tex. Admin. Code §27.50 *et seq.*, for an amount up to \$65 million; and

BE IT FURTHER RESOLVED, that the Chairman and the Executive Director are authorized to execute such documents as are necessary to submit the Request for Financial Assistance to TxDOT on behalf of the CTRMA; and

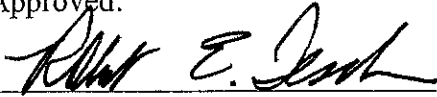
BE IT FURTHER RESOLVED, that the CTRMA staff and consultants are authorized to take such actions as are necessary to prosecute the Request for Financial Assistance and to negotiate the terms of a Financial Assistance Agreement which shall be subject to the approval of the Board of Directors.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8<sup>th</sup> day of December, 2004.

Submitted and reviewed by:

  
\_\_\_\_\_  
C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
\_\_\_\_\_  
Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-58  
Date Passed 12/08/04



**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-59**

WHEREAS, Texas Transportation Code authorizes the creation of a regional mobility authority for the purposes of constructing, maintaining, and operating one or more turnpike projects in a region of this state; and

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the CTRMA identified the proposed 183-A turnpike as its initial project in the petition filed under the RMA Rules; and

WHEREAS, pursuant to rules appearing in 46 Tex. Admin. Code § 27.50, *et seq.* (the "Toll Equity Rules"), the CTRMA, on November 10, 2004, filed a request for financial assistance with TxDOT in connection with development of the 183-A turnpike project, as amended on November 17, 2004; and

WHEREAS, on November 18, 2004, the Texas Transportation Commission gave preliminary approval to a grant of up to \$ 65 million to assist the CTRMA in the development of 183-A; and

WHEREAS, CTRMA staff and TxDOT staff have begun negotiations of the terms of a financial assistance agreement for the disbursement of the toll equity funds, a draft of which is attached hereto as Attachment "A"; and

WHEREAS, it is anticipated that the Transportation Commission will give final approval to the CTRMA's toll equity request on December 16, 2004; and


WHEREAS, the CTRMA desires to be in a position to complete negotiations and execute a financial assistance agreement soon after the Transportation Commission's December 16, 2004 meeting (if approval is given);

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the CTRMA hereby approves the entry into a Financial Assistance Agreement in substantially the same form as is attached hereto as Attachment "A" providing for a grant of funds to the CTRMA for the development of 183-A; and

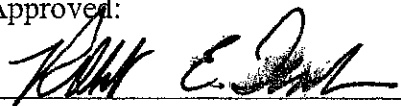
BE IT FURTHER RESOLVED, that the Chairman be authorized to execute such agreement on behalf of the CTRMA.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8<sup>th</sup> day of December 2004.

Submitted and reviewed by:

  
\_\_\_\_\_  
C. Brian Cassidy  
Legal Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
\_\_\_\_\_  
Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-59  
Date Passed 12/08/04

## FINANCIAL ASSISTANCE AGREEMENT

### 183-A TURNPIKE PROJECT

This Agreement is made by and between the Texas Department of Transportation, an agency of the State of Texas ("TxDOT"), and the Central Texas Regional Mobility Authority, a political subdivision ("CTRMA"), for the purpose of providing financial assistance in connection with the study and development of the proposed 183-A Turnpike Project.

#### RECITALS

The parties acknowledge the following:

A. The CTRMA is a regional mobility authority operating pursuant to Chapter 370 of the Transportation Code and 43 TEX. ADMIN. CODE § 26.01 *et seq.* (the "RMA Rules").

B. The CTRMA has identified the proposed 183-A Turnpike Project, a 12-mile project located in Williamson County as its "initial project" pursuant to the RMA Rules.

C. TxDOT, pursuant to Article III, Section 52-b of the Texas Constitution and Section 222.103 of the Transportation Code, is authorized to participate, through the expenditure of money from any source, in the acquisition, construction, maintenance, or operation of a toll facility of a public entity.

D. TxDOT has adopted rules at 43 TEX. ADMIN. CODE § 27.50 *et seq.* (the "Toll Equity Rules") setting forth the policies and procedures by which it will participate in the financing of a toll facility which is not under its jurisdiction.

E. The Transportation Commission, pursuant to its constitutional and statutory authority and the Toll Equity Rules, previously approved and made available to the CTRMA a grant of financial assistance in the amount of \$12.7 million for the study and development of the 183-A Turnpike Project, as evidenced in Minute Order No. 109227. The CTRMA anticipates that the entire balance of that previous grant will be used for the study and development of the 183-A Turnpike Project.

F. In Minute Order No. \_\_\_\_\_ approved on November 18, 2004, the Transportation Commission approved the construction of the 183-A Turnpike Project by the CTRMA pursuant to Transportation Code § 370.187.

G. On or about November 10, 2004, the CTRMA submitted a request, pursuant to the Toll Equity Rules, for financial assistance in connection with acquisition, construction, maintenance, and operation of the 183-A Turnpike Project. That request was amended via submittals on November 17, 2004 and December 9, 2004.

H. On November 18, 2004, and December 16, 2004, the Transportation Commission, pursuant to its constitutional and statutory authority and the Toll Equity Rules, gave preliminary

and final approval to the grant by TxDOT of financial assistance in an amount not to exceed \$65 million to facilitate the CTRMA's acquisition, construction, maintenance and operation of the 183-A Turnpike Project, and in Minute Order No. \_\_\_\_\_ authorized the Executive Director to enter into a financial assistance agreement with the CTRMA.

I. On December 8, 2004, the CTRMA Board of Directors accepted the grant of financial assistance subject to Transportation Commission approval (subsequently granted on December 16, 2004) and, in Resolution No. 04 - 59, authorized the Chairman of the Board to enter into a financial assistance agreement with TxDOT.

#### AGREEMENT

In light of the foregoing recitals, and for good and other valuable consideration, the parties agree as follows:

1. TxDOT will provide financial assistance, in the form of a grant, to the CTRMA in the amount of \$65 million to be used for the acquisition, construction, maintenance and operation of the 183-A Turnpike Project. This funding is committed by TxDOT and is not subject to future appropriation or discretionary actions of TxDOT or the Transportation Commission. The parties recognize that this funding commitment is an integral part of the overall plan of finance for the 183-A Turnpike Project, and that the rating agencies, capital markets, and other third parties will act in reliance on the availability of the granted funds as reflected herein.

2. Funds to be made available pursuant to this Agreement shall be disbursed within thirty (30) days of receipt of a request from the CTRMA, which request shall include the following:

- A. the amount requested;
- B. a description of the use of the funds requested;
- C. copies of documentation showing the intended use of the funds requested.

Provided that the CTRMA provides the required information indicating that the funds will be utilized for legally permissible purposes, TxDOT shall disburse the funds as requested.

3. The CTRMA shall be fully responsible for the design and construction of the 183-A Turnpike Project, including:

- A. ensuring that all environmental permits, issues, and commitments are addressed in its project design;
- B. addressing field changes for potential environmental impacts and obtaining any necessary, environmental permits, issues, and commitments for such field changes; and

C. ensuring that all construction plans are signed, sealed and dated by a professional engineer licensed in the State of Texas.

4. Plans and specifications developed by the CTRMA for the 183-A Turnpike Project must be in compliance with either the latest version of the design manuals or the latest version of the American Association of State Highway and Transportation Officials ("AASHTO") standards, provided that the CTRMA may request exceptions to the design standards pursuant to 43 TEX. ADMIN. CODE § 27.56(b)(2). The Executive Director of TxDOT may approve an exception after determining that the particular criteria could not reasonably be met due to physical, environmental or other relevant factors, and that the proposed design is a prudent engineering solution. In making this determination, the Executive Director shall consider the fact that the 183-A Turnpike Project will not be part of the state highway system.

5. When design for the 183-A Turnpike Project is 30% complete, the CTRMA shall submit, or shall cause its CDA Developer to submit, to TxDOT the information identified in 43 TEX. ADMIN. CODE § 27.56(c)(2). TxDOT shall complete its review and shall notify the CTRMA of its approval of the information within fifteen (15) business days. In the event TxDOT withholds approval of the information submitted, it shall notify the CTRMA of the reasons therefore within such 15-day period. The CTRMA will have an opportunity to correct or submit additional information to cure any defects or deviations identified by TxDOT. TxDOT shall review and respond to any such re-submittal with five (5) business days.

6. Construction plans and specifications for the 183-A Turnpike Project shall conform to the latest version of TxDOT's standard specifications for construction and maintenance of highways, streets, and bridges, provided that the Executive Director of TxDOT may approve use of alternative specifications if the alternative is determined to be sufficient to ensure the quality and durability of the finished product for its intended use and the safety of the traveling public. In meeting this determination, the Executive Director of TxDOT shall consider that the 183-A Turnpike Project will not be a part of the state highway system.

7. TxDOT acknowledges that the 183-A Turnpike Project is to be designed and constructed through a Comprehensive Development Agreement ("CDA"), and that the CTRMA has completed the CDA procurement process and has secured TxDOT and FHWA concurrence in the execution of the CDA. Any revisions to the CDA affecting prior environmental approvals or significantly affecting project scope or geometric design must be approved by the Executive Director. The Executive Director will grant such approval within ten (10) business days of receipt of the requested revision or the revision will be deemed approved.

8. The CTRMA will be responsible for securing construction oversight and inspection, and materials testing and inspection. Details of the Design and Construction Quality Assurance and Quality Control process shall be provided to TxDOT upon request, as well as any results and reports concerning such testing as it is performed.

9. Upon completion of the 183-A Turnpike Project, the CTRMA will provide to TxDOT a set of as-built plans, signed, sealed and dated by a professional engineer, licensed in the State of Texas, certifying that the project was constructed in accordance with the plans.

10. The CTRMA will comply with applicable state and federal law in the performance of work under the agreement, including obtaining the approval of the Federal Highway Administration or another federal agency, if required, and will comply with any other applicable provision of 43 TEX. ADMIN. CODE § 27.55(b)(1) and 43 TEX. ADMIN. CODE § 27.56 relating to the performance of work.

11. The CTRMA will maintain its books and records relating to the 183-A Turnpike Project and the financial assistance provided under the agreement in accordance with the requirements of 43 TEX. ADMIN. CODE § 27.55(b)(2), and will comply with the audit requirements and other applicable requirements relating to project records in 43 TEX. ADMIN. CODE § 27.55(b).

12. Nothing herein shall excuse compliance by the CTRMA with any or all environmental permits, issues and commitments necessary for development of the 183-A Turnpike Project.

13. Any reference to specific sections of the Toll Equity Rules in this Agreement shall refer to such rules as they existed on the effective date hereof.

This agreement shall be effective as of the \_\_\_\_\_ day of December 2004.

**TEXAS DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
Michael Behrens, Executive Director

**THE CENTRAL TEXAS  
REGIONAL MOBILITY AUTHORITY**

By: \_\_\_\_\_  
Robert E. Tesch, Chairman

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-60**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the CTRMA identified the proposed US 183-A turnpike as its initial project in the petition filed under the RMA Rules; and

WHEREAS, in Resolution No. 04-58, dated December 8, 2004, the CTRMA approved entry into a financial assistance agreement with TxDOT for the disbursement of up to \$65 million in funds in connection with the development of US 183-A; and

WHEREAS, it is contemplated that the TxDOT grant will be funded from federal funds; and

WHEREAS, the CTRMA also anticipates securing a loan in the amount of \$66 million from the U.S. Department of Transportation under the Transportation Infrastructure Finance and Innovation Act ("TIFIA"); and

WHEREAS, Section 129(a) of Title 23 of the United States Code places certain restrictions on the use of federal funds for the construction of tolled highways, requiring that the toll authority enter into an agreement concerning the use of toll revenues; and


WHEREAS, the CTRMA has agreed to comply with Section 129(a) and has negotiated the terms and provisions of a Section 129 agreement to be entered into by and among CTRMA, TxDOT, and the Federal Highway Administration ("FHWA");

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the CTRMA hereby approves the entry into the Section 129 Agreement, attached hereto as Attachment "A", with TxDOT and the FHWA; and

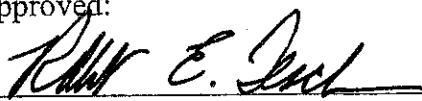
BE IT FURTHER RESOLVED, that the Chairman be authorized to execute such agreement on behalf of the CTRMA.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8<sup>th</sup> day of December 2004.

