



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

Special Called Meeting of the Board of Directors

9:00 a.m.
Tuesday, September 26, 2017

Lowell H. Lebermann, Jr., Board Room
3300 N. IH-35, Suite 300
Austin, Texas 78705

*A live video stream of this meeting may be viewed on the internet at
www.mobilityauthority.com*

AGENDA

No action on the following:

1. Welcome and opening remarks by the Chairman and members of the Board of Directors.
2. Opportunity for public comment – See **Notes** at the end of this agenda.

Regular Items

Items to discuss, consider, and take appropriate action.

3. Approve the minutes from the September 6, 2017 Regular Board meeting.
4. Accept the financial statements for August 2017.

Executive Session

Under Chapter 551 of the Texas Government Code, the Board may recess into a closed meeting (an executive session) to deliberate any item on this agenda if the Chairman announces the item will be deliberated in executive session and identifies the section or sections of Chapter 551 that authorize meeting in executive session. A final action, decision, or vote on a matter deliberated in executive session will be made only after the Board reconvenes in an open meeting.

The Board may deliberate the following items in executive session if announced by the Chairman:

5. Discuss legal issues related to claims by or against the Mobility Authority; pending or contemplated litigation and any related settlement offers; or other matters as authorized by §551.071 (Consultation with Attorney).
6. Discuss legal issues relating to procurement and financing of Mobility Authority transportation projects, as authorized by §551.071 (Consultation with Attorney).
7. Discuss personnel matters as authorized by §551.074 (Personnel Matters).

Reconvene in Open Session.

Regular Items

Items to discuss, consider, and take appropriate action.

8. Consider and take appropriate action regarding a proposed settlement of CH2M's claims related to the Mopac Improvement Project.

Briefings and Reports

Items for briefing and discussion only. No action will be taken by the Board.

9. MoPac Improvement Project Update.
10. Executive Director Report.
 - A. Follow up on the diamond lane per Charles Heimsath's request.
 - B. Introduction of new Director of Operations.

Convene the Audit Committee Meeting

11. Audit Committee Meeting
 - A. Audit Committee meeting called to order by Committee Chairman Singleton.
 - B. Introduction of external auditors from RSM US LLP.
 - C. Discuss, consider, and take appropriate action to accept the Fiscal Year 2017 Audit Reports.
 - D. Adjourn Audit Committee.

Regular Items

Items to discuss, consider, and take appropriate action.

12. Adjourn Meeting.

Notes

Opportunity for Public Comment. At the beginning and at the end of the meeting, the Board provides a period of up to one hour for public comment on any matter subject to the Mobility Authority's jurisdiction. Each speaker is allowed a maximum of three minutes. A person who wishes to address the Board should sign the speaker registration sheet before the beginning of the public comment period. If a speaker's topic is not listed on this agenda, the Board may not deliberate the speaker's topic or question the speaker during the open comment period, but may direct staff to investigate the matter or propose that an item be placed on a subsequent agenda for deliberation and possible action by the Board. The Board may not deliberate or act on an item that is not listed on this agenda.

Consent Agenda. The Consent Agenda includes routine or recurring items for Board action with a single vote. The Chairman or any Board Member may defer action on a Consent Agenda item for discussion and consideration by the Board with the other Regular Items.

Public Comment on Agenda Items. A member of the public may offer comments on a specific agenda item in open session if he or she signs the speaker registration sheet for that item before the Board takes up consideration of the item. The Chairman may limit the amount of time allowed for each speaker. Public comment unrelated to a specific agenda item must be offered during the open comment period.

Meeting Procedures. The order and numbering of agenda items is for ease of reference only. After the meeting is convened, the Chairman may rearrange the order in which agenda items are considered, and the Board may consider items on the agenda in any order or at any time during the meeting.

Persons with disabilities. If you plan to attend this meeting and may need auxiliary aids or services, such as an interpreter for those who are deaf or hearing impaired, or if you are a reader of large print or Braille, please contact Laura Bohl at (512) 996-9778 at least two days before the meeting so that appropriate arrangements can be made.

Español. Si desea recibir asistencia gratuita para traducir esta información, llame al (512) 996-9778.

Participation by Telephone Conference Call. One or more members of the Board of Directors may participate in this meeting through a telephone conference call, as authorized by Sec. 370.262, Texas Transportation Code (*see below*). Under that law, each part of the telephone conference call meeting law must be open to the public, shall be audible to the public at the meeting location, and will be tape-recorded. On conclusion of the meeting, the tape recording of the meeting will be made available to the public.

Sec. 370.262. MEETINGS BY TELEPHONE CONFERENCE CALL.

(a) Chapter 551, Government Code, does not prohibit any open or closed meeting of the board, a committee of the board, or the staff, or any combination of the board or staff, from being held by telephone conference call. The board may hold an open or closed meeting by telephone conference call subject to the requirements of Sections 551.125(c)-(f), Government Code, but is not subject to the requirements of Subsection (b) of that section.

(b) A telephone conference call meeting is subject to the notice requirements applicable to other meetings.

(c) Notice of a telephone conference call meeting that by law must be open to the public must specify the location of the meeting. The location must be a conference room of the authority or other facility in a county of the authority that is accessible to the public.

(d) Each part of the telephone conference call meeting that by law must be open to the public shall be audible to the public at the location specified in the notice and shall be tape-recorded or documented by written minutes. On conclusion of the meeting, the tape recording or the written minutes of the meeting shall be made available to the public.

Sec. 551.125. OTHER GOVERNMENTAL BODY. (a) Except as otherwise provided by this subchapter, this chapter does not prohibit a governmental body from holding an open or closed meeting by telephone conference call.

~~(b) A meeting held by telephone conference call may be held only if:~~

- ~~(1) an emergency or public necessity exists within the meaning of Section 551.045 of this chapter; and~~
- ~~(2) the convening at one location of a quorum of the governmental body is difficult or impossible; or~~
- ~~(3) the meeting is held by an advisory board.~~

*Mobility Authority Board Meeting Agenda
Tuesday, September 26, 2017*

- (c) The telephone conference call meeting is subject to the notice requirements applicable to other meetings.
- (d) The notice of the telephone conference call meeting must specify as the location of the meeting the location where meetings of the governmental body are usually held.
- (e) Each part of the telephone conference call meeting that is required to be open to the public shall be audible to the public at the location specified in the notice of the meeting as the location of the meeting and shall be tape-recorded. The tape recording shall be made available to the public.
- (f) The location designated in the notice as the location of the meeting shall provide two-way communication during the entire telephone conference call meeting and the identification of each party to the telephone conference shall be clearly stated prior to speaking.

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CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #1

Welcome and opening remarks by the
Chairman and members of the Board of
Directors

Welcome, Opening Remarks and Board Member Comments

Board Action Required: No



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #2

Open Comment Period for Public Comment
& Public Comment on Agenda Items

Open Comment Period for Public Comment - At the beginning of the meeting, the Board provides a period of up to one hour for public comment on any matter subject to CTRMA's jurisdiction. Each speaker is allowed a maximum of three minutes. A person who wishes to address the Board should sign the speaker registration sheet before the beginning of the open comment period. If the speaker's topic is not listed on this agenda, the Board may not deliberate the topic or question the speaker during the open comment period, but may direct staff to investigate the subject further or propose that an item be placed on a subsequent agenda for deliberation and possible action by the Board. The Board may not act on an item that is not listed on this agenda.

Public Comment on Agenda Items - A member of the public may offer comments on a specific agenda item in open session if he or she signs the speaker registration sheet for that item before the Board's consideration of the item. The Chairman may limit the amount of time allowed for each speaker. Public comment unrelated to a specific agenda item must be offered during the open comment period.

Board Action: None.



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #3

Approve minutes from the September 6, 2017
Regular Board Meeting

Strategic Plan Relevance:	Regional Mobility
Department:	Legal
Contact:	Geoffrey Petrov, General Counsel
Associated Costs:	N/A
Funding Source:	N/A
Action Requested:	Consider and act on motion to approve minutes

Summary:

Approve the attached draft minutes for the September 6, 2017 Regular Board Meeting.

Backup provided: Draft minutes, September 6, 2017 Regular Board Meeting

MINUTES

Regular Meeting of the Board of

Directors of the

CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY

Wednesday, September 6, 2017

The meeting was held in the Mobility Authority's Lowell H. Lebermann, Jr. Board Room at 3300 N. Interstate 35, #300, Austin, Texas 78705-1849. Notice of the meeting was posted August 31, 2017 at the respective County Court Houses of Williamson and Travis Counties; online on the website of the Mobility Authority; and in the Mobility Authority's office lobby at 3300 N. Interstate 35, #300, Austin, Texas 78705-1849.

An archived copy of the live-streamed video of this meeting is available at:

<https://mobilityauthority.swagit.com/play/09062017-780>

1. Welcome and opening remarks by the Chairman and the members of the Board of Directors.

After noting that a quorum of the Board was present, Chairman Ray Wilkerson called the meeting to order at 9:04 a.m. with the following Board members present: Nikelle Meade, David Singleton, Charles Heimsath, David Armbrust, and Mark Ayotte.

2. Opportunity for public comment.

Charley Wilson, Callahan's General Store President and CEO commended the Mobility Authority for its outreach efforts to solicit input from the community and businesses along the 183 South Project corridor and for including a turnaround at the intersection of Patton and 183 South.

Following public comments, Board member Mark Ayotte discussed his experience touring the MSB Call Center Operations and the Traffic Incident Management Center.

Consent Board Items

Chairman Ray Wilkerson pulled Item 6 for further discussion before presenting it along with Items 3 thru 7 for Board consideration as the consent agenda.

Justin Word, Director of Engineering, made a presentation regarding Item 6, the change order requested by the City of Austin on the Bergstrom Expressway (183 South) Project

for betterments to the City's wastewater system at Little Walnut Creek.

Board Member Singleton expressed concern regarding the change order's impact to the project schedule. Mr. Word indicated that the time impact was considered in light of the overall benefits of the change order and that other schedule risks were less of a concern at this point in the project.

Board Member Armbrust confirmed there would be no further time impact from any other change orders requested by the City of Austin. Board Member Heimsath confirmed that while the City of Austin will be paying for the change order, all work will be performed by CTRMA's contractor. Chairman Wilkerson confirmed that the City of Austin has already executed the agreement to pay all costs for the City of Austin betterments included in the change order.

With respect to Item 3, financial statements, Chairman Wilkerson noted that the Mobility Authority has now exceeded \$2 billion in assets on the books.

Hearing no further comments, Chairman Ray Wilkerson called for a vote on Consent Item Nos. 3 thru 7, below:

3. Accept the financial statements for July 2017.

ADOPTED AS: Resolution No. 17-046

4. Approve the procurement of construction engineering and inspection services for the Manor Expressway (290E) Phase III Project.

ADOPTED AS: Resolution No. 17-047

5. Approve funding for general engineering consulting services to provide oversight for the Manor Expressway (290E) Phase III Project.

ADOPTED AS: Resolution No. 17-048

6. Approve a change order with the Colorado River Constructors and amendments to the Interlocal Agreement with the City of Austin for the funding, design and construction of City of Austin wastewater betterments at Little Walnut Creek on the Bergstrom Expressway (183 South) Project.

ADOPTED AS: Resolution No. 17-049

7. Approve Supplement No. 2 to Work Authorization No. 13 with Kapsch TrafficCom for System Integration Services on the Bergstrom Expressway (183 South) Project.

ADOPTED AS: Resolution No. 17-050

MOTION: Approve Item Nos. 3 thru 7 under the consent agenda.

RESULT: Approved (Unanimous); 6-0

MOTION BY: Nikelle Meade

SECONDED BY: Charles Heimsath

AYE: Wilkerson, Singleton, Meade, Heimsath, Armbrust, Ayotte

NAY: None

Regular Board Items

8. Approve the minutes from the July 26, 2017 Regular Board meeting.

MOTION: Approval for the July 26, 2017 Regular Board meeting minutes.

RESULT: Approved (Unanimous); 6-0

MOTION BY: Nikelle Meade

SECONDED BY: Charles Heimsath

AYE: Wilkerson, Singleton, Meade, Heimsath, Armbrust, Ayotte

NAY: None

9. Add the Colorado River Scenic Byway to the Bergstrom Expressway (183 South) Project and authorize the Executive Director to obtain required funding through the Capital Area Metropolitan Planning Organization and the Texas Department of Transportation.

Justin Word, Director of Engineering presented this item.

MOTION: Add the Colorado River Scenic Byway to the Bergstrom Expressway (183 South) Project and authorize the Executive Director to obtain required funding through the Capital Area Metropolitan Planning Organization and the Texas Department of Transportation

RESULT: Approved (Unanimous); 6-0

MOTION BY: Nikelle Meade

SECONDED BY: Charles Heimsath

AYE: Wilkerson, Singleton, Meade, Heimsath, Armbrust, Ayotte

NAY: None

ADOPTED AS: Resolution No. 17-051

- 10.** Approve Amendment Nos. 1 and 2 to the Central United States Interoperability Agreement.

Tracie Brown, Toll Operations Manager presented this item.

MOTION: Approve Amendment Nos. 1 and 2 to the Central United States Interoperability Agreement.

RESULT: Approved (Unanimous); 6-0

MOTION BY: David Singleton

SECONDED BY: Charles Heimsath

AYE: Wilkerson, Singleton, Meade, Heimsath, Armbrust, Ayotte

NAY: None

ADOPTED AS: Resolution No. 17-052

- 11.** Approve Supplement No. 1 to Work Authorization No. 10 with Kapsch TrafficCom for System Integration Services on the MoPac Improvement Project.

Tracie Brown, Toll Operations Manager presented this item.

MOTION: Approve Amendment Nos. 1 and 2 to the Central United States Interoperability Agreement.

RESULT: Approved (Unanimous); 6-0

MOTION BY: Nikelle Meade

SECONDED BY: David Singleton

AYE: Wilkerson, Singleton, Meade, Heimsath, Armbrust, Ayotte

NAY: None

ADOPTED AS: Resolution No. 17-053

Briefings and Reports

NOTE: Amy Ellsworth arrived at the dais at 9:45 a.m. and Mr. Wilkerson pointed out that the Mobility Authority's July 2017 Financial Statements lists contingency funds currently available.

- 12.** MoPac Improvement Project monthly report.

Steve Pustelnyk, Director of Community Relations and Jeff Dailey, Deputy Executive Director presented this item.

13. Executive Director Report.

- A. Update on Colorado River Constructors Change Order to incorporate improvements at the Patton intersection on the Bergstrom Expressway (183 South) Project.
- B. CTRMA Risk Assessment Scorecard.
- C. City of Cedar Park's request for mobility alternatives.
- D. 2017 Travis County Bond Package.
- E. General Engineering Consultant services procurement.

Mike Heiligenstein, Executive Director presented Item 13.

Executive Session Pursuant to Government Code, Chapter 551

Chairman Wilkerson announced in open session at 10:10 a.m. that the Board would recess the meeting and reconvene in Executive Session to deliberate the following items:

- 14.** Discuss legal issues related to claims by or against the Mobility Authority; pending or contemplated litigation and any related settlement offers; or other matters as authorized by §551.071 (Consultation with Attorney).
- 15.** Discuss legal issues relating to procurement and financing of Mobility Authority transportation projects, as authorized by §551.071 (Consultation with Attorney).
- 16.** Discuss personnel matters as authorized by §551.074 (Personnel Matters).

After completing the executive session, the Board reconvened in open meeting at 11:25 a.m.

After confirming that no member of the public wished to address the Board, Chairman Wilkerson declared the meeting adjourned at 11:26 a.m.

17. Adjourn Meeting.



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #4

Accept the financial statements for August 2017

Strategic Plan Relevance:	Regional Mobility
Department:	Finance
Contact:	Bill Chapman, Chief Financial Officer
Associated Costs:	N/A
Funding Source:	N/A
Action Requested:	Consider and act on draft resolution

Summary:

Presentation and acceptance of the monthly financial statements for August 2017.

Backup provided: To be provided at the Board Meeting.

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

RESOLUTION NO. 17-0XX

ACCEPT THE FINANCIAL STATEMENTS FOR AUGUST 2017

WHEREAS, the Central Texas Regional Mobility Authority (“Mobility Authority”) 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 is responsible to insure accurate financial records are maintained using sound and acceptable financial practices; and

WHEREAS, close scrutiny of the Mobility Authority’s expenditures for goods and services, including those related to project development, as well as close scrutiny of the Mobility Authority’s financial condition and records is the responsibility of the Board and its designees through procedures the Board may implement from time to time; and

WHEREAS, the Board has adopted policies and procedures intended to provide strong fiscal oversight and which authorize the Executive Director, working with the Mobility Authority’s Chief Financial Officer, to review invoices, approve disbursements, and prepare and maintain accurate financial records and reports;

WHEREAS, the Executive Director, working with the Chief Financial Officer, has reviewed and authorized the disbursements necessary for the month of August 2017, and has caused Financial Statements to be prepared and attached to this resolution as Exhibit A; and

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors accept the Financial Statements for August 2017, attached hereto as Exhibit A.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 26th day of September 2017.

Submitted and reviewed by:

Approved:

Geoffrey Petrov, General Counsel

Ray A. Wilkerson
Chairman, Board of Directors

Exhibit A

Central Texas Regional Mobility Authority
Income Statement
For the Period Ending August 31, 2017

	Budget Amount FY 2018	Actual Year to Date	Percent of Budget	Actual Prior Year to Date
REVENUE				
Operating Revenue				
Toll Revenue - Tags	61,069,539	9,451,795	15.48%	8,331,519
Video Tolls	14,377,753	2,170,040	15.09%	2,290,877
Fee Revenue	6,022,247	852,531	14.16%	930,308
Total Operating Revenue	81,469,539	12,474,367	15.31%	11,552,703
Other Revenue				
Interest Income	950,000	324,458	34.15%	97,233
Grant Revenue	720,000	137,083	19.04%	3,014,788
Reimbursed Expenditures	314,280	-	-	50,553
Misc Revenue	5,500	-	-	-
Total Other Revenue	1,989,780	461,542	23.20%	3,162,573
TOTAL REVENUE	\$83,459,319	\$12,935,908	15.50%	14,715,276
EXPENSES				
Salaries and Benefits				
Salary Expense-Regular	3,520,456	503,007	14.29%	466,773
Salary Reserve	80,000	-	-	-
TCDRS	515,649	69,834	13.54%	66,097
FICA	165,251	23,017	13.93%	21,336
FICA MED	55,277	7,247	13.11%	6,764
Health Insurance Expense	396,258	56,047	14.14%	72,050
Life Insurance Expense	32,942	624	1.89%	692
Auto Allowance Expense	10,200	1,700	16.67%	1,700
Other Benefits	153,197	11,301	7.38%	15,077
Unemployment Taxes	19,950	3	0.01%	-
Total Salaries and Benefits	4,949,181	672,781	13.59%	650,490

Central Texas Regional Mobility Authority
Income Statement
For the Period Ending August 31, 2017

	Budget Amount FY 2018	Actual Year to Date	Percent of Budget	Actual Prior Year to Date
Administrative				
Administrative and Office Expenses				
Accounting	10,000	1,076	10.76%	1,275
Auditing	100,000	29,500	29.50%	-
Human Resources	15,000	229	1.53%	1,656
IT Services	103,500	18,647	18.02%	10,782
Internet	4,125	21	0.52%	365
Software Licenses	49,800	9,563	19.20%	14,636
Cell Phones	18,500	1,255	6.78%	1,597
Local Telephone Service	2,000	2,451	122.54%	2,542
Overnight Delivery Services	850	-	-	5
Local Delivery Services	600	-	-	-
Copy Machine	17,000	2,371	13.95%	2,643
Repair & Maintenance-General	2,500	131	5.25%	-
Community Meeting/ Events	2,000	-	-	-
Meeting Expense	15,000	890	5.93%	1,256
Public Notices	100	-	-	-
Toll Tag Expense	3,150	450	14.29%	210
Parking	4,200	132	3.14%	173
Mileage Reimbursement	11,200	879	7.85%	329
Insurance Expense	150,000	24,641	16.43%	23,843
Rent Expense	515,000	91,465	17.76%	65,524
Legal Services	288,000	11,783	4.09%	25
Total Administrative and Office Expenses	1,312,525	195,485	14.89%	126,861
Office Supplies				
Books & Publications	6,000	627	10.45%	-
Office Supplies	19,900	1,006	5.06%	3,699
Computer Supplies	46,800	131	0.28%	2,146
Copy Supplies	1,000	165	16.55%	62
Other Reports-Printing	8,000	-	-	430
Office Supplies-Printed	1,000	-	-	-
Misc Materials & Supplies	2,750	-	-	982
Postage Expense	900	77	8.52%	93
Total Office Supplies	86,350	2,007	2.32%	7,412

Central Texas Regional Mobility Authority
Income Statement
For the Period Ending August 31, 2017

	Budget Amount FY 2018	Actual Year to Date	Percent of Budget	Actual Prior Year to Date
Communications and Public Relations				
Graphic Design Services	35,000	-	-	-
Website Maintenance	130,000	-	-	280
Research Services	110,000	-	-	-
Communications and Marketing	400,000	23,490	5.87%	-
Advertising Expense	330,000	27,589	8.36%	6,900
Direct Mail	10,000	-	-	-
Video Production	31,000	84	0.27%	8,820
Photography	11,000	-	-	-
Radio	10,000	2,893	28.93%	-
Other Public Relations	20,000	21,588	107.94%	-
Promotional Items	20,000	-	-	-
Displays	5,000	2,124	42.48%	-
Direct Mail Printing	6,500	-	-	-
Other Communication Expenses	50,500	1,011	2.00%	513
Total Communications and Public Relations	1,169,000	78,778	6.74%	16,513
Employee Development				
Subscriptions	3,200	351	10.97%	275
Memberships	51,250	2,372	4.63%	2,724
Continuing Education	10,500	694	6.60%	-
Professional Development	4,000	-	-	-
Other Licenses	1,750	-	-	-
Seminars and Conferences	42,500	6,693	15.75%	5,329
Travel	97,000	7,768	8.01%	13,476
Total Employee Development	210,200	17,877	8.50%	21,804
Financing and Banking Fees				
Trustee Fees	30,000	-	-	-
Bank Fee Expense	6,500	952	14.64%	999
Continuing Disclosure	10,000	-	-	-
Arbitrage Rebate Calculation	8,000	-	-	-
Rating Agency Expense	30,000	15,500	51.67%	15,000
Total Financing and Banking Fees	84,500	16,452	19.47%	15,999
Total Administrative	2,862,575	310,599	10.85%	188,589

Central Texas Regional Mobility Authority
Income Statement
For the Period Ending August 31, 2017

	Budget Amount FY 2018	Actual Year to Date	Percent of Budget	Actual Prior Year to Date
Operations and Maintenance				
Operations and Maintenance Consulting				
GEC-Trust Indenture Support	155,000	-	-	-
GEC-Financial Planning Support	50,000	-	-	-
GEC-Toll Ops Support	20,000	-	-	-
GEC-Roadway Ops Support	410,000	-	-	-
GEC-Technology Support	60,000	-	-	-
GEC-Public Information Support	-	-	-	-
GEC-General Support	800,000	1,400	0.18%	-
General System Consultant	170,000	1,222	0.72%	190
Traffic and Revenue Consultant	95,000	-	-	19,807
Total Operations and Maintenance Consulting	1,760,000	2,622	0.15%	19,997
Roadway Operations and Maintenance				
Roadway Maintenance	5,007,401	262,450	5.24%	279,869
Landscape Maintenance	2,500	-	-	-
Signal & Illumination Maint	5,000	-	-	-
Maintenance Supplies-Roadway	5,500	-	-	367
Tools & Equipment Expense	1,000	-	-	-
Gasoline	13,700	1,985	14.49%	947
Repair & Maintenance-Vehicles	5,000	1,300	26.00%	266
Electricity - Roadways	200,000	19,419	9.71%	19,379
Total Roadway Operations and Maintenance	5,240,101	285,155	5.44%	300,828
Toll Processing and Collection Expense				
Image Processing	1,563,594	251,294	16.07%	216,350
Tag Collection Fees	4,100,826	736,157	17.95%	355,779
Court Enforcement Costs	40,000	3,275	8.19%	3,300
DMV Lookup Fees	1,000	88	8.78%	36
Total Processing and Collection Expense	5,705,420	990,813	17.37%	575,465

Central Texas Regional Mobility Authority
Income Statement
For the Period Ending August 31, 2017

	Budget Amount FY 2018	Actual Year to Date	Percent of Budget	Actual Prior Year to Date
Toll Operations Expense				
Generator Fuel	5,000	-	-	19
Fire and Burglar Alarm	500	-	-	-
Refuse	1,700	200	11.75%	229
Telecommunications	120,000	12,780	10.65%	13,267
Water	22,000	1,961	8.91%	3,023
Electricity	2,500	285	11.38%	70
ETC spare parts expense	20,000	-	-	-
Repair & Maintenance Toll Equip	5,000	-	-	-
Law Enforcement	275,000	22,857	8.31%	22,857
ETC Maintenance Contract	1,755,098	-	-	-
ETC Toll Management Center System Operation	294,588	-	-	-
ETC Development	500,000	-	-	-
ETC Testing	25,000	-	-	-
Total Toll Operations Expense	3,026,386	38,082	1.26%	39,465
Total Operations and Maintenance	15,731,907	1,316,672	8.37%	935,755
Other Expenses				
Special Projects and Contingencies				
HERO	720,000	112,340	15.60%	198
Special Projects	113,000	-	-	12,027
Other Contractual Svcs	2,430,600	11,333	0.47%	4,000
Contingency	250,000	-	-	-
Total Special Projects and Contingencies	3,513,600	123,673	3.52%	16,225

Central Texas Regional Mobility Authority
Income Statement
For the Period Ending August 31, 2017

