

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

RESOLUTION NO. 07-32

WHEREAS, the Central Texas Regional Mobility Authority ("CTRMA") is empowered to procure such goods and services as it deems necessary to assist with its operations and to study and develop potential transportation projects, and is responsible to insure accurate financial records are maintained using sound and acceptable financial practices; and

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

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

WHEREAS, the Executive Director, working with the Chief Financial Officer, has reviewed and authorized the disbursements necessary for the month of May 2007 and has caused a Financial Report to be prepared which is attached hereto as Attachment "A."

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors accepts the Financial Report for May 2007, attached hereto as Attachment "A."

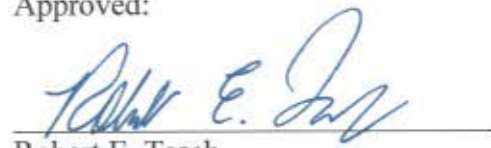
Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 27th day of June, 2007.

Submitted and reviewed by:



Tom Nielson
General Counsel for the Central
Texas Regional Mobility Authority

Approved:



Robert E. Tesch
Chairman, Board of Directors
Resolution Number 07-32
Date Passed 6/27/07

**Central Texas Regional Mobility Authority
Income Statement
All Operating Departments**

| Revenue | Budget FY 2007 | Actual Year To Date 5/31/2007 | Percent Of Budget | Actual Year To Date 5/31/2006 |
|-------------------------|---------------------------|--|------------------------------|--|
| Toll Revenue-Cash-183A | 410,000.00 | 202,183.12 | 49.31% | 0.00 |
| Toll Revenue-TxTag-183A | 510,000.00 | 0.00 | | 0.00 |
| Interest Income | 503,050.00 | 430,712.64 | 85.62% | 429,458.01 |
| Reimbursed Expenditures | 51,000.00 | 53,526.81 | 104.95% | 22,874.07 |
| Total Revenue | 1,474,050.00 | 686,422.57 | 46.57% | 452,332.08 |

| Expenditures | Budget FY 2007 | Actual Year To Date 5/31/2007 | Percent Of Budget | Actual Year To Date 5/31/2006 |
|-----------------------------------|---------------------------|--|------------------------------|--|
| Regular | 1,210,148.00 | 949,863.18 | 78.49% | 712,671.64 |
| Part Time | 17,000.00 | 12,330.73 | 72.53% | 395.20 |
| Overtime | 10,000.00 | 893.07 | 8.93% | 0.00 |
| Contractual Employees | 130,000.00 | 133,270.92 | 102.52% | 108,831.27 |
| TCDRS | 155,866.00 | 123,741.29 | 79.39% | 98,259.59 |
| FICA | 64,527.00 | 46,305.79 | 71.76% | 37,648.29 |
| FICA MED | 17,939.00 | 13,458.36 | 75.02% | 10,150.83 |
| Health Insurance | 117,223.00 | 81,761.66 | 69.75% | 57,653.40 |
| Life Insurance | 1,682.00 | 1,140.00 | 67.78% | 369.45 |
| Auto Allowance | 9,000.00 | 6,700.00 | 74.44% | 8,050.00 |
| Other Benefits | 88,471.00 | 28,657.65 | 32.39% | 27,326.94 |
| Unemployment Taxes | 4,590.00 | 810.21 | 17.65% | 2,916.86 |
| Workers Compensation | 5,324.00 | 0.00 | | 471.66 |
| Total Salaries & Wages | 1,831,770.00 | 1,398,932.86 | 76.37% | 1,068,204.89 |