Submitted and reviewed by:

  
\_\_\_\_\_  
C. Brian Cassidy  
Legal Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
\_\_\_\_\_  
Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-60  
Date Passed 12/08/04



**ATTACHMENT "A"**  
**TO RESOLUTION NO. 04-60**

**Section 129 Agreement**

**AGREEMENT BETWEEN THE CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY, THE TEXAS DEPARTMENT OF TRANSPORTATION, AND THE FEDERAL HIGHWAY ADMINISTRATION FOR FUNDING FOR THE DEVELOPMENT, DESIGN, AND CONSTRUCTION OF THE 183-A TURNPIKE PROJECT**

THIS AGREEMENT, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2004, by and between the CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY, a political subdivision of the State of Texas, hereinafter referred to as the "Authority", the TEXAS DEPARTMENT OF TRANSPORTATION, an agency of the State of Texas, hereinafter referred to as "TxDOT"; and the FEDERAL HIGHWAY ADMINISTRATION, UNITED STATES DEPARTMENT OF TRANSPORTATION, hereinafter referred to as the "FHWA";

**WITNESSETH:**

**WHEREAS**, the Authority desires to construct a toll highway, designated as 183-A, a turnpike project from US 183 at SH 45/RM620, extending northward and reconnecting with US 183 at the San Gabriel River in Williamson County, Texas (hereinafter referred to as the "Project" or the "toll facility"); and

**WHEREAS**, pursuant to Chapter 370 of the Texas Transportation Code (the "RMA Act"), the Authority is authorized and empowered to finance, construct, operate, maintain, improve, and modify turnpike projects; and

**WHEREAS**, pursuant to the RMA Act, the Authority has requested that TxDOT participate in the funding of the Project; and

**WHEREAS**, Article III, Section 52-b of the Texas Constitution and Section 222.103 of the Texas Transportation Code authorize the State to grant funds to assist in the development of turnpike projects; and

**WHEREAS**, TxDOT has previously made a grant of \$12.7 million in state funds to the Authority for use in connection with development of the Project; and

**WHEREAS**, the Authority has submitted a request to TxDOT for an additional grant of up to \$65 million to assist in funding the construction of the Project, and it is contemplated that this grant will be funded from federal funds; and

**WHEREAS**, the Authority also anticipates securing a loan in the amount of \$66 million from the U.S. Department of Transportation under the Transportation Infrastructure Finance and Innovation Act ("TIFIA") program; and

**WHEREAS**, Section 129(a)(1) of Title 23, United States Code, as amended, permits Federal participation in the initial construction of toll highways; and

**WHEREAS**, the Authority, TxDOT, and FHWA have agreed to be bound by and to comply with provisions of Section 129(a) of Title 23, United States Code, as amended, for the Project; and

**WHEREAS**, paragraph 3 of Section 129(a) of Title 23, United States Code, as amended, restricts the use of revenues:

“(3) Limitations on use of revenues – Before the Secretary may permit Federal participation under this subsection in construction of a highway, bridge or tunnel located in a State, the public authority (including the State transportation department) having jurisdiction over the highway, bridge or tunnel must enter into an agreement with the Secretary which provides that all toll revenues received from operation of the toll facility will be used first for debt service, for reasonable return on investment of any private person financing the project, and for the costs necessary for the proper operation and maintenance of the toll facility, including reconstruction, resurfacing, restoration, and rehabilitation. If the State certifies annually that the tolled facility is being adequately maintained, the State may use any toll revenues in excess of amounts required under the preceding sentence for any purpose for which Federal funds may be obligated by a State under this title.”

**NOW, THEREFORE**, TxDOT, the Authority, and FHWA hereto agree as follows:

1. The Authority will use the toll revenues from the operation of the Project first for debt service (including the funding of reasonable reserves), for reasonable return on investment of any private person financing the Project, and for the costs necessary for the proper operation and maintenance of the toll facility, including reconstruction, resurfacing, restoration, and rehabilitation, as provided in paragraph 3 of Section 129(a) of Title 23, United States Code, as amended.

2. In accordance with Section 129(a) of Title 23, United States Code, as amended, TxDOT and the Authority hereby certify that they can and will comply with the following requirements provided in paragraph 3 of Section 129(a), Title 23, United States Code, as amended:

The Authority will certify annually that the toll facility is being adequately maintained. The Authority is entitled to use any toll revenues in excess of amounts required under paragraph 3 of Section 129(a), as amended, for any purpose for which Federal funds may be obligated by a State under Title 23, United States Code.

3. The Authority agrees, upon reasonable notice, to make all of its records pertaining to the toll facility subject to audit by TxDOT and the FHWA. The Authority and TxDOT agree to annually audit said records for compliance with the provisions of this Agreement and report the results thereof to FHWA. In lieu of performing such audit, a report of an independent auditor furnished to FHWA and TxDOT by the Authority will satisfy the requirements of this section.

4. This Agreement shall bind and benefit the parties' successors and assigns, including any party that succeeds to the interests or obligations of a party, and will be prepared in multiple counterparts so that each signatory will have an original Agreement.

**IN WITNESS WHEREOF**, the Authority, TxDOT and FHWA hereunto have caused this Agreement to be duly executed in four (4) counterparts as of this day and year first written above.

**CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

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ROBERT TESCH  
Chairman, Board of Directors

**TEXAS DEPARTMENT OF TRANSPORTATION**

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MICHAEL W. BEHRENS, P.E.  
Executive Director

**FEDERAL HIGHWAY ADMINISTRATION**

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KING W. GEE  
Associate Administrator for Infrastructure

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-61**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the CTRMA is a political subdivision of the State of Texas authorized to finance its activities by issuing obligations the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt obligations") pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the CTRMA will make, or has made not more than 60 days prior to the date hereof, payments with respect to the property listed on Exhibit "A" attached hereto; and

WHEREAS, the CTRMA has concluded that it does not currently desire to issue tax-exempt obligations to finance the costs associated with the property listed on Exhibit "A" attached hereto, but that it does anticipate doing so in the future; and

WHEREAS, the CTRMA desires to reimburse itself for the costs associated with the property listed on Exhibit "A" attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof; and

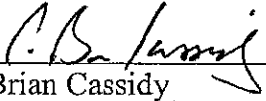
WHEREAS, the CTRMA reasonably expects to issue tax-exempt obligations to reimburse itself for the costs associated with the property listed on Exhibit "A" attached hereto;

NOW THEREFORE, BE IT RESOLVED, that the CTRMA reasonably expects to reimburse itself for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the acquisition, construction, reconstruction or renovation of the property listed on Exhibit "A" attached hereto from the proceeds of tax-exempt obligations to be issued subsequent to the date hereof; and

BE IT FURTHER RESOLVED, that the CTRMA reasonably expects that the maximum principal amount of tax-exempt obligations issued to reimburse the CTRMA for the costs associated with the property listed on Exhibit "A" attached hereto will not exceed \$240,000,000.

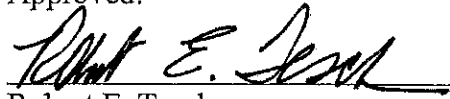
Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8<sup>th</sup> day of December 2004.

Submitted and reviewed by:



C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:



Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-61  
Date Passed 12/08/04

EXHIBIT A

DESCRIPTION OF PROPERTY

<u>Project</u>	<u>Amount</u>
Planning, designing, engineering, developing and constructing the U.S. Highway 183A turnpike project.	\$240,000,000

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-62**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the CTRMA is charged with funding and developing transportation improvements throughout the region to help solve the current mobility crisis and to improve the quality of life for residents of Central Texas; and

WHEREAS, CTRMA staff, working in partnership with the Austin District of the Texas Department of Transportation ("TxDOT"), developed a proposed "CTRMA/TxDOT Regional Implementation Program" (the "Program") which provides for the funding and development of various transportation system improvements through tolling of new roadway capacity; and

WHEREAS, implementation of the Program required amendments to the "2025 Transportation Plan" and the "Transportation Improvement Program" by the Capital Area Metropolitan Planning Organization ("CAMPO"); and

WHEREAS, CAMPO voted to approve the Program after adopting several resolutions affecting certain projects in the Program and encouraging the CTRMA to initiate various processes and implement certain procedures; and

WHEREAS, one of the resolutions encouraged the CTRMA to consider certain factors in the establishment of tolling policies and to initiate a process for receiving public input on the establishment of such policies; and

WHEREAS, the CTRMA Planning Committee, working with staff and the CTRMA's consultants, initiated a process for receiving public input on tolling policies and developed draft recommendations concerning tolling policies for the purposes of receiving further public input; and

WHEREAS, in Resolution No. 04-54, dated October 27, 2004, the CTRMA Board of Directors approved for public comment the draft tolling policies recommended by the CTRMA Planning Committee; and

WHEREAS, the Board of Directors solicited public comment on the draft tolling policies from November 1, 2004 to December 1, 2004 and held a public hearing on the draft tolling policies on November 10, 2004; and



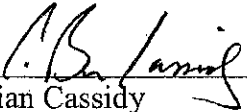
WHEREAS, CTRMA staff and consultants have considered the comments provided by the public and have developed final recommendations concerning Tolling Policies for the CTRMA, a copy of which is attached hereto as Attachment "A";

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the CTRMA hereby approves the Tolling Policies attached hereto as Attachment "A"; and

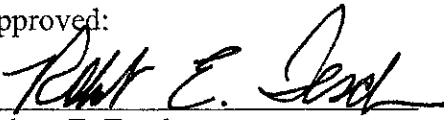
BE IT FURTHER RESOLVED, that such Tolling Policies may be amended from time to time in accordance with the procedures set forth in the CTRMA's Bylaws.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8<sup>th</sup> day of December, 2004.

Submitted and reviewed by:

  
\_\_\_\_\_  
C. Brian Cassidy  
Legal Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
\_\_\_\_\_  
Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-62  
Date Passed 12/08/04

**POLICIES AND PROCEDURES  
FOR TOLL COLLECTION OPERATIONS  
ON THE CTRMA TURNPIKE SYSTEM**

**SECTION 1. PURPOSE**

These Policies and Procedures for Toll Collection Operations (“Policies and Procedures”) are established pursuant to CTRMA Resolution No. 04-62, adopted by the CTRMA Board of Directors on December 8, 2004. Under provisions of Chapter 370 of the Texas Transportation Code, CTRMA possesses the authority to designate a turnpike project or a portion of a turnpike project as a controlled-access toll road (Sec. 370.179). These Policies and Procedures establish CTRMA practices and operations for toll collection systems on designated controlled-access toll roads operating within the CTRMA turnpike system, and incorporate provisions of Texas Transportation Code Sec. 370.177 regarding failure or refusal to pay turnpike project tolls and related penalties and offenses.

**SECTION 2. DEFINITIONS**

ACH	Automated Clearing House Network.
CSC	Customer Service Center.
Electronic Toll Tag or Toll Tag	A device that records the usage of a vehicle using a toll road; usually adhered to the windshield of the vehicle, allowing motorists to drive non-stop through designated electronic toll collection lanes. (Electronic Toll Tags are a type of “transponder” pursuant to Texas Transportation Code Sec. 370.178.)
ETC	Electronic Toll Collection.
IVR	Interactive Voice Response.
Non-payment Transaction	A transaction where the customer does not pay the toll in the lane at the time of travel through the toll lane.
Non-Tagged Non-payment	Vehicles not equipped with toll tags and that do not pay the toll at the time of travel through the toll lane.
Tag Class	The CTRMA class that is determined using the vehicle information that is programmed in the toll tag.
Tagged Non-payment	A vehicle equipped with a toll tag that is not valid and does not stop to pay toll.
U/O	Unusual Occurrence.