	Budget Amount FY 2018	Actual Year to Date	Percent of Budget	Actual Prior Year to Date
Non Cash Expenses				
Amortization Expense	385,000	83,812	21.77%	63,872
Amort Expense - Refund Savings	1,034,000	172,196	16.65%	171,753
Dep Exp- Furniture & Fixtures	2,620	436	16.63%	368
Dep Expense - Equipment	16,050	2,671	16.64%	2,143
Dep Expense - Autos & Trucks	19,312	2,779	14.39%	1,068
Dep Expense-Buildng & Toll Fac	177,115	29,519	16.67%	29,519
Dep Expense-Highways & Bridges	18,048,333	2,933,416	16.25%	2,911,869
Dep Expense-Communic Equip	196,115	-	-	32,686
Dep Expense-Toll Equipment	2,756,238	397,913	14.44%	459,373
Dep Expense - Signs	325,900	54,316	16.67%	54,316
Dep Expense-Land Improvemts	884,934	147,489	16.67%	147,489
Depreciation Expense-Computers	13,210	2,201	16.66%	2,701
Total Non Cash Expenses	23,858,827	3,826,748	16.04%	3,877,156
Total Other Expenses	27,372,427	3,950,421	14.43%	3,893,381
Non Operating Expenses				
Bond issuance expense	1,450,000	37,792	2.61%	970,621
Interest Expense	38,074,354	5,223,429	13.72%	5,363,567
Community Initiatives	100,000	5,000	5.00%	5,000
Total Non Operating Expenses	39,624,354	5,266,221	13.29%	6,339,189
TOTAL EXPENSES	\$90,540,444	\$11,516,693	12.72%	\$12,007,404
Net Income	(\$7,081,125)	\$1,419,215		2,707,873

Central Texas Regional Mobility Authority
Balance Sheet
as of August 31, 2017

	as of 08/31/2017		as of 08/31/2016	
ASSETS				
Current Assets				
Cash				
Regions Operating Account	\$	656,058	\$	753,203
Cash in TexStar		207,062		683,155
Regions Payroll Account		197,150		171,124
Restricted Cash				
Goldman Sachs FSGF 465		168,346,312		248,556,922
Restricted Cash - TexSTAR		168,067,986		71,120,275
Overpayments account		173,962		140,376
Total Cash and Cash Equivalents		<u>337,648,529</u>		<u>321,425,055</u>
Accounts Receivable				
Accounts Receivable		-		14,485
Due From Other Agencies		-		6,717,549
Due From TTA		3,368,999		836,931
Due From NTTA		773,317		427,015
Due From HCTRA		1,337,051		837,780
Due From TxDOT		11,826,775		82,995,791
Interest Receivable		432,091		619,195
Total Receivables		<u>17,738,234</u>		<u>92,448,745</u>
Short Term Investments				
Agencies		93,529,307		204,826,635
Total Short Term Investments		<u>93,529,307</u>		<u>204,826,635</u>
Total Current Assets		<u>448,916,070</u>		<u>618,700,435</u>
Total Construction in Progress		577,195,344		343,692,867
Fixed Assets (Net of Depreciation and Amortization)				
Computer		24,364		37,571
Computer Software		1,288,019		1,084,076
Furniture and Fixtures		14,811		14,716
Equipment		33,457		10,836
Autos and Trucks		74,247		19,753
Buildings and Toll Facilities		5,261,019		5,438,134
Highways and Bridges		761,586,241		610,825,948
Communication Equipment		-		185,736
Toll Equipment		15,592,082		16,797,322
Signs		10,876,147		11,202,040
Land Improvements		10,476,450		11,361,384
Right of way		88,148,106		86,849,829
Leasehold Improvements		145,722		158,774
Total Fixed Assets		<u>893,520,666</u>		<u>743,986,119</u>
Other Assets				
Intangible Assets-Net		104,354,239		103,186,941
2005 Bond Insurance Costs		4,465,881		4,679,389
Prepaid Insurance		13,358		11,340
Deferred Outflows (pension related)		711,563		780,064
Pension Asset		355,139		202,023
Total Other Assets		<u>109,900,179</u>		<u>108,859,757</u>
Total Assets		<u><u>\$ 2,029,532,260</u></u>		<u><u>\$ 1,815,239,178</u></u>

Central Texas Regional Mobility Authority
Balance Sheet
as of August 31, 2017

	as of 08/31/2017	as of 08/31/2016
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ (199,487)	\$ 514,889
Construction Payable	18,711	690,734
Overpayments	176,583	142,690
Interest Payable	8,663,442	8,864,683
Deferred Compensation Payable	(10,689)	(8,961)
TCDRS Payable	53,962	50,414
Medical Reimbursement Payable	(1,729)	(2,060)
Due to other Agencies	348	-
Due to TTA	703,419	-
Due to NTTA	122,851	-
Due to HCTRA	104,314	-
Due to Other Entities	5,678,468	681,636
71E TxDOT Obligation - ST	650,998	-
Total Current Liabilities	15,961,190	10,934,026
Long Term Liabilities		
Compensated Absences	182,441	138,927
Deferred Inflows (pension related)	286,449	172,017
Long Term Payables	468,891	310,944
Bonds Payable		
Senior Lien Revenue Bonds:		
Senior Lien Revenue Bonds 2010	69,650,843	65,263,877
Senior Lien Revenue Bonds 2011	14,649,938	13,708,203
Senior Refunding Bonds 2013	143,685,000	147,880,000
Senior Lien Revenue Bonds 2015	298,790,000	298,790,000
Senior Lien Put Bnd 2015	68,785,000	68,785,000
Senior Lien Refunding Revenue Bonds 2016	358,030,000	358,030,000
Sn Lien Rev Bnd Prem/Disc 2013	9,699,312	11,704,472
Sn Lien Revenue Bnd Prem 2015	21,774,436	22,970,941
Sn Lien Put Bnd Prem 2015	5,278,910	7,142,214
Senior lien premium 2016 revenue bonds	55,297,842	59,618,091
Total Senior Lien Revenue Bonds	1,045,641,281	1,053,892,798
Sub Lien Revenue Bonds:		
Sub Refunding Bnds 2013	101,530,000	102,030,000
Sub Debt Refunding Bonds 2016	74,690,000	74,690,000
Sub Refunding 2013 Prem/Disc	2,242,484	2,732,654
Sub Refunding 2016 Prem/Disc	9,878,652	10,754,028
Total Sub Lien Revenue Bonds	188,341,136	190,206,681
Other Obligations		
TIFIA note 2015	52,800	51,394
SIB loan 2015	30,722,402	19,751,432
State Highway Fund Loan 2015	30,722,402	19,751,432
2013 American Bank Loan	3,570,000	5,300,000
71E TxDOT Obligation - LT	65,000,000	-
Total Other Obligations	130,067,605	44,854,257
Total Long Term Liabilities	1,364,518,913	1,289,264,681
Total Liabilities	1,380,480,103	1,300,198,707
NET ASSETS		
Contributed Capital	136,725,550	35,847,060
Net Assets Beginning	510,907,392	476,485,538
Current Year Operations	1,419,215	2,707,873
Total Net Assets	649,052,157	515,040,471
Total Liabilities and Net Assets	\$ 2,029,532,260	\$ 1,815,239,178

Central Texas Regional Mobility Authority
Statement of Cash Flow
as of August 31, 2017

Cash flows from operating activities:	
Receipts from toll fees	\$ 10,097,152
Receipts from interest income	(106,563)
Payments to vendors	(4,238,898)
Payments to employees	(687,881)
Net cash flows provided by (used in) operating activities	<u>5,063,811</u>
Cash flows from capital and related financing activities:	
Proceeds from notes payable	407,368
Refunding of bonds	138,384
Receipts from Department of Transportation	2,294,211
Interest payments	(26,236,634)
Acquisition of capital assets	(23,415)
Acquisitions of construction in progress	(47,974,464)
Net cash flows provided by (used in) capital and related financing activities	<u>(71,394,550)</u>
Cash flows from investing activities:	
Interest income	717,812
Purchase of investments	(6,359,290)
Proceeds from sale or maturity of investments	40,084,926
Net cash flows provided by (used in) investing activities	<u>34,443,448</u>
Net increase (decrease) in cash and cash equivalents	(31,887,291)
Cash and cash equivalents at beginning of period	201,260,772
Cash and cash equivalents at end of August	<u>\$ 169,373,481</u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Operating income	\$ 6,391,091
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,654,552
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,485,902)
(Increase) decrease in prepaid expenses and other assets	24,641
(Decrease) increase in accounts payable	(1,933,185)
Increase (decrease) in accrued expenses	(587,386)
Total adjustments	<u>(1,327,280)</u>
Net cash flows provided by (used in) operating activities	<u>\$ 5,063,811</u>
Reconciliation of cash and cash equivalents:	
Unrestricted cash and cash equivalents	\$ 1,027,169
Restricted cash and cash equivalents	168,346,312
Total	<u>\$ 169,373,481</u>

INVESTMENTS by FUND

		Balance		
			August 31, 2017	
Renewal & Replacement Fund				
TexSTAR	507,033.79			TexSTAR 168,275,048.00
Goldman Sachs	189,180.86			Goldman Sachs 168,326,465.82
Agencies			696,214.65	Agencies & Treasury Notes 93,529,307.22
Grant Fund				\$ 430,130,821.04
TexSTAR	9,124,575.95			
Goldman Sachs	476,700.66			
Agencies			9,601,276.61	
Senior Debt Service Reserve Fund				
TexSTAR	15,082,373.05			
Goldman Sachs	25,256,429.64			
Agencies	39,928,412.93		80,267,215.62	
2010 Senior Lien DSF				
Goldman Sachs	178,662.91			
TexSTAR	-		178,662.91	
2011 Debt Service Acct				
Goldman Sachs	753,515.22		753,515.22	
2013 Sr Debt Service Acct				
Goldman Sachs	3,738,745.66		3,738,745.66	
2013 Sub Debt Service Account				
Goldman Sachs	1,516,786.76		6,550,725.46	
TexSTAR	5,033,938.70			
2015 Sr Capitalized Interest				
Goldman Sachs	3,150,740.20		53,469,661.92	
TexSTAR	50,318,921.72			
2015A Debt Service Account				
Goldman Sachs	3.30		3.30	
2015B Debt Service Account				
Goldman Sachs	575,300.85		575,300.85	
2016 Sr Lien Rev Refunding Debt Service Account				
Goldman Sachs	5,259,223.51		5,259,223.51	
2016 Sub Lien Rev Refunding Debt Service Account				
Goldman Sachs	821,439.66		5,817,689.66	
Agencies	4,996,250.00			
2016 Sub Lein Rev Refunding DSR				
Goldman Sachs	1,656,119.28		1,656,119.28	
Operating Fund				
TexSTAR	207,062.23			
TexSTAR-Trustee	2,501,966.32			
Goldman Sachs	-		2,709,028.55	
Revenue Fund				
Goldman Sachs	3,064,174.74		3,064,174.74	
General Fund				
TexSTAR	25,170,619.17			
Goldman Sachs	8,768,691.01			
Agencies	4,403,465.00		38,342,775.18	
2013 Sub Debt Service Reserve Fund				
Goldman Sachs	3,484,087.54			
Agencies			3,484,087.54	
71E Revenue Fund				
Goldman Sachs	797,247.64		797,247.64	
MoPac Revenue Fund				
Goldman Sachs	145,757.73		145,757.73	
MoPac Construction Fund				
Goldman Sachs	33,981,800.23		33,981,800.23	
2015B Project Account				
Goldman Sachs	5,056,945.00			
Agencies	20,146,322.94		40,298,944.55	
TexSTAR	15,095,676.61			
2015A Project Account				
TexSTAR	19,131,895.07			
Goldman Sachs	15,605,370.16			
Agencies	24,054,856.35		58,792,121.58	
Treasury Notes				
2015 TIFIA Project Account				
Goldman Sachs	50,436.74		50,436.74	
2015 State Highway Fund Project Account				
Goldman Sachs	29,679,084.09		29,679,084.09	
2015 SIB Project Account				
Goldman Sachs	19,787,503.57		19,787,503.57	
2011 Sr Financial Assistance Fund				
Goldman Sachs	1,000.04		23,093,337.39	
TexSTAR	23,092,337.35			
183S Utility Custody Deposit				
Goldman Sachs	1,412,702.93			
TexSTAR	3,008,648.04		4,421,350.97	
RIF				
Goldman Sachs	2,000,000.00		2,000,000.00	
45SW Trust Account Hays County				
Goldman Sachs	3.36		3.36	
45SW Trust Account Travis County				
Goldman Sachs	918,812.53		918,812.53	
			\$ 430,130,821.04	\$ -

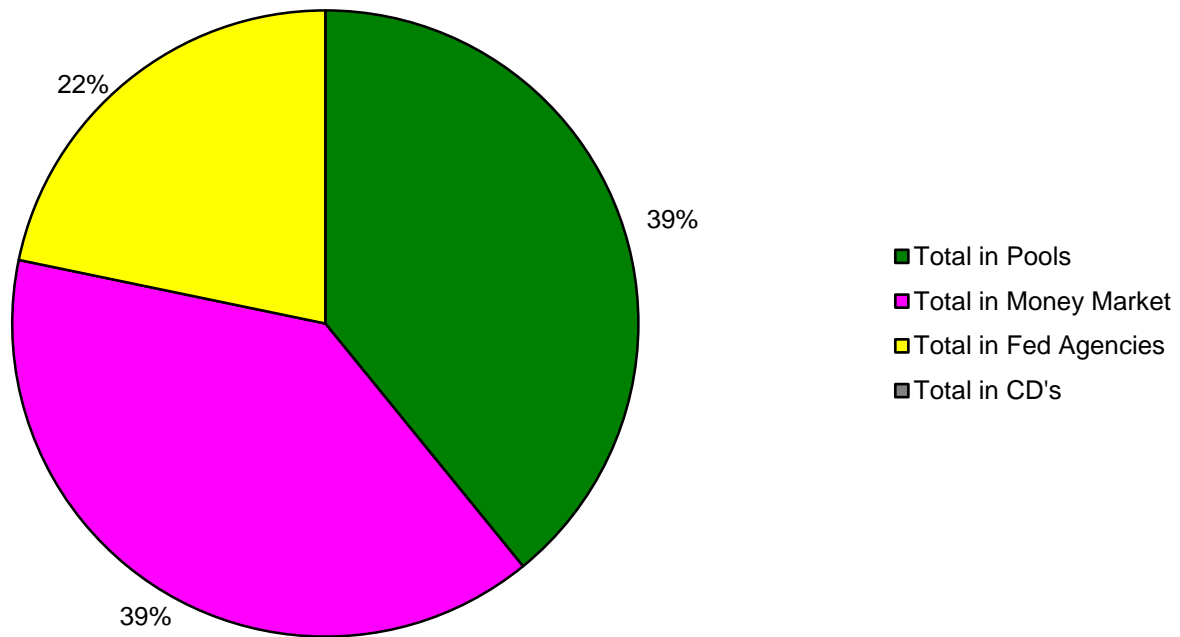
CTRMA INVESTMENT REPORT

Month Ending 8/31/17						Rate August
Balance 8/1/2017	Additions	Discount Amortization	Accrued Interest	Withdrawals	Balance 8/31/2017	
Amount in Trustee TexStar						
2011 Sr Lien Financial Assist Fund	23,072,069.27		20,268.08		23,092,337.35	1.034%
2013 Sub Lien Debt Service Reserve	5,029,520.41		4,418.29		5,033,938.70	1.034%
General Fund	25,148,526.98		22,092.19		25,170,619.17	1.034%
Trustee Operating Fund	1,941,173.60	1,658,896.64	1,896.08	1,100,000.00	2,501,966.32	1.034%
Renewal and Replacement	506,588.75		445.04		507,033.79	1.034%
Grant Fund	9,116,567.32		8,008.63		9,124,575.95	1.034%
Senior Lien Debt Service Reserve Fund	15,069,135.29		13,237.76		15,082,373.05	1.034%
183S Utility Custody Deposit	3,006,007.39		2,640.65		3,008,648.04	1.034%
2015A Sr Ln Project Account	19,115,103.06		16,792.01		19,131,895.07	1.034%
2015A Sr Ln Project Cap Interest	50,274,756.95		44,164.77		50,318,921.72	1.034%
2015B Sr Ln Project	15,082,427.18		13,249.43		15,095,676.61	1.034%
	167,361,876.20	1,658,896.64	147,212.93	1,100,000.00	168,067,985.77	
Amount in TexStar Operating Fund						
	606,518.61	1,100,000.00	543.62	1,500,000.00	207,062.23	1.034%
Goldman Sachs						
Operating Fund	26,046.00	1,632,850.00	0.64	1,658,896.64	0.00	0.280%
45SW Trust Account Travis County	918,136.96		675.57		918,812.53	0.280%
45SW Trust Account Hays County	0.00		3.36	0.00	3.36	0.280%
2015A Project Account	36,056,003.20	7,054,474.20	27,176.60	27,532,283.84	15,605,370.16	0.280%
2015B Project Account	5,053,226.79		3,718.21		5,056,945.00	0.280%
2015D State Highway Fund Project Acct	29,657,261.99		21,822.10		29,679,084.09	0.280%
2015C TIFIA Project Account	50,399.66		37.08		50,436.74	0.280%
2015E SIB Project Account	19,772,954.44		14,549.13		19,787,503.57	0.280%
183S Utility Custody Deposit	2,380,382.99		1,751.50	969,431.56	1,412,702.93	0.280%
2011 Sr Financial Assistance Fund	931.51		68.53		1,000.04	0.280%
2010 Senior DSF	161,720.44	16,818.41	124.06		178,662.91	0.280%
2011 Senior Lien Debt Service Acct	752,961.18		554.04		753,515.22	0.280%
2013 Senior Lien Debt Service Acct	2,823,024.95	913,820.01	1,900.70		3,738,745.66	0.280%
2013 Subordinate Debt Service Acct	1,010,581.63	505,533.68	671.45		1,516,786.76	0.280%
2015 Sr Capitalized Interest	3,148,078.12		2,662.08		3,150,740.20	0.280%
2015 Sr Capitalized Interest pmt acct	0.00				0.00	0.280%
2015A Debt Service Acct	3.30				3.30	0.280%
2015B Debt Service Acct	288,988.69	286,127.26	184.90		575,300.85	0.280%
2016 Sr Lien Rev Refunding Debt Service Account	4,389,466.70	866,610.41	3,146.40		5,259,223.51	0.280%
2016 Sub Lien Rev Refunding Debt Service Account	508,360.72	312,744.11	334.83		821,439.66	0.280%
2016 Sub Lein Rev Refunding DSR	1,654,901.61		1,217.67		1,656,119.28	0.280%
RIF	0.00	2,000,000.00	0.00		2,000,000.00	0.280%
Grant Fund	476,350.16		350.50		476,700.66	0.280%
Renewal and Replacement	189,041.76		139.10		189,180.86	0.280%
Revenue Fund	2,519,723.72	5,841,760.91	1,965.27	5,299,275.16	3,064,174.74	0.280%
General Fund	17,878,584.08	305,061.10	14,632.28	9,429,586.45	8,768,691.01	0.280%
Senior Lien Debt Service Reserve Fund	25,249,668.93		6,760.71		25,256,429.64	0.280%
MoPac Revenue Fund	140,223.89	5,433.92	99.92		145,757.73	0.280%
71E Revenue Fund	720,597.22	76,166.14	484.28		797,247.64	0.280%
2013 Sub Debt Service Reserve Fund	3,481,525.80		2,561.74		3,484,087.54	0.280%
MoPac Managed Lane Construction Fund	37,006,931.18	614,894.29	27,288.95	3,667,314.19	33,981,800.23	0.280%
	196,316,077.62	20,432,294.44	0.00	134,881.60	168,326,465.82	
Amount in Fed Agencies and Treasuries						
Amortized Principal	100,550,000.84		(20,693.62)	7,000,000.00	93,529,307.22	
	100,550,000.84	0.00	(20,693.62)	7,000,000.00	93,529,307.22	
Certificates of Deposit						
Total in Pools	167,968,394.81	2,758,896.64		147,756.55	2,600,000.00	168,275,048.00
Total in GS FSGF	196,316,077.62	20,432,294.44		134,881.60		168,326,465.82
Total in Fed Agencies and Treasuries	100,550,000.84	0.00	(20,693.62)		7,000,000.00	93,529,307.22
Total Invested	464,834,473.27	23,191,191.08	(20,693.62)	282,638.15	9,600,000.00	430,130,821.04

All Investments in the portfolio are in compliance with the CTRMA's Investment policy.

William Chapman, CFO
Mary Temple, Controller

Allocation of Funds



Amount of Investments As of August 31, 2017

Agency	CUSIP #	COST	Book Value	Market Value	Yield to Maturity	Purchased	Matures	FUND
Federal Farm Credit	3133ECA79	4,959,250.00	4,992,076.39	4,993,350.00	1.2155%	3/11/2015	3/19/2018	Senior DSRF
Federal Farm Credit	3133EFSG3	10,057,749.23	10,015,956.86	9,995,500.00	0.8421%	2/8/2016	3/14/2018	2015B Sr Project
Federal Home loan Bank	313378QK0	10,253,642.07	10,130,366.08	10,077,100.00	1.0369%	2/8/2016	3/8/2019	2015B Sr Project
Freddie Mac	3134G4Z84	9,850,343.91	9,804,856.35	9,804,018.00	0.8097%	2/18/2016	10/10/2017	2015A Sr Project
Federal Home loan Bank	3030A62S5	Matured	Matured	Matured	0.9053%	3/14/2016	8/28/2017	2015A Sr Project
Federal Home loan Bank	303370SZ2	14,536,023.18	14,250,000.00	14,253,420.00	0.9023%	3/7/2016	9/8/2017	2015A Sr Project
Federal Home loan Bank	3030A6SW8	10,039,900.00	10,007,875.00	9,997,700.00	0.7616%	4/11/2016	12/19/2017	Senior DSRF
Federal Home loan Bank	3130A8BD4	24,907,000.00	24,928,461.54	24,925,750.00	1.2288%	6/7/2017	6/29/2018	Senior DSRF
Federal Home loan Bank	3130ABJD9	4,995,000.00	4,996,250.00	4,996,800.00	1.2265%	6/7/2017	6/5/2018	2016 Sub DSRF
Federal Home loan Bank	3030A6SW8	4,417,556.00	4,403,465.00	4,398,988.00	0.7616%	4/11/2016	12/19/2017	General
		<u>94,016,464.39</u>	<u>93,529,307.22</u>	<u>93,442,626.00</u>				

Agency	CUSIP #	COST	Cummulative Amortization	8/31/2017 Book Value	Maturity Value	Interest Income August 31, 2017		
						Accrued Interest	Amortization	Interest Earned
Federal Farm Credit	3133ECA79	4,959,250.00	(32,826.39)	4,992,076.39	5,000,000.00	3,916.67	1,131.94	5,048.61
Federal Farm Credit	3133EFSG3	10,057,749.23	41,792.37	10,015,956.86	10,000,000.00	9,166.67	(2,279.58)	6,887.09
Federal Home loan Bank	313378QK0	10,253,642.07	123,275.99	10,130,366.08	10,000,000.00	15,625.00	(6,861.37)	8,763.63
Freddie Mac	3134G4Z84	9,850,343.91	45,487.56	9,804,856.35	9,800,000.00	9,187.50	(2,428.16)	6,759.34
Federal Home loan Bank	3030A62S5	Matured	Matured	Matured	7,000,000.00	4,375.00	898.23	5,273.23
Federal Home loan Bank	303370SZ2	14,536,023.18	286,023.18	14,250,000.00	14,250,000.00	26,718.75	(15,890.18)	10,828.57
Federal Home loan Bank	3030A6SW8	10,039,900.00	32,025.00	10,007,875.00	10,000,000.00	8,333.33	(1,968.75)	6,364.58
Federal Home loan Bank	3130A8BD4	24,907,000.00	(21,461.54)	24,928,461.54	25,000,000.00	20,521.91	7,153.85	27,675.76
Federal Home loan Bank	3130ABJD9	4,995,000.00	(1,250.00)	4,996,250.00	5,000,000.00	4,687.50	416.67	5,104.17
Federal Home loan Bank	3030A6SW8	4,417,556.00	14,091.00	4,403,465.00	4,400,000.00	3,666.67	(866.25)	2,800.42
		<u>94,016,464.39</u>	<u>487,157.17</u>	<u>93,529,307.22</u>	<u>100,450,000.00</u>	<u>106,199.00</u>	<u>(20,693.62)</u>	<u>85,505.40</u>

August 31, 2017

Certificates of Deposit Outstanding

Bank	CUSIP #	COST	Yield to Maturity	Purchased	Matures	August 31, 2017 Interest	FUND
		-				\$ -	

Travis County Escrow account					
Balance		Accrued			Balance
8/1/2017	Additions	Interest	Withdrawals		8/31/2017
\$ 71,045.46		\$ 98.97	\$ 52,298.31		\$ 18,846.12



183 South Design-Build Project
Contingency Status
 September 30, 2017



Original Construction Contract Value: \$581,545,700

Total Project Contingency		\$47,860,000
Obligations	CO#1 City of Austin ILA Adjustment	(\$2,779,934)
	CO#2 Addition of Coping to Soil Nail Walls	\$742,385
	CO#4 Greenroads Implementation	\$362,280
	CO#6 51st Street Parking Trailhead	\$477,583
	CO#9 Patton Interchange Revisions	\$3,488,230
	Others Less than \$300,000 (4)	(\$45,957)
	Executed Change Orders	\$2,244,587
Change Orders Under Negotiation	\$2,150,000	
Potential Contractual Obligations	\$10,600,000	
(-) Total Obligations		\$14,994,587
Remaining Project Contingency		\$32,865,413



SH 45SW Construction
Contingency Status
 September 30, 2017



Original Construction Contract Value: \$75,103,623

Total Project Contingency	\$ 7,520,000.00
----------------------------------	------------------------

Obligations	CO #01 Asbestos Removal	\$1,962
	CO #02 TCEQ Protection Plan	\$103,773
	CO #03 Conduit Installation Revision	(\$11,970)
	CO #04 Installation of PEC and TWC Conduits	\$458,439
	CO #05 Installation of SSTR Drilled Shafts and Moment Slab	\$538,945
	CO #06 Feature 004 Protection and Bridge Drain Assembly	\$2,932
	CO #07 Traffic Control Savings and Removal of Mulch	(\$5,560)
	Executed Change Orders	\$1,088,522
	Change Orders in Negotiations	\$0
	Potential Contractual Obligations	\$5,382,961

(-) Total Obligations	\$ 6,471,483
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Remaining Project Contingency	\$ 1,048,517
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MOPAC Construction
Contingency Status
 September 30, 2017



Original Construction Contract Value: \$136,632,100

Total Project Contingency		\$ 18,527,575
Obligations	CO#01B 5th & Cesar Chavez SB Reconfig (Construction)	\$593,031
	CO#05B FM 2222 Bridge NB Ret Wall Abutment Repair (Construction)	\$850,000
	CO#07 FM 2222 Exit Storage Lane	\$426,000
	CO#08C Refuge Area: Added Shoulder Adjustment Soundwall #1	\$2,508,548
	CO#12 Barrier Rail Opaque Seal	\$542,419
	CO#17 Bike and Ped Improvements at Far West Blvd Bridge/RM 2222	\$971,889
	CO#34 Undercrossing Fire Protection	\$1,412,574
	CO#35 TxDOT Duct Bank	\$1,357,196
	Total of Others Less than \$300,000 (20)	\$1,073,504
	Executed Change Orders	\$9,735,160
Change Orders in Progress	\$ (2,501,437)	
Current and Potential Contractual Obligations	\$ 28,103,582	
(-) Total Obligations		\$ 35,337,305
(+) Assessed Liquidated Damages		\$ 20,000,000
Remaining Project Contingency		\$ 3,190,270



Monthly Newsletter - August 2017

Performance

As of August 31, 2017

Current Invested Balance	\$5,770,863,631.13
Weighted Average Maturity (1)	28 Days
Weighted Average Maturity (2)	93 Days
Net Asset Value	1.000014
Total Number of Participants	846
Management Fee on Invested Balance	0.06%*
Interest Distributed	\$5,347,551.21
Management Fee Collected	\$293,217.39
% of Portfolio Invested Beyond 1 Year	6.79%
Standard & Poor's Current Rating	AAAm

August Averages

Average Invested Balance	\$5,754,122,546.38
Average Monthly Yield, on a simple basis	1.0343%
Average Weighted Average Maturity (1)*	33 Days
Average Weighted Average Maturity (2)*	102 Days

Definition of Weighted Average Maturity (1) & (2)

- (1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
- (2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

* The maximum management fee authorized for the TexSTAR Cash Reserve Fund is 12 basis points. This fee may be waived in full or in part in the discretion of the TexSTAR co-administrators at any time as provided for in the TexSTAR Information Statement.

