

**January 26, 2011 CTRMA BOARD OF DIRECTORS MEETING
Summary Sheet**

AGENDA ITEM # 5

Discussion and possible action on a financial assistance agreement with TxDOT for the Manor Expressway Project

Department: Finance/Law

Associated Costs: None

Funding Source: None

Board Action Required: Yes

Description of Matter: On September 30, 2010, the Texas Transportation Commission gave final approval to CTRMA's application for a Toll Equity Grant for \$126.7 million in financial assistance from TxDOT to fund construction costs for the Manor Expressway.

Texas Transportation Commission Minute Order No. 112444 authorized the Executive Director of TxDOT to enter into a financial assistance agreement ("FAA") with CTRMA.

The proposed FAA is recommended for board approval. The resolution authorizes the Executive Director of CTRMA to execute the proposed FAA in the form as attached or as substantially similar.

Attached documentation for reference:

Draft Resolution and proposed Financial Assistance Agreement

Contact for further information:

Andrew Martin, General Counsel

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

RESOLUTION NO. 11-___

**Approving a Financial Assistance Agreement with the Texas Department of
Transportation for the Manor Expressway Project**

WHEREAS, the Texas Transportation Commission on September 20, 2010, adopted its Minute Order 112444 granting final approval of the request by Central Texas Regional Mobility Authority's for assistance in financing construction costs for the Manor Expressway Project in the amount of \$126.7 million; and

WHEREAS, Minute Order 112444 authorizes the executive director of the Texas Department of Transportation to enter into a financial assistance agreement with the Central Texas Regional Mobility Authority; and

WHEREAS, discussions between the respective staff and attorneys of the Texas Department of Transportation and the Central Texas Regional Mobility Authority have produced a proposed Financial Assistance Agreement consistent with the approval granted by Minute Order 112444 and appropriate for execution by the respective executive directors of the Texas Department of Transportation and Central Texas Regional Mobility Authority.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors approves the grant of financial assistance from the Texas Department of Transportation to the Central Texas Regional Mobility Authority as set forth in Texas Transportation Commission Minute Order No. 112444; and

BE IT FURTHER RESOLVED, that the Board of Directors authorizes its Executive Director to finalize and execute a financial assistance agreement with the Texas Department of Transportation in the form or substantially in the form of the proposed Financial Assistance Agreement attached as Attachment A to this Resolution.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 26th day of January, 2011.

Submitted and reviewed by:

Approved:

Andrew Martin
General Counsel for the Central
Texas Regional Mobility Authority

Ray A. Wilkerson
Chairman, Board of Directors
Resolution Number: 11-___
Date Passed: 1/26/11

FINANCIAL ASSISTANCE AGREEMENT

This Agreement is made by and between the Texas Department of Transportation, an agency of the State of Texas (“TxDOT”), and the Central Texas Regional Mobility Authority, a political subdivision of the State of Texas (“CTRMA”), for the purpose of providing financial assistance in connection with the development and construction of the proposed Manor Expressway in Travis County.

RECITALS

The parties acknowledge the following:

A. The CTRMA is a regional mobility authority operating pursuant to Chapter 370 of the Texas Transportation Code (the “RMA Act”) and 43 TEX. ADMIN. CODE § 26.1 *et seq.* (the “RMA Rules”).

B. The CTRMA’s goals include improving mobility within Travis and Williamson counties. To further that goal, the CTRMA has exercised its option pursuant to Section 228.0111 of the Texas Transportation Code to develop, construct, and operate the proposed Manor Expressway – 290 East Toll Project, a 6.2 mile toll project in Travis County to improve the existing US 290 facility from US 183 (western terminus) to just east of State Highway 130 (eastern terminus) (the “Manor Expressway”). The purpose of the Manor Expressway is to effectively and expeditiously respond to increased transportation demands while enhancing mobility, advancing operational efficiency, and improving safety within the US 290 East corridor. The Manor Expressway is included in the 2035 Transportation Plan approved by the Capital Area Metropolitan Planning Organization (“CAMPO”) Transportation Policy Board on May 24, 2010 and is consistent with the Statewide Transportation Plan.

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

D. Section 370.301 of the RMA Act authorizes TxDOT to provide for or contribute to the payment of costs of the design, financing, construction, operation, or maintenance of a turnpike project of the CTRMA on terms agreed to TxDOT and the CTRMA.

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

F. On July 30, 2008, TxDOT and the CTRMA executed a market valuation agreement in which they agreed to waive the development of a market valuation pursuant to Transportation Code, Sec. 228.0111(f-1) and further agreed that the Manor Expressway would be developed pursuant to specified terms and conditions.

G. On December 17, 2008, the CTRMA Board of Directors voted to exercise the CTRMA's option to develop the Manor Expressway pursuant to Transportation Code, Sec. 228.0111(g).

H. On or about July 2, 2010, the CTRMA submitted a request, pursuant to the Toll Equity Rules, for financial assistance in the amount of \$126.7 million to fund the costs of constructing the Manor Expressway, from east of US 183 to east of SH 130, including without limitation the costs of right of way acquisition and utility relocation.

I. On July 29, 2010, and September 30, 2010, the Texas Transportation Commission (the "commission"), pursuant to its constitutional and statutory authority and the Toll Equity Rules, gave preliminary and final approval of the grant by TxDOT of financial assistance in the amount of \$126.7 million, to be used for the purposes identified in the preceding paragraph. In Minute Order No. 112444, approved on September 30, 2010, the commission authorized the Executive Director of TxDOT to enter into a financial assistance agreement with the CTRMA.

J. On January 29, 2011, the CTRMA Board of Directors (the "Board") accepted the grant of financial assistance and, in Resolution No. 11 - ___, authorized the Executive Director of the CTRMA to enter into a financial assistance agreement with TxDOT.