VES Violation Enforcement System.  
VPC Violation Processing Center.

SECTION 3. ESTABLISHMENT OF CUSTOMER TOLL TAG ACCOUNTS; PAYMENT; DISTRIBUTION OF TOLL TAGS

3.1 Toll Tag Accounts Generally

Customers may establish either individual or business toll tag accounts by contacting the CTRMA Customer Service Center ("CSC"). Qualification for an "individual" account versus a "business" account will depend upon the number of toll tags a customer seeks to obtain as set forth below. Any customer personal or business information provided to CTRMA, including but not limited to name, address, telephone number, facsimile number, or e-mail address, and information regarding the type of account or number of toll tags issued, shall not be disclosed by CTRMA to any third parties, except for where such disclosure is required as a matter of law. Toll tags will be provided free of charge to customers who establish toll tag accounts; provided, however, that customers with an "initial deposit" individual account described below must pay an additional account set up fee if they request an additional toll tag. Upon issuance, the toll tag will remain the property of CTRMA and the Texas Department of Transportation (TxDOT), and are subject to the provisions of Sec. 370.178 of the Texas Transportation Code. If and when a customer returns a toll tag to the CTRMA, any remaining account balance in the customer's account will be refunded.

The following is a description of the three types of CTRMA toll tag accounts that customers may establish:

(a) Individual Account (Registered)

A customer opens a toll tag account with a minimum of \$20.00. A minimum account balance of \$0.50 is required per toll tag. The first toll tag for the toll tag account is free, however, customers must pay an additional \$20.00 for each additional toll tag requested in conjunction with a toll tag account. Customer will be notified via regular mail, or e-mail if the customer so elects, when their account balance falls to \$10.00. Such notification is provided as a courtesy by CTRMA, and failure to notify shall not relieve the customer of their obligation to remain apprised of their toll tag account balance at all times.

(b) Individual Account (Unregistered)

A customer opens a toll tag account with a minimum of \$20.00. A minimum account balance of \$0.50 is required per toll tag. Customers choosing to remain anonymous by selecting the unregistered account option will be responsible for remaining apprised of their toll tag account balance because CTRMA will not be able to issue any balance notifications due to the account's unregistered status. In addition, unregistered customers will not be eligible for a refund or replacement for any toll tag that is lost or

stolen. Customers should consider the toll tags affiliated with their unregistered account the same as cash, and should take extreme caution to prevent the loss or theft of such toll tag(s).

(c) Business Account (Registered)

To qualify for a Business Account, customer must order a minimum of six (6) toll tags. Customers must open a Business Account with a minimum of \$30.00 per toll tag, with \$30.00 for the account per toll tag, and including the \$.50 required minimum account balance per toll tag. Customer will be notified via regular mail, or e-mail should the customer so elect, when their account balance falls below fifty percent (50%) of the starting account balance. Such notification is provided as a courtesy by CTRMA, and failure to notify shall not relieve the customer of their obligation to remain apprised of their toll tag account balance at all times. Business Account customers are allowed to obtain an unlimited number of toll tags for their account.

3.2 Toll Tag Distribution

(a) Distribution by Mail: Toll tags will be mailed via regular mail to customers who choose to open their toll tag accounts via the following methods, or for customers who request additional toll tags:

- Request via Telephone
- Request via Facsimile
- Request via E-mail
- CTRMA Web Site Application
- Request by Regular Mail
- Certain Authorized Retail Outlets

(b) Distribution via In-Person Pickup: A customer may obtain their toll tag(s) in person when establishing a toll tag account via the following methods:

- In-person visit to CTRMA CSC or any CSC Remote Counter Location
- Vending Kiosk or Machine
- Authorized Retail Outlets
- Toll Lane Attendant Booth

(c) CTRMA Use of Distribution Information: CTRMA will track the number and frequency of toll tags distributed according to the particular type of distribution method to identify the most frequently used distribution channels.

(d) Technical Operation and Technical Problems With Toll Tag Function: CTRMA will make reasonable efforts to test each toll tag that is issued to a customer. However, customers should test the functioning of their toll tag by passing through a tollbooth lane upon their first use of the toll tag to verify whether the toll tag is capable of being read by the toll collection equipment. If a customer becomes aware of a technical problem, either through self-testing, or because the customer is contacted by CTRMA for a Non-

payment Transaction even though the customer has an adequate balance in their account, the customer should immediately contact the CSC to make arrangements to correct the problem or to receive a new toll tag.

### 3.3 Payment Methods

Accounts (Registered or Unregistered) are pre-paid, and can be established and maintained by credit card, debit card, automatic clearing house (ACH) transaction, money order, check, and/or cash. To establish a registered account, the customer is required to complete the Account Setup Application and establish a means of account replenishment. Customers with unregistered accounts are not required to provide any information.

The following payment methods are available for the corresponding methods of opening a customer account:

- Customers may pay with cash to open an account via: walk-in visits to the CSC or CSC Remote Location Counter; vending machines or kiosks; authorized retail outlets; or request to open an account made to a toll lane attendant.
- Customers may pay with checks or money orders to open an account via: walk-in visits to the CSC or CSC Remote Location Counter; regular mail; authorized retail outlets; or request to open account made to a toll lane attendant.
- Customers may pay with credit cards, or debit cards that do not require personal identification numbers (PINs), to open an account via: walk-in visits to the CSC or CSC Remote Location Counter; telephone; IVR; CTRMA Web Site Application; facsimile; e-mail; vending machines or kiosks; authorized retail outlets.

## SECTION 4. DISCOUNTS AND INCENTIVES

A primary objective of the CTRMA's Marketing and Public Information Program is to enroll as many customers as possible in the ETC program. CTRMA will determine appropriate introductory and marketing activities on a project-by-project basis, which may include, but not be limited to, the following:

### 4.1 Special Toll Tag Accounts and Applicable Legal Exemptions

CTRMA recognizes the importance of encouraging mass transit users to travel on toll roads to further relieve congestion and increase regional mobility. Special toll tags accounts and discounts will be provided to these users. Police, law enforcement and certain other "authorized emergency vehicles" as defined by Sec. 541.201 of the Texas Transportation Code are required to be exempt from paying tolls under Sec. 370.177 of the Texas Transportation Code, and state and federal military vehicles are also exempt from paying tolls under Sec. 362.901 of the Texas Transportation Code.

- (a) Capital Metro Bus: Capital Metro/ CARTS vehicles shall receive a toll tag rate equal to the rate for cars, and shall also receive a ten percent (10%) discount off that rate.

- (b) School Buses: School buses from school districts in the Central Texas region that elect to establish a toll tag account with the CTRMA shall receive a toll tag rate equal to the rate for cars, and shall also receive a ten percent (10%) discount off that rate.
- (c) Emergency Vehicles: In accordance with the provisions of Sec. 370.177 and 362.901 of the Texas Transportation Code, CTRMA will create technical procedures to ensure that authorized emergency vehicles, as well as state and federal military vehicles, are exempt from paying tolls on the CTRMA turnpike system.
- (d) Express Buses: Express buses operated by transportation providers other than Capital Metro/CARTS shall receive a toll tag rate equal to the rate for cars, and shall also receive a ten percent (10%) discount off that rate.
- (e) Other Mass Transit Provider Vehicles: Vehicles belonging to additional mass transit providers other than Capital Metro/CARTS that choose to establish a toll tag account with CTRMA shall receive a toll tag rate equal to the rate for cars, and shall also receive a ten percent (10%) discount off that rate.

#### 4.2 Incentives and Discounts

During the initial start-up phase of tolling on a particular CTRMA project, some incentives to customers may be offered depending on the level of toll tag enrollment, such as the following discounts and incentives:

- (a) Incentive Offers: CTRMA may offer incentives with each new toll project that is opened to encourage ridership.
- (b) Discounts for CTRMA Toll Tag Users: Ten percent (10%) toll tag user discount; equals a discount of ten percent (10%) off of the toll amount paid by cash only toll customers.

#### 4.3 US183-A Turnpike Introductory Programs

- (a) Discount For New CTRMA Customers: Free \$10.00 credit for toll charges given to a new CTRMA customer per each toll tag account.
- (b) Step-Up or No Charge for Introductory Period: CTRMA shall offer a six-month Introductory Period after US 183-A is constructed and opened to traffic. The initial four weeks of the Introductory Period will be free usage for all customers. The period of free usage will be extended up to eight weeks free usage for toll tag customers, and for the remaining four months of the Introductory Period, there will be a fifty percent (50%) reduction in amount of tolls charged for those toll tag customers.
- (c) Customer Friendly Toll Violation Enforcement Process: If a customer who realizes they caused a Non-payment Transaction contacts the CSC and establishes (or re-establishes, if the customer has an invalid toll tag account) a valid, funded toll tag account within ten (10) days, or such period of time that is dictated by the terms of any agreement with TxDOT concerning the VPC, after the Non-payment Transaction was

committed, the administrative fee that CTRMA is allowed to charge under Texas Transportation Code Sec. 370.177(c) will be waived, and the unpaid toll amount will be deducted from the customer's account balance. In the event that the violating customer does not either open and adequately fund a new toll tag account, or adequately fund their existing toll tag account, within the specified time frame, that customer will then receive a "Notice of Nonpayment" via regular mail for the unpaid toll amount plus a \$25.00 CTRMA administrative fee. If the violating customer contacts the CSC within thirty (30) days after such notice is mailed, and either opens and adequately funds a new toll tag account, or adequately funds their existing toll tag account, either part of or all of the \$25.00 administrative fee will be waived, and any remainder of the fee not waived, plus the unpaid toll amount, will be deducted from the customer's account balance.

The waiver of CTRMA administrative fees will be graduated over an eighteen (18) month period of time, where: during the first six (6) months of the toll road operations, all administrative fees will be waived; during next six (6) months of operations, \$15.00 of the fee will be waived; during the third six (6) to twelve (12) months of operations, \$10.00 of the administrative fee will be waived; and after a total period of eighteen (18) months after opening of operations, no portion of the administrative fee will be waived.

## SECTION 5. CUSTOMER SERVICE AND VIOLATION POLICIES

Upon implementation of the CTRMA toll collection system, CTRMA expects that there may be a high percentage of customers using a toll road who will not have a toll tag. The objective of the toll operations procedures and policies created by the CTRMA is to increase the percentage of toll road customers who establish toll tag accounts with the CSC. Additionally, because tolling is a new concept for customers in the Central Texas region, it will take some time for customers to adjust to the toll road operations, rules and regulations. During the few months after the start of CTRMA toll collection operations, a tolerant and customer-friendly approach will be employed towards customers who use the road without paying toll charges. While it is understood that the objective of the CTRMA is to collect revenue and minimize toll violation abuse, CTRMA believes that a moderate approach towards customers who did not pay the toll ultimately will allow for a period of adjustment as customers begin using the new toll roads, and will create new toll customers for the CTRMA.

CTRMA will establish a "Violation Processing Center (VPC)" where vehicle images captured at the toll collection point and for which no toll was paid will be reviewed and processed according to CTRMA policies in accordance with the toll enforcement process set forth in Sec. 370.177 of the Texas Transportation Code. Repeat offenders will be issued notices of nonpayment and will be given the opportunity to make outstanding toll and administrative payments. Failure to respond to the established Customer Contact Process, and to satisfy outstanding, unpaid toll amounts, will result in the issuance of citation and prosecution under the provisions of Section 370.177.