Rates reflect historical information and are not an indication of future performance.

New Participants

We would like to welcome the following entities who joined the TexSTAR program in August:

★ El Paso Education Initiative

★ Spring ISD

Holiday Reminder

In observance of **Columbus Day**, TexSTAR will be closed on **Monday, October 9, 2017**. All ACH transactions initiated on Friday, October 6th, will settle on Tuesday October 10th. Please plan accordingly for your liquidity needs.

Economic Commentary

In August, markets reacted to geopolitical tensions with North Korea, the terror attack in Spain, and Hurricane Harvey that hit the Gulf coast – home to many large U.S. oil refiners/producers. Investors piled into safe haven assets causing treasury yields to rally. Gold rallied and hit the year high of \$1,321/oz. Second quarter GDP was revised up from 2.6% to 3.0% while global growth expanded at the fastest pace in seven years and the growth backdrop in the U.S. continues to look solid in the second half of 2017. Business and consumer confidence remains elevated and in some cases has re-accelerated in the past few months. It would also suggest that if we do get any clarity on fiscal or tax policy, confidence could move even higher.

Government spending is unlikely to impact growth materially in 2017 as new legislation on spending and tax reform is not expected until fall, at the earliest. Before this legislation can move forward, the congress will need to agree on a resolution for the debt ceiling. We view the probability of a default as unlikely. The odds of a shutdown or debt ceiling breach look to have declined now that congress must find a way to pass legislation to provide funding for Hurricane Harvey victims. We do foresee some type of tax reform or relief to occur in late 2017 or early 2018 as well as a continued push towards deregulation once Randal Quarles is confirmed as the Vice Chair of Supervision at the Fed.

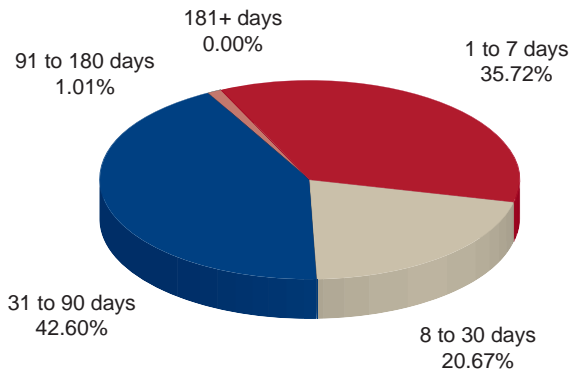
In terms of the timing for the next federal funds rate increase, the committee has indicated that their objective is to continue to keep the pace of rate hikes “gradual”. The median of the committee expects 1 additional rate hike in 2017 and 3 rate hikes in 2018. An additional rate hike in 2017 will be dependent on inflation data which has disappointed and kept the Fed cautious despite financial conditions remaining very easy. For 2017, the market’s expectation of an additional rate hike is waning and for 2018, the market is only pricing in about one and half rate hikes. Prior to the next rate hike, the committee appears very determined to start the balance sheet normalization process as soon as the September meeting. Looking beyond 2017, Presidential Trump has the ability to make big changes on the committee by filling two more open positions on the Board of Governors. Most important will be who takes over when Chair Yellen’s term is complete in February 2018.

This information is an excerpt from an economic report dated August 2017 provided to TexSTAR by JP Morgan Asset Management, Inc., the investment manager of the TexSTAR pool.

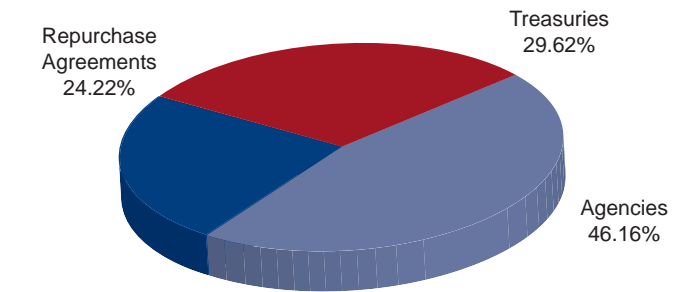
For more information about TexSTAR, please visit our web site at www.texstar.org.

Information at a Glance

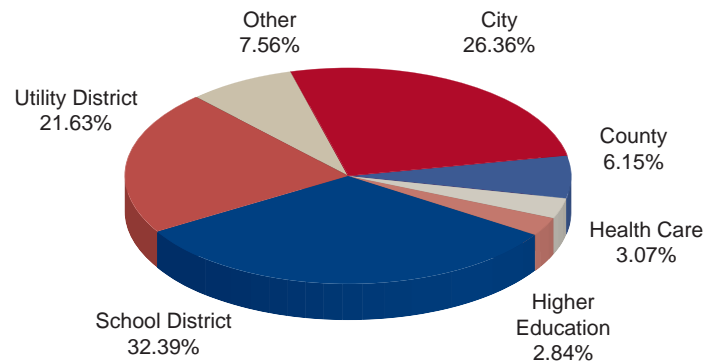
Portfolio by Type of Investment As of August 31, 2017



Distribution of Participants by Type As of August 31, 2017



Portfolio by Maturity As of August 31, 2017



Historical Program Information

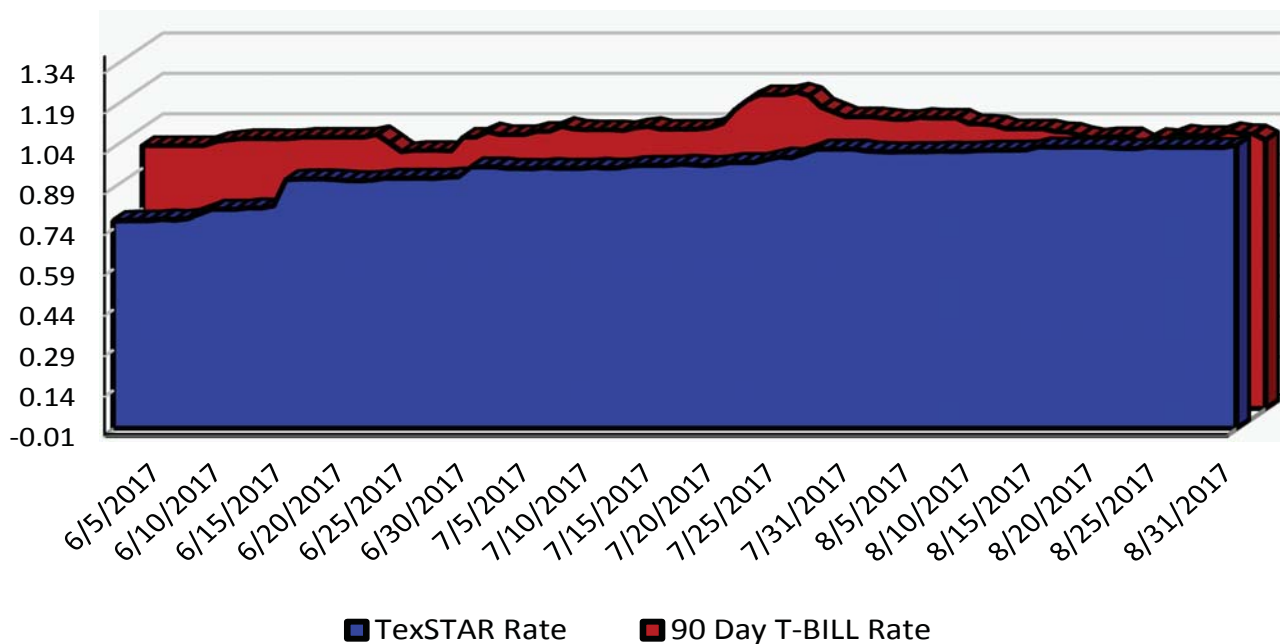
Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Aug 17	1.0343%	\$5,770,863,631.13	\$5,770,945,786.15	1.000014	33	102	846
Jul 17	0.9827%	5,941,902,116.09	5,941,981,984.60	1.000013	32	97	844
Jun 17	0.8631%	6,071,512,305.56	6,071,586,949.16	0.999993	30	92	838
May 17	0.7535%	6,440,388,492.41	6,440,492,333.25	1.000016	28	97	836
Apr 17	0.7140%	6,279,219,607.16	6,279,507,477.47	1.000045	36	105	832
Mar 17	0.6269%	6,551,167,144.50	6,551,621,726.22	1.000064	42	110	829
Feb 17	0.5533%	7,267,565,993.07	7,269,212,259.58	1.000226	43	111	827
Jan 17	0.5452%	7,011,113,225.83	7,012,695,761.41	1.000225	44	96	823
Dec 16	0.4815%	6,128,094,216.46	6,129,417,408.96	1.000215	49	100	822
Nov 16	0.4144%	5,250,402,124.93	5,251,596,034.74	1.000227	47	109	821
Oct 16	0.4202%	5,155,508,603.07	5,157,927,996.01	1.000469	39	105	820
Sep 16	0.4123%	5,253,367,191.87	5,255,503,092.88	1.000412	43	115	818

Portfolio Asset Summary as of August 31, 2017

	Book Value	Market Value
Uninvested Balance	\$ (9,745.16)	\$ (9,745.16)
Accrual of Interest Income	4,576,007.23	4,576,007.23
Interest and Management Fees Payable	(5,380,281.17)	(5,380,281.17)
Payable for Investment Purchased	0.00	0.00
Repurchase Agreement	1,397,995,999.74	1,397,995,999.74
Government Securities	4,373,681,650.49	4,373,763,805.51
Total	\$ 5,770,863,631.13	\$ 5,770,945,786.15

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR. The only source of payment to the Participants are the assets of TexSTAR. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact TexSTAR Participant Services.

TexSTAR versus 90-Day Treasury Bill



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness August be subject to change. The TexSTAR management fee may be waived in full or in part at the discretion of the TexSTAR co-administrators and the TexSTAR rate for the period shown reflects waiver of fees. This table represents historical investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the TexSTAR pool to the T-Bill Yield, you should know that the TexSTAR pool consist of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-day T-Bill.

Daily Summary for August 2017

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	TexSTAR Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
8/1/2017	1.0269%	0.000028133	\$5,958,423,624.01	1.000008	35	107
8/2/2017	1.0244%	0.000028066	\$5,927,420,372.22	1.000013	36	107
8/3/2017	1.0230%	0.000028028	\$5,895,748,821.96	1.000020	35	107
8/4/2017	1.0242%	0.000028061	\$5,824,627,246.37	1.000014	34	106
8/5/2017	1.0242%	0.000028061	\$5,824,627,246.37	1.000014	34	106
8/6/2017	1.0242%	0.000028061	\$5,824,627,246.37	1.000014	34	106
8/7/2017	1.0265%	0.000028122	\$5,803,098,892.21	1.000017	34	105
8/8/2017	1.0252%	0.000028087	\$5,816,254,819.20	1.000018	34	104
8/9/2017	1.0254%	0.000028092	\$5,799,774,219.71	1.000015	33	104
8/10/2017	1.0284%	0.000028175	\$5,766,753,409.15	1.000022	33	103
8/11/2017	1.0295%	0.000028206	\$5,861,095,445.05	1.000018	31	99
8/12/2017	1.0295%	0.000028206	\$5,861,095,445.05	1.000018	31	99
8/13/2017	1.0295%	0.000028206	\$5,861,095,445.05	1.000018	31	99
8/14/2017	1.0311%	0.000028250	\$5,755,978,385.38	1.000017	30	100
8/15/2017	1.0421%	0.000028551	\$5,756,348,529.52	1.000015	36	105
8/16/2017	1.0409%	0.000028517	\$5,774,289,762.13	1.000021	36	104
8/17/2017	1.0411%	0.000028524	\$5,748,909,497.26	1.000019	35	104
8/18/2017	1.0417%	0.000028541	\$5,658,484,101.75	1.000015	34	103
8/19/2017	1.0417%	0.000028541	\$5,658,484,101.75	1.000015	34	103
8/20/2017	1.0417%	0.000028541	\$5,658,484,101.75	1.000015	34	103
8/21/2017	1.0380%	0.000028438	\$5,636,967,915.80	1.000013	34	103
8/22/2017	1.0361%	0.000028385	\$5,638,164,346.39	1.000060	34	102
8/23/2017	1.0362%	0.000028388	\$5,641,392,495.42	1.000010	33	101
8/24/2017	1.0425%	0.000028563	\$5,629,458,351.24	1.000010	33	101
8/25/2017	1.0404%	0.000028503	\$5,646,493,234.75	1.000009	31	98
8/26/2017	1.0404%	0.000028503	\$5,646,493,234.75	1.000009	31	98
8/27/2017	1.0404%	0.000028503	\$5,646,493,234.75	1.000009	31	98
8/28/2017	1.0407%	0.000028511	\$5,682,849,816.74	1.000019	30	97
8/29/2017	1.0403%	0.000028500	\$5,677,559,283.15	1.000024	30	96
8/30/2017	1.0398%	0.000028488	\$5,725,442,681.25	1.000026	29	94
8/31/2017	1.0482%	0.000028718	\$5,770,863,631.13	1.000014	28	93
Average	1.0343%	0.000028338	\$5,754,122,546.38		33	102

TexSTAR Participant Services
 FirstSouthwest, A Division of Hilltop Securities
 1201 Elm Street, Suite 3500
 Dallas, Texas 75270



TexSTAR Board Members

<i>William Chapman</i>	<i>Central Texas Regional Mobility Authority</i>	<i>Governing Board President</i>
<i>Nell Lange</i>	<i>City of Frisco</i>	<i>Governing Board Vice President</i>
<i>Eric Cannon</i>	<i>City of Allen</i>	<i>Governing Board Treasurer</i>
<i>David Medanich</i>	<i>FirstSouthwest / Hilltop Securities</i>	<i>Governing Board Secretary</i>
<i>Jennifer Novak</i>	<i>J.P. Morgan Asset Management</i>	<i>Governing Board Asst. Sec./Treas.</i>
<i>Nicole Conley</i>	<i>Austin ISD</i>	<i>Advisory Board</i>
<i>Becky Brooks</i>	<i>Government Resource Associates, LLC</i>	<i>Advisory Board</i>
<i>Monte Mercer</i>	<i>North Central TX Council of Government</i>	<i>Advisory Board</i>
<i>Stephen Fortenberry</i>	<i>Plano ISD</i>	<i>Advisory Board</i>
<i>David Pate</i>	<i>Richardson ISD</i>	<i>Advisory Board</i>
<i>James Mauldin</i>	<i>University of North Texas System</i>	<i>Advisory Board</i>

For more information contact TexSTAR Participant Services ★ 1-800-839-7827 ★ www.texstar.org





CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #5

Executive Session

Executive Session:

Discuss legal issues related to claims by or against the Mobility Authority; pending or contemplated litigation and any related settlement offers; or other matters as authorized by §551.071 (Consultation With Attorney).



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #6

Executive Session

Executive Session:

Discuss legal issues relating to procurement and financing of Mobility Authority transportation projects, as authorized by §551.071 (Consultation With Attorney).



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #7

Executive Session

Executive Session:

Discuss personnel matters as authorized by §551.074 (Personnel Matters).

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

RESOLUTION NO. 17-055

**APPROVE A SETTLEMENT AGREEMENT WITH CH2M HILL ENGINEERS,
INC. RELATED TO THE MOPAC IMPROVEMENT PROJECT**

WHEREAS, by Resolution No. 13-010, dated February 27, 2013, the Board of Directors authorized the Executive Director to finalize and execute a Design-Build ("D/B") Agreement for the MoPac Improvement Project ("Project") with CH2M Hill Engineers, Inc. ("CH2M"); and

WHEREAS, the Mobility Authority and CH2M entered into a D/B Agreement dated April 17, 2013, as amended by Amendment No. 1 (effective as of February 9, 2016), Amendment No. 2 (effective as of September 7, 2016), Amendment No. 3 (effective as of October 14, 2016), and Amendment No. 4 (effective as of February 1, 2017); and

WHEREAS, the Project involves the development, design, and construction of an 11.2 mile express lane system within the Loop 1 right-of-way extending from Parmer Lane (FM 734) to Cesar Chavez Street in Austin, Texas. The development, design, and construction of the Project and its intersections, bridges, and other facilities (the "Development Work") are more specifically described in the Scope of Work of the D/B Contract; and

WHEREAS, disputes have emerged throughout the Project between the Mobility Authority and CH2M concerning responsibilities, obligations and liabilities related to the Project, including but not limited to the delays in the Development Work; and

WHEREAS, to avoid potential costs, burdens, uncertainties, and distractions of future litigation, the Executive Director and CH2M have reached an agreement settling the disputes; and

WHEREAS, the Executive Director recommends that the Board of Directors approve the settlement agreement with CH2M attached hereto as Exhibit A.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors approve the settlement agreement with CH2M attached hereto as Exhibit A.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 26th day of September 2017.

Submitted and reviewed by:


Geoffrey Petrov, General Counsel

Approved:


Ray A. Willkerson
Chairman, Board of Directors

Exhibit A

Compromise and Settlement Agreement and Release

This Compromise and Settlement Agreement and Release (this "Settlement Agreement") is made and entered with an effective date of September 22, 2017 (the "Effective Date") between the Central Texas Regional Mobility Authority ("CTRMA") and CH2M Hill Engineers, Inc. ("CH2M"). Within this Agreement, CTRMA and CH2M may each be called a "Party" or may be called the "Parties."

RECITALS

WHEREAS there are significant differences of opinion by the parties concerning the actual, credible cost of the Mopac Improvement Project (the "Project"), the parties are agreeing to settle all possible claims by CH2M (CH2M has claimed over \$113 million in excess of their bid of \$137 million) for now and forever in the interest of the traveling public, and the Citizens of Central Texas. In no event will the CTRMA pay more than \$21.5 in settlement incentives to the Contractor for the release of said claims.

WHEREAS CTRMA and CH2M are Parties to that certain Design/Build Contract dated April 17, 2013 regarding the Project ("D/B Contract"), as amended by Amendment No. 1 (effective as of February 9, 2016), Amendment No. 2 (effective as of September 7, 2016), Amendment No. 3 (effective as of October 14, 2016), and Amendment No. 4 (effective as of February 1, 2017); and

WHEREAS the Project involves the development, design, and construction of an 11.2 mile express lane system within the Loop 1 right-of-way extending from Parmer Lane (FM 734) to Cesar Chavez Street in Austin, Texas. The development, design, and construction of the Project and its intersections, bridges, and other facilities (the "Development Work") are more specifically described in the Scope of Work of the D/B Contract; and

WHEREAS CH2M received Notice to Proceed on April 18, 2013 with Substantial Completion originally required by the D/B Contract 882 days later on September 17, 2015; and

WHEREAS under the D/B Contract, as amended, the Project is more than two years behind the original Project schedule; and

WHEREAS disputes have arisen between the Parties since shortly after CH2M received Notice to Proceed concerning the Parties' respective responsibilities, obligations and liabilities related to the Project, including but not limited to the delays in the Development Work; and

WHEREAS, to avoid the possible costs, burdens, uncertainties, and distractions of future litigation, the Parties now desire and, through the execution of this Agreement, do hereby resolve all claims that CH2M has or could have had against CTRMA through the Effective Date, known or unknown, including specifically, but without limitation, the following claims that CH2M has asserted in connection with the Project:

a. All claims enumerated in Paragraph 4 of Amendment No. 1, as restated herein: (i) Site Conditions associated with the undercrossing drainage; (ii) Differing Site Conditions associated with the undercrossing (SB and NB); (iii) delays and other issues associated with the City of Austin 42-inch water line relocation; (iv) previously rejected maintenances of traffic proposal(s); (v) design interferences; (vi) lack of labor availability; (vii) unusual rain events; (viii) appropriate depth of drill shafts for sound walls; and (ix) cumulative effects of changes, disputes, claims, and change orders;

b. CH2M's PCO No. 014 Non-Compliant Illumination claim included in the Recommendation by the Disputes Board dated January 9, 2017;

c. CH2M's PCO No. 023 Unidentified Utilities claim included in the Recommendation by the Disputes Board dated January 9, 2017;

- d. CH2M's PCO No. 068 Undercrossing Fire Protection;
- e. CH2M's PCO No. 079 TxDOT Duct Bank Interference;
- f. CH2M's PCO No. 085 Pavement Cross Slope and Profile Corrections;
- g. CH2M's PCO No. 088 Unsuitable Soils; and
- h. CH2M's PCO No. 094 Cracks in Subsurface Asphalt.

AGREEMENTS, RELEASES, AND PROMISES

NOW, THEREFORE. for and in consideration of the mutual promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, have agreed and do hereby agree as follows:

1. **Defined Terms:** All capitalized terms used herein, unless otherwise defined in this Agreement, shall have the meanings set forth in Exhibit "A" to the D/B Contract.

2. **Opening of Roadway:** The Parties agree that all aspects of the Development Work required for roadway opening and commencement of tolling shall be complete, including satisfaction of Exhibit B Scope of Work required coordination with the Systems Integrator as required by the D/B Contract, Paragraph 20.1.1(d) of the D/B Contract and placement of the final pavement, as defined in the D/B Contract, Exhibit B – Scope of Work, 20.0 ("Pavement including the Permeable Friction Course ("PFC") or other approved surface course"), and Undercrossing Fire Suppression Wet System by the following deadlines:

All Northbound Roadway: September 29, 2017

All Southbound Roadway: October 27, 2017

"Roadway" shall be defined as all paved surfaces in the Development Work in the northbound and southbound directions, respectively.

3. Ride Quality Requirements for Final Pavement: As a condition of this Settlement Agreement, the releases contained within it, and the Payment Terms contained in Paragraph 5 of this Settlement Agreement, the Parties agree that after the placement of "Final Pavement" as defined in Paragraph 20.1.1(d) and Exhibit B – Scope of Work, 20.0 of the D/B Contract ("Pavement including the Permeable Friction Course ("PFC") or other approved surface course"), the Parties will utilize and adopt TxDOT Standard Specifications, Item 585, Ride Quality for Pavement Surfaces as follows:

a. For any International Roughness Index ("IRI") values up to and including 85, the final pavement will be deemed acceptable.

b. Per Schedule 2 of the TxDOT Standard Specifications, Item 585, an average IRI reading of 86 to 95, inclusive, for each 0.10 mile of traffic lane, will warrant a pay adjustment (deduction) of \$400.00 against CH2M's respective milestone payments for the northbound and southbound Roadway openings, as provided by Paragraphs 5(a) and 5(b) of the Settlement Agreement.

c. For an IRI reading above 95, CH2M will be required to take corrective action using diamond grinding or other approved methods. CH2M shall then reprofile the corrected area and provide CTRMA with the new results. If the corrective action does not lower the IRI value below 95, then CTRMA in its sole discretion may either require CH2M to perform additional diamond grinding or other approved methods to achieve an IRI value below 95, or may assess a deduction of \$3,000.00 for each 0.1 mile section in which the IRI value is not below 95. The deduction will be assessed against CH2M's respective milestone payments for the northbound and southbound Roadway openings, respectively, as provided by Paragraphs 5a and 5b of the Settlement Agreement.

The Parties agree that the terms of Paragraphs 3 a, b, and c are accommodations made as part of this Settlement Agreement and do not otherwise alter the terms of the D/B Contract.

d. Notwithstanding anything to the contrary contained in the D/B Contract or this Paragraph 3, the Parties agree that the northbound lanes in Segment 1 and 2 from STA 0 + 00 to STA 370 + 00 that have been turned over to CTRMA and are currently open for use by the traveling public have been accepted by CTRMA and will not be subject to the deducts outlined in this Paragraph.