AGREEMENT

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

1. TxDOT will provide financial assistance to the CTRMA in the amount \$126.7 million, to be used to pay or provide reimbursement for the costs of constructing the Manor Expressway, from east of US 183 to east of SH 130, including without limitation the costs of right of way acquisition and utility relocation. This funding is committed by TxDOT and is not subject to future discretionary actions of TxDOT or the commission. The parties recognize that this funding commitment is an integral part of the overall plan of finance for the Manor Expressway and will be used to secure funding for project construction, and that contractors, rating agencies, capital markets and capital markets participants, and other third parties will act in reliance on the availability of the funds as reflected herein. The parties further recognize and acknowledge that the funds committed herein may be applied to reimburse costs incurred prior to, and in anticipation of, receipt of those funds.

2. Funds to be made available pursuant to this Agreement shall be disbursed over a period of five fiscal years beginning in FY 2012. Subject to the foregoing, and provided that CTRMA is in compliance with the terms of this Agreement, funds shall be disbursed in quarterly disbursements of equal amounts within each fiscal year in the aggregate amount for each fiscal year set forth below. The quarterly disbursements shall be made on the following dates within each fiscal year (provided that if such day falls on a weekend or holiday, the disbursement shall be made on the next business day): October 31, February 9, May 21, and August 31.

(a) FY 2012- \$16,800,000.00

- (b) FY 2013- \$31,000,000.00
- (c) FY 2014- \$42,900,000.00
- (d) FY 2015- \$24,000,000.00
- (e) FY 2016- \$12,000,000.00

By way of example, in FY 2014, TxDOT shall disburse \$10,725,000.00 on each of the aforementioned dates (subject to the terms of this Agreement). The CTRMA will maintain transaction level expenditure information relating to expenditures paid or reimbursed with funds provided under this Agreement, and will provide, on a quarterly basis, a written report prepared by its General Engineering Consultant detailing the status of project construction and the specific use of the granted funds during the previous quarter, including without limitation the use of those funds to reimburse costs incurred in anticipation of the receipt of those funds. Costs paid or reimbursed by the CTRMA using funds granted under this Agreement shall be paid or reimbursed in accordance with applicable policies of the CTRMA and other applicable state and federal laws, including the applicable requirements of OMB Circular A-87.

3. The CTRMA will deliver to TxDOT prior to each disbursement a certificate in which the CTRMA certifies that the disbursement, when added to the amount of all prior disbursements, will not exceed the aggregate amount of project construction costs. TxDOT shall have the right to request and the CTRMA shall provide written documentation, including copies of invoices, reports or notices, evidencing previously incurred costs being reimbursed or in support of the need for the disbursed funds and the intended use of those funds.

4. To the extent funds disbursed hereunder are utilized, consistent with the authorized purposes under this Agreement, to procure tangible work product, TxDOT shall have the right to review such work product.

5. Subject to paragraph 6 below and this paragraph 5, amounts disbursed to, or on behalf of, the CTRMA pursuant to this Agreement shall not be subject to repayment to TxDOT, provided that the CTRMA agrees to use surplus revenues (as that phrase is defined in the RMA Act) from the Manor Expressway to pay the costs of other transportation projects as authorized by Sec. 370.174(b) of the RMA Act, in an amount at least equal to the amount of funds disbursed under this Agreement.

6. In the event that development of the Manor Expressway is terminated by the CTRMA prior to opening of the project for revenue operation, then: (i) all work product and right of way procured with funds granted under this Agreement shall, at TxDOT's request, be transferred to the department, along with all right, title and interest in and to such work product or right of way; and (ii) TxDOT shall disburse to the CTRMA any undisbursed amounts of the financial assistance needed to pay or reimburse costs incurred by the CTRMA prior to such termination; provided that such disbursement shall not exceed the aggregate amount of project construction costs incurred prior to such termination. All unexpended funds provided to CTRMA under this Agreement that exceed the aggregate amount of project construction costs incurred prior to such termination shall be returned to TxDOT.

7. The CTRMA will comply with applicable state and federal law in the performance of its work under the Agreement and will comply with any other applicable provision of the Toll Equity Rules and the requirements of the project development agreement relating to the performance of work. The CTRMA shall not begin construction of the Manor Expressway until a project development agreement for the project is executed by TxDOT and the CTRMA.

8. The CTRMA will maintain its books and records relating to the Manor Expressway, the financial assistance provided under the Agreement, and costs paid or reimbursed using funds provided under the Agreement in accordance with the requirements of the Toll Equity Rules, and will comply with the audit requirements and other requirements relating to project records in accordance with the Toll Equity Rules.

9. If either party defaults in the performance of any obligation described in this Agreement, the other party may exercise any rights and remedies granted by law or this Agreement.

10. This Agreement does not constitute TxDOT approval of the Manor Expressway or TxDOT approval for the CTRMA to construct the Manor Expressway.

11. The parties acknowledge and agree that the CTRMA must comply with all environmental permits, issues and commitments necessary for development and ultimate operation of the Manor Expressway. The CTRMA shall provide TxDOT with written certification from appropriate regulatory agencies that identified environmental problems have been addressed in the environmental clearance documentation.

12. This Agreement shall be effective from the date indicated below until December 31, 2020. Any funds not expended at that time will not be available to the CTRMA.

This Agreement shall be effective as of the _____ day of _____, 2011.

TEXAS DEPARTMENT OF TRANSPORTATION

By: _____
Amadeo Saenz, Jr. P.E., Executive Director

**THE CENTRAL TEXAS REGIONAL MOBILITY
AUTHORITY**

By: _____
Mike Heiligenstein, Executive Director