The (CSC) provides customer service to CTRMA customers and supports all operations related to customer toll tag account setup, account maintenance and customer service. The efficient operation of the CSC is critical to the success of the CTRMA toll collections. The CSC will adhere to the following provisions with respect to customer service, toll violations, and toll tag use:

(a) Customers That Use Toll Tag Lanes Without Corresponding Toll Tags:

If a customer who realizes they caused a Non-payment Transaction contacts the CSC and establishes (or re-establishes, if the customer has an invalid toll tag account) a valid, funded toll tag account within ten (10) days, or such period of time that is dictated by the terms of any agreement with TxDOT concerning the VPC, after the Non-payment Transaction was committed, the administrative fee that CTRMA is allowed to charge under Texas Transportation Code Sec. 370.177(c) will be waived, and the unpaid toll amount will be deducted from the customer's account balance. In the event that the violating customer does not either open and adequately fund a new toll tag account, or adequately fund their existing toll tag account, within the specified time frame, that customer will then receive a "Notice of Nonpayment" via regular mail for the unpaid toll amount plus a \$25.00 CTRMA administrative fee. If the violating customer contacts the CSC within thirty (30) days after such notice is mailed, and either opens and adequately funds a new toll tag account, or adequately funds their existing toll tag account, either part of or all of the \$25.00 administrative fee will be waived, and any remainder of the fee not waived, plus the unpaid toll amount, will be deducted from the customer's account balance.

(b) Violation Enforcement Strategies:

If a customer who receives a "Notice of Nonpayment" does not take any of the actions described in subsection (a) above within thirty (30) days after such notice is mailed, the Non-payment Transaction becomes an offense under Sec. 370.177 of the Texas Transportation Code, and a collection process will be implemented to attempt collection of the unpaid toll amount plus the additional administrative fee (which may include the collection agency's fees). If the collection process does not succeed in obtaining the toll amount and corresponding fees owed, the violating customer will be referred for prosecution. An offense for failure or refusal to pay a toll under Sec. 370.177 of the Texas Transportation Code is a misdemeanor subject to a fine of up to \$250.00 for each offense. If convicted of the offense, a violating customer will be liable for the unpaid toll amount, plus a \$100 administrative fee, plus court costs and a fine of up to \$250.00. In the prosecution of an offense under Sec. 370.177, proof that the vehicle passed through a toll collection facility without payment of the proper toll, together with proof that the defendant was the registered owner or the customer of the vehicle when the failure to pay occurred, establishes the nonpayment of the registered owner. The proof may be by testimony of a peace officer or CTRMA employee, video surveillance, or any other reasonable evidence. Under provisions of Sec. 370.177, there are certain exceptions to violation for failure to pay toll regarding rental cars and vehicles sold but for which title has not been officially transferred by TxDOT. In addition, it is a defense



to prosecution if the vehicle is stolen prior to the failure to pay a toll, but only if the theft is reported to the appropriate law enforcement agency within the required time period.

(c) Procedures for Disputing Toll Violations:

Customers may dispute an alleged failure to pay toll violation via the CTMRA web site or by contacting the CSC by walk-in, telephone, regular mail, e-mail, or facsimile.

(d) Unauthorized Transfer of Toll Tag:

Toll tags are issued by the CTRMA for use with one (1) corresponding vehicle per toll tag. Customers should not attempt to remove and transfer a toll tag to another vehicle once the tag is adhered to the original vehicle's windshield. To engage in such unauthorized transfer of a toll tag is against CTRMA policy, and CTRMA reserves the right to refuse to recognize as valid any toll transaction made pursuant to such unauthorized transfer of a toll tag from its original vehicle.

SECTION 6. TOLLING POLICY FOR PHASES OF CTRMA TURNPIKE PROJECT  
"UNDER CONSTRUCTION"

- (a) For any phase of a toll project "under construction" as of the date the project is included in CAMPO's then governing transportation plan or transportation improvement program as a toll project or candidate toll project, the authority shall defer the commencement of toll collection operations on that phase until additional phases of the project are constructed so as to provide continuous uninterrupted travel for a distance, or to a destination, to be designated by the Board of Directors on a project specific basis. Toll projects subject to this provision shall be designated on Attachment "A" hereto, which shall be updated periodically by action of the Board. The deferral of toll collection operations shall end once the component phases of the project or the designated travel corridor (as identified on Attachment "A") are "substantially complete".
- (b) For purposes of this policy the phrase "under construction" shall mean that a contract has been executed by the authority or TxDOT which provides for roadway construction of a phase of the toll project. The phrase "substantially complete" shall mean that the toll project is open to traffic for its entire length as designated on Attachment "A". Temporary closures due to emergencies or short-term construction or maintenance operations shall not preclude a toll project from being deemed substantially complete.
- (c) The authority may install signage and toll collection equipment on or along a project (or any phase thereof) indicating that toll collection operations are being deferred and that tolls will be collected on the entirety (or any portion) of the project in the future.
- (d) The designation of a project as a toll project or candidate toll project in CAMPO's then governing transportation plan or transportation improvement program prior to the time it is open to traffic shall preclude the project from being deemed a "conversion" under provisions of the Texas Transportation Code when toll collection operations begin.

- (e) Notwithstanding the foregoing, the Board of Directors may, upon receipt of a written request from CAMPO or from the Commissioners Court(s) of the county(s) in which a project is located, waive this policy and toll a phase of project that is under construction prior to completion of the entirety of the project.

ATTACHMENT "A"

INITIAL PHASE	CONTRACT EXECUTION DATES	TRAVEL CORRIDOR TO BE COMPLETED PRIOR TO TOLLING
US 183 (S): South of IH 35 (N) to South of US 290 (E)	February 10, 2003	From main lanes of US 183 at IH35 to Presidential Blvd. (permitting travel on main lanes unimpeded by traffic signals on US 183 South from IH35 to ABIA)
SH 71 (E): West of Burleson Rd. to West of Riverside Dr.	September 16, 2002	From main lanes of SH 71 from IH35 to Presidential Blvd. (permitting travel on main lanes unimpeded by traffic signals on SH71 East from IH35 to ABIA)
Loop 1 (MOPAC Blvd): South of William Cannon Dr. to US 290 (W)	September 15, 2003	From main lanes of Loop 1 at William Cannon Dr. to south of Barton Skyway (permitting travel on express lanes from William Cannon Dr. to south of Barton Skyway)

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-63**

WHEREAS, the Texas Transportation Code authorizes the creation of a regional mobility authority for the purposes of constructing, maintaining, and operating one or more transportation projects in a region of this state; and

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the Board of Directors of the CTRMA has been constituted in accordance with the Transportation Code and the RMA Rules; and

WHEREAS, after a thorough process the CTRMA Board of Directors selected Mike Heiligenstein to serve as the CTRMA's Executive Director; and

WHEREAS, the CTRMA Board of Directors approved the entry into an employment contract with Mike Heiligenstein to serve as the CTRMA's Executive Director; and

WHEREAS, the Executive Director's contract provides for review of his performance and base salary by the Board of Directors on or about six months from the effective date and on or about twelve months from the effective date, as well as at such other times that the parties agree upon; and

WHEREAS, the Board of Directors has reviewed the Executive Director's performance and base salary and has concluded that he has served the agency well and that his performance merits an increase in his base salary, as provided for in the First Amendment to Employment Contract, attached hereto as Exhibit "A"; and

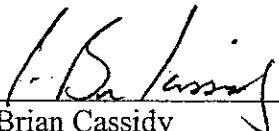
WHEREAS, the Board of Directors desires to obtain further information about salaries and benefits paid to executives at similar agencies so as to assure that compensation and benefits offered to the Executive Director and other key employment positions to be filled within the CTRMA are competitive and appropriate within the relevant market;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the CTRMA hereby approves the base salary increase reflected in the First Amendment to Employment Contract, attached hereto as Exhibit "A"; and

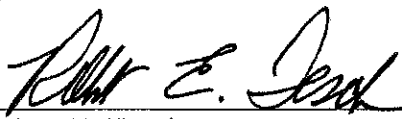
BE IT FURTHER RESOLVED, that the Board of Directors directs staff to secure a survey of salaries and benefits of key personnel at similar agencies and to present the results of such survey to the full board of directors at a future board meeting.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December, 2004.

Submitted and reviewed by:

  
\_\_\_\_\_  
C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
\_\_\_\_\_  
Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-63  
Date Passed 12/08/04

**First Amendment To  
Employment Agreement  
Between  
Central Texas Regional Mobility Authority  
And  
Mike Heiligenstein**

This First Amendment to the Employment Agreement Between Central Texas Regional Mobility Authority ("CTRMA") and Mike Heiligenstein ("Employee") is made effective as of the 5<sup>th</sup> day of December, 2004, and is for the purpose of amending paragraph 4.1 of the Employment Agreement between CTRMA and Employee effective December 5, 2003.

Pursuant to action of the CTRMA board of directors, reflected in Resolution No. 04-63, Section 4.1(a) of the Agreement is amended to read as follows:

(a). Effective as of December 5, 2004, the base salary payable to Employee shall be \$12,500.00 per month (or \$150,000.00 per year) (the "Base Salary"), which shall be payable, less applicable withholding for federal and other required taxes, in bi-weekly installments or otherwise in such manner as the salaries of other employees of CTRMA are paid in accordance with CTRMA's standard payroll procedures, but not less frequently than monthly.

By their signatures below, the parties to the Agreement evidence their agreement to this amendment set forth above.

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

By: \_\_\_\_\_  
Robert Tesch, Chairman

EMPLOYEE

\_\_\_\_\_  
Mike Heiligenstein

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-64**

WHEREAS, the Texas Transportation Code authorizes the creation of a regional mobility authority for the purposes of constructing, maintaining, and operating one or more transportation projects in a region of this state; and

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the Board of Directors of the CTRMA has been constituted in accordance with the Transportation Code and the RMA Rules; and

WHEREAS, in Resolution No. 04-15, dated May 5, 2004, the Board of Directors identified the need for a Chief Financial Officer and directed staff to begin the process for identifying and hiring a qualified individual for that position; and

WHEREAS, after a thorough process the Executive Director selected Bill Chapman to serve as the CTRMA's Chief Financial Officer; and

WHEREAS, the Executive Director has negotiated compensation and benefits with Bill Chapman as reflected in the terms attached hereto as Exhibit "A"; and

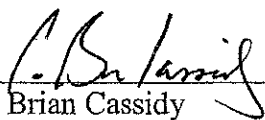
WHEREAS, the CTRMA Board of Directors desires to authorize the employment of Bill Chapman in accordance with the terms of employment summarized in Exhibit "A";

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the CTRMA approves and ratifies the employment of Bill Chapman as Chief Financial Officer pursuant to the terms set forth in Exhibit "A"; and

BE IT FURTHER RESOLVED, that the Executive Director is authorized to take such actions as necessary to implement the employment arrangement with Bill Chapman.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December, 2004.

Submitted and reviewed by:



C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:



Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 03-64  
Date Passed 12/08/04



**EXHIBIT "A"**

**To Resolution No. 04-64**

**TERMS OF CHIEF FINANCIAL OFFICER EMPLOYMENT**

Set forth below are the material terms for the employment of the CTRMA's Chief Financial Officer:

1. **Term:** Full-time employment beginning on November 29, 2004. Employment is on an at-will basis.
2. **Compensation:** Annual salary of \$125,000, plus benefits as described below. For work performed on a part-time basis during November (prior to date of full-time employment), compensation will be on a pro-rata basis as follows:  $(\$125,000 \div 360) \times$  number of days worked. No additional benefits will be paid in association with part-time work.
3. **Expenses:** Moving expenses up to \$5,000 will be paid by the CTRMA. Travel expenses associated with part-time work performed during November will be reimbursed. Actual expenses reasonably incurred in connection with CTRMA business shall be reimbursed subject to CTRMA's policies on reimbursement and subject to Executive Director approval.
4. **Health/Life Insurance:** Health and life insurance benefits will be provided through Williamson County (the "County") pursuant to the Interlocal Agreement dated December 5, 2003, between the County and the CTRMA (through which the County administers payroll and benefits for CTRMA employees).
5. **Retirement Benefits:** Benefits provided through the CTRMA's participation in the Texas County and District Retirement System (TCDRS), as administered by Williamson County. All actuarial services and contribution amounts are determined by the TCDRS and provided to the County for payment by the CTRMA.
6. **Vacation:** Beginning January 1, 2005, three weeks annual paid vacation and three days annual paid personal leave, provided that no more than two consecutive weeks of vacation may be taken without prior approval of the Board of Directors and provided that vacation is taken at a time and in a manner consistent with job responsibilities. You will receive two weeks off in December 2004.
7. **Holidays:** per Board Resolution No. 04-66.