4. Sound Walls: On September 18, 2017, CH2M submitted final drawings prepared by WJE for the repair and completion of the sound walls, including but not limited to restoration of adjacent property, drainage, and general repair as required by the D/B Contract (the "Sound Wall Work").

a. Substantial Completion: The definition of Substantial Completion in the D/B Contract is revised to exclude the Sound Wall Work and any work related to or impacted by the Sound Wall Work. Project Substantial Completion shall be achieved by June 30, 2018.

b. Final Acceptance: The definition of Final Acceptance in the D/B Contract is revised to require that Final Acceptance must be achieved within 90 days of Substantial Completion. For sake of clarity, completion of the Sound Wall Work will be a condition of achieving Final Acceptance.

c. Warranties: The warranties related to the Sound Wall Work will commence to run upon Final Acceptance, as that term has been modified by Paragraph 4b of this Settlement Agreement.

d. Lane Closures: CTRMA agrees to seek TxDOT approval for nightly (9:00 PM to 5:00 AM or as approved by TxDOT or CTRMA in its sole discretion) lane closures of the right most lane and shoulder as needed for CH2M to perform the Sound Wall Work, leaving the managed lanes and other general purpose lanes open to traffic in both directions. At least ten business days before the beginning date of the nightly lane closures that CH2M will need in connection with the Sound Wall Work, CH2M shall inform CTRMA of the date(s) on which it will need such lane closures, and CTRMA agrees that by the end of the next business day after receiving CH2M's detailed closure plans and sufficient supporting documentation for each closure sought, it will seek TxDOT pre-approval of such lane closures. CTRMA does not control whether TxDOT grants such lane closures, and the failure of TxDOT to grant approval for some or all of the requested nightly lane closures will not be a basis for cancelling the Settlement Agreement.

The Parties agree to prioritize the sequencing and scheduling of Sound Wall Work. However, if TxDOT does not grant approval for a requested nightly lane closure, the date of Final Acceptance will be extended for each day such approval is not granted that prevents CH2M from performing the Sound Wall Work.

5. Payment Terms: The Parties agree that upon completion of the Development Work as required under Paragraph 2, and upon CH2M's full satisfaction of the Ride Quality Requirements for Final Paving contained within Paragraph 3, CTRMA will pay the following amounts to CH2M:

a. \$7 million: In the next regular draw after the requirements of Paragraph 2 and 3 have been satisfied with respect to the northbound Roadway, CTRMA shall pay CH2M \$7 million subject to subparagraphs i-v below.

i. For every day after September 22, 2017 that CH2M has not completed the final pavement on the northbound Roadway, CTRMA shall reduce the \$7 million payment by \$75,000 a day:

ii. If the final pavement on the northbound Roadway is not completed by September 29, 2017, then beginning on September 30, 2017, the reduction of the \$7 million payment will be increased from \$75,000 a day to \$100,000 a day until such final pavement work is complete:

iii. Upon completion of the final pavement of the northbound Roadway, the reduction of the \$7 million payment will be decreased to \$50,000 a day until Opening of the Roadway in the northbound direction. In no event shall the \$50,000 a day deduction be assessed prior to September 30, 2017. If all requirements to open the northbound Roadway are not met by September 29, 2017, even though final pavement was completed by September 22, 2017, then a \$50,000 per day deduction will be assessed beginning September 30, 2017 until the northbound Roadway is opened.

iv. The \$7 million payment contemplated by Paragraph 5a will be decreased by the deductions, if any, provided by Paragraph 3, Ride Quality Requirements for Final Pavement.

v. If CH2M completes the requirements of Paragraph 2. Opening of Roadway, except that the Northbound Roadway is not ready for tolling due to any damage caused by CH2M to the toll and ITS systems, any failure by CH2M to complete work required for the toll and ITS systems, any failure by CH2M to coordinate with the Systems Integrator as required by the D/B Contract, or any impediment caused by CH2M that interferes with the Systems Integrator's ability to complete the toll and ITS systems, then the \$7 million payment will be

decreased by \$50,000 a day pursuant to Paragraph 5a i-iii until such damage, failure, or impediment has been resolved, and the Roadway has been opened for tolling. No deductions from the \$7 million payment will be made for delays to commencement of tolling relating to the Systems Integrator's work that are not due to any failures by CH2M to meet its obligations under the D/B contract and this Settlement Agreement. The \$7 million payment, subject to any deductions, will be made following satisfaction of the requirements of Paragraph 2 of this Settlement Agreement, including the requirements of this subparagraph v.

b. \$10 million: In the next regular draw after the requirements of Paragraph 2 and 3 have been satisfied with respect to the southbound Roadway, CTRMA shall pay CH2M \$10 million subject to subparagraphs i-v below.

i. For every day after October 20, 2017 that CH2M has not completed the final pavement on the southbound Roadway, CTRMA shall reduce the \$10 million payment by \$75,000 a day;

ii. If the final pavement on the southbound Roadway is not complete by October 27, 2017, then beginning on October 28, 2017, the reduction of the \$10 million payment will be increased from \$75,000 a day to \$100,000 a day until such final pavement work is complete;

iii. Upon completion of the final pavement of the southbound Roadway, the reduction of the \$10 million payment will be decreased to \$50,000 a day until Opening of the Roadway in the southbound direction. In no event shall the \$50,000 a day deduction be assessed prior to October 28, 2017. If all requirements to open the southbound Roadway are not met by October 27, 2017, even though final pavement was completed by October 20, 2017, then a \$50,000

per day deduction will be assessed beginning October 28, 2017 until the southbound Roadway is opened.

iv. The \$10 million payment contemplated by Paragraph 5b will be decreased by the deductions, if any, provided by Paragraph 3, Ride Quality Requirements for Final Pavement.

v. If CH2M completes the requirements of Paragraph 2, Opening of Roadway, except that the Southbound Roadway is not ready for tolling due to any damage caused by CH2M to the toll and ITS systems, any failure by CH2M to complete work required for the toll and ITS systems, any failure by CH2M to coordinate with the Systems Integrator as required by the D/B Contract, or any impediment caused by CH2M that interferes with the Systems Integrator's ability to complete the toll and ITS systems, then the \$10 million payment will be decreased by \$50,000 a day pursuant to Paragraph 5b i-iii until such damage, failure, or impediment has been resolved, and the Roadway has been opened for tolling. No deductions from the \$10 million payment will be made for delays to commencement of tolling relating to the Systems Integrator's work that are not due to any failures by CH2M to meet its obligations under the D/B contract and this Settlement Agreement. The \$10 million payment, subject to any deductions, will be made following satisfaction of the requirements of Paragraph 2 of this Settlement Agreement, including the requirements of this subparagraph v.

c. \$3.5 million: Upon completion of the Sound Wall Work or Final Acceptance, whichever is earlier, CTRMA shall make a \$3.5 million payment to CH2M.

d. \$1 million: Upon Final Acceptance as defined in the D/B Contract, which must be achieved by 90 days after the June 30, 2018 deadline for Substantial Completion as per Paragraph 4, CTRMA shall make a \$1 million payment to CH2M. If Final Acceptance is not

achieved by 90 days after the June 30, 2018 deadline for Substantial Completion, the \$1 million payment shall be reduced by \$20,000 a day for each day on which Final Acceptance has not been achieved.

6. Change Orders: As of September 21, 2017, CH2M delivered to CTRMA supporting documents and CTRMA presented to TxDOT for review and approval the following Change Orders/Claims: (1) CH2M's PCO No. 023 Unidentified Utilities; (2) CH2M's PCO. No. 014 Non-Compliant Illumination; (3) CH2M's PCO No. 079 TxDOT Duct Bank Interference; (4) CH2M's PCO No. 068 Undercrossing Fire Protection; and (5) CH2M's PCO. No. 085 Pavement Cross Slope and Profile Corrections (collectively, the "Settlement Change Orders").

CTRMA agrees to pay CH2M the amount approved by TxDOT and FHWA for the Settlement Change Orders, but, regardless of the amount approved by TxDOT and FHWA, CTRMA agrees to pay CH2M no less than \$15 million. The Parties agree that under no circumstances will the payments made under this Settlement Agreement exceed \$38.5 million. If TxDOT and FHWA approve payment amounts exceeding \$17 million for the Settlement Change Orders, the amounts (if any) that CTRMA is obligated to pay CH2M under Paragraph 5 will be reduced dollar for dollar, from the next payment under Paragraph 5 until amounts (if any) owed under Paragraph 5 are exhausted.

The Parties will continue to cooperate in good faith to obtain approval of TxDOT and FHWA of the full amount of the Settlement Change Orders.

7. Full and Final Release: CH2M, on behalf of itself and its current and former shareholders, officers, directors, employees, insurers, subsidiaries, partners, members, attorneys, heirs, executors, administrators, successors, and assignees, hereby irrevocably and unconditionally releases and forever discharges CTRMA and its insurers, successors, assigns, employees,

directors, board members, attorneys, and administrators, from any and all liability, actions, claims, demands, costs, expenses, damages, causes of action, suits or obligations of any nature, whether at law, equity or otherwise, whether based upon statute, contract, tort, or otherwise, whether known or unknown, foreseen or unforeseen that have accrued from the beginning of time through the Effective Date, that CH2M has or may have based on any occurrence or condition that exists or has existed from the beginning of time through the Effective Date, whether presently known or unknown that is related in any way to the D/B Contract or the Project, including any pass-through claim by a CH2M subcontractor or supplier, known, unknown, or that could have been known, including any claim or assertion that liquidated damages assessed against CH2M are a penalty, and including, but not limited to, any claim or assertion directly or indirectly related, in any way, to or arising out of the claims referenced in Recital 4 to this Settlement Agreement as follows:

a. All claims enumerated in Paragraph 4 of Amendment No. 1, as restated herein: (i) Site Conditions associated with the undercrossing drainage; (ii) Differing Site Conditions associated with the undercrossing (SB and NB); (iii) delays and other issues associated with the City of Austin 42-inch water line relocation; (iv) previously rejected maintenances of traffic proposal(s); (v) design interferences; (vi) lack of labor availability; (vii) unusual rain events; (viii) appropriate depth of drill shafts for sound walls; and (ix) cumulative effects of changes, disputes, claims, and change orders;

b. CH2M's PCO, No. 023 Unidentified Utilities claim included in the Recommendation by the Disputes Board dated January 9, 2017;

c. CH2M's PCO, No. 014 Non-Compliant Illumination claim included in the Recommendation by the Disputes Board dated January 9, 2017;

d. CH2M's PCO No. 079 TxDOT Duct Bank Interference;

- e. CH2M's PCO No. 068 Undercrossing Fire Protection;
- f. CH2M's PCO. No. 085 Pavement Cross Slope and Profile Correction;
- g. PCO No. 088 Unsuitable Soils; and
- h. PCO No. 094 Cracks in Subsurface Asphalt.

8. Non-Conforming Work: CTRMA confirms that it has no knowledge, as of the Effective Date, of non-conforming work performed by CH2M or its subcontractors on the Project other than the work identified in the Non-Conformance Reports listed in Attachment "A" to this Settlement Agreement.

9. Future Personal Injury and Property Damage Claims: Notwithstanding anything contained in this Settlement Agreement, the Parties do not waive their respective rights, if any, to seek contribution for any future claims asserted by third-parties for personal injury or property damage arising out of the Project, to the extent such claims are permitted by applicable law or the D/B Contract. The Parties expressly represent that they are unaware of any such personal injury or property damage claims at this time and are reserving their rights solely in the event any such claim is made in the future.

10. Contract Remains in Effect: Except as revised by the Settlement Agreement, the D/B Contract (as amended) remains in effect.

11. No Admission of Fault: The Parties enter this Settlement Agreement for the purpose of compromising and settling the disputes described and identified herein. This Settlement Agreement does not constitute, and shall not be construed as, an admission by either Party of the truth or validity of any contentions advanced by either Party.

12. Attorneys' Fees: The Parties understand and agree that each Party shall bear its own attorneys' fees and costs in connection with the drafting of this Settlement Agreement.

13. Advice of Counsel: By its execution of this Settlement Agreement, each Party hereby expressly acknowledges that it has executed the same freely and voluntarily and that it has had the opportunity to seek and obtain advice of counsel, accountants and financial advisors of its choice, regarding the effect of the execution and delivery of this Settlement Agreement. Each Party agrees that it has had adequate opportunity to investigate and assess all of the facts and circumstances relevant to the decision to enter into this Settlement Agreement and is not relying on any express or implied representation, warranty or promise, except only as expressly contained in this Settlement Agreement to the contrary.

14. Governing Law and Venue: The Settlement Agreement shall be governed by the laws of the State of Texas, as applied to agreements executed and services performed entirely in Texas. In any legal action relating to this Settlement Agreement, the Party seeking the benefit of any of the provisions hereof agree and consent to the exercise of and submits to the jurisdiction of the state District Court of Travis County, Texas. Exclusive venue shall be the state District Court of Travis County, Texas.

15. Construction of the Settlement Agreement: This Settlement Agreement shall be construed as if the Parties prepared it jointly, and any uncertainty or ambiguity herein shall not be interpreted for or against either Party.

16. Inadmissibility of the Settlement Agreement: This Settlement Agreement has been entered in reliance upon the provisions of Rule 408 of the Texas Rules of Evidence, which precludes introduction of evidence regarding settlement negotiations in any legal proceeding. Evidence relating to the negotiation, terms, or facts of this Settlement Agreement shall not be admissible by any Party in any legal proceeding.

17. Recovery of Attorney Fees By Prevailing Party in the Event of Breach: If any action is brought to enforce this Settlement Agreement, or is brought in connection with any dispute arising out of this Settlement Agreement or the claims which are the subject of this Settlement Agreement, the prevailing Party shall be entitled to recover its reasonably and necessarily incurred attorney fees and other costs incurred in such litigation in addition to any other relief to which that Party may be entitled by law.

18. Severability: The provisions of this Settlement Agreement are severable. If any portion, provision, or part of this Settlement Agreement is held, determined, or adjudicated to be invalid, unenforceable or void for any reason whatsoever, each such portion, provision or part shall be severed from the remaining portions, provisions or parts of this Settlement Agreement and shall not affect the validity or enforceability of any remaining portions, provisions or parts.

19. Alteration: This Settlement Agreement shall not be altered, amended, or modified by oral representation made before or after the execution of this Settlement Agreement. All modifications must be in writing and duly executed by both Parties.

20. Representations and Warranties: CH2M represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and other matter which it releases in this Settlement Agreement and that it has not previously assigned or transferred, or purported to do so, to any person or other entity any right, title or interest in any such claim or other matter.

21. Binding on Successors: This Settlement Agreement shall be binding on the Parties and their respective administrators, agents, representatives, successors, and assignees, and shall inure to the benefit of the Parties and their respective administrators, agents, subcontractors,

suppliers, sub-consultants, representatives, successors, assignees, insurers, excess insurers, and sureties.

22. Integration: This Settlement Agreement constitutes a single, integrated, written contract expressing the entire understanding and agreement between the Parties regarding the resolution of the disputes discussed herein, and the terms of the Settlement Agreement are contractual and not merely recitals. Other than the D/B Contract, as amended, there is no other agreement, written or oral, expressed or implied, between the Parties with respect to the disputes addressed by this Settlement Agreement.

23. Authority to Execute: The individuals whose signatures are affixed to this Settlement Agreement in a representative capacity represent and warrant that they are authorized to execute the Settlement Agreement on behalf of and to bind the entity on whose behalf the signature is affixed.

24. Counterparts: This Settlement Agreement may be executed in counterpart facsimile signatures and all such counterparts shall constitute a single form of this Settlement Agreement.

25. This Settlement Agreement is expressly contingent on approval by the Parties, including without limitation CH2M's Surety, the CTRMA Board, TxDOT, and FHWA.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date specified herein.

D/B CONTRACTOR:

CH2M HILL ENGINEERS, INC.

By: 
Name: Terry Ruhl
Title: Executive Sponsor

MOBILITY AUTHORITY:

CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

By: 
Name: Mike Heiligenstein
Title: Executive Director

Attachment "A"

Non-Conformance Reports existing as of the Effective Date:

1. NCR-071 (CTRMA) Barrier Mounted Junction Box – revision req'd by CH2
2. NCR-076 (CTRMA) Final PFC Pvmt Markings_SB Seg1 - revision req'd by CH2
3. NCR-104 (CTRMA) Noise Barrier Damaged Panels –CTRMA memo to Ch2M 2/8
4. NCR-112 (CTRMA) SB CMRR Bridge - Overmill into deck – CH2M Response 6/8
5. NCR-118 (CH2M) MIP Sound Barrier Precast Panel Reinforcing – CH2M Response 8/16
6. NCR-121 (CTRMA) CIP CSB – CH2M Response 6/8
7. NCR-124 (CTRMA) Seg4 SB Express Lane Type D Pavement Slope – CH2M Response 9/1
8. NCR-125 (CH2M) CIP CSB and Luminaire Anchor Bolt Template – CH2M Response 6/15
9. NCR-127 (CH2M) Cut Rebar Reinforcement – CH2M Response 6/14
10. NCR-128 (CTRMA) Construction Sequence for OSB shafts at 575+00– CH2M Response 6/14
11. NCR-131 (CTRMA) Seg 3_PCCP at Power Pole – CH2M Response 6/27
12. NCR-140 (CTRMA) Non-Specification Slump Tests – CH2M Response 9/1
13. NCR-074 (CTRMA) CIP Noise Barrier – CTRMA letter response 7/21
14. NCR-079 (CTRMA) Curb Ramp Transition – CTRMA letter response 7/21
15. NCR-091 (CTRMA) Lane drop markings SB US183 exit – Issued 8/29
16. NCR-093 (CTRMA) Seg4 Paving SB Exit Ramp 4RSX5TH – CTRMA letter response 7/21
17. NCR-103 (CTRMA) Noise Barrier Issues – CTRMA letter response 7/21
18. NCR-110 (CTRMA) Segment 2B SB Outside Widening Surface Drainage – Issued 1/13
19. NCR-114 (CH2M) Precast Post Missing Concrete – Issued 2/28
20. NCR-120 (CTRMA) Graffiti Removal – Issued 4/25
21. NCR-126 (CH2M) Missing A-bars from T-551 Placements – CTRMA letter response 7/21
22. NCR-129 (CTRMA) Concrete RipRap under NB-06 – Issued 5/17
23. NCR-130 (CH2M) Damage to Asphalt at Segment 4 – Issued 6/6
24. NCR-132 (CTRMA) Concrete RipRap near RM2222 Toll Pad – Issued 6/12
25. NCR-134 (CTRMA) Segment 4 Stone Riprap – CTRMA issued letter response 7/17
26. NCR-135 (CH2M) Drainage Behind NB-16 Possible Flume Elevation – Issued 7/7
27. NCR-136 (CH2M) Drip Inlet Apron – Issued 7/7
28. NCR-137 (CTRMA) CSB Drain Slot Plug Material – Issued 7/10
29. NCR-138 (CTRMA) CSB Structural Repair – Issued 7/10
30. NCR-139 (CTRMA) RW-30 Wall Mounted Lighting Conduit – Issued 7/11
31. NCR-141 (CTRMA) Seg 4 NB PFC Surface Grades – Issued 9/1
32. NCR-142 (CTRMA) CSB Damage and Pins – Issued 9/12/17
- NCR-143 (CTRMA) Concrete Placements Not Scheduled – Issued 9/12



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #9

MoPac Improvement Project Update

Strategic Plan Relevance: Regional Mobility
Department: Engineering
Contact: Steve Pustelnyk, Director of Community Relations
Associated Costs: N/A
Funding Source: N/A
Action Requested: Briefing and Board Discussion Only

Summary:

The report is a construction status update for the MoPac Improvement Project.

Backup Provided: None



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AGENDA ITEM #10

Executive Director Board Report

Strategic Plan Relevance: Regional Mobility
Department: Executive
Contact: Mike Heiligenstein, Executive Director
Associated Costs: N/A
Funding Source: N/A
Action Requested: Briefing and Board Discussion Only

Summary:

Executive Director Report.

- A. Follow up on the diamond lane per Charles Heimsath's request.
- B. Introduction of new Director of Operations.

Backup Provided: None



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 26, 2017
AUDIT COMMITTEE MEETING
AGENDA ITEM #11

Accept the Independent Audit Reports by RSM
US LLP for the Fiscal Year Ending
June 30, 2017

Strategic Plan Relevance: Regional Mobility/Innovation/Economic Vitality/
Sustainability

Department: Finance

Contact: Bill Chapman, Chief Financial Officer

Associated Costs: N/A

Funding Source: N/A

Action Requested: Consider and act on draft resolution

Summary:

Each year the Mobility Authority engages an independent CPA firm to conduct the Authority's required annual audit and single audit. RSM US LLP has completed the annual audit for FY 2017 and will present those reports to the Audit Committee.

The draft resolution accepts the annual audits for FY 2017.

Backup Provided: To be provided at the Board Meeting.

**MEETING OF THE AUDIT COMMITTEE
OF THE
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 17-056

**ACCEPT THE INDEPENDENT AUDIT REPORTS BY RSM US LLP
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

WHEREAS, by Resolution No. 09-50 enacted July 31, 2009, the Board of Directors established the Audit Committee as a standing committee of the Board of Directors, consisting of all of the members of the Board of Directors; and

WHEREAS, under Resolution No. 09-50 and Section 101.036 of the Mobility Authority Policy Code, the Audit Committee is authorized to exercise all powers and authority of the Board of Directors with respect to Mobility Authority finances, and accordingly acts as, and on behalf of, the Board of Directors with respect to the matters addressed by this resolution; and

WHEREAS, the firm of RSM US LLP, has been engaged to provide an independent audit of the finances of the Central Texas Regional Mobility Authority for the fiscal year ending on June 30, 2017, and has presented that audit to the Audit Committee; and


WHEREAS, the Audit Committee has reviewed the "Basic Financial Statements", the "Federal Awards Compliance Report" and the "State Awards Compliance Report" prepared by RSM US LLP, attached respectively as Exhibits A, B, and C to this resolution, and has heard and considered the presentation on the audit by RSM US LLP.

NOW THEREFORE, BE IT RESOLVED, that the Audit Committee accepts the independent audit reports of the Central Texas Regional Mobility Authority for the fiscal year ending on June 30, 2017; and

BE IT FURTHER RESOLVED that this resolution constitutes approval by the Audit Committee of the investment reports required by 43 *Texas Administrative Code* Rule §26.61.

Adopted by the Audit Committee of the Board of Directors of the Central Texas Regional Mobility Authority on the 26th day of September, 2017.

Submitted and reviewed by:


Geoffrey Petrov, General Counsel

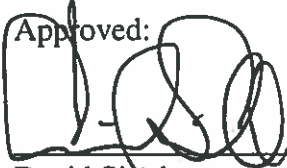
Approved: 
David Singleton
Chairman, Audit Committee

Exhibit A

Basic Financial Statements

Central Texas Regional Mobility Authority

Basic Financial Statements
June 30, 2017

Contents

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Central Texas Regional Mobility Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Texas Regional Mobility Authority (the Authority), which comprise the Statement of Net Position as of June 30, 2017; the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the year then ended; and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed on the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Authority as of and for the year ended June 30, 2016, were audited by other auditors, whose report dated September 12, 2016, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information—Pension Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Indenture Cash Flow and Debt Service Coverage on page 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

Austin, Texas
September 26, 2017

Central Texas Regional Mobility Authority

Management's Discussion and Analysis June 30, 2017 and 2016

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Central Texas Regional Mobility Authority (the Authority) presents the following discussion and analysis of the Authority's financial activities during the fiscal years that ended June 30, 2017 and 2016. This section is intended to be read in conjunction with the Authority's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: management's discussion and analysis, the basic financial statements, the notes to the financial statements and the required supplementary information.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Basic financial statements: The financial statements are designed to provide readers with an overview of the Authority's finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and deferred outflows, as well as the Authority's liabilities and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Net Position can be found on page 9 of this report.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The increase or decrease in net position may serve as an indicator of the effect of the Authority's current year operations on its financial position. The Statement of Revenues, Expenses and Changes in Net Position can be found on page 10 of this report.