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-65**

WHEREAS, the Texas Transportation Code authorizes the creation of a regional mobility authority for the purposes of constructing, maintaining, and operating one or more turnpike projects in a region of this state; and

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the Board of Directors of the CTRMA has been constituted and has been operating in accordance with the Transportation Code and the RMA Rules; and

WHEREAS, the Board of Directors generally holds monthly board meetings and such special board meetings from time-to-time as it deems necessary to conduct the business of the authority; and

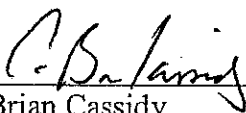
WHEREAS, the Board of Directors desires to designate anticipated dates and locations for its regular meetings for the year of 2005;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby designates the dates and locations set forth on Attachment "A" as its tentative schedule for meetings during 2005; and

BE IT FURTHER RESOLVED, that the Board of Directors may change its regular meeting dates as it deems necessary and may hold such special board meetings as are necessary to conduct the business of the authority.

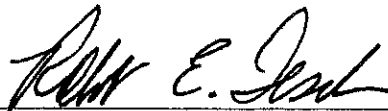
Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December, 2004.

Submitted and reviewed by:



C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:



Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-65  
Date Passed 12/08/04

**Attachment "A"**  
**To Resolution No. 04-65**

**2005 Schedule for the  
Central Texas Regional Mobility Authority  
Board Meetings**

<b>DATE</b>	<b>LOCATION</b>
January 5, 2005	LCRA
January 26, 2005	LCRA
February 23, 2005	Round Rock
March 30, 2005	LCRA
April 27, 2005	Round Rock
May 25, 2005	LCRA
June 29, 2005	Round Rock
July 27, 2005	LCRA
August 31, 2005	Round Rock
September 28, 2005	LCRA
October 26, 2005	Round Rock
November 30, 2005	LCRA
January 4, 2006	Round Rock

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-66**

WHEREAS, the Texas Transportation Code authorizes the creation of a regional mobility authority for the purposes of constructing, maintaining, and operating one or more turnpike projects in a region of this state; and

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the Board of Directors of the CTRMA has been constituted and has been operating in accordance with the Transportation Code and the RMA Rules; and

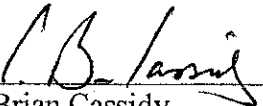
WHEREAS, the Board of Directors desires for the CTRMA to observe certain holidays during the remainder of 2004 and during 2005 on a schedule consistent with that of other governmental entities;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby designates the following dates as official CTRMA holidays during the remainder of 2004: Christmas Holiday (December 23-24) and New Year's Holiday (December 31).

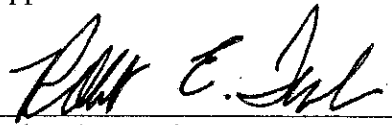
BE IT FURTHER RESOLVED, that the Board of Directors hereby designates the following dates as official CTRMA holidays during 2005: Martin Luther King Jr. Day (January 17), President's Day (February 21), Memorial Day (May 30), Independence Day (July 4), Labor Day (September 5), Veterans Day (November 11), Thanksgiving Holiday (November 24-25), and Christmas Holiday (December 23-26).

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December, 2004.

Submitted and reviewed by:

  
\_\_\_\_\_  
C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
\_\_\_\_\_  
Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-66  
Date Passed 12/08/04

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-67**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") is empowered to procure such goods and services as it deems necessary to assist with its operations and to study and develop potential transportation projects; and

WHEREAS, close scrutiny of CTRMA expenditures for goods and services, including those related to project development, is the responsibility of the Board of Directors and its designees through procedures the board may implement from time to time; and

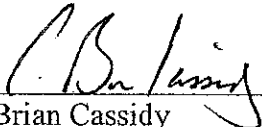
WHEREAS, the Board of Directors has adopted policies and procedures intended to provide strong fiscal oversight and which authorize the Executive Director, working with the CTRMA's accountant, to review invoices and approve disbursements; and

WHEREAS, the Executive Director, working with the CTRMA's accountant, has reviewed and authorized the disbursements listed on the disbursements report titled "Summary of Expenditures" from October 22, 2004 to December 3, 2004, included herewith as Attachment "A";


NOW THEREFORE, BE IT RESOLVED, that the Board of Directors accepts the Disbursements Report included as Attachment "A".

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8<sup>th</sup> day of December, 2004.

Submitted and reviewed by:

  
\_\_\_\_\_  
C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
\_\_\_\_\_  
Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-67  
Date Passed 12/08/04

Central Texas Regional Mobility Authority

Attachment "A" to CTRMA Board Resolution No. 67  
 Summary of Expenditures 10/22/04 - 12/3/04

<u>Vendor</u>	<u>Date</u>	<u>Check #</u>	<u>Description</u>	<u>Amount</u>
FormaDoc Inc.	10/27/2004	11185	Open meeting postings	100.00
Kennedy Reporting Service, Inc.	10/27/2004	11186	Board Meeting Minutes	388.20
Mike Heiligenstein	10/27/2004	11187	Auto Allowance	650.00
Forkner, Cynthia L	10/29/2004	11188	Administrative Asst Compensation	686.93
Williamson County	10/29/04	ACH Debit	Executive Director Compensation	5,768.66
William Chapman	11/02/2004	11189	Reimbursed expenses	427.92
Chase Bank	11/02/2004	11190	Payroll Taxes for Admin Asst	306.14
Chase Business Credit Card	11/08/2004	11191	Credit Card: Travel, etc.	6,765.67
Williamson County	11/09/04	ACH Debit	Executive Director Compensation	5,992.22
Forkner, Cynthia L	11/12/2004	11192	Administrative Asst Compensation	400.39
Chase Bank	11/12/2004	11193	Payroll Taxes for Admin Asst	213.22
Hellin, Donovan, Trubee & Wilkinson, LLP	11/12/2004	11194	Audit	280.00
AT&T Wireless	11/22/2004	11195	Cell Phone-Heiligenstein	357.14
Chase Business Credit Card	11/22/2004	11196	Credit Card: Travel, etc.	589.47
Cindy Forkner	11/22/2004	11197	Reimbursed expenses	62.34
FormaDoc Inc.	11/22/2004	11198	Open meeting postings	80.00
Johanna Zmud	11/22/2004	11199	Reimbursed expenses	582.12
Pena Swayze & Co, LLP	11/22/2004	11200	Accounting Fees	8,017.50
Robert E. Tesch	11/22/2004	11201	Reimbursed expenses	505.09
William Chapman	11/22/2004	11202	Reimbursed expenses	688.44
Williamson County	11/24/04	ACH Debit	Executive Director Compensation	5,992.22
Forkner, Cynthia L	11/26/2004	11203	Administrative Asst Compensation	588.65
Kennedy Reporting Service, Inc.	11/26/2004	11204	Board Meeting Minutes	1,104.10
William Chapman	11/26/2004	11205	Reimbursed expenses	1,025.81
Chase Bank	11/26/2004	11206	Payroll Taxes for Admin Asst	271.20
First Southwest Company	11/26/2004	11207	Consulting	23,283.33
Owen Consulting	11/26/2004	11208	Review of engineering bills	5,500.00
Mike Heiligenstein	11/29/2004	11209	Auto Allowance	650.00
HNTB Corporation	12/02/2004	11210	General Engineering Consultant	645,736.05
Locke Liddell & Sapp LLP	12/02/2004	11211	Legal Fees	173,946.23
Owen Consulting	12/02/2004	11212	Review of engineering bills	3,600.00
Locke Liddell & Sapp LLP	12/02/2004	11213	Legal Fees	59,728.40
Cingular Wireless	12/02/2004	11214	Cell Phone-Heiligenstein	301.85
				954,589.29

**DEFERRED**

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-68**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, members of the CTRMA Board of Directors and CTRMA staff and consultants may incur travel or other expenses in carrying out their duties and functions on behalf of the CTRMA; and

WHEREAS, actual expenses necessarily incurred by members of the Board of Directors in carrying out their CTRMA duties and functions are reimbursable by the CTRMA under §370.255 of the Transportation Code and Section 9 of the CTRMA's bylaws; and

WHEREAS, close fiscal oversight of CTRMA expenditures has been a consistent objective of the Board of Directors and its designees; and

WHEREAS, as the CTRMA adds staff and its operations require increased travel and expenses, the CTRMA Board of Directors desires to adopt a policy to guide the oversight of the incurrence and reimbursement of such expenditures; and

WHEREAS, CTRMA staff has developed the Travel Expense Policy, attached hereto as Exhibit A, to meet the objectives of the Board of Directors and to ensure consistency and oversight with respect to reimbursement of travel and related expenses;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Travel Expense Policy, attached hereto as Exhibit A; and

BE IT FURTHER RESOLVED, that these policies may be amended from time-to-time in accordance with the procedures set forth in CTRMA's bylaws.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December, 2004.



Submitted and reviewed by:

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C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:

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Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-68  
Date Passed 12/08/04

**Exhibit "A"**  
**To Resolution No. 04-68**

**CTRMA Travel Expense Policy**

**I. Mileage Reimbursement**

**A.** Use of a personal vehicle on CTRMA business will be reimbursed using the current Internal Revenue Service rate. A request for reimbursement should include:

- i. The purpose of the travel
- ii. The dates of the travel
- iii. The beginning and ending mileage
- iv. If a personal vehicle is used, the maximum reimbursement will be at the lower of the:
  1. IRS rate times the number of miles driven or
  2. The lowest quoted airfare at the time of travel

**II. Requests for travel that include overnight travel**

**A. Hotel accommodations**

- i. Should be made at the lowest rate applicable.
  1. Government rate
  2. Conference rate
- ii. Other hotel stays will be reimbursed or paid for using the General Services Administrations (GSA) latest per diem rates. The current rates are found at: <http://policyworks.govv/org/main/mt/homepage/mtt/perdiem/perd05d.html>
  1. Exceptions to the GSA rate would include:
    - a. The hotel would reduce total overall costs of travel, such as not requiring a rental car.
    - b. Time constraints for business meetings would require staying at a closer hotel.
- iii. Any waiver of the GSA rate requirement must be approved by the Executive Director.

**B. Travel arrangements**

- i. Should be made at lowest cost, using the internet, if possible, to mitigate fees. Travel agents may be used on more complicated travel arrangements to reduce staff time and thereby reduce overall costs.
- ii. Travel should be done in a manner to reduce time away from work.
- iii. If a conference or meeting ends on a Friday, a weekend stay would be allowed if:
  1. The reduction in airfare is greater than the extra days lodging and per diems.
- iv. Hotel shuttles should be used when available
- v. Travel must be approved by the Executive Director

- vi. All incremental costs of any family member traveling with a CTRMA employee will be paid for by the employee and must be promptly reimbursed to the CTRMA.

**C. Meals**

- i. Will be reimbursed without a receipt at the General Services per diem rates.
- ii. Meals above the GSA per diem will require a receipt and justification.
- iii. No meals related to entertainment will be allowed
- iv. No reimbursement for alcohol will be allowed

**D. Incidentals**

- i. Tips do not require a receipt
- ii. Parking, toll and taxi receipts will be reimbursed on an actual basis
- iii. Other minor expenditures should have a receipt and justification
- iv. Local calls related to business will be reimbursed
- v. Long distance calls related to business, including internet connections will be reimbursed. A reasonable daily personal long distance call will be reimbursed.
- vi. There will be no reimbursement for any parking or traffic violations
- vii. There will be no reimbursement for entertainment purposes, including in hotel movies.

**E. Rental vehicles**

- i. Restricted to compact or mid sized vehicles, unless multiple persons traveling in vehicle.
- ii. Gasoline should be refilled prior to returning
- iii. Loss damage waiver should be used until such time CTRMA has other insurance coverage
- iv. In certain cities, it is cost effective to use private limousine services in order to meet meeting schedules. The costs should be compared to taxi services for reasonableness.

**F. Airfare**

- i. Airfare should be booked at the most economical rate
  - 1. Coach fares or internet specials should be used if lower than:
    - a. Inter-local agreements with other public entities that have airline fare agreements should be used.
  - 2. Travel agents may be used on more complicated travel arrangements to reduce staff time and thereby reduce overall costs.
- ii. Cancellation fees or fees for ticket changes will be reimbursed if it is in the best interests of the CTRMA or due to a family emergency.

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-69**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, prudent fiscal management and oversight of financial transactions is the responsibility of the Board of Directors and its designees; and

WHEREAS, interest rate swap("swap") transactions could potential be an integral part of the CTRMA's asset/liability and debt management strategy; and

WHEREAS, "swap" transactions are one type of financial transaction which offer potential financial benefits in the course of managing CTRMA funds in connection with debt issuances; and

WHEREAS, swap transactions can also present financial risk if not evaluated, managed and controlled carefully and consummated only in compliance with specified guidelines; and

WHEREAS, the CTRMA Board of Directors desires to adopt a policy for swap transactions so as to minimize the potential risk associated therewith; and

WHEREAS, the CTRMA's Financial Advisor has developed and recommends the adoption of the Swap Policy, attached hereto as Exhibit "A", to achieve the Board's objectives of risk minimization in swap transactions;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Swap Policy, attached hereto as Exhibit "A"; and

BE IT FURTHER RESOLVED, that this policies may be amended from time-to-time in accordance with the procedures set forth in the CTRMA Bylaws.

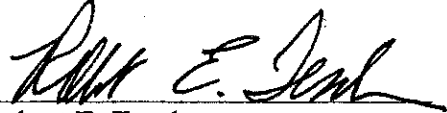
Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December, 2004.

Submitted and reviewed by:



C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:



Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-69  
Date Passed 12/08/04



## Central Texas Regional Mobility Authority MASTER SWAP POLICY

December 8, 2004

### 1. Authority

By recommendation of the Executive Committee of the Board of Directors (the "Executive Committee"), approval to execute an interest rate swap on behalf on the Central Texas Regional Mobility Authority (the "Authority") will be authorized by a resolution passed by the Board of the Authority on a case-by-case basis.

Each swap resolution will authorize the swap agreement and its provisions to include, notional amount, security, payment, and certain other terms in regards to the swap agreement between the Authority and qualified swap counterparties ("Counterparties"), and other necessary documents. Each swap resolution shall specify the appropriate Authority officials authorized to make modifications to the swaps contemplated, within certain parameters. In the event of a conflict between a swap resolution and the Master Swap Policy, the terms and conditions of the swap resolution shall control.

Such actions of the Authority will be taken pursuant applicable Texas Government Code, whereby the Authority must make a finding and determine that it is prudent and advisable for the Authority to enter into interest rate swap agreements or other such arrangements from time to time based on certain terms and conditions set forth in the swap resolution and this Master Swap Policy.

### 2. Purpose

Interest rate swap transactions can be an integral part of the Authority's asset/liability and debt management strategy. By utilizing interest rate swaps, the Authority can expeditiously take advantage of market opportunities to reduce costs. Interest rate swaps will allow the Authority to actively manage asset and liability interest rate risk, balance financial risk, and achieve debt management goals and objectives through synthetic fixed rate and variable rate financing structures. The Authority shall not enter into interest rate swaps for speculative purposes.

### 3. General Guidelines for Interest Rate Swap Agreements

The following non-exclusive list provides certain guidelines the Executive Committee will follow in the evaluation and recommendation of interest rate swap transactions:

December 8, 2004

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3.1. Legality

The Executive Committee must first determine, or have determined by appropriate legal counsel, that the proposed contract fits within the legal constraints imposed by state laws, Authority resolutions, and existing indentures and other contracts.

3.2. Goals

In the authorizing resolution, the Authority must clearly state the goals to be achieved through the swap contract and must adopt execution parameters consistent with the goals.

3.3. Rating Agencies

The swap agreement being entered into will not have an adverse impact on any existing Authority credit rating. In addition to the legal constraints as noted above, the swap agreement will conform to outstanding commitments with bond insurers, credit enhancers, and surety providers. Where possible, the Authority shall obtain confirmation on the underlying ratings of the revenue source obligated under the swap agreement. All swap agreements must be discussed with the rating agencies prior to execution, and cannot be executed if doing so would impact negatively on the Authority's credit ratings.

3.4. Term

The Authority shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. However, in no circumstance may the term of a swap agreement entered into for liability management purposes between the Authority and a qualified swap Counterparty extend beyond the final maturity date of the underlying debt of the Authority, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.

December 8, 2004

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3.5. Impact on Variable Rate Capacity

The impact of the swap agreement on the Authority's variable rate capacity must be quantified prior to execution so as not to hinder the Authority's ability to continue the issuance of traditional variable rate products such as commercial paper which is used to fund capital projects.

3.6. Enhancements

The Authority may utilize other swap enhancement products such as forward swaps, swap options, basis swaps, caps, floors, collars, cancellation options, etc. Utilization and consideration of each of these products will be part of the approval process per swap agreement as detailed in Section 7 -- Form of Swap Agreements and Other Documentation. The costs, benefits, and other considerations regarding the enhancement will be explained to Authority Board as a part of the approval process. In the case of swaptions in which the Authority would receive up-front cash, the Authority will not enter into any such swap agreements.

3.7. Bond Covenants

The implementation of derivative products or interest rate swaps will not conflict with existing bond covenants and debt policies. The derivative product will also not contain terms that would cause restrictions on additional bond test and protective covenants of outstanding bonds or create cross defaults.

3.8. Accounting Compliance

The impact of compliance with GASB Technical Bulletin No. 2003-1 shall be disclosed in the Authority's annual financial reports.

3.9. Staffing

The Authority shall maintain appropriate staff with responsibility and knowledge suitable for monitoring swap transactions. Before entering into a swap, the accounting impact of the swap on the Authority must be determined.

3.10. Exit Strategy

The mechanics for determining termination values at various times and upon various occurrences must be explicit in the swap agreement, and the Authority should obtain estimates from its financial advisor and swap advisor of the potential termination costs which might occur under various interest rate scenarios, and plan for how such costs would be funded.



December 8, 2004

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#### **4. Basis of Award**

##### **4.1. Competitive Bid**

Competitively bid transactions will be deemed "quasi-competitive" and will include not fewer than three firms. The Executive Committee will recommend to the Authority Board the method of sale and which firms will participate in the competitive transaction based on criteria described in Section 6 - Counterparty Approval Guidelines. However, for a competitive bid, in situations in which the Authority would like to reward a particular firm or firms, or wishes to achieve diversification of its Counterparty exposure, the Executive Committee may select one of the following bases for award:

- 4.1.1. Allow the firm or firms not submitting the best bid to amend its bid to match the best bid, and by doing so, be awarded up to a specific percentage of the transaction.
- 4.1.2. To encourage competition, the second and third place bidders may be allowed to contract for a specific amount of the notional amount as long as their bid is no greater than a pre-specified spread from the best bidder in a proportional manner as specified in bidding parameters.
- 4.1.3. The Authority may award the transaction to a firm or firms that submit the best bid as defined in the solicitation for bid.

##### **4.2. Negotiated Transactions**

In the case of a pure negotiated transaction, the Authority shall rely on its swap advisor to negotiate the price and render a "fair value opinion". The Counterparty shall disclose payments to third parties regarding the execution of the derivative contract.

#### **5. Management of Swap Transaction Risk**

Certain risks will be created as the Authority enters into various interest rates swap agreements with numerous swap counterparties. In order to manage the associated risks, guidelines and parameters for each risk category are as follows:

##### **5.1. Counterparty Risk**

The risk of swap Counterparty default can be reduced by limiting swap agreements between the Authority and any single swap Counterparty that qualifies as an eligible swap Counterparty to the Authority as described in Section 6.1 – Eligibility and Section 6.2 – Swap Counterparty Exposure Limits and Transfer. In addition, the Authority may require the

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December 8, 2004

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posting of collateral by the swap Counterparty, with a mark-to-market as requested by the Authority, in accordance with the guidelines described in Section 6.3 – Collateral Requirements.

## 5.2. Termination Risk

- 5.2.1. **Optional Termination:** At a minimum, the Authority shall have the right to optionally terminate a swap agreement at anytime over the term of the agreement (elective termination right) at the then-prevailing market value of the swap (*so long as a swap Counterparty receiving payment upon termination is not in default*). In general, exercising the right to optionally terminate an agreement should produce a benefit to the Authority, either through receipt of a payment from a termination, or if a termination payment is made by the Authority, in conjunction with a conversion to a more beneficial (desirable) debt obligation of the Authority as determined by the Authority. Termination value shall be readily determinable by one or more independent swap counterparties, who may assume the swap obligations of the Authority.

*A Counterparty to the Authority shall not have the elective right to terminate the swap agreement except when a termination option has been priced into the terms of the swap at inception.*

*The Authority should explore the viability of a unilateral termination provision without being exposed to a termination payment.*

- 5.2.2. **Mandatory Termination:** A termination payment by the Authority may be required in the event of termination of a swap agreement due to a Counterparty default or following a decrease in credit rating of the Authority. In some circumstances, the defaulting party will be required to make a termination payment to the non-defaulting party. However, under certain circumstances, upon an event of termination, the non-defaulting party may be required to make a payment to the defaulting party. *It is the intent of the Authority not to make a termination payment to a Counterparty failing to meet its contractual obligations.* At a minimum, prior to making any such termination payment, the Authority shall require a suitable time period during which the Authority may evaluate whether it is financially advantageous for the Authority to obtain a replacement Counterparty to avoid making a termination payment.

*For example, in order to mitigate the financial impact of making such a payment, at the time such payment is due, the Authority will seek to replace the terms of the terminated transaction with a new Counterparty and, as a result, receive value from the replacement Counterparty. The new or replacement Counterparty would make an upfront payment to the Authority in an amount that would offset (either in whole or in part) the payment obligation of the Authority to the original Counterparty.*

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*The market value of each swap agreement (including termination costs) will be calculated by the swap advisor and provided periodically as information to Authority Board in accordance with the provisions outlined in Section 8 - Reporting Requirements of this policy to monitor the transaction's value and in order to implement an appropriate exit strategy in a timely manner, if required.*

5.3. Amortization Risk (Term)

The slope of the swap curve, the marginal change in swap rates from year to year along the swap curve, termination value, and the impact that the term of the swap has on the overall exposure of the Authority shall be considered in determining the appropriate term of any swap agreement. Any swap should reflect the amortization of the debt swapped against or will be in place for no longer than the period of time that matching assets are available to hedge the transaction.

5.4. Liquidity Risk

The Authority should consider if the swap market is sufficiently liquid (i.e., if enough potential qualified counterparties participate actively in the market to assure fair pricing) for the type of swap being considered and the potential ramifications of an illiquid market for such types of swaps. There may not be another appropriate party available to act as an offsetting Counterparty. The Authority may enter into liquidity agreements with qualified liquidity providers and/or credit enhancers to protect against this risk.

5.5. Basis (Index) Risk (including Tax Risk)

Any index chosen as part of an interest rate swap agreement shall be a recognized market index, including but not limited to The Bond Market Association Municipal Swap Index (TBMA) or London Interbank Offering Rate (LIBOR).