The *Statement of Cash Flows* summarizes all of the Authority's cash flows into three categories as applicable: 1) cash flows from operating activities, 2) cash flows from capital and related financing activities and 3) cash flows from investing activities. The Statement of Cash Flows can be found on page 11 of this report. The Statement of Cash Flows, along with the related notes and information in other financial statements, can be useful in assessing the following:

- The Authority's ability to generate future cash flows
- The Authority's ability to pay its debt as the debt matures
- Reasons for the difference between the Authority's operating cash flows and operating income
- The impact of the Authority's financial position of cash and noncash transactions from investing, capital, and financing activities

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Financial Statements can be found starting on page 12 of this report.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued) June 30, 2017 and 2016

FINANCIAL HIGHLIGHTS

- Total toll revenue increased to \$75.6 million in 2017 from \$64.3 million in 2016 or an 18 percent increase. Total toll revenue increased from \$53.6 million to \$64.3 million from 2015 to 2016 or a 20 percent increase.
- Total operating expenses were approximately \$45.0 million, \$41.0 million and \$37.9 million in 2017, 2016 and 2015, respectively.
- Total construction in progress was approximately \$555.8 million, \$338.6 million and \$139.1 million as of June 30, 2017, 2016 and 2015, respectively. Construction in progress increased by approximately \$217.2 million from 2016 to 2017 in part due to progress made on the MoPac Improvement Project of approximately \$25.9 million and start of the SH 45 Southwest of approximately \$22.2 million and continuing the 183 South Project (collectively, the Projects) of approximately \$162.6 million.
- Construction in progress increased by approximately \$199.4 million from 2015 to 2016 in part due to the progress made on the MoPac Improvement Project of approximately \$46.0 million and start of the 183 South Project of approximately \$145.0 million.
- Total restricted cash and cash equivalents decreased by \$124.4 million from 2016 to 2017. The overall decrease in restricted cash and investments was largely due to construction of the Projects.
- Total restricted cash and cash equivalent increased by \$66.7 million from 2015 to 2016. The overall increase in restricted cash and cash equivalents was largely due to the bond proceeds from the issuance of debt in 2016.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net position: As noted above, net position may serve over time as a useful indicator of the Authority's financial position. The net position reflects an un-expendable and expendable portion of net position. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$635.1 million, \$466.8 million and \$319.0 million as of June 30, 2017, 2016 and 2015, respectively (see Table A-1). As of June 30, 2017 and 2016, the largest portion of the Authority's net position is reflected its investment in capital assets (the Tolling System infrastructure and related assets) net of any outstanding debt used to acquire those assets. The second largest portion of net position, as of June 30, 2017 and 2016, is expendable and reflects proceeds restricted for debt service or construction expenditures. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued)
June 30, 2017 and 2016

Table A-1
Condensed Schedule of Net Position
(In Thousands of Dollars)

	2017	2016	2015
Current assets	\$ 204,850	\$ 143,984	\$ 74,548
Restricted assets	309,229	492,744	252,497
Pension asset	355	202	474
Capital assets	1,491,482	1,084,996	892,639
Total assets	<u>2,005,916</u>	<u>1,721,926</u>	<u>1,220,158</u>
Deferred outflows of resources	109,742	91,656	18,080
Total assets and deferred outflows of resources	<u>\$ 2,115,658</u>	<u>\$ 1,813,582</u>	<u>\$ 1,238,238</u>
Total liabilities	\$ 1,480,216	\$ 1,346,650	\$ 919,161
Deferred inflows of resources	286	172	-
Total liabilities and deferred inflows of resources	<u>\$ 1,480,502</u>	<u>\$ 1,346,822</u>	<u>\$ 919,161</u>
Net position:			
Invested in capital assets	\$ 436,282	\$ 200,628	\$ 122,740
Restricted for other purposes	141,068	227,787	164,206
Unrestricted	57,806	38,345	32,131
Total net position	<u>635,156</u>	<u>466,760</u>	<u>319,077</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,115,658</u>	<u>\$ 1,813,582</u>	<u>\$ 1,238,238</u>

For fiscal year 2017, current and restricted assets decreased as a result of the Authority's ongoing construction on the Projects. The Authority receives grant funds, and bond proceeds to fund the Projects.

For fiscal year 2016, current and restricted assets increased as a result of the Authority's issuance of new debt to fund ongoing construction on the Projects.

For fiscal year 2017 and 2016, excluding accumulated depreciation capital assets increased as a result of the ongoing construction and current period Project additions of approximately \$222.3 million and \$214.0 million, respectively.

For fiscal year 2016 and 2015, excluding accumulated depreciation capital asset increased as a result of the ongoing construction and current period additions of approximately \$214.0 million and \$81.1 million, respectively, on the Projects.

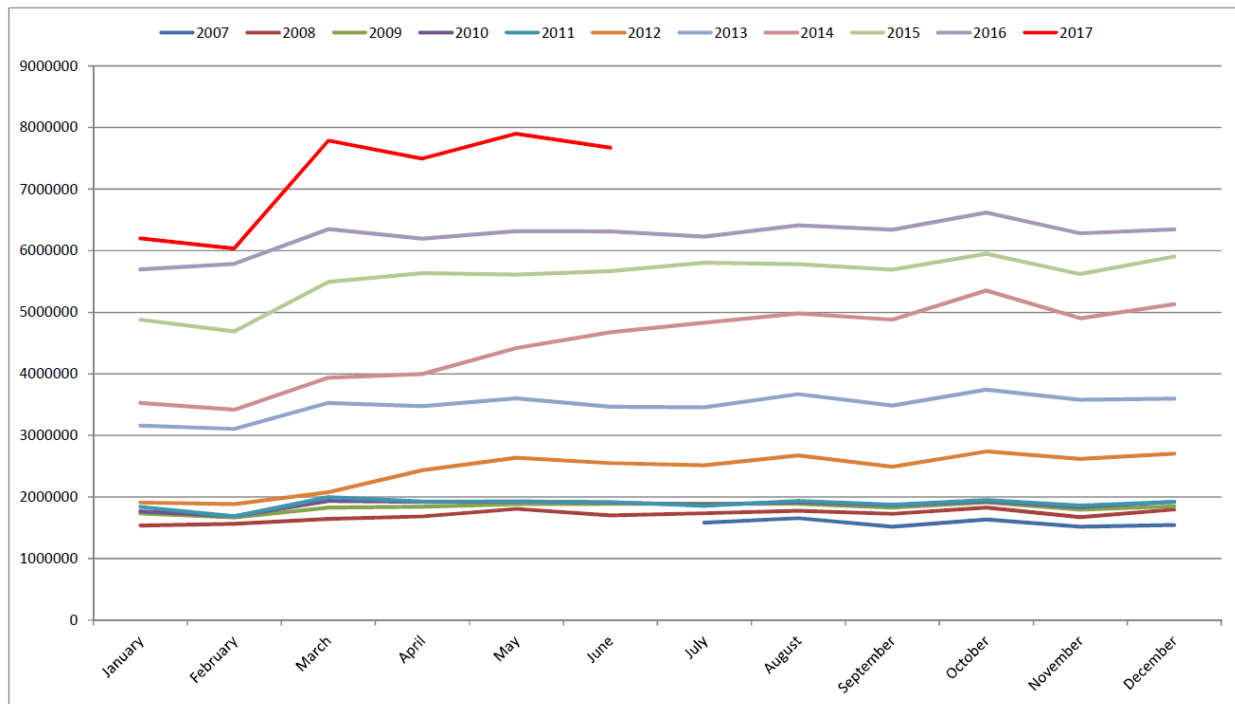
Changes in net position: The operating revenues continue to increase as the level of system transactions increases within the completed projects of the Authority's Tolling System (Highway 290E, Highway 183A Toll and the addition of Highway 71E in March of 2017). The average daily system transactions increased in 2017 from approximately 198 thousand per day in 2016 to approximately 222.7 thousand per day or from an annual total of approximately 62 million to 80 million from 2016 to 2017.

The average daily system transactions increased in 2016 from approximately 172 thousand per day to approximately 198 thousand per day in 2015 or from an annual total of approximately 45 million to 62 million from 2015 to 2016.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued) June 30, 2017 and 2016

Total Monthly Tolling System Transactions



As noted at Table A-2 on the following page, operating expenses increased by \$4.0 million from 2016 to 2017 and \$3.1 million from 2015 to 2016. The increases are related to the increase in the number of tolling transactions which result in additional expenses for road maintenance, image and tag collection fees.

The nonoperating expenses (net) decreased from \$50.8 million in fiscal year 2016 to \$32.5 million in fiscal year 2017. The decrease is attributed to financing expenses in 2016 from issuance of new revenue bonds exceeding the 2017 financing expenses. Additionally, the Series 2016 Refunding Bonds allowed for lower cost of borrowing and the Authority also capitalized interest of \$13.9 million in 2017 compared to \$9.1 million in 2016.

The nonoperating expenses (net) increased from \$42.1 million in fiscal year 2015 to \$50.8 million in fiscal year 2016. The increase is attributable to interest expense and financing expenses due to the issuance of new revenue bonds.

The change in net position before capital grants and contributions is a loss of \$0.2 million compared to a loss of \$26.0 million and \$24.0 million in 2017, 2016 and 2015, respectively. See Table A-2.

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued)
June 30, 2017 and 2016

Table A-2
Condensed Schedule of Revenue, Expenses and Changes in Net Position
(In Thousands of Dollars)

	2017	2016	2015
Revenues:			
Toll revenue	\$ 75,651	\$ 64,312	\$ 53,592
Grant proceeds and other operating	1,569	1,486	2,222
Total revenues	<u>77,220</u>	<u>65,798</u>	<u>55,814</u>
Expenses:			
Administration	20,501	16,721	13,935
Professional services	2,371	2,578	2,754
Depreciation and amortization	22,099	21,692	21,233
Total expenses	<u>44,971</u>	<u>40,991</u>	<u>37,922</u>
Operating income	32,249	24,807	17,892
Total net nonoperating revenue (expenses)	<u>(32,461)</u>	<u>(50,837)</u>	<u>(42,127)</u>
Change in net position—before capital grants and contributions	(212)	(26,030)	(24,235)
Capital grants and contributions	168,608	173,714	55,357
Change in net position	<u>168,396</u>	<u>147,684</u>	<u>31,122</u>
Total net position at beginning of year	466,760	319,076	287,954
Total net position at end of year	<u>\$ 635,156</u>	<u>\$ 466,760</u>	<u>\$ 319,076</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: As of June 30, 2017, 2016 and 2015, the Authority had invested approximately \$555.8 million; \$338.6 million and \$139.1 million, respectively, in construction in progress. Of the \$555.8 million and \$338.6 million of the construction in progress, the non-tolling system projects (projects other than Highway 290E, Highway 183A, Highway 71E and 183 South Toll) made up \$216.8 million and \$167.0 million of the total in 2017 and 2016, respectively. See Table A-3 and Note 3.

Table A-3
Capital Assets
(Net of Depreciation, in Thousands of Dollars)

	2017	2016	2015
Property and equipment	\$ 12,474	\$ 11,830	\$ 11,767
Toll road	1,009,918	837,774	823,229
Accumulated depreciation	(125,242)	(103,162)	(81,489)
Construction in progress	594,333	338,554	139,132
Net capital assets	<u>\$ 1,491,483</u>	<u>\$ 1,084,996</u>	<u>\$ 892,639</u>

Central Texas Regional Mobility Authority

Management's Discussion and Analysis (Continued) June 30, 2017 and 2016

Long-term debt: As of June 30, 2017, 2016 and 2015, the Authority had total debt outstanding of approximately \$1,364.5 million, \$1,244.5 million and \$794.8 million, respectively. See Table A-4.

On July 25, 2017, Moody's Investors Service (Moody's) affirmed the Baa2 rating for senior lien bonds and Baa3 rating for the subordinate lien revenue refunding bonds of the Authority. Moody's revised the outlook for the Authority to positive.

Table A-4
Total Debt
(In Thousands of Dollars)

	2017	2016	2015
Total debt:			
Total bonds and other obligations	\$ 1,360,946	\$ 1,239,227	\$ 787,833
Total notes	3,570	5,300	7,030
Total debt outstanding	<u>\$ 1,364,516</u>	<u>\$ 1,244,527</u>	<u>\$ 794,863</u>
Total debt service payments:			
Principal payments	\$ 6,425	\$ 6,905	\$ 4,794
Interest payments	43,872	38,004	39,848

The total debt obligations include the current portion of the obligations of \$6,950,000, \$6,425,000 and \$6,905,258 for 2017, 2016 and 2015, respectively.

Additional information on the Authority's long-term debt can be found in Note 4 of this report.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Central Texas Regional Mobility Authority, 3300 North IH 35, Suite 300, Austin, 78705.

Central Texas Regional Mobility Authority

Statements of Net Position June 30, 2017 and 2016

	2017	2016
Current assets:		
Unrestricted:		
Cash and cash equivalents (Note 2)	\$ 903,311	\$ 714,088
Investments (Note 2)	67,774,818	682,683
Due from other governments (Note 9)	17,083,930	86,763,659
Accrued interest receivable	325,529	490,450
Prepaid expenses and other assets	37,999	107,601
Total unrestricted	86,125,587	88,758,481
Restricted:		
Cash and cash equivalents (Note 2)	118,725,139	55,225,460
Total restricted	118,725,139	55,225,460
Total current assets	204,850,726	143,983,941
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents (Note 2)	81,632,324	269,711,004
Investments (Note 2)	227,597,046	223,032,526
Total restricted assets	309,229,370	492,743,530
Pension asset (Note 8)	355,139	202,023
Total capital assets, net (Note 3)	1,491,481,738	1,084,996,036
Total noncurrent assets	2,005,916,973	1,721,925,530
Total deferred outflows of resources (Notes 5 and 8)	109,741,671	91,656,069
Total assets and deferred outflows of resources	\$ 2,115,658,644	\$ 1,813,581,599
Current liabilities:		
Payable from current assets:		
Accounts payable	\$ 1,838,473	\$ 1,330,859
Due to other agencies	1,672,933	775,589
Accrued expenses	413,542	316,233
Total payable from current assets	3,924,948	2,422,681
Payable from restricted current assets:		
Construction accounts payable	73,481,537	29,254,281
Accrued interest payable	25,975,163	19,546,179
Bonds, notes payable and other obligations, current portion (Note 4)	6,950,000	6,425,000
Unearned revenue	12,318,439	-
Total payable from restricted current assets	118,725,139	55,225,460
Total current liabilities	122,650,087	57,648,141
Noncurrent liabilities:		
Unearned revenue	-	50,900,048
Notes payable, net of current portion (Note 4)	1,805,000	3,570,000
Revenue bonds payable and other obligations, net of current portion (note 4)	1,355,761,123	1,234,531,635
Total noncurrent liabilities	1,357,566,123	1,289,001,683
Total liabilities	1,480,216,210	1,346,649,824
Total deferred inflows of resources (Notes 5 and 8)	286,449	172,017
Total liabilities and deferred inflows of resources	1,480,502,659	1,346,821,841
Net position:		
Investment in capital assets	436,282,193	200,627,568
Restricted for Debt Service	141,067,986	227,786,780
Unrestricted	57,805,806	38,345,410
Total net position	635,155,985	466,759,758
Total liabilities and net position	\$ 2,115,658,644	\$ 1,813,581,599

See notes to financial statements.

Central Texas Regional Mobility Authority

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2017 and 2016**

	2017	2016
Operating revenues:		
Tolls	\$ 75,651,364	\$ 64,312,051
Grant proceeds and other operating	1,568,891	1,486,310
Total operating revenues	77,220,255	65,798,361
Operating expenses:		
Salaries and wages	4,337,946	3,681,148
Toll contractual services	8,356,483	7,424,664
Professional services	2,370,921	2,578,740
General and administrative	7,806,640	5,615,089
Depreciation and amortization	22,099,071	21,691,703
Total operating expenses	44,971,061	40,991,344
Operating income	32,249,194	24,807,017
Nonoperating revenues (expenses):		
Interest income	847,178	486,637
Financing expense	(1,358,618)	(9,384,791)
Interest expense, net of interest capitalized	(31,949,097)	(41,939,306)
Total nonoperating revenue (expenses)	(32,460,537)	(50,837,460)
Change in net position before capital grants and contributions	(211,343)	(26,030,443)
Capital grants and contributions	168,607,570	173,713,752
Change in net position	168,396,227	147,683,309
Total net position at beginning of year	466,759,758	319,076,449
Total net position at end of year	\$ 635,155,985	\$ 466,759,758

See notes to financial statements.

Central Texas Regional Mobility Authority

Statements of Cash Flows Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from toll fees	\$ 73,772,971	\$ 64,876,236
Receipts from grants and other income	1,568,891	1,486,310
Payments to vendors	(17,059,484)	(14,564,319)
Payments to employees	(4,258,810)	(3,819,516)
Net cash flows provided by operating activities	54,023,568	47,978,711
Cash flows from capital and related financing activities:		
Proceeds from notes payable and other obligations	49,636,149	11,454,088
Proceeds from (payments on) revenue bonds issuance	(3,855,854)	355,765,281
Payments on interest	(45,132,276)	(35,333,229)
Payments on bonds	(6,425,000)	(6,905,258)
Purchase of capital assets	(2,260,579)	(62,727)
Payments for construction in progress	(206,701,520)	(199,069,851)
Proceeds from capital grants	100,753,583	80,410,037
Proceeds from contributed capital	4,500,000	-
Net cash flows provided by (used in) capital and related financing activities	(109,485,497)	206,258,341
Cash flows from investing activities:		
Interest income, gross of capitalized interest	3,170,825	59,890
Purchase of investments	(285,516,658)	(251,082,404)
Proceeds from sale or maturity of investments	213,417,984	63,379,136
Net cash flows used in investing activities	(68,927,849)	(187,643,378)
Net increase (decrease) in cash and cash equivalents	(124,389,778)	66,593,674
Cash and cash equivalents at beginning of year	325,650,552	259,056,878
Cash and cash equivalents at end of year	\$ 201,260,774	\$ 325,650,552
Reconciliation of change in net assets to net cash provided by operating activities:		
Operating income	\$ 32,249,194	\$ 24,807,017
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,099,071	21,691,703
Changes in assets and liabilities:		
(Increase) decrease in due from other agencies	(1,926,383)	564,185
(Increase) decrease in prepaid expenses and other assets	69,602	(84,471)
Increase in accounts payable	555,604	923,985
Increase in accrued expenses	946,663	160,700
(Increase) decrease in pension asset	(153,116)	272,214
Increase in deferred outflow of resources	68,501	(528,639)
Increase in deferred inflow of resources	114,432	172,017
Total adjustments	21,774,374	23,171,694
Net cash flows provided by operating activities	\$ 54,023,568	\$ 47,978,711
Reconciliation of cash and cash equivalents:		
Unrestricted cash and cash equivalents	\$ 903,311	\$ 714,088
Restricted cash and cash equivalents:		
Current	118,725,139	55,225,460
Noncurrent	81,632,324	269,711,004
Total	\$ 201,260,774	\$ 325,650,552

See notes to financial statements.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 1. Organization and Summary of Significant Accounting Policies

The financial statements of the Central Texas Regional Mobility Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

A. Reporting entity: The Authority was authorized by the State of Texas in 2002. The Authority is authorized to construct, maintain, repair and operate turnpike projects at locations authorized by the Legislature of the State of Texas and approved by the State Department of Transportation. The Authority receives its revenues from tolls, fees and reimbursement grants from the operation of turnpike projects and reimbursement grants for the construction of toll projects. The Authority may issue revenue bonds for the purpose of paying the costs of turnpike projects.

The Authority was formed through the joint efforts of Travis and Williamson Counties (the Counties). Their efforts began in September 2002, following the enactment of provisions by the 77th Texas Legislature authorizing the formation of regional mobility authorities (RMAs). The petition to form the Authority was filed by the Counties, and the Texas Transportation Commission granted approval for its formation in October 2002. The Counties appointed its initial Board of directors (the Board) in January 2003. Each County appointed three directors, and the Governor appointed the presiding officer. The members are appointed in belief that the composition of the Board and the common interest in the region shared by all Board members will result in adequate representation of all political subdivisions within the geographic area of the RMA and serve without pay for terms of two years. The Authority has full control over all operations, but must comply with certain bond indentures and trust agreements. The Authority employs an Executive Director who manages the day-to-day operations.

In evaluating how to define the Authority for financial reporting purposes, management has determined there are no entities over which the Authority exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Authority. Since the Authority does not exercise significant influence or accountability over other entities, it has no component units.

B. Basis of accounting: The operations of the Authority are accounted for within a single proprietary (enterprise) fund through which all financial activities are recorded. The measurement focus for an enterprise fund is the flow of economic resources. An enterprise fund follows the accrual basis of accounting. With this measurement focus, all assets, liabilities and deferred inflows and outflows of resources associated with the operations are included on the Statements of Net Position. Net position (i.e., total assets and deferred outflows net of total liabilities and deferred inflows) is segregated into amounts of net investment in capital assets, amounts restricted for capital activity and debt service pursuant to the bond indenture, and amounts which are unrestricted. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which the liability is incurred regardless of the timing of related cash flows, and depreciation of capital assets is recognized. Revenue from grants and contracts specifying allowable costs to be incurred are recognized as revenue when all eligibility requirements imposed by the provider are met and qualifying expenditures have been incurred.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

C. Cash, cash equivalents and investments: Cash and cash equivalents include cash on hand, demand deposits, investments in local government investment pools and short-term investments with original maturities of three months or less from the date of acquisition. Bank deposits are fully collateralized or covered by federal depository insurance.

Fair value is the price that would be received to sell an asset in an ordinary transaction between market participants. Investments in debt securities are reported at fair value based on pricing service modeling for fixed income securities. Investment in local government investment pools are reported at amortized cost. The net change in fair value of investments is recorded on the Statement of Revenues, Expenses and Changes in Net Position and includes the unrealized and realized gains and losses on investments.

The Authority's investment practices are governed by State statutes, the Authority's own investment policy and bond indentures and the Texas Public Funds Investment Act.

D. Compensated absences: Vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. There are no accumulating sick leave benefits that vest for which any liability must be recognized.

E. Capital assets: Capital assets, which include property and equipment, right of way and toll roads, are reported at cost. Capital assets acquired through contributions, such as those from developers or other governments, are recorded at estimated acquisition value at the date of donation. Capital assets are defined as assets with initial, individual costs exceeding \$500 to \$20,000, depending on the asset category. Depreciation is computed on the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Live</u>
Roads and bridges	40 years
Improvements	5-20 years
Buildings	20-30 years
Equipment	3-10 years

A full month's depreciation is taken in the month an asset is placed in service. When property and equipment are disposed, the cost and accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is recorded in operations.

The Authority capitalizes interest cost of restricted tax-exempt borrowings less any interest earned on temporary investment of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use.

The Authority tests for impairment of capital assets when significant unexpected decline in service utility occurs. There were no asset impairments in fiscal year 2017 or 2016.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

F. Grants and contributions: Revenues from grants and contributions are cash and noncash which include the following: (1) Capital grants and contributions which are restricted revenues whose resources may only be spent to purchase, build or use capital assets for specified programs or (2) Operating grants and contributions which are restricted in the way they may be spent for operations of a particular program.

The Authority has entered into several construction contracts with the Texas Department of Transportation (TxDOT) for the construction of roadways using Highway Planning and Construction federal funding and certain state funding for transportation improvements. During the years ended June 30, 2017 and 2016, the Authority recognized capital grants and contributions of approximately \$168.6 million and \$173.7 million, respectively, from TxDOT. Revenues from federal and state cost reimbursement grants and contracts are recognized as earned when all eligibility requirements, including incurring allowable expenditures, have been met. As of June 30, 2017 and 2016, there was approximately \$12.3 million and \$50.9 million, respectively, of unearned revenue from TxDOT construction contracts which is recorded as unearned revenue in the Statement of Net Position until qualifying allowable expenditures are incurred.

G. Restricted assets: Certain assets of the Authority are classified as restricted assets in the Statement of Net Position because their use is limited by applicable bond covenants or TxDOT construction contracts. When the proceeds are restricted for the acquisition or construction of noncurrent assets or are restricted for liquidation of long-term debt, they are further classified as noncurrent restricted assets. The Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. In the financial statements, restricted net position is reported for amounts that are externally restricted by creditors (e.g., bond covenants), grantors, contributors or laws and regulations of other governments or law through constitutional provision or enabling legislation.

H. Income taxes: The Authority is an instrumentality of the state of Texas. As such, income earned in the exercise of its essential government functions is exempt from federal income taxes.

I. Pensions: The net pension liability, deferred outflows and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Authority's participation in the Texas County and District Retirement System (TCDRS), an Agent Plan, and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized in the TCERS net pension liability calculations when due and payable in accordance with the benefit terms. The investments are stated at fair value.

J. Deferred outflows and inflows of resources: The Authority has classified as deferred inflows of resources items that represent acquisition of net position that applies to future periods and will not be recognized as a revenue until then. The Authority has classified as deferred outflows of resources certain items that represent a consumption of resources that applies to a future period and, therefore, will not be recognized as an expense until then. Bond issuance cost, other than prepaid insurance, is expensed as incurred, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Deferred gains/losses on refunding (the difference between the reacquisition price and the carrying value of the existing debt) are recorded as deferred outflows of resources and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

K. Long-term obligations: Long term obligations are reported as liabilities in the statement of net position and consist of notes and bonds payable and related premiums and discounts. The Authority amortizes premiums and discounts over the estimated life of the bonds as an adjustment to interest expense using the effective interest method.

L. Classification of operating and nonoperating revenue and expenses: The Authority defines operating revenues and expenses as those revenues and expenses generated by the Authority's Tolling System. It also includes all revenues and expenses not related to capital and related financing, noncapital financing or investing activities. This definition is consistent with the Codification of Governmental Accounting and Financial Reporting Standards, which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, noncapital financing or investing activities. All revenues and expense not meeting this definition are reported as nonoperating revenue and expenses.

M. Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Examples of management's use of estimates and assumptions include, but are not limited to, depreciable lives and estimated residual value of property and equipment, and the valuation of investments.

N. Noncash disclosures for statements of cash flows:

Highway 71E Toll Project: Effective February 27, 2013, the Authority executed an agreement with TxDOT and elected to waive and decline the Authority option under the Texas Administrative Code to develop, finance, and construct the Highway 71E Toll Project which consists of three miles of toll lanes (the Project). However, the Authority elected to retain its option to operate any potential toll lanes on the Project and to retain the revenues generated therefrom. Under the agreement, TxDOT funded the development, design, and construction of the Project, subject to partial reimbursement from the Authority as provided in this agreement. The Project was substantially completed and operational in 2017. The completion of the Project resulted in the contribution of the Highway 71E Toll Project asset to the Authority's toll system in the amount of approximately \$161.0 million with a repayment liability of approximately \$65.0 million, from future toll collections, and a capital contribution from TxDOT of \$96.0 million of the toll project cost.

Noncash Disclosure (in Millions)	2017	2016
Highway 71E Toll Project obligation:		
Increase in highway and bridge capital asset	\$ 161.0	\$ -
Capital Contribution of Highway 71E Toll Project from TxDOT	96.0	-
Increase in Highway 71E Toll Project Obligation to TxDOT	65.0	-
Total	<u>\$ 322.0</u>	<u>\$ -</u>

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Series 2015 and 2016 Obligations: The Authority issued its Series 2015A Senior Lien Revenue Bonds and Series 2015B Senior Lien Revenue and Refunding Put Bonds on November 19, 2015, collectively called the Series 2015 Obligations. The Authority issued its Series 2016 Senior Lien Revenue Refunding Bonds on June 1, 2016 and its Series 2016 Subordinate Lien Revenue Refunding Bonds on August 1, 2016, called the Series 2016 Obligations. The refunding effected through the use of a portion of the proceeds of the Series 2015 Obligations and the Series 2016 Obligations resulted in the following noncash transactions:

Noncash Disclosure (in Millions)	2017	2016
Payments to refunding bond escrow:		
2013 B Senior Lien Bonds	\$ -	\$ 30.0
2010 Senior Lien Bonds	-	51.0
2011 Senior Lien Bonds	70.0	296.0
Issuance costs	1.0	9.4
Deferred outflow on refunding	19.4	74.8
Total	<u>\$ 90.4</u>	<u>\$ 461.2</u>

Note 2. Cash and Investments

The Authority's Board has adopted an Investment Policy to set forth the factors involved in the management of investment assets for the Authority. The Authority seeks to mitigate risk by investing in compliance with the investment policy, state statutes and bond indenture provisions by qualifying the broker or financial institution with whom the Authority will transact business, maintaining sufficient collateralization, portfolio diversification and limiting maturities.