*The Authority shall not enter into swap agreements that do not have a direct (one to one) correlation with the movement of an index without analyzing the risk associated with the enhancement.*

*Any Counterparty for a swap which relies on an index will agree to not lobby, or otherwise influence, any changes to the index that will adversely affect the Authority.*

The tax risk and impact to the Authority of each swap transaction shall be detailed through the Counterparty disclosure requirements outlined in Section 7 – Form of Swap Agreements and Other Documentation.

5.6. Bankruptcy Risk

Bond or swap counsel will disclose to the Authority the bankruptcy risks and issues associated with the Counterparty and type of swap chosen. Additionally, bond or swap

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counsel will disclose to the Authority the bankruptcy issues associated with the method of collateral required to be posted.

## **6. Counterparty Approval Guidelines**

### **6.1. Eligibility**

The Authority shall enter into interest rate swap transactions only with Counterparties. To qualify as a Counterparty under this policy, at the time of entry into a swap transaction, the selected swap provider(s) (i) shall be rated at least AA-/Aa3/AA by at least two of the three nationally recognized credit rating agencies (Standard & Poor's, Moody's, and Fitch Ratings, respectively) and shall have a minimum capitalization of \$50 million, or (ii) shall be rated at least BBB-/Baa3/BBB- by two of the three nationally recognized credit rating agencies and shall provide a credit support annex ("CSA") to the schedule to the ISDA master agreement that shall require such party to deliver collateral for the benefit of the Authority (a) that is of a kind and in such amounts as are specified therein and which relate to various rating threshold levels of the Counterparty or its guarantor, from AA-/Aa3/AA- through BBB-/Baa3/BBB- and (b) that, in the judgment of the Authority in consultation with its Financial Advisor, is reasonable and customary for similar transactions, taking into account all aspects of such transaction including without limitation the economic terms of such transaction and the creditworthiness of the Counterparty or, if applicable, its guarantor; or shall post suitable and adequate collateral (separate from any collateral requirements of Section 6.3) at a third party for the benefit of the Authority or; or (iii) shall obtain credit enhancement from a provider with respect to its obligations under the transaction that satisfies the requirements of clause (i) of this paragraph, given the undertaking involved with the particular transaction. The Authority shall not enter into an interest rate swap transaction with a firm that does not qualify as a Counterparty.

The Counterparty must make available audited financial statements and rating reports of the Counterparty (and any guarantor), and must identify the amount and type of derivative exposure, and the net aggregate exposure to all parties (the Authority and others), along with relevant credit reports at the time of entering into a swap and annually thereafter unless the entity or credit enhancer is under credit or regulatory review and in that case immediately upon notice by the appropriate agencies to the entity.

### **6.2. Swap Counterparty Exposure Limits and Transfer**

In order to limit and diversify the Authority's Counterparty risk, and to monitor credit exposure to each Counterparty, the Authority may not enter into an interest rate swap agreement with a qualified swap Counterparty if the following exposure limits are reached per Counterparty:

- 6.2.1. The maximum notional amount for interest rate swaps between a particular Counterparty (and its unconditional guarantor, if applicable) and the Authority shall not exceed the maximum of \$100 million. The \$100 million limitation shall
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be the net exposure total of all notional amounts between each Counterparty and the Authority. As such, notional amounts for fixed to floating swaps may be used to “offset” the notional amounts for floating to fixed swaps, or vice versa.

6.2.2. Limitations on transfers of swaps with a particular Counterparty should be carefully analyzed and would require the Authority’s prior written consent. If the Counterparty unilaterally restricts transfer, then the Authority should have the ability to terminate the swap without penalty if the swap is transferred or the Counterparty is merged with another entity that changes the credit profile of the swap Counterparty, unless the Authority gives its prior written consent.

6.2.3. If the maximum notional limit for a particular Counterparty is exceeded solely by reason of merger or acquisition involving two or more counterparties, the Authority shall expeditiously analyze the exposure, but shall not be required to “unwind” existing swap transactions unless the Authority determines such action is in its best interest, given all the facts and circumstances.

6.2.4. If the exposure limit is breached by a Counterparty, then the Authority shall:

6.2.4.1. Conduct a review of the exposure limit calculation of the counterparty;  
and

6.2.4.2. Determine if collateral may be posted to satisfy the exposure limits;  
and

6.2.4.3. Enter into an offsetting swap transaction, if necessary.

6.2.5. The Authority will not enter into contracts with derivative product companies (“DPCs”) that are classified as “terminating” or “Sub-T” DPC’s by the rating agencies.

### 6.3. Collateral Requirements

Collateral posting requirements between the Authority and each swap Counterparty should not be unilateral in favor of the Counterparty. As part of the swap agreement, the Authority or the swap Counterparty may require that collateralization to secure any or all swap payment obligations be posted. Collateral requirements shall be subject to the following guidelines:

6.3.1. Collateral requirements imposed on the Authority should not be accepted to the extent they would impair the Authority’s existing operational flow of funds.

6.3.2. Each Counterparty shall be required to provide a form of a Credit Support Annex should the credit rating of the Counterparty fall below the “A-/A3/A-” category by at least two of the nationally recognized agencies.

6.3.3. A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the swap agreement with each swap Counterparty.

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- 6.3.4. The market value of the collateral shall be determined on either a daily, weekly, or monthly basis by an independent third party, as provided in the swap documentation.
- 6.3.5. Failure to meet collateral requirements will be a default pursuant to the terms of the swap agreement.
- 6.3.6. The Authority and each swap Counterparty may provide in the supporting documents to the swap agreement for reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.
- 6.3.7. The swap agreement may provide for the right of assignment by one of the parties in the event of certain credit rating events affecting the other party. The Authority (or the Counterparty) shall first request that the Counterparty (or the Authority) post credit support, or provide a credit support facility. If the Counterparty (or the Authority) does not provide the required credit support, then the Authority (or the Counterparty) shall have the right to assign the agreement to a third party acceptable to both parties and based on terms mutually acceptable to both parties. The credit rating thresholds to trigger an assignment shall be included in the supporting documents.

## **7. Form of Swap Agreements and Other Documentation**

Each interest rate swap agreement shall contain terms and conditions as set forth in the International Swap & Derivatives Association, Inc. ("ISDA") Master Agreement and such other terms and conditions included in any schedules, confirmations, and credit support annexes as approved in accordance with the Authority's swap resolution pertaining to that transaction. The swap Counterparty shall provide a disclosure memorandum that will include an analysis by the Counterparty of the risks and benefits of the transactions, with amounts quantified. This analysis should include, among other things, a matrix of maximum termination values over the life of the swap. The disclosure memorandum shall become a part of the official transcript for the transaction. The swap Counterparty shall also affirm receipt and understanding of the Authority's statement of swap policies, and will further affirm that the contemplated transactions fit within the swap policies as described.

### **7.1. Modification of Swaps**

Each swap resolution should provide specific approval guidelines for the swap transactions to which it pertains. These guidelines should provide for modifications to the approved swap transactions, provided such modifications, unless considered and recommended by the Executive Committee, do not extend the average life of the term of the swap, increase the overall risk to the Authority resulting from the swap, or increase the notional amount of the swap. The swap resolution should further designate which Authority officers shall be authorized to cause such modifications.

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7.2. Aggregation of Swaps

Unless the swap resolution states otherwise, the approval requirements set forth in each swap resolution are applicable for the total notional amount of transactions executed over a consecutive three-month period for a given security or credit. Therefore, the notional amount of swap transactions including the average life of the swap agreements over a consecutive three-month period are considered in total (net of the notional amount of a swap reversal) to determine what approval is required pursuant to a particular swap resolution.

8. Reporting Requirements

8.1. The Executive Committee shall be required to report the status of all interest rate swap agreements to the Authority Board at least on a annual basis and shall present all footnote disclosure items required by GASB Technical Bulletin No. 2003-1.

December 8, 2004

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**DEFERRED**

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-70**

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 46 Tex. Admin. Code § 26.01, *et. seq.* (the "RMA Rules"); and

WHEREAS, the prudent and legally permissible management and investment of CTRMA funds is the responsibility of the Board of Directors and its designees; and

WHEREAS, CTRMA staff and consultants have developed the Investment Policy, attached hereto as Exhibit "A", to meet the obligations of the Board of Directors and to ensure that CTRMA funds are invested effectively and wisely; and

WHEREAS, the CTRMA's Financial Advisor has represented that such policy complies with the provisions of the Public Funds Investment Act, Tex. Govt. Code, Chapter 2256;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Investment Policy attached hereto as Exhibit "A"; and

BE IT FURTHER RESOLVED, that these policies may be amended from time-to-time in accordance with the procedures set forth in the CTRMA's Bylaws.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December, 2004.

Submitted and reviewed by:

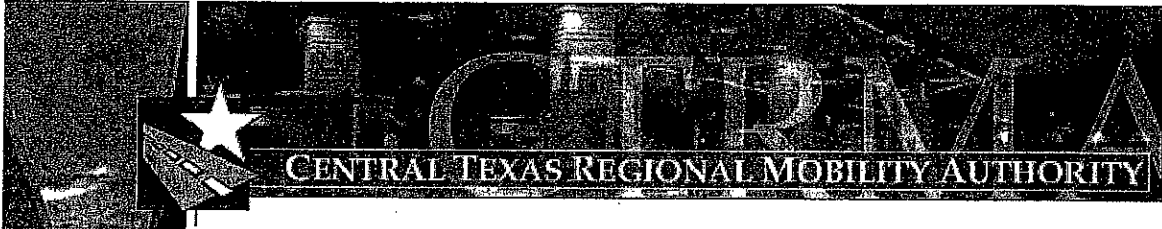
Approved:

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C. Brian Cassidy  
General Counsel for the Central  
Texas Regional Mobility Authority

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Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-70  
Date Passed 12/08/04



CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

INVESTMENT POLICY

EFFECTIVE: NOVEMBER, 2004

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**CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY  
INVESTMENT POLICY**

**I. OVERVIEW**

This policy is created to comply with all current requirements of the Texas Public Funds Investment Act, Chapter 2256 of the Texas Government Code. It is the policy of the Central Texas Regional Mobility Authority (the "Authority") to invest public funds in a manner which will provide the maximum security with the highest investment return while meeting the daily cash flow demands of the Authority conforming to all state and local statutes governing the investment of public funds. The Authority's investment policy, as approved by the CTRMA Executive Committee, is adopted to provide investment policy guidelines for use by Authority Staff.

**II. SCOPE**

This policy applies to all investment activities of Authority funds except those subject to other investment covenants, or excluded by contract. All funds covered by this policy shall be invested in accordance with the Public Funds Investment Act as amended. These funds are accounted for in the Authority's annual financial report and include:

- A. Revenue Fund
- B. Rebate Fund
- C. Operating Fund
- D. Debt Service Fund
- E. Debt Service Reserve Fund
- F. Renewal and Replacement Fund
- G. Other Operating Fund
- H. General Fund
- I. Capital Projects Fund

**III. OBJECTIVES**

The primary objectives, in priority order, of investment activities shall be:

A. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective shall be to mitigate credit risk and interest rate risk.

1. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. Credit risk may be mitigated by:

- a. Limiting investments to the safest types of securities; as listed in Section VII.
- b. Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the CTRMA will do business; and,
- c. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

2. Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by:

- a. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing projects, thereby avoiding the need to sell securities on the open market prior to maturity; and,
- b. By investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (Section V.B.)

B. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all project and operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

C. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall be held to maturity with the following exceptions:

1. A declining credit security could be sold early to minimize loss of principal;
2. A security swap would improve the quality, yield, or target duration in the portfolio; or,
3. Liquidity needs of the portfolio require that the security be sold.

IV. STANDARDS OF CARE

A. Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the investment policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

B. Ethics and Conflicts

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or be perceived to conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officers shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment officers shall refrain from undertaking personal investment transactions with the same individual person with whom business is conducted on behalf of the Authority.