TexSTAR Investment Pool balances are carried at amortized cost which does not require categorization under GASB No. 72, *Fair Value Measurements and Application*.

The Authority had the following investments as of June 30:

Summary of Investments by Type	2017	2016
Cash and cash equivalents	\$ 201,260,774	\$ 325,650,552
TexSTAR Investment Pool	169,963,150	16,290,848
United States government sponsored enterprises	125,408,714	204,921,478
Municipal Bonds	-	2,502,883
Total cash and investments	<u>\$ 496,632,638</u>	<u>\$ 549,365,761</u>
Unrestricted cash and cash equivalents	\$ 903,311	\$ 714,088
Unrestricted investments	67,774,818	682,683
Restricted cash and cash equivalents:		
Current	118,725,139	55,225,460
Noncurrent	81,632,324	269,711,004
Restricted investments	<u>227,597,046</u>	<u>223,032,526</u>
Total cash and cash equivalent and investment, as reported on the Statement of Net Position	<u>\$ 496,632,638</u>	<u>\$ 549,365,761</u>

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 2. Cash and Investments (Continued)

The Authority utilizes various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Authority has the ability to access.

Level 2: Inputs are observable other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3: Inputs are unobservable for the asset or liability, to the extent relevant observable inputs are not available, representing the Authority's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments measured at net asset value do not have significant terms or conditions for redemption or commitment for additional funding. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following tables summarize the inputs used as of June 30, 2017 and 2016 for the Authority's investments measured at fair value:

Investment Type	Fair Value Hierarchy—June 30, 2017			
	Level 1	Level 2	Level 3	Fair Value
Federal HOME Loan Bank	\$ -	\$ 75,626,854	\$ -	\$ 75,626,854
Federal Farm Credit Bank	-	39,975,000	-	39,975,000
Farmer MAC	-	9,806,860	-	9,806,860
Total U.S. government sponsored enterprise securities	\$ -	\$ 125,408,714	\$ -	125,408,714
Investment at amortized cost:				
TexSTAR Investment Pool				169,963,150
Total				<u>\$295,371,864</u>

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 2. Cash and Investments (Continued)

Investment Type	Fair Value Hierarchy—June 30, 2016			
	Level 1	Level 2	Level 3	Fair Value
Federal HOME Loan Bank	\$ -	\$ 96,466,199	\$ -	\$ 96,466,199
Federal HOME Loan Corp.	-	24,092,574	-	24,092,574
Federal HOME Loan Bank Series	-	8,000,675	-	8,000,675
Federal National Mortgage Assn.	-	16,048,171	-	16,048,171
Federal Farm Credit Bank	-	47,974,609	-	47,974,609
Freddie MAC Callable	-	9,838,850	-	9,838,850
Farmer MAC	-	2,500,400	-	2,500,400
Total U.S. government sponsored enterprise securities	\$ -	\$ 204,921,478	\$ -	204,921,478
Municipal bonds	\$ -	\$ 2,502,883	\$ -	2,502,883
Investment at amortized cost:				
TexSTAR Investment Pool				16,290,848
Total				<u>\$223,715,209</u>

Custodial credit risk—deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover its collateral securities that are in the possession of an outside party. The Authority has a formal policy specific to custodial credit risk, which requires bank deposit accounts to be collateralized with pledged securities equal to 105 percent of the carrying value.

There is no limit on the amount the Authority may deposit in any one institution. The Authority was fully collateralized with pledged securities held in the name of the pledging financial institution for amounts in excess of the Federal Deposit Insurance Corporation limit of approximately \$318.0 thousand as of June 30, 2017.

Custodial credit risk—investments: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Authority and are held by the counterparty, its trust or agent, but not in the Authority's name. The Authority's investment securities are not exposed to custodial credit risk because all securities are held by the Authority's custodial bank in the Authority's name.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority is authorized to invest funds in accordance with its investment policy, bond indentures and the Texas Public Funds Investment Act. Authorized investments include, but are not limited to: United States Treasury and federal agency issues, certificates of deposit issued by a state or national bank domiciled in the state of Texas, repurchase agreements collateralized by United States Treasury or federal agency securities, guaranteed investment contracts (GICs), obligations of states and municipalities, Securities and Exchange Commission (SEC) registered no-load money market mutual funds and local government investment funds.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 2. Cash and Investments (Continued)

With regards to investment composition, the Authority's investment policy currently states that local government investment pools may not exceed 80 percent of the total investment portfolio less bond funds. Bond funds may be invested at 100 percent of total investment portfolio. No other parameters for investment composition are stated in the approved investment policy.

The Authority's portfolio consisted of the following as of June 30:

	2017		2016	
TexSTAR Investment Pool	\$ 169,963,150	57.5%	\$ 16,290,848	7.3%
Federal HOME Loan Bank	75,626,854	25.6%	96,466,199	43.1%
Federal HOME Loan Corp.	-	-	24,092,574	10.8%
Federal HOME Loan Bank Series	-	-	8,000,675	3.6%
Federal National Mortgage Assn.	-	-	16,048,171	7.2%
Federal Farm Credit Bank	39,975,000	13.5%	47,974,609	21.4%
Freddie Mac Callable	-	-	9,838,850	4.4%
Farmer MAC	9,806,860	3.3%	2,500,400	1.1%
U.S. government sponsored enterprises	\$ 125,408,714	42.5%	\$ 204,921,478	91.6%
Municipal bonds	\$ -	0.0%	\$ 2,502,883	1.1%

Interest rate risk: Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. Interest rate risk may be mitigated by investing operating funds primarily in shorter term securities, money market funds or similar investment pools and limiting the average maturity of the portfolio.

The Authority's investment policy notes that with regard to maximum maturities, the Authority will attempt to match its investments with anticipated 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 16 months from the date of purchase, unless approved by the Authority's Board. Investment of bond proceeds shall not exceed the projected expenditure schedule of the related project. Reserve funds may be invested in securities exceeding 12 months if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

As of June 30, 2017 and 2016, the Authority's investments in debt securities mature as follows:

Investment Type	Investment Maturities (in Days)—2017				Fair Value
	90 Days or Less	91 to 180 Days	181 to 365 Days	Greater Than 365 Days	
Federal HOME Loan Bank	\$ 21,275,076	\$ 14,387,328	\$ 39,964,450	\$ -	\$ 75,626,854
Federal Farm Credit Bank	24,996,000	-	14,979,000	-	39,975,000
Farmer MAC	-	9,806,860	-	-	9,806,860
Total U.S. government sponsored enterprise securities	\$ 46,271,076	\$ 24,194,188	\$ 54,943,450	\$ -	\$ 125,408,714

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 2. Cash and Investments (Continued)

Investment Type	Investment Maturities (in Days)—2016				Fair Value
	90 Days or Less	91 to 180 Days	181 to 365 Days	Greater Than 365 Days	
Federal HOME Loan Bank	\$ -	\$ 33,307,172	\$ 17,021,525	\$ 46,137,502	\$ 96,466,199
Federal HOME Loan Corp.	-	-	24,092,574	-	24,092,574
Federal HOME Loan Bank Series	-	-	-	8,000,675	8,000,675
Federal National Mortgage Assn.	-	-	16,048,171	-	16,048,171
Federal Farm Credit Bank	-	-	8,000,590	39,974,019	47,974,609
Freddie Mac Callable	-	-	-	9,838,850	9,838,850
Farmer MAC	-	-	2,500,400	-	2,500,400
Total U.S. government sponsored enterprise securities	-	33,307,172	67,663,260	103,951,046	204,921,478
Municipal bonds	-	-	-	2,502,883	2,502,883
Total	\$ -	\$ 33,307,172	\$ 67,663,260	\$ 106,453,929	\$ 207,424,361

Local Government Investment Pool: The Texas Short-Term Asset Reserve Fund (TexSTAR) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. TexSTAR is managed by a 5-member board of trustees who has contracted with JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc. to administer the operations of the fund. TexSTAR is rated AAA by Standard & Poor's and maintains a weighted average maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The amounts can be withdrawn with limited notice.

The Chief Financial Officer of the Authority is the President of TexSTAR. The Authority has investments of \$170.0 million and \$16.3 million, respectively in TexSTAR as of June 30, 2017 and 2016.

Credit risk: Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations to the Authority. To help mitigate credit risk, credit quality guidelines are incorporated into the investment policy, as follows:

- Limiting investments to the safest types of securities, as listed above under the concentration of credit risk section
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Authority will do business

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 2. Cash and Investments (Continued)

The Authority's investments had the following credit risk structure as of June 30, 2017 and 2016, based on Standard & Poor's ratings:

Standard & Poor's			
U.S. Government Sponsored Enterprise Securities	Investment Grade Rating	2017	2016
Federal HOME Loan Bank	AA+	\$ 75,626,854	\$ 96,466,199
Federal HOME Loan Corp.	AA+	-	24,092,574
Federal HOME Loan Bank Series	AA+	-	8,000,675
Federal National Mortgage Assn.	AA+	-	16,048,171
Federal Farm Credit Bank	AA+	39,975,000	47,974,609
Freddie MAC Callable	AA+	-	9,838,850
Farmer MAC	AA+	9,806,860	2,500,400
Total U.S. government sponsored enterprise securities		125,408,714	204,921,478
Municipal bonds	AAA	-	2,502,883
Total		<u>\$ 125,408,714</u>	<u>\$ 207,424,361</u>

Note 3. Capital Assets

The following schedule summarizes the capital assets of the Authority as of June 30, 2017 and 2016.

	2016	Additions	Disposals	Transfers	2017
Nondepreciable assets:					
Construction in progress	\$ 338,554,088	\$ 262,061,658	\$ -	\$ (6,282,656)	\$ 594,333,090
Right of way	86,849,831	1,298,277	-	-	88,148,108
Total nondepreciable assets:	<u>425,403,919</u>	<u>263,359,935</u>	<u>-</u>	<u>(6,282,656)</u>	<u>682,481,198</u>
Depreciable assets:					
Property and equipment	11,829,980	662,733	-	(18,715)	12,473,998
Toll road:					
Building and toll facilities	7,062,332	-	-	-	7,062,332
Highways and bridges	688,882,100	163,189,726	-	6,282,656	858,354,482
Toll equipment	27,734,552	1,372,379	-	-	29,106,931
Signs	13,001,702	-	-	-	13,001,702
Land improvements	14,243,759	-	-	-	14,243,759
Total depreciable assets	<u>762,754,425</u>	<u>165,224,838</u>	<u>-</u>	<u>6,263,941</u>	<u>934,243,204</u>
Property and equipment	(10,234,692)	(612,070)	-	18,715	(10,828,047)
Building and toll facilities	(1,594,679)	(177,115)	-	-	(1,771,794)
Highways and bridges	(76,374,847)	(17,459,980)	-	-	(93,834,827)
Toll equipment	(10,477,858)	(2,639,079)	-	-	(13,116,937)
Signs	(1,745,346)	(325,893)	-	-	(2,071,239)
Land improvements	(2,734,886)	(884,934)	-	-	(3,619,820)
Accumulated depreciation	(103,162,308)	(22,099,071)	-	18,715	(125,242,664)
Net property and equipment	<u>\$ 1,084,996,036</u>	<u>\$ 406,485,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,491,481,738</u>

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 3. Capital Assets (Continued)

	2015	Additions	Disposals	Transfers	2016
Nondepreciable assets:					
Construction in progress	\$ 139,131,886	\$ 213,967,813	\$ -	\$ (14,545,611)	\$ 338,554,088
Right of way	86,838,920	10,911	-	-	86,849,831
Total nondepreciable assets	<u>225,970,806</u>	<u>213,978,724</u>	<u>-</u>	<u>(14,545,611)</u>	<u>425,403,919</u>
Depreciable assets:					
Property and equipment	11,767,254	80,829	-	(18,103)	11,829,980
Toll road:					
Building and toll facilities	7,073,225	-	(10,893)	-	7,062,332
Highways and bridges	674,370,989	-	-	14,511,111	688,882,100
Toll equipment	27,700,052	-	-	34,500	27,734,552
Signs	13,001,702	-	-	-	13,001,702
Land improvements	14,243,759	-	-	-	14,243,759
Total depreciable assets	<u>748,156,981</u>	<u>80,829</u>	<u>(10,893)</u>	<u>14,527,508</u>	<u>762,754,425</u>
Property and equipment	(9,640,883)	(611,912)	-	18,103	(10,234,692)
Building and toll facilities	(1,417,564)	(177,115)	-	-	(1,594,679)
Highways and bridges	(59,437,222)	(16,937,625)	-	-	(76,374,847)
Toll equipment	(7,723,633)	(2,754,225)	-	-	(10,477,858)
Signs	(1,419,453)	(325,893)	-	-	(1,745,346)
Land improvements	(1,849,952)	(884,934)	-	-	(2,734,886)
Accumulated depreciation	<u>(81,488,708)</u>	<u>(21,691,703)</u>	<u>-</u>	<u>18,103</u>	<u>(103,162,308)</u>
Net property and equipment	<u>\$ 892,639,079</u>	<u>\$ 192,367,850</u>	<u>\$ (10,893)</u>	<u>\$ -</u>	<u>\$ 1,084,996,036</u>

Construction in progress as of June 30, 2017 and 2016, consists of the following:

	2016	Additions	Disposals	Transfers	2017
Construction in progress:					
Preliminary and construction costs	\$ 323,615,537	\$ 245,980,128	\$ -	\$ (6,330,241)	\$ 563,265,424
Collection system	5,263,163	2,111,696	-	-	7,374,859
Capitalized interest	9,675,388	13,969,834	-	47,585	23,692,807
Net construction in progress	<u>\$ 338,554,088</u>	<u>\$ 262,061,658</u>	<u>\$ -</u>	<u>\$ (6,282,656)</u>	<u>\$ 594,333,090</u>
Construction in progress:					
Preliminary and construction costs	\$ 136,211,585	\$ 201,880,258	\$ -	\$ (14,476,306)	\$ 323,615,537
Collection system	2,361,793	2,935,875	-	(34,505)	5,263,163
Capitalized interest	558,508	9,151,680	-	(34,800)	9,675,388
Net construction in progress	<u>\$ 139,131,886</u>	<u>\$ 213,967,813</u>	<u>\$ -</u>	<u>\$ (14,545,611)</u>	<u>\$ 338,554,088</u>

Depreciation expense for the years ended June 30, 2017 and 2016, totaled \$22,099,071 and \$21,691,703, respectively.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 3. Capital Assets (Continued)

As of June 30, 2017 and 2016, the Authority has nontolling system projects (projects other than Highway 290E, Highway 183A Toll, Highway 71E and 183 South Toll) construction in progress for the following projects:

	<u>2017</u>	<u>2016</u>
Construction in progress nonsystem projects:		
MoPac Improvement Project	\$ 161,541,983	\$ 136,621,836
MoPac South	11,327,315	9,233,160
183N Mobility	8,455,862	6,996,455
SH45 Southwest	31,775,145	9,644,284
US290 West (Oak Hill)	3,793,939	2,801,420
	<u>\$ 216,894,244</u>	<u>\$ 165,297,155</u>

Note 4. Notes and Bonds Payable

The following schedule summarizes total notes and bonds payable for the years ended June 30, 2017 and 2016:

	<u>2016</u>	<u>Additions/ Amortization</u>	<u>Deductions</u>	<u>2017</u>	<u>Due Within One Year</u>
American Bank Note	\$ 5,300,000	\$ -	\$ (1,730,000)	\$ 3,570,000	\$ 1,765,000
Total notes	<u>5,300,000</u>	<u>-</u>	<u>(1,730,000)</u>	<u>3,570,000</u>	<u>1,765,000</u>
Series 2010 Obligations	43,549,710	-	-	43,549,710	-
Series 2010 CAB accretion	21,005,210	4,331,927	-	25,337,137	-
Total 2010 Bonds, net	<u>64,554,920</u>	<u>4,331,927</u>	<u>-</u>	<u>68,886,847</u>	<u>-</u>
Series 2011 Obligations	79,999,944	-	(70,000,000)	9,999,944	-
Series 2011 CAB accretion	3,573,728	924,450	-	4,498,178	-
Total 2011 Bonds, net	<u>83,573,672</u>	<u>924,450</u>	<u>(70,000,000)</u>	<u>14,498,122</u>	<u>-</u>
Series 2013 Obligations	249,910,000	-	(4,695,000)	245,215,000	4,800,000
Total 2013 Bonds, net	<u>249,910,000</u>	<u>-</u>	<u>(4,695,000)</u>	<u>245,215,000</u>	<u>4,800,000</u>
TIFIA Bond 2015	51,130	1,401	-	52,531	-
SIB Bond 2015	5,701,479	24,817,374	-	30,518,853	-
SHF Bond 2015	5,701,479	24,817,374	-	30,518,853	-
Series 2015 Bonds	367,575,000	-	-	367,575,000	-
Total 2015 Bonds, net	<u>379,029,088</u>	<u>49,636,149</u>	<u>-</u>	<u>428,665,237</u>	<u>-</u>
Sub Lien Refunding Bonds, Series 2016	-	74,690,000	-	74,690,000	-
Sr. Lien Refunding Bonds, Series 2016	358,030,000	-	-	358,030,000	385,000
Total 2016 Bonds, net	<u>358,030,000</u>	<u>74,690,000</u>	<u>-</u>	<u>432,720,000</u>	<u>385,000</u>
71E Toll Project Obligation	-	65,000,000	-	65,000,000	-
Total bonds and obligations payable	<u>1,135,097,680</u>	<u>119,892,526</u>	<u>(74,695,000)</u>	<u>1,254,985,206</u>	<u>5,185,000</u>
Total notes, bonds, and obligations payable	1,140,397,680	119,892,526	(76,425,000)	1,258,555,206	6,950,000
Net (premium) discount on revenue bonds payable	104,128,955	10,826,977	(8,995,015)	105,960,917	-
Total notes, bonds and obligations payable, net	1,244,526,635	<u>\$ 130,719,503</u>	<u>\$ (85,420,015)</u>	1,364,516,123	<u>\$ 6,950,000</u>
Less current maturities of notes and bonds payable	(6,425,000)			(6,950,000)	
Total	<u>\$ 1,238,101,635</u>			<u>\$ 1,357,566,123</u>	

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 4. Notes and Bonds Payable (Continued)

	2015	Additions/ Amortization	Deductions	2016	Due Within One Year
2011 Draw Down Note	\$ 1,730,258	\$ -	\$ (1,730,258)	\$ -	\$ -
2015 Draw Down Note	-	21,039,752	(21,039,752)	-	-
American Bank Note	5,300,000	-	-	5,300,000	1,730,000
Total notes	7,030,258	21,039,752	(22,770,010)	5,300,000	1,730,000
Series 2010 Obligations	94,739,710	-	(51,190,000)	43,549,710	-
Series 2010 CAB accretion	16,981,598	4,023,612	-	21,005,210	-
Total 2010 Bonds, net	111,721,308	4,023,612	(51,190,000)	64,554,920	-
Series 2011 Obligations	375,929,944	-	(295,930,000)	79,999,944	-
Series 2011 CAB accretion	2,756,230	817,498	-	3,573,728	-
Total 2011 Bonds, net	378,686,174	817,498	(295,930,000)	83,573,672	-
Series 2013 Obligations	285,085,000	-	(35,175,000)	249,910,000	4,695,000
Total 2013 Bonds, net	285,085,000	-	(35,175,000)	249,910,000	4,695,000
TIFIA Bonds 2015	-	51,130	-	51,130	-
SIB Bond 2015	-	5,701,479	-	5,701,479	-
SHF Bond 2015	-	5,701,479	-	5,701,479	-
Series 2015 Bonds	-	367,575,000	-	367,575,000	-
Total Series 2015 Bonds	-	379,029,088	-	379,029,088	-
Sr. Refunding Bonds, Series 2016	-	358,030,000	-	358,030,000	-
Total 2016 Bonds, net	-	358,030,000	-	358,030,000	-
Total bonds payable	775,492,482	741,900,198	(382,295,000)	1,135,097,680	4,695,000
Total notes, bonds and obligations payable	782,522,740	762,939,950	(405,065,010)	1,140,397,680	6,425,000
Net (premium) discount on revenue bonds payable	12,340,215	93,048,445	(1,259,705)	104,128,955	-
Total notes, bonds and obligations payable, net	794,862,955	\$ 855,988,395	\$ (406,324,715)	1,244,526,635	\$ 6,425,000
Less current maturities of notes and bonds payable	(6,905,258)			(6,425,000)	
Total	\$ 787,957,697			\$ 1,238,101,635	

The Series 2010 Obligations, the Series 2011 Obligations, the Series 2013 Obligations, the Series 2015 Obligations and the Series 2016 Obligations, each as further described below, were issued pursuant to a bond indenture between the Authority and the trustee named therein, and are secured by and payable from the trust estate established thereby, in the manner described in and subject to the terms and conditions of the bond indenture.

Series 2010 Obligations: The Authority issued its Series 2010 Senior Lien Revenue Bonds and Taxable Series 2010 Subordinate Lien Revenue Build America Bonds (Series 2010 Subordinate Lien BABs) on March 1, 2010, collectively called the Series 2010 Obligations. The Series 2010 Senior Lien Revenue Bonds were issued in part as current interest bonds (Series 2010 CIBs) and in part as capital appreciation bonds (Series 2010 CABs). The Series 2010 Subordinate Lien BABs were refunded and redeemed in whole by the Authority on June 5, 2013.

The proceeds from the Series 2010 Obligations were used to (i) finance a portion of the costs of the 183A Phase II Project; (ii) currently refund and redeem, in whole, the Authority's outstanding Revenue Notes, Taxable Series 2009; (iii) pay capitalized interest with respect to the Series 2010 Obligations; (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and the Subordinate Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2010 Obligations.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 4. Notes and Bonds Payable (Continued)

The Series 2010 CIBs are scheduled to mature in 2019 through 2020. Interest on the Series 2010 CIBs is calculated on the basis of a 360-day year of 12, 30-day months at the rate of 5.75 percent. Interest on the Series 2010 CIBs is payable on each July 1 and January 1, commencing July 1, 2010. During fiscal year 2016, \$51.2 million in principal amount of the Series 2010 CIBs were refunded from a portion of the proceeds from the Series 2016 Senior Lien Revenue Refunding Bonds. As of June 30, 2017 and 2016, the outstanding principal amount was \$8.5 million for each year.

The Series 2010 CABs are scheduled to mature in 2025 through 2040 at an aggregated maturity amount of \$176.1 million. The principal amount of \$34.9 million of the Series 2010 CABs represents the total amount of outstanding principal before the accreted and compounded interest as of June 30, 2017 and 2016. As of June 30, 2017 and 2016, the aggregate maturity amount is \$34.9 million plus the accretion of \$25.3 million and \$21.1 million, respectively.

Interest on the Series 2010 CABs will accrete from the date of initial delivery to stated maturity at rates ranging from 7.20 percent to 7.85 percent and will compound on each July 1 and January 1, commencing July 1, 2010. Such accreted and compounded interest will be paid as part of the maturity amount at stated maturity.

The amount of accumulated accreted interest on the Series 2010 CABs as of June 30, 2017 and 2016 is \$25.3 million and \$21.1 million, respectively. The accumulated accreted interest is added to the outstanding principal on July 1 and January 1 of each year beginning July 1, 2010.

Series 2011 Obligations: The Authority issued its Series 2011 Senior Lien Revenue Bonds and Series 2011 Subordinate Lien Revenue Bonds on June 29, 2011, collectively called the Series 2011 Obligations. The Series 2011 Senior Lien Revenue Bonds were issued in part as current interest bonds (Series 2011 CIBs) and in part as capital appreciation bonds (Series 2011 CABs).

A portion of the proceeds from the Series 2011 Obligations was used to (i) prepay a State Infrastructure Bank loan in full, (ii) redeem the Authority's Series 2010 Notes in whole, (iii) pay capitalized interest with respect to the Series 2011 Obligations, (iv) make a deposit to the Senior Lien Debt Service Reserve Fund and the Subordinate Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2011 Obligations. The remaining proceeds of the Series 2011 Obligations were used to finance a portion of the costs of the Manor Expressway Phase II Project and as otherwise authorized in the Indenture.

During fiscal year 2016, the Series 2011 CIBs were refunded in full in the principal amount of \$295.9 million from a portion of the proceeds from the Series 2016 Senior Lien Revenue Refunding Bonds. The Series 2011 CIBs were scheduled to mature starting in 2026 through 2046. Interest on the Series 2011 CIBs is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 5.75 percent to 6.25 percent. Interest on the Series 2011 CIBs was payable on each July 1 and January 1, commencing January 1, 2012.

The Series 2011 CABs are scheduled to mature starting in 2022 through 2026 at an aggregated maturity amount of \$22.1 million. The principal amount of \$9.9 million for the Series 2011 CABs represents the total amount of outstanding principal before the accreted and compounded interest as of June 30, 2017 and 2016. As of June 30, 2017 and 2016, the aggregate maturity amount was \$9.9 million plus the accretion of \$4.5 million and \$3.5 million, respectively.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 4. Notes and Bonds Payable (Continued)

Interest on the Series 2011 CABs will accrete from the date of initial delivery to stated maturity at rates ranging from 5.9 percent to 6.5 percent and will compound on each July 1 and January 1, commencing July 1, 2011. Such accreted and compounded interest will be paid as part of the maturity amount at stated maturity.

The amount of accumulated accreted interest on the Series 2011 CABs as of June 30, 2017 and 2016 was \$4.5 million and \$3.5 million, respectively. The accumulated accreted interest is added to the outstanding principal on July 1 and January 1 of each year beginning July 1, 2011.

During fiscal year 2017, the Series 2011 Subordinate Lien Revenue Bonds were refunded in full in the principal amount of \$70.0 million with a portion of the proceeds from the Series 2016 Subordinate Lien Revenue Refunding Bonds. The Series 2011 Subordinate Lien Revenue Bonds were issued as current interest bonds and were scheduled to mature starting in 2023 through 2041. Interest on the Series 2011 Subordinate Lien Revenue Bonds is calculated on the basis of a 360-day year of 12, 30-day months at the rate of 6.75 percent. Interest on the Series 2011 Subordinate Lien Revenue Bonds is payable on each July 1 and January 1, commencing January 1, 2012. As of June 30, 2016, the outstanding principal amount was \$70.0 million.

Series 2013 Obligations: The Authority issued its Series 2013A Senior Lien Revenue Refunding Bonds (Series 2013A Senior Lien Bonds), Series 2013B Senior Lien Revenue Refunding Put Bonds (Series 2013B Senior Lien Put Bonds) and Series 2013 Subordinate Lien Revenue Refunding Bonds (Series 2013 Subordinate Lien Bonds), collectively called the Series 2013 Obligations, on May 16, 2013.

The proceeds from the Series 2013 Obligations were used to (i) refund in full the Authority's Series 2005 Senior Lien Revenue Bonds, the Authority's 2005 TIFIA Bond, and the Authority's Series 2010 Subordinate Lien BABs, (ii) make a deposit to the Subordinate Lien Debt Service Reserve Fund and (iii) pay certain issuance costs of the Series 2013 Obligations.

The Series 2013A Senior Lien Bonds were issued as current interest bonds and are scheduled to mature on dates ranging from 2016 through 2043. Interest on the Series 2013A Senior Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at a rate of 5 percent. Interest on the Series 2013A Senior Lien Bonds is payable on each July 1 and January 1, commencing July 1, 2013. As of June 30, 2017 and 2016, the outstanding principal amount was \$143.7 million and \$147.9 million, respectively.

The Series 2013B Senior Lien Put Bonds were issued as current interest bonds and as variable rate obligations and were scheduled to mature starting in 2039 through 2045. Through the period that commenced on the issuance date thereof and ending on January 3, 2016 (initial multiannual rate period), the Series 2013B Senior Lien Put Bonds accrued interest at a rate of 3 percent per annum. Interest on the Series 2013B Senior Lien Put Bonds during the initial multiannual rate period was payable on each July 1 and January 1, commencing July 1, 2013. During fiscal year 2016 and prior to the end of the initial multiannual rate period, the Series 2013B Senior Lien Put Bonds were refunded in full in the principal amount of \$30.0 million with a portion of the proceeds from the Series 2015B Senior Lien Revenue and Refunding Put Bonds.

The Series 2013 Subordinate Lien Bonds were issued as current interest bonds and are scheduled to mature in 2016 through 2042. Interest on the Series 2013 Subordinate Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at the rate of 5 percent. Interest on the Series 2013 Subordinate Lien Bonds is payable on each July 1 and January 1, commencing July 1, 2013. As of June 30, 2017 and 2016, the outstanding principal amount was \$101.5 million and \$102.0 million, respectively.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 4. Notes and Bonds Payable (Continued)

Series 2015 Obligations: The Authority issued its Senior Lien Revenue Bonds, Series 2015A (the Series 2015A Bonds) and its Senior Lien Revenue and Refunding Put Bonds, Series 2015B (the Series 2015B Bonds) on November 19, 2015. The Authority issued its Subordinate Lien Revenue Bond, Taxable Series 2015C (the 2015C TIFIA Bond), its Subordinate Lien Revenue Bond, Taxable Series 2015D (the 2015D SHF Bond), and its Subordinate Lien Revenue Bond, Taxable Series 2015E (the 2015E SIB Bond) on November 18, 2015. The Series 2015A Bonds, the Series 2015B Bonds, the 2015C TIFIA Bond, the 2015D SHF Bond and the 2015E SIB Bond are collectively referred to as the Series 2015 Obligations.

A portion of the proceeds of the Series 2015 Obligations will be used to finance and refinance the costs of designing, engineering, developing and constructing the 183 South Project. The remaining proceeds of the Series 2015 Obligations were used to (i) refund and redeem in whole the Authority's outstanding Senior Lien Revenue Refunding Put Bonds, Series 2013B, (ii) prepay in whole the Authority's outstanding 2015 Draw Down Note, (iii) pay capitalized interest with respect to the Series 2015A Bonds, (iv) make deposits to the Senior Lien Debt Service Reserve Fund and (v) pay certain issuance costs of the Series 2015 Obligations.

Series 2015A Bonds: The Series 2015A Bonds were issued as current interest bonds and are scheduled to mature in 2025 through 2045. Interest on the Series 2015A Bonds is calculated on the basis of a 360-day year of 12, 30-day months at a rate of 5 percent. Interest on the Series 2015A Bonds is payable on each July 1 and January 1, commencing January 1, 2016. As of June 30, 2017 and 2016, the outstanding principal amount was \$298.8 million for both years.

Series 2015B Bonds: The Series 2015B Bonds were issued as current interest bonds and as variable rate obligations and are scheduled to mature on January 1, 2045. Through the period that commenced on the issuance date thereof and ends on January 6, 2021 (initial multiannual rate period), the Series 2015B Bonds will bear interest at a rate of 5 percent. On January 7, 2021, the Series 2015B Bonds are subject to mandatory tender at a purchase price equal to the principal amount thereof plus accrued interest to such purchase date. If, on such date, all Series 2015B Bonds are not successfully remarketed, the Authority has no obligation to purchase such Bonds on such date, and all Series 2015B Bonds will continue to be outstanding and will bear interest at a rate of 9 percent per annum until subsequently remarketed.

Interest on the Series 2015B Bonds during the initial multiannual rate period is calculated on the basis of a 360-day year of 12, 30-day months and is payable on each January 1 and July 1, commencing January 1, 2016. Pursuant to the terms of the bond indenture, the Series 2015B Bonds are subject to mandatory tender for purchase and conversion to another interest rate mode at the times stated therein. As of June 30, 2017 and 2016, the outstanding principal amount was \$68.8 million for both years.

2015C TIFIA Bond: In November 2015, the Authority entered into a secured loan agreement (the TIFIA Loan Agreement) with the United States Department of Transportation, pursuant to which the Authority is authorized to borrow an amount not to exceed \$282,200,885 to pay eligible projects costs of the 183 South Project. The Authority's obligation to repay amounts borrowed under the TIFIA Loan Agreement is evidenced by the 2015C TIFIA Bond. The 2015C TIFIA Bond bears interest at 3.08 percent per annum and the final maturity date thereof will be the earlier of (i) the date this is 35 years from the date of substantial completion of the 183 South Project and (ii) July 1, 2049. Payments of principal and interest due on the 2015C TIFIA Bond are payable in the amounts set forth in the TIFIA Loan Agreement on each January 1 and July 1, commencing on the earlier of (i) July 1, 2024 and (ii) the semiannual payment date on (or immediately preceding) the fifth anniversary of the date of substantial completion of the 183 South Project.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 4. Notes and Bonds Payable (Continued)

The Authority received loan proceeds of \$51,130 during fiscal year 2016 under the TIFIA Loan Agreement. As of June 30, 2017 and 2016 the 2015C TIFA Bond had an outstanding balance of \$52,531 and \$51,130, respectively.

2015D SHF Bond: In November 2015, the Authority entered into a secured loan agreement (the SHF Loan Agreement) with the TxDOT, pursuant to which the Authority is authorized to borrow an amount not to exceed \$30 million to pay eligible projects costs of the 183 South Project. The Authority's obligation to repay amounts borrowed under the SHF Loan Agreement is evidenced by the 2015D SHF Bond. Interest on the 2015D SHF Bond is payable on each January 1 and July 1, commencing July 1, 2020, and installments of principal thereof are payable on each July 1, commencing July 1, 2025 in the amounts set forth in the SHF Loan Agreement. The 2015D SHF Bond bears interest at 4 percent per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$24.3 million and \$5.7 million during fiscal year 2017 and 2016, respectively, under the SHF Loan Agreement. As of June 30, 2017 and 2016, the 2015D SHF Bond had an outstanding balance of \$30.5 million and \$5.7 million, respectively. As of June 30, 2017, the 2015D SHF Bond balance included accrued interest of approximately \$500,000.

2015E SIB Bond: In November 2015, the Authority entered into a secured loan agreement (the SIB Loan Agreement) with the TxDOT, pursuant to which the Authority is authorized to borrow an amount not to exceed \$30 million to pay eligible projects costs of the 183 South Project. The Authority's obligation to repay amounts borrowed under the SIB Loan Agreement is evidenced by the 2015E SIB Bond. Interest on the 2015E SIB Bond is payable on each January 1 and July 1, commencing July 1, 2020, and installments of principal thereof are payable on each July 1, commencing July 1, 2025 in the amounts set forth in the SIB Loan Agreement. The 2015E SIB Bond bears interest at 4 percent per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$24.3 million and \$5.7 million during fiscal year 2017 and 2016, respectively, under the SIB Loan Agreement. As of June 30, 2017 and 2016, the 2015E SIB Bond had an outstanding balance of 30.5 million and \$5.7 million, respectively. As of June 30, 2017, the 2015E SIB Bond balance included accrued interest of approximately \$500,000.

Series 2016 Obligations: On August 1, 2016, the Authority issued its Series 2016 Subordinate Lien Revenue Refunding Bonds (2016 Subordinate Lien Bonds) and on June 1, 2016 the Authority issued its Series 2016 Senior Lien Revenue Refunding Bonds (2016 Senior Lien Bonds), collectively called the Series 2016 Obligations. The proceeds of the Series 2016 Senior Lien Bonds were used to (i) refund a portion of the Series 2010 CIBs and portions of the Series 2011 CIBs and (ii) pay issuance costs of the Series 2016 Senior Lien Bonds.

The 2016 Subordinate Lien Bonds were issued as current interest bonds and are scheduled to mature in 2018 through 2041. Interest on the 2016 Subordinate Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 3.125 percent to 5.000 percent. Interest on the 2016 Subordinate Lien Bonds is payable on each July 1 and January 1, commencing January 1, 2017. As of June 30, 2017, the outstanding principal amount was \$74.69 million.

The 2016 Senior Lien Bonds were issued as current interest bonds and are scheduled to mature in 2020 through 2046. Interest on the 2016 Senior Lien Bonds is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 3.375 percent to 5.000 percent. Interest on the 2016 Senior Lien Bonds is payable on each July 1 and January 1, commencing July 1, 2016. As of June 30, 2017 and 2016, the outstanding principal amount was \$358.0 million for both years.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 4. Notes and Bonds Payable (Continued)

As a result of the 2016 Senior Lien Bonds noted above, the Authority will realize a total decrease of \$62.2 million in debt service payments over the life of the bonds and recognized a deferred outflow of resources of \$74.8 million in fiscal year 2016. Through this refunding, the Authority obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$44.0 million.

As a result of the 2016 Subordinate Lien Bonds noted above, the Authority will realize a total decrease of \$23.7 million in debt service payments over the life of the bonds and total deferred outflow of resources of \$19.4 million. Through this refunding, the Authority obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$15.0 million.

2011 Draw Down Note: In December 2011, the Authority entered into a secured loan agreement with a bank for a secured draw down note facility in an aggregate amount up to \$5.0 million (the 2011 Draw Down Note).

The 2011 Draw Down Note matured on December 15, 2015 and required monthly interest payments on outstanding balances. Interest was payable on the 2011 Draw Down Note at the one-month LIBOR rate plus 2.85 percent. Certain funds of the Authority were collateral for the 2011 Draw Down Note.

Proceeds from the 2011 Draw Down Note were used to pay (i) expenses of studying the cost, design, engineering, and feasibility of transportation projects; (ii) expenses associated with securing the 2011 Draw Down Note and (iii) the reimbursement to the Authority of costs attributable to certain preliminary cost and feasibility and other expenses relating to the preparation of financing of the transportation projects incurred prior to the execution of the 2011 Draw Down Note.

During fiscal year 2016, the 2011 Drawn Down Note was repaid in full with principal and interest payments of \$1.7 million.

American Bank Note: In June 2013, the Authority entered into a secured loan agreement with a bank for an aggregate principal amount not to exceed \$5,300,000 (the Loan). The Loan bears interest at 2.25 percent per annum and matures on January 1, 2019. The Loan requires semiannual interest payments on the outstanding balance starting January 1, 2013. Certain funds of the Authority are collateral for the Loan.

Proceeds from the Loan are to be used to pay (i) expenses of studying the cost, design, engineering and feasibility of transportation projects; (ii) expenses associated with securing the Loan and (iii) the reimbursement to the Authority of costs attributable to certain preliminary cost and feasibility and other expenses relating to the preparation of financing of the transportation projects incurred prior to the execution of the Loan.

The Loan had an outstanding balance of \$3.6 million and \$5.3 million as of June 30, 2017 and 2016, respectively.

2015 Draw Down Note: In September 2015, the Authority entered into a secured loan agreement with a bank for a secured draw down note facility in an aggregate amount not to exceed \$75.0 million (the 2015 Draw Down Note).

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 4. Notes and Bonds Payable (Continued)

Proceeds from the 2015 Draw Down Note were used to pay (i) engineering, design and construction costs of the 183 South Project, (ii) costs associated with securing the 2015 Draw Down Note and (iii) the reimbursement to the Authority of costs attributable to certain preliminary cost and feasibility and other expenses relating to the preparation of financing of the 183 South Project incurred prior to the execution and delivery of the 2015 Draw Down Note.

During fiscal year 2016, the Authority received loan proceeds under the 2015 Draw Down Note of \$21.0 million. During fiscal year 2016, the 2015 Draw Down Note was repaid in full with a portion of the proceeds from the Series 2015A Senior Lien Revenue Bonds. Prior to the repayment thereof, interest was payable on the 2015 Draw Down Note at a rate of 0.70 percent. Certain funds of the Authority were collateral for the 2015 Draw Down Note.

71E Toll Project Obligation to TxDOT: The Authority, the Capitol Area Metropolitan Planning Organization and TxDOT approved the execution of a Project Agreement (the SH 71 Agreement) for the development of toll lanes on SH 71 extending from Presidential Boulevard to just east of SH 130, including the realignment of FM 973 where that road intersects with SH 71 (the SH 71 Project).

Pursuant to a resolution adopted by the Authority's Board, the Authority has waived and declined to exercise its option to develop, finance, and construct the SH 71 Project, and has retained (and did not waive) its option to operate any potential toll lanes on the SH 71 Project and to retain the revenues generated therefrom. Upon completion of the SH 71 Project, the SH 71 Agreement obligates the Authority to operate and maintain the toll lanes and related infrastructure of the SH 71 Project developed, financed and constructed by TxDOT. The Authority will retain the revenues generated from the SH 71 Project, which revenues will be used to pay operation and maintenance costs of the toll lanes, toll facilities and related equipment, and one-half of the remaining revenues from the SH 71 Project must be used to reimburse TxDOT for up to \$65.0 million of the costs of the SH 71 Project (the TxDOT Reimbursement Amount), plus interest thereon at 3.62 percent per annum, compounded annually. The SH 71 Agreement obligates the Authority to repay the TxDOT Reimbursement Amount solely from one-half of the net revenues of the SH 71 Project over a 35-year term, with the first payment being due on the first anniversary of substantial completion of the SH 71 Project and continuing every year thereafter for a total of 35 years or until the TxDOT Reimbursement Amount and all accrued interest is paid.

Under the SH 71 Agreement, TxDOT is obligated to operate and maintain all other aspects of the SH 71 Project, including but not limited to, the general purpose lanes and the FM 973 realigned intersection with SH 71.

As of June 30, 2017, the toll lanes of the SH 71 Project are operational and the Authority recorded a capital contribution of \$96.0 million and a note payable to TxDOT of \$65.0 million. The SH 71 Project was substantially completed on March 8, 2017, and, accordingly, the first payment payable by the Authority to TxDOT under the SH 71 Agreement is due on March 8, 2018.

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 4. Notes and Bonds Payable (Continued)

2016 SHF SH 45SW Loan: In October 2016, the Authority entered into a secured loan agreement (the SHF SH 45SW Loan Agreement) with TxDOT, pursuant to which the Authority is authorized to borrow an amount not to exceed \$60 million to pay eligible project costs of the SH 45 Southwest Project. Interest on amounts borrowed under the SHF SH 45SW Loan Agreement (i) will accrete at 4 percent per annum, compounding semi-annually on each January 1 and July 1, until the January 1 or July 1 which is six months prior to the initial interest payment date, and (ii) is payable on each January 1 and July 1, commencing on the first January 1 or July 1 closest to the fifth anniversary of the initial disbursement made under the SHF SH 45SW Loan Agreement. Principal installment payments are due on amounts borrowed under the SHF SH 45SW Loan Agreement on each January 1, commencing on the January 1 closest to the tenth anniversary of the initial disbursement made under the SHF SH 45SW Loan Agreement, in the amounts set forth therein. Amounts borrowed under the SHF SH 45SW Loan Agreement will bear interest at 4 percent per annum and the final maturity date thereof is January 1, 2049. The Authority may defer up to 25 percent of the principal and interest due on any principal or interest payment date, not to exceed two years and not past the final maturity date. The net revenues from the SH 45 Southwest Project have been pledged as collateral for amounts borrowed under the SHF SH 45SW Loan Agreement.

As of June 30, 2017, no amounts had been borrowed under the SHF SH 45SW Loan Agreement and, accordingly, no amount was outstanding.

Future payments on debt obligations: Future payments of principal and interest on the Authority's bonds and notes described in this Note 4 (based on the scheduled payments) as of June 30, 2017, are as follows:

	Current Interest Bonds		Capital Appreciation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 5,185,000	\$ 51,458,700	\$ -	\$ -	\$ 1,765,000	\$ 80,325
2019	7,425,000	51,694,925	-	-	1,805,000	40,613
2020	14,460,000	51,393,175	-	-	-	-
2021	15,965,000	50,998,663	-	-	-	2,749,534
2022	18,105,000	49,958,950	-	-	-	2,749,534
2022-2026	100,695,000	234,528,000	480,449	404,551	680,575	13,722,720
2027-2031	163,870,000	204,501,250	19,457,849	32,777,151	10,079,020	12,445,998
2032-2036	225,835,000	156,838,688	13,165,369	44,324,631	12,255,532	10,418,158
2037-2041	289,490,000	95,077,650	8,342,708	46,772,292	14,909,546	7,711,066
2042-2046	213,030,000	25,973,000	3,553,280	28,971,720	18,143,754	4,415,772
2047-2051	-	-	-	-	5,021,810	776,560
	\$ 1,054,060,000	\$ 972,423,001	\$ 44,999,655	\$ 153,250,345	\$ 64,660,237	\$ 55,110,280

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 4. Notes and Bonds Payable (Continued)

	Total Debt Service	
	Principal	Interest
2018	\$ 6,950,000	\$ 51,539,025
2019	9,230,000	51,735,538
2020	14,460,000	51,393,175
2021	15,965,000	53,748,197
2022	18,105,000	52,708,484
2022-2026	101,856,024	248,655,271
2027-2031	193,406,869	249,724,399
2032-2036	251,255,901	211,581,477
2037-2041	312,742,254	149,561,008
2042-2046	234,727,034	59,360,492
2047-2051	5,021,810	776,560
Total	<u>1,163,719,892</u>	<u>\$ 1,180,783,626</u>
71E Obligation	65,000,000	
Accreted interest	29,835,314	
	<u>94,835,314</u>	
	<u>\$ 1,258,555,206</u>	

As described above, the Series 2010 CABs and the Series 2011 CABs were issued as capital appreciation bonds. The accreted interest on the Series 2010 CABs and 2011 CABs are reflected on the Statement of Net Position as additional principal and is reflected in the interest column in this table in the amount of \$29,835,314.

Other debt matters: The Authority's outstanding Senior Lien and Subordinate Lien Bonds require the Authority to comply with debt service coverage ratios as defined within the Master Trust Indenture for its outstanding Bonds. The Authority's management believes it is compliant with all significant provisions of the Master Trust Indenture. Under the Indenture, the Authority is required to establish and maintain toll rates sufficient to produce Net Revenues sufficient to pay Projected Debt Service Coverage Ratio of at least 1.40 with respect to Senior Lien Obligations; 1.20 with respect to Senior Lien Obligations and Junior Lien Obligations and 1.20 with respect to Senior Lien Obligations Junior Lien Obligations and Subordinate Lien Obligations and 1.00 with respect to all Obligations.

Note 5. Deferred Outflow and Inflow of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, the Authority has classified the difference between the reacquisition price and the net carrying amount of the defeased debt as a deferred outflow of resources. The deferred outflow of resources is amortized over the term of the defeased bonds and recognized as a component of interest expense annually. The Authority has also deferred outflows and inflows of resources for certain pension related items in accordance with applicable pension standards as noted under Note 8.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 5. Deferred Outflow and Inflow of Resources (Continued)

The Authority's deferred outflow of resources balance is composed of the following:

	June 30	
	2017	2016
Deferred outflows from bond refundings	\$ 109,030,108	\$ 90,876,005
Employer pension contribution	227,392	202,873
Difference in pension investment assumption	418,615	502,269
Experience changes	32,857	37,553
Assumption changes	32,699	37,369
	<u>\$ 109,741,671</u>	<u>\$ 91,656,069</u>

The Authority's deferred inflow of resources balance is composed of the following:

	June 30	
	2017	2016
Experience changes	\$ 286,449	\$ 172,017

Note 6. Rebatable Arbitrage

Current federal income tax law and the bond indentures require that certain arbitrage profits earned on nonpurpose investments attributable to outstanding tax-exempt bonds must be rebated to the United States Treasury. The Authority has not accrued any rebatable arbitrage as of June 30, 2017 and 2016.

Note 7. Risk Management

In conjunction with its normal operations, the Authority is exposed to various risks related to the damage or destruction of its assets from both natural and man-made occurrences; tort/liability claims; errors and omissions claims; and professional liability claims. As a result of these exposures, the Authority carries insurance with a governmental risk pool under an "all risks" policy. All categories of insurance coverage in place were either maintained at current levels or increased as to overall limits of coverage and reduction of self-retained risk so as to reduce the overall exposure of risk to the Authority. There were no settlements in excess of insurance coverage during fiscal years 2017 and 2016.

Note 8. Employee Retirement Plan

Plan description: The Authority participates in Texas Counties and District Retirement System (TCDRS). TCERS is a statewide, agent multiple-employer, public employee retirement system. TCERS is a non-profit public trust providing pension, disability and death benefits for the eligible employees of participating counties and districts. TCERS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCERS Act (Subtitle F, Title 8, Texas Government Code) is the basis for TCERS administration. TCERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That annual report may be downloaded at <http://www.tcders.com>.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 8. Employee Retirement Plan (Continued)

Benefits provided: Effective the date of participation, the Authority provides retirement, disability and death benefits. A percentage of each employee's paycheck is deposited into his or her TCDRS account. That percentage has been set by the Authority at 7 percent and has elected a matching rate of \$2 to \$1. The employee's savings grow at a rate of 7 percent, compounded annually. At retirement, the employee's account balance is combined with the Authority's matching and converted into a lifetime monthly benefit. Employees receive a month of service time for each month that they make a deposit into their account. The amount of service an employee needs to earn a future benefit is called the vesting requirement. When an employee is vested, he or she has the right to a monthly benefit, which includes the employer matching contribution, at age 60 or older.

The Authority adopted a 10 year/Age 60 Retirement Eligibility described in Section 844.207 of the TCDRS Act, under which: (a) any TCDRS member who has 10 or more years of service credit with the District and other subdivisions that have adopted the provisions of Section 844.207 or 844.210, is a vested member and shall have the right to retire and receive a service retirement annuity after attaining age 60, unless the optional 8 year/age 60 Retirement Eligibility and/or Optional Rule 75 Retirement Eligibility is adopted, as allowed by the plan. The Authority has adopted both the Optional 8 year/Age 60 Retirement Eligibility, which allows an 8-year service eligibility requirement for vesting, service, and disability retirement; and Optional Rule 75, which allows the member to have the right to retire and receive service retirement annuity when years of such credited service added to his or her years of attained age equal or exceed 75.

Any TCDRS member who is a vested member may terminate employment with all participating subdivisions prior to attaining age 60, and remain eligible to retire and receive a service retirement annuity after attaining age 60 provided his or her membership is not terminated other than by retirement.

Any TCDRS member who is a vested member under Section 844.207(d) may retire and receive a disability retirement annuity if he or she is certified as disabled, as defined by the plan.

Any TCDRS member who has four or more years of service credit with the District and other subdivisions is eligible for purposes of the Survivor Annuity Death Benefit.

Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options. Prior service gives employees monetary credit for time worked for an eligible organization before it joined the system. Buybacks allow current employees to re-establish a closed TCDRS account from previous service with an employer. Partial lump sum payments at retirement allow employees to withdraw part of their TCDRS account balance as a lump sum at retirement with a reduced monthly benefit. In addition, the Authority may choose to adopt a cost-of-living adjustment (COLA) for its retirees. This adjusts retiree benefits to restore purchasing power lost due to the effects of inflation.

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 8. Employee Retirement Plan (Continued)

Employees covered by benefit terms: The following employees were covered by the benefit terms as of the valuation date December 31:

	<u>2016</u>	<u>2015</u>
Inactive employees or beneficiaries currently receiving benefits	2	1
Inactive employees entitled to, but not yet receiving benefits	11	9
Active employees	<u>24</u>	<u>23</u>
Total	<u><u>37</u></u>	<u><u>33</u></u>

Contributions: Plan members and the Authority are required to contribute at a rate set by statute. The contribution requirements of plan members and the Authority are established and may be amended. For 2017 and 2016, the contribution rate for the plan members was 7 percent of gross pay. The Authority pays a matching portion to the pension plan totaling 14 percent of gross pay for 2017 and 2016, which totaled \$446,675 and \$389,889, respectively.