C. Designation of Investment Officer

The Chief Financial Officer shall act as the Investment Officer of the Authority and shall have responsibility for managing the Authority's investment program. Additional Authority personnel may also be designated as Investment Officers with approval of the CTRMA. Written operational and investment procedures consistent with this policy shall be established. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the established procedures.

D. Investment Advisor

The CTRMA Board may select an Investment Advisor to advise the Authority on investment of funds and other responsibilities as outlined in this policy including but not limited to broker compliance, security selection, competitive bidding, reporting and security documentation. The Investment Advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 as well as with the Texas State Securities Board.

E. Required Training

The Chief Financial Officer and any other persons designated as Investment Officers shall attend at least one training session relating to the responsibilities of

maintaining the investment portfolio within 12 months after taking office or assuming duties; and shall attend a training session not less than once every two years and receive not less than ten (10) hours of training. Such training, from an independent source as approved by the CTRMA Board, shall include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act.

## V. INVESTMENT STRATEGIES

The Authority's investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

### A. Market Yield Benchmark

The Authority's investment strategy is conservative. Given this strategy, the basis used by the Chief Financial Officer to determine whether minimum market yields are being achieved shall be the six (6) month T-bill rate. Investment Officers and Investment Advisors shall strive to safely exceed minimum market yield within policy and market constraints.

### B. Maximum Maturities

To the extent possible, the Authority will attempt to match its investments with anticipated project cash flow requirements. Unless matched to a specific cash flow, the Authority will not directly invest *operating or general funds* in securities maturing more than twelve (12) months from the date of purchase, unless approved by the CTRMA Board. Investment of bond proceeds shall not exceed the projected expenditure schedule of the related project.

Reserve funds may be invested in securities exceeding twelve (12) months if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

### C. Diversification

The Authority will seek to diversify investments, by security types and maturity dates in order to avoid incurring unreasonable risks.

## VI. SAFEKEEPING AND CUSTODY

### A. Authorized Financial Dealer and Institutions

The Chief Financial Officer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Texas. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Executive Director with the following:

1. Audited financial statements;
2. Proof of National Association of Securities Dealers (NASD) certification;
3. Proof of state registration;
4. Completed broker/dealer questionnaire; and,
5. Certification of having read the entity's investment policy, and acknowledged that they have implemented reasonable procedures and controls in an effort to preclude imprudent investment activities with the Authority, except to the extent that this authorization is dependent on an analysis of the makeup of the entire Authority portfolio or requires an interpretation of subjective investment standards. The Authority will not enter into an investment transaction with a financial institution prior to receiving the written instrument described above.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the Authority invests. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Executive Director.

B. Collateralization

The Authority, in accordance with State Statutes, requires all funds held by financial institutions above the Federal Deposit Insurance Corporation (FDIC) insurance limit to be collateralized with securities whose market value is pledged at 102% of principal and accrued interest by that institution with the Authority's custodial bank. Private insurance coverage is not an acceptable collateralization form. Securities which are acceptable for collateralization purposes are as follows:

1. FDIC insurance coverage.
2. A bond bill, certificate of indebtedness, or Treasury note of the United States, or other evidence of indebtedness of the United States that is guaranteed as to principal and interest by the United States (i.e. Treasury Agency issues).
3. Obligations, the principal and interest on which, are unconditionally guaranteed or insured by the State of Texas.
4. A bond of the State of Texas or a country, city or other political subdivision of the State of Texas having been rated as investment grade by a nationally recognized rating agency with a remaining maturity of ten years or less.

C. Custody - Delivery vs. Payment

All security transactions entered into by the Authority shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by the Authority's custodial bank and evidenced by safekeeping receipts.

D. Safekeeping of Securities

Securities purchased for the Authority's portfolios will be delivered in book entry



form and will be held in third party safekeeping by a Federal Reserve member financial institution designated as the Authority's safekeeping and custodian bank.

The Authority will execute Safekeeping Agreements prior to utilizing the custodian's safekeeping services. The safekeeping agreement must provide that the safekeeping agent will immediately record and promptly issue and deliver a safekeeping receipt showing the receipt and the identification of the security, as well as the Authority's interest. All securities owned by the Authority will be held in a Customer Account naming the Authority as the customer.

The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards no. 70 or SAS 70).

## VII. AUTHORIZED AND SUITABLE INVESTMENTS

The investment of Authority funds will be made using only those investment types approved by the CTRMA Board and which are in accordance with State of Texas Government Code, Chapter 2256. The approved investment types will be limited to the following:

### A. Allowable Investments

1. U.S. Treasury and Federal Agency Issues;
2. Certificates of Deposit issued by a state or national bank domiciled in the State of Texas guaranteed or insured by the FDIC or its successor, collateralized with U.S. Treasury or Agency issues whose market value is 102% of the Authority's investment, pledged and held with the Authority's custodial bank; and,
3. Repurchase Agreements, *including flexible Repurchase Agreements*, collateralized by U.S. Treasury or Federal Agency Securities whose market value is 102% of the Authority's investment and are pledged and held with the Authority's custodial bank or a third-party safekeeping agent approved by the Authority. Repurchase agreements must also be secured in accordance with State law. Each counter party to a repurchase transaction is required to sign a copy of the Bond Market Association Public Securities Association Master Repurchase Agreement as approved by the CTRMA Board. An executed copy of this agreement must be on file before the Authority enters into any transactions with a repo counter-party.
4. Guaranteed Investment Contracts (GIC's) collateralized by U.S. Treasury or Federal Agency Securities whose market value is 102% of the Authority's investment and are pledged and held with the Authority's custodial bank or a third-party safekeeping agent approved by the Authority. Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested for a term which exceeds five years from the date of bond issuance.
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a

nationally recognized investment rating firm and having received a rating of not less than "AA" or its equivalent, with fixed interest rates and fixed maturities.

6. SEC registered no-load money market mutual funds with a dollar weighted average portfolio maturity of 90 days or less; that fully invest dollar for dollar all Authority funds without sales commissions or loads; and whose investment objectives include the maintenance of a stable net asset value of \$1 per share
7. Local government investment pools, which are AAA- rated by a nationally recognized bond rating company, e.g., Moody's, S&P, Fitch, and which participation in any particular investment pool(s) has been authorized by resolution of the CTRMA Board, not to exceed 50% of the total investment portfolio less bond funds. Bond funds may be invested at 100%.

B. Prohibited Investments

The Authority is prohibited from purchasing any security that is not authorized by Texas State law, or any direct investment in asset-backed or mortgage-backed securities. The Authority expressly prohibits the purchase of inverse floaters, interest-only (IO) and principal-only (PO) collateralized mortgage obligations (CMO's).

C. Downgrade Provisions

An Investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. The Authority shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

VIII. REPORTING AND REVIEW

A. Quarterly Report Requirements

The Chief Financial Officer shall prepare a quarterly investment report, including a summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. The report should be provided to the Executive Committee. The report shall include the following:

1. The investment position of the Authority on the date of the report.
2. Signature of all Investment Officers.
3. Summary for each fund stating:
  - a. Beginning market value;
  - b. Additions and changes; and
  - c. Ending market value.
4. Beginning and ending book value and market value for each investment along with fully accrued interest for the reporting period.

5. Maturity date of each investment.
6. Description of the account or fund for which the investments were made.
7. Statement that the investment portfolio is in compliance with the Authority's investment policy and strategies.

B. Security Pricing

Current market value of securities may be obtained by independent market pricing sources including, but not limited to, the Wall Street Journal, broker dealers and banks other than those who originally sold the security to the Authority as well as the Authority's safekeeping agent.

C. Annual Audit

If the Authority places funds in any investment other than registered investment pools or accounts offered by its depository bank, the above reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Executive Committee.

In addition, the Authority's external auditors shall conduct a compliance audit of management controls on investments and adherence to the Investment Policy.

IX. POLICY

A. Exemption

Any investment currently held that does not meet the guidelines of this policy or subsequent amended versions shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

B. Annual Review

The Authority shall review the Investment Policy annually. This review shall be conducted by the Executive Committee with recommendations from the Executive Director. Any approved amendments shall be promptly incorporated into written policy.

**CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY  
SECURITY BROKER/DEALER QUESTIONNAIRE**

1. Name of Firm: \_\_\_\_\_
  
2. Primary Representative: \_\_\_\_\_  
 Acct Executive: \_\_\_\_\_ Title: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_ Phone #: \_\_\_\_\_
  
3. Is your firm registered with the Texas Securities Commission?  
 ( ) No ( ) Yes [Include copy of registration]
  
- Is your firm NASD certified? ( ) No ( ) Yes [Include copy of certificates.]
  
4. Does your firm come under SEC regulation and their Uniform  
 Net Capital Rule (Rule 152c3-1)? ( ) No ( ) Yes
  
5. What was your firm's total volume in US Treasuries/Agencies during you last fiscal year?  
 Firmwide \$ \_\_\_\_\_ # of Transactions \_\_\_\_\_  
 Local Office \$ \_\_\_\_\_ # of Transactions \_\_\_\_\_
  
6. Which instruments are traded regularly by the local desk?  
 ( ) Treasuries ( ) Agencies  
 ( ) Other
  
7. Please provide comparable public sector references.  

Name of Entity	Contact Name	Phone Number
_____	_____	_____
_____	_____	_____
_____	_____	_____
  
8. Please submit a copy of your annual financial report.
  
9. Please submit your trading authorization form.
  
10. Please submit a copy of all necessary paperwork to establish an account with your firm.
  
11. Please describe a typical transaction between the Authority and your firm.  
 Note deadlines or cut off times involved.
  
12. Do you clear through another firm? If so, what firm?
  
13. Has your firm ever been subject to a regulatory or state or federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of government securities or money market instruments? Have any of your employees ever been so investigated? Explain.

## CERTIFICATION

I hereby certify that I have personally read the Investment Policy and objectives of the Central Texas Regional Mobility Authority (CTRMA) and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and CTRMA. I agree that our firm will not deliver or propose any investments that are not allowed under the CTRMA Investment Policy. All sales personnel will be routinely informed of your investment objectives, strategies and risk constraints whenever we are so advised. We will notify you immediately by telephone and in writing in the event of a material adverse change in our financial condition. We pledge to exercise due diligence in informing you of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

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Signature

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Firm Representative

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Title

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Date

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE  
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 04-71**

WHEREAS, the Central Texas Regional Mobility Authority (CTRMA) was created pursuant to the request of Travis and Williamson Counties and in accordance with provisions of the Transportation Code and the petition and approval process of 46 Tex. Admin. Code § 26.01 *et seq.* (the "RMA Rules"); and

WHEREAS, the CTRMA requires that bank accounts be maintained for the receipt, maintenance and disbursement of funds to be administered by the CTRMA; and

WHEREAS, in Resolution No. 03-65, dated December 17, 2003, the CTRMA Board of Directors authorized the establishment of banking arrangements for the receipt, maintenance, and disbursement of CTRMA funds; and

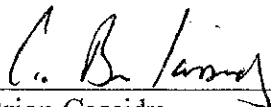
WHEREAS, in the interest of efficient operations of the authority it would be beneficial to add the CTRMA's Chief Financial Officer, Bill Chapman, as an authorized signatory on CTRMA bank accounts;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the CTRMA hereby authorizes CTRMA Chief Financial Officer Bill Chapman to act as a signatory on all CTRMA accounts; and

BE IT FURTHER RESOLVED, that the Chairman and Executive Director are authorized to take such actions as are necessary to add Mr. Chapman as a signatory to CTRMA accounts.

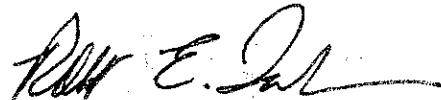
Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 8th day of December 2004.

Submitted and reviewed by:



C. Brian Cassidy  
Legal Counsel for the Central  
Texas Regional Mobility Authority

Approved:



Robert E. Tesch  
Chairman, Board of Directors  
Resolution Number 04-71  
Date Passed 12/08/04