Net pension liability: The Authority's net pension liability was measured as of December 31, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The actuarial assumptions that determined the total pension liability as of December 31, 2016 and 2015 were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2012, except where required to be different by GASB Statement No. 68.

The total pension liability in the December 31, 2016 and 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2016</u>	<u>2015</u>
Inflation	3.0%	3.0%
Salary Increases (including inflation plus average merit of 1.4% and productivity of 0.5% for 2016 and 2015)	4.9%	4.9%
Investment rate of return	8.1%	8.1%

Mortality rates were based on the following:

Depositing members: The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110 percent of the MP-2014 Ultimate scale after that.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 8. Employee Retirement Plan (Continued)

Service retirees, beneficiaries and nondepositing members: The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110 percent of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.

Disabled retirees: RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110 percent of the MP-2014 Ultimate scale after with no age adjustment for males and with a two-year set-forward for females.

Long-term rate of return on assets: The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

The capital market assumptions and information shown below are provided by TCDRS' investment consultant based on December 31, 2016, information for a 7-10 year time horizon.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
United States Equities	Dow Jones U.S. Total Stock Market Index	13.5%	4.7%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index (3)	16.0%	7.7%
Global Equities	MSCI World (net) Index	1.5%	5.0%
International Equities—Developed	MSCI World Ex USA (net)	10.0%	4.7%
International Equities—Emerging	MSCI EM Standard (net) index	7.0%	5.7%
Investment—Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	0.6%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.0%	3.7%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.0%	3.8%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.0%	8.2%
Distressed Debt	Cambridge Associates Distressed Index	3.0%	6.7%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% FRSE EPRA/NAREIT Global Real Estate Index	2.0%	3.9%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.0%	5.6%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.0%	7.2%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	20.0%	3.9%

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 8. Employee Retirement Plan (Continued)

The capital market assumptions and information shown below are provided by TCDRS' investment consultant based on December 31, 2015, information for a 7-10 year time horizon.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
United States Equities	Dow Jones U.S. Total Stock Market Index	14.5%	5.5%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index (3)	14.0%	8.5%
Global Equities	MSCI World (net) Index	1.5%	5.8%
International Equities—Developed	MSCI World Ex USA (net)	10.0%	5.5%
International Equities—Emerging	MSCI World Ex USA (net)	8.0%	6.5%
Investment—Grade Bonds	Barclays Capital Aggregate Bond Index	3.0%	1.0%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.0%	5.1%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.0%	5.1%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.0%	6.4%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.0%	8.1%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% FRSE EPRA/NAREIT Global Real Estate Index	3.0%	4.0%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.0%	6.8%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	5.0%	6.9%
Hedge Funds	Hedge Fund Research, Inc. Fund of Funds Composite Index	25.0%	5.3%

- (1) Target asset allocation adopted at the April 2017 and 2016 TCDRS Board meetings.
- (2) Geometric real rates of return in addition to assumed inflation of 2.0 percent, per investment consultant's 2017 and 2016 capital market assumptions.
- (3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.
- (4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount rate: The discount rate used to measure the total pension liability was 8.1 percent for both December 31, 2016 and 2015. In order to determine the discount rate to be used by the employer, the TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

- (1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability shall be amortized as a level percent of pay over 20-year closed layered periods.
- (2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- (3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- (4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 8. Employee Retirement Plan (Continued)

Changes in net pension liability (asset): Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB Statement No. 68 purposes. Therefore, the system has used a discount rate of 8.1 percent. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0 percent, net of all expenses, increased by 0.1 percent to be gross of administrative expenses.

Changes in Net Pension Liability (Asset) 2016

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of December 31, 2015	\$ 4,870,215	\$ 5,072,238	\$ (202,023)
Changes for the year:			
Service cost	636,083	-	636,083
Interest on total pension liability (1)	417,633	-	417,633
Effect of plan changes (2)	-	-	-
Effect of economic/demographic (gains) or losses	(152,926)	-	(152,926)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(37,296)	(37,296)	-
Benefit payments	(14,389)	(14,389)	-
Administrative expenses	-	(4,111)	4,111
Member contributions	-	211,078	(211,078)
Net investment income	-	378,134	(378,134)
Employer contributions	-	422,157	(422,157)
Other (3)	-	46,648	(46,648)
Balances as of December 31, 2016	<u>\$ 5,719,320</u>	<u>\$ 6,074,459</u>	<u>\$ (355,139)</u>

Central Texas Regional Mobility Authority

Notes to Financial Statements
June 30, 2017 and 2016

Note 8. Employee Retirement Plan (Continued)

Changes in Net Pension Liability (Asset) 2015			
Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of December 31, 2014	\$ 4,221,814	\$ 4,696,051	\$ (474,237)
Changes for the year:			
Service cost	474,778	-	474,778
Interest on total pension liability (1)	361,003	-	361,003
Effect of plan changes (2)	(33,691)	-	(33,691)
Effect of economic/demographic gains or losses	(193,519)	-	(193,519)
Effect of assumptions changes or inputs	42,041	-	42,041
Refund of contributions	-	-	-
Benefit payments	(2,211)	(2,211)	-
Administrative expenses	-	(3,541)	3,541
Member contributions	-	180,742	(180,742)
Net investment income	-	(162,009)	162,009
Employer contributions	-	361,493	(361,493)
Other (3)	-	1,713	(1,713)
Balances as of December 31, 2015	<u>\$ 4,870,215</u>	<u>\$ 5,072,238</u>	<u>\$ (202,023)</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
- (2) Reflects new annuity purchase rates applicable to all TCDRS employees effective January 1, 2018.
- (3) Relates to allocation of system-wide items.

Sensitivity analysis: The following presents the net pension asset/liability of the Authority, calculated using the discount rate of 8.1 percent, as well as what the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.1 percent) or 1 percentage point higher (9.1 percent) than the current rate.

	December 31, 2016		
	Current		
	1.0% Decrease	Discount Rate	1.0% Increase
	7.1%	8.1%	9.1%
Total pension liability	\$ 6,475,773	\$ 5,719,320	\$ 5,088,480
Fiduciary net position	6,073,699	6,074,459	6,073,699
Net pension liability (asset)	402,074	355,139	(985,219)
	December 31, 2015		
	Current		
	1.0% Decrease	Discount Rate	1.0% Increase
	7.1%	8.1%	9.1%
Total pension liability	\$ 5,549,877	\$ 4,870,215	\$ 4,305,697
Fiduciary net position	5,071,480	5,072,238	5,071,480
Net pension liability (asset)	478,397	(202,023)	(765,783)

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 8. Employee Retirement Plan (Continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separate issued TCDRS report.

Pension expense: the Authority recognized the following pension related expense (income):

Pension Expense (Income)	January 1, 2016 to December 31, 2016	January 1, 2015 to December 31, 2015
Service cost	\$ 636,083	\$ 474,778
Interest on total pension liability (1)	417,633	361,003
Effect of plan changes	-	(33,691)
Administrative expenses	4,111	3,541
Member contributions	(211,078)	(180,742)
Expected investment return net of investment expenses	(435,573)	(405,263)
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	(33,798)	(16,806)
Recognition of assumption changes or inputs	4,671	4,671
Recognition of investment gains or losses	141,093	129,605
Other (2)	(46,648)	(1,713)
Pension expense	<u>\$ 476,494</u>	<u>\$ 335,383</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

Deferred inflows and outflows of resources: the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	June 30, 2016		June 30, 2015	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 286,449	\$ 32,870	\$ 172,017	\$ 37,566
Changes of assumptions	-	32,698	-	37,369
Net difference between projected and actual earnings	-	418,615	-	502,268
Contributions made subsequent to measurement date	-	227,392	-	202,873

Central Texas Regional Mobility Authority

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 8. Employee Retirement Plan (Continued)

Contributions made subsequent to the measurement date are eligible employer contributions made from January 1, 2016 through June 30, 2016. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Years ending December 31:

2017	\$ 111,966
2018	111,966
2019	95,815
2020	(17,639)
2021	(29,127)
Thereafter	(75,246)
	<u>\$ 197,735</u>

The remaining balance to be recognized in future years (and included in the thereafter category), if any, will be impacted by additional future deferred inflows and outflows of resources.

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/16 Expenses (1)	Balance of Deferred Inflows 12/31/2016	Balance of Deferred Outflows 12/31/2016
Investment (gains) losses	\$ 57,439	12/31/2016	5 years	\$ 11,488	\$ -	\$ 45,951
Investment (gains) losses	567,272	12/31/2015	5 years	113,454	-	340,363
Investment (gains) losses	80,751	12/31/2014	5 years	16,150	-	32,300
Economic/demographic (gains) or losses	(152,926)	12/31/2016	9 years	(16,992)	(135,934)	-
Economic/demographic (gains) or losses	(193,519)	12/31/2015	9 years	(21,502)	(150,515)	-
Economic/demographic (gains) or losses	46,958	12/31/2014	10 years	4,696	-	32,870
Assumption changes or inputs	-	12/31/2016	9 years	-	-	-
Assumption changes or inputs	42,041	12/31/2015	9 years	4,671	-	32,698
Assumption changes or inputs	-	12/31/2014	10 years	-	-	-
Employer contributions made subsequent to measurement date	202,873		-	-	-	227,392

- (1) Investment losses are recognized in pension expense over a period of five years; economic/demographic losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive and retired members.

Central Texas Regional Mobility Authority

Notes to Financial Statements June 30, 2017 and 2016

Note 9. Disaggregation of Receivable and Payable Balances

Due from other governments are comprised of current intergovernmental receivables and amounts due from other Texas tolling authorities related to toll tag transactions on the Authority's toll roads. The Authority does not issue toll tags; however, the Authority has contracted with TxDOT to handle customer service and operations related to the toll tag transactions at June 30, 2017 and 2016. Accounts payable balances are comprised of 100 percent current payables to contractors and vendors at June 30, 2017 and 2016.

As of June 30, 2017 and 2016, the receivable from TxDOT comprises approximately 82 percent and 98 percent, respectively, and the total balances are as follows:

	<u>June 30</u>	
	<u>2017</u>	<u>2016</u>
TxDOT	\$ 13,983,903	\$ 85,590,015
Other agencies	3,100,027	1,173,644
Total	<u>\$ 17,083,930</u>	<u>\$ 86,763,659</u>

Note 10. Commitments and Contingent Liabilities

Commitments: In May 2014, the Authority entered into a 10-year lease agreement for office space. The aggregate future minimum lease payments under the new lease are as follows:

Years ending December 31:	
2018	\$ 347,163
2019	358,932
2020	370,700
2021	382,468
2022	394,236
Thereafter	336,703
	<u>\$ 2,190,202</u>

The Authority's rental expense for fiscal year 2017 and 2016 totaled \$544,164 and \$411,359, respectively, which includes common area maintenance and property taxes.

The Authority has a capital improvement program for roadway construction projects extending into future years. As of June 30, 2017 and 2016, the Authority has a capital budget of approximately \$1.209 billion and \$1.202 billion, respectively, for future toll projects, which may or may not materialize. Including the US 183 South-Bergstrom Expressway, the Authority's contractual commitments related to its capital improvement plan are approximately \$664.0 million and \$654.0 million, respectively, for the years ended June 30, 2017 and 2016. All contracts contain a termination for convenience clause in which such contracts may be terminated, in whole or in part, for the convenience of the Authority.

Central Texas Regional Mobility Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 10. Commitments and Contingent Liabilities (Continued)

Litigation: As of June 30, 2017 and 2016, the Authority is involved in various contract disputes on its construction projects. Based on the status of the claims and the information available, the Authority believes that a liability has not been incurred as of the date of the financial statements. The Authority believes it has substantial defenses against these claims and the resolution of these matters will not have a material adverse effect on its financial statements.

Note 11. Subsequent Events

Subsequent events have been evaluated through September 26, 2017, the date the financial statements were available to be issued.

Central Texas Regional Mobility Authority

**Required Supplementary Information—Pension Plan
Schedule of Changes in Net Pension Assets and Related Ratios
Years Ended December 31**

	2016	2015	2014
Total pension liability:			
Service cost	\$ 636,083	\$ 474,778	\$ 461,237
Interest on total pension liability	417,633	361,003	295,209
Effect of plan changes	-	(33,691)	-
Effect of assumption changes or inputs	-	42,041	-
Effect of economic/demographic (gains) or losses	(152,926)	(193,519)	46,943
Benefit payments/refunds of contributions	(51,685)	(2,211)	-
Net change in total pension liability	849,105	648,401	803,389
Total pension liability at beginning of year	4,870,215	4,221,814	3,418,425
Total pension liability at end of year (a)	5,719,320	4,870,215	4,221,814
Fiduciary net position:			
Employer contributions	422,157	361,493	327,807
Member contributions	211,078	180,742	163,979
Investment income net of investment expense	378,134	(162,009)	261,626
Benefit payments/refunds of contributions	(51,685)	(2,211)	-
Administrative expenses	(4,111)	(3,541)	(3,345)
Other	46,648	1,713	(242)
Net change in fiduciary net position	1,002,221	376,187	749,825
Fiduciary net position at beginning of year	5,072,238	4,696,051	3,946,226
Fiduciary net position at end of year (b)	6,074,459	5,072,238	4,696,051
Net pension asset at end of year = (a) - (b)	\$ (355,139)	\$ (202,023)	\$ (474,237)
Fiduciary net position as a percentage of total pension liability	106.21%	104.15%	111.23%
Pensionable covered payroll	\$ 3,015,395	\$ 2,582,032	\$ 2,342,556
Net pension liability (asset) as a percentage of covered payroll	(11.78%)	(7.82%)	(20.24%)

The Schedule of Changes in Net Pension Assets and related Ratio disclosure is required for 10 years. The schedule noted above is only for the years which the new GASB Statements have been implemented.

Central Texas Regional Mobility Authority

**Required Supplementary Information—Pension Plan (Continued)
 Schedule of Employer Contributions
 June 30, 2017 and 2016**

Year Ending December 31,	Actuarially Determined Contribution (1)	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a Percentage of Covered Payroll
2007	\$ 152,487	\$ 152,487	\$ -	\$ 1,208,299	12.6%
2008	177,644	177,644	-	1,410,996	12.6%
2009	208,394	224,770	(16,376)	1,605,503	14.0%
2010	212,249	235,472	(23,222)	1,623,942	14.5%
2011	248,565	270,179	(21,614)	1,863,303	14.5%
2012	251,978	286,786	(34,811)	2,048,602	14.0%
2013	261,182	304,447	(43,266)	2,174,701	14.0%
2014	284,621	327,807	(43,187)	2,342,556	14.0%
2015	302,614	361,493	(58,879)	2,582,032	14.0%
2016	341,041	422,157	(81,115)	3,015,395	14.0%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB No. 68 indicates the Authority should report contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

Central Texas Regional Mobility Authority

**Required Supplementary Information—Pension Plan (Continued)
Notes to Schedule of Employer Contributions and Net Pension Liability
June 30, 2017 and 2016**

Actuarial methods and assumptions used: Following are the key assumptions and methods used in these schedules:

<p>Valuation Timing</p>	<p>Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.</p>
<p>Actuarial Cost Method</p>	<p>Individual entry age normal cost method, as required by GASB Statement No. 68, used for GASB calculations. A slightly different version of the entry age normal cost method is used for the funding actuarial valuation.</p>
<p>Asset Valuation Method Smoothing period Recognition method Corridor</p>	<p>5 years Non-asymptotic None</p>
<p>Economic Assumptions Inflation Salary increases Investment rate of return COLAs</p>	<p>3.0 percent 4.9 percent (made up of 3.0 percent inflation and 0.5 percent productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4 percent per year for a career employee. 8.1 percent COLAs for the Authority are not considered to be substantively automatic under GASB Statement No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.</p>

Central Texas Regional Mobility Authority

Required Supplementary Information—Pension Plan (Continued)
Notes to Schedule of Employer Contributions and Net Pension Liability
June 30, 2017 and 2016

Demographic assumptions—related to December 31, 2016 valuation:

Annual Rates of Service Retirement*					
Retirement					
Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	25%	25%
45-49	9	9	63	16	16
50	10	10	64	16	16
51	10	10	65	30	30
52	10.5	10.5	66	25	25
53	10.5	10.5	67	24	24
54	10.5	10.5	68	22	22
55	11	11	69	22	22
56	11	11	70	22	22
57	11	11	71	22	22
58	12	12	72	22	22
59	12	12	73	22	22
60	14	14	74 **	22	22
61	12	12			

* Deferred members are assumed to retire (100 percent probability) at the later of: a) age 60 b) earliest retirement eligibility. These assumption relate to the December 31, 2015 valuation.

** For all eligible members ages 75 and later, retirement is assumed to occur immediately.

Other terminations of employment: The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are all set at 0 percent and the rates do not vary by length of service, entry-age group (age at hire), and sex. No termination after eligibility for retirement is assumed.

Central Texas Regional Mobility Authority

**Required Supplementary Information—Pension Plan (Continued)
Notes to Schedule of Employer Contributions and Net Pension Liability
June 30, 2017 and 2016**

Withdrawals: Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in table below. For nondepositing members who are not vested, 100 percent are assumed to elect a withdrawal.

Probability of Withdrawal			
Years of Service	Probability	Years of Service	Probability
0	100%	15	40%
1	100	16	38
2	100	17	36
3	100	18	34
4	100	19	32
5	60	20	30
6	60	21	28
7	55	22	26
8	50	23	24
9	49	24	22
10	48	25	20
11	47	26	15
12	46	27	10
13	44	28*	5
14	42		

*Members with more than 28 years of service are not assumed to refund.

Central Texas Regional Mobility Authority

**Supplemental Information—Indenture Cash Flow and Debt Service Coverage
June 30, 2017**

Toll revenues		\$ 75,651,364
Other revenues		1,355,008
Miscellaneous revenue		213,883
Interest income available to pay debt service		847,178
Total revenues		<u>78,067,433</u>
Less system operating expenses		<u>(13,210,921)</u>
Revenues available for rate covenant and additional bonds tests		64,856,512
Net senior lien debt service	\$ 11,854,875	
Net subordinate lien debt service	9,754,950	
Total net debt service	<u>21,609,825</u>	
Debt service coverage ratio for rate covenant and additional bonds test:		
Senior lien obligations	5.47	
Senior and subordinate lien obligations	3.00	
Less system maintenance expenses		<u>(3,347,970)</u>
Revenues available for debt service		<u>61,508,542</u>
Senior lien obligations	5.19	
Senior and subordinate lien obligations	2.85	
Less total net debt service		(21,609,825)
Less deposits to renewal and replacement fund		-
Less debt service payments on other obligations		<u>-</u>
Annual excess		<u><u>\$ 39,898,717</u></u>

* The HERO operating grant revenues are included in "Other Revenues" above as the corresponding expenses are included in "System Operating Expenses."

Exhibit B

Federal Awards Compliance Report

Central Texas Regional Mobility Authority

Federal Awards Compliance Report
Year Ended June 30, 2017

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RSM US LLP

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Central Texas Regional Mobility Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Texas Regional Mobility Authority (the Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and the Public Funds Investment Act, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Public Funds Investment Act.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Austin, Texas
September 26, 2017



RSM US LLP

Independent Auditor's Report on Compliance For the Major Federal Program, Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Central Texas Regional Mobility Authority

Report on Compliance for the Major Federal Program

We have audited Central Texas Regional Mobility Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2017. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We have issued our report thereon dated September 26, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Austin, Texas
September 26, 2017

Central Texas Regional Mobility Authority

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Grant Award Number	Pass Through to Subrecipients	Federal Expenditures
Highway Planning and Construction Cluster:				
United States Department of Transportation:				
<i>Pass through Texas Department of Transportation:</i>				
Highway Planning and Construction—MoPac	20.205	CSJ 3136-01-107	\$ -	\$ 20,733,431
Highway Planning and Construction—183N Project	20.205	CSJ 0151-05-102	-	56,573
Highway Planning and Construction—183S Project	20.205	CSJ 0151-09-036; 0151-09-127; 0265-01.080	-	4,129,820
Highway Planning and Construction—US290W Project	20.205	0113-08-060	-	333,617
Highway Planning and Construction—US290W Multi. Projects	20.205	0265-01-080	-	86,485
Highway Planning and Construction—HERO Project	20.205	CSJ 0914-00-358; 0914-00-361	-	1,090,286
Highway Planning and Construction—183 and 183A Intersections	20.205	CSJ 0151-04-066	-	120,000
Total Highway Planning and Construction Cluster			-	26,550,212
Highway Research and Development—Ridesharing	20.200	CSJ 0914-00-373	-	16,134
Total Federal Expenditures			\$ -	\$ 26,566,346

See notes to the Schedule of Expenditures of Federal Awards.

Central Texas Regional Mobility Authority

Note to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Schedule of Expenditures of Federal Awards (the Schedule) includes the activity of all federal programs administered by Central Texas Regional Mobility Authority (the Authority). Because this schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Authority.

Basis of presentation: The Schedule presents total federal awards expended for each individual program and CFDA number in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Basis of accounting: The expenditures for each of the federal financial assistance programs are presented on the accrual basis of accounting for the Authority's fiscal year. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local and Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. In accordance with the Uniform Guidance, the Authority did not apply or use the 10 percent de minimis cost rate as defined by the Uniform Guidance for the period ending June 30, 2017.

Loan and loan guarantees: The Authority has no loans or loan guarantees.

Central Texas Regional Mobility Authority

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section I

Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

2. Federal Awards

Internal control over major federal program:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's report issued on compliance for the major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a) _____ Yes X No

Identification of major federal program:

CFDA Number(s) Name of Federal Program or Cluster
20.205 Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$ 796,990

Auditee qualified as low-risk auditee? X Yes _____ No

Section II

Financial Statement Findings

None reported

Section III

Federal Award Finding and Questioned Costs

None reported

Central Texas Regional Mobility Authority

**Schedule of Prior Audit Findings
Year Ended June 30, 2017**

Prior-Year Federal Award Finding and Questioned Costs

None reported

Exhibit C

State Awards Compliance Report

Central Texas Regional Mobility Authority

State Awards Compliance Report
Year Ended June 30, 2017

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RSM US LLP

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Central Texas Regional Mobility Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Texas Regional Mobility Authority (the Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and the Public Funds Investment Act, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Public Funds Investment Act.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Austin, Texas
September 26, 2017



RSM US LLP

Independent Auditor's Report on Compliance for Each Major State Program, Report on Internal Control Over Compliance and Report on Schedule of Expenditures of State Awards Required by the State of Texas Uniform Grant Management Standards

To the Board of Directors
Central Texas Regional Mobility Authority

Report on Compliance for the Major State Program

We have audited Central Texas Regional Mobility Authority's (the Authority) compliance with the types of compliance requirements described in the state of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on the Authority's major State program for the year ended June 30, 2017. The Authority's major state program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, contracts and terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the UGMS. Those standards and the UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major State Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the UGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards Required by the State of Texas Uniform Grant Management Standards

We have audited the financial statements of the Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We have issued our report thereon dated September 26, 2017, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Austin, Texas
September 26, 2017

Central Texas Regional Mobility Authority

**Schedule of Expenditures of State Awards
Year Ended June 30, 2017**

State Grantor/Program Title	State Grant Award Number	Pass Through to Subrecipients	State Expenditures
Texas Department of Transportation:			
MoPac South Intersections (Loop 1: from Davis to LaCrosse)	CSJ 3136-01-015	\$ -	\$ 25,544
SH 45SW Toll Project	CSJ 1200-06-004; 1200-07-001	-	16,220,897
183N Advance Funding Agreement	CSJ 0151-05-102	-	14,143
US290W Scenic Brook to Joe Tanner Grant	CSJ 0113-08-060	-	83,404
MoPac Improvement Project	CSJ 3136-01-107	-	5,183,358
MoPac South Project Environmental Assessment	CSJ 3136-01-176	-	658,713
Highway Planning and Construction—183 and 183A Intersections	CSJ 0151-04-066	-	30,000
Highway Planning and Construction—US290W Multi. Projects Grant	CSJ 0265-01-080	-	21,621
Highway Planning and Construction—HERO Project	CSJ 0914-00-358; 0914-00-361	-	272,571
Highway Research and Development—Ridesharing	CSJ 0914-00-373	-	950
Total state expenditures		\$ -	\$ 22,511,201

See notes to the Schedule of Expenditures of State Awards.

Central Texas Regional Mobility Authority

Note to the Schedule of Expenditures of State Awards Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Schedule of Expenditures of State Awards (the Schedule) includes the activity of all state programs administered by Central Texas Regional Mobility Authority (the Authority). Because this Schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the Authority.

Basis of presentation: The Schedule presents total state awards expended for each individual program in accordance with the Texas *Uniform Grant Management Standards*.

Basis of accounting: The expenditures for each of the state financial assistance programs are presented on the accrual basis of accounting for the Authority's fiscal year. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State and Local and Governments, or the cost principles contained in the Texas *Uniform Grant Management Standards*, Cost Principles and Audit Requirements for State Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Loan and loan guarantees: The Authority has no loan or loan guarantees.

Central Texas Regional Mobility Authority

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section I

Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued on whether the financial statements were presented in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

2. State Awards

Internal control over major state program:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None Reported

Type of auditor's report issued on compliance for the major state program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *State of Texas Single Audit Circular*

 Yes X No

Identification of major state program:

State Award Number(s)
CSJ 1200-06-004 and CSJ 1200-07-001

Name of State Program or Cluster
SH 45SW Toll Project

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

Section II

Financial Statement Findings

None reported

Section III

State Award Finding and Questioned Costs

None reported

Central Texas Regional Mobility Authority

**Schedule of Prior Audit Findings
Year Ended June 30, 2017**

Prior Year State Award Finding and Questioned Costs

None reported