| Contractual Services | Budget FY 2007 | Actual Year To Date 5/31/2007 | Percent Of Budget | Actual Year To Date 5/31/2006 |
|------------------------------------|---------------------------|--|------------------------------|--|
| Professional Services | | | | |
| Accounting | 12,000.00 | 6,164.66 | 51.37% | 22,891.69 |
| Auditing | 35,000.00 | 16,247.50 | 46.42% | 10,800.00 |
| Financial Advisors | 4,000.00 | 0.00 | | 29,320.00 |
| General Engineering Consultant | 450,000.00 | 0.00 | | 5,568.75 |
| General System Consultant | 100,000.00 | 0.00 | | 0.00 |
| Geotechnical | 1,200,000.00 | 45,997.64 | 3.83% | 0.00 |
| Human Resources | 22,000.00 | 15,272.28 | 69.42% | 5,733.64 |
| Legal | 300,000.00 | 71,491.97 | 23.83% | 269,206.47 |
| Photography | 15,000.00 | 17,345.42 | 115.64% | 13,117.66 |
| Traffic & Revenue Consultants | 40,000.00 | 0.00 | | 0.00 |
| Communications and Marketing | 150,000.00 | 95,709.53 | 63.81% | 0.00 |
| Transcripts | 2,000.00 | 0.00 | | 1,900.00 |
| Total Professional Services | 2,330,000.00 | 268,229.00 | 11.51% | 358,643.21 |

| | Budget FY 2007 | Actual Year To Date 5/31/2007 | Percent Of Budget | Actual Year To Date 5/31/2006 |
|---|---------------------|-------------------------------------|----------------------|-------------------------------------|
| Other Contractual Services | | | | |
| IT Services | 25,000.00 | 5,672.99 | 22.69% | 9,091.18 |
| Graphic Design Services | 50,000.00 | 3,250.00 | 6.50% | 43,064.02 |
| Website Maintenance | 20,000.00 | 16,174.67 | 80.87% | 3,875.00 |
| Research Services | 45,000.00 | 5.95 | 0.01% | 42,628.07 |
| Copy Machine | 13,000.00 | 8,474.74 | 65.19% | 3,603.02 |
| Software licenses | 21,675.00 | 21,033.80 | 97.04% | 0.00 |
| Advertising | 50,000.00 | 32,469.48 | 64.94% | 1,411.80 |
| Direct Mail | 20,000.00 | 17,134.25 | 85.67% | 0.00 |
| Video Production | 50,000.00 | 103,394.48 | 206.79% | 0.00 |
| Television | 150,000.00 | 180,396.64 | 120.26% | 0.00 |
| Radio | 50,000.00 | 38,462.00 | 76.92% | 0.00 |
| Other Public Relations | 0.00 | 44,342.93 | | 90,786.13 |
| Security Contracts | 60,000.00 | 33,015.80 | 55.03% | 0.00 |
| Cell Phones | 10,170.00 | 4,276.74 | 42.05% | 5,046.17 |
| Local | 18,240.00 | 9,331.64 | 51.16% | 2,868.12 |
| Long Distance | 2,400.00 | 744.14 | 31.01% | 123.01 |
| Internet | 4,000.00 | 3,366.00 | 84.15% | 1,710.95 |
| Other Communication Expense | 1,000.00 | 546.95 | 54.70% | 1,044.56 |
| Dues & Subscriptions | 7,200.00 | 1,906.90 | 26.48% | 4,430.76 |
| Memberships | 18,950.00 | 11,179.85 | 59.00% | 6,435.00 |
| Continuing Education | 9,000.00 | 2,689.95 | 29.89% | 2,245.00 |
| Professional Development | 11,000.00 | 950.00 | 8.64% | 9,266.10 |
| Seminars and Conferences | 21,400.00 | 21,490.00 | 100.42% | 6,448.39 |
| Total Travel | 70,500.00 | 20,535.26 | 29.13% | 36,878.55 |
| Other Contractual Svcs | 9,000.00 | 7,367.63 | 81.86% | 4,257.27 |
| Contractual Contingencies | 161,000.00 | 428.26 | 0.27% | |
| Total Other Contractual Services | 826,860.00 | 588,641.05 | 71.19% | 275,877.05 |
| Total Contractual Expenses | 3,156,860.00 | 856,870.05 | 27.14% | 634,520.26 |

| | Budget FY 2007 | Actual Year To Date 5/31/2007 | Percent Of Budget | Actual Year To Date 5/31/2006 |
|---|-------------------|-------------------------------------|----------------------|-------------------------------------|
| Materials and Supplies | | | | |
| Books & Publications | 3,600.00 | 2,399.84 | 66.66% | 3,828.30 |
| Office Supplies | 18,750.00 | 7,861.97 | 41.93% | 14,347.76 |
| Computer Supplies | 17,500.00 | 6,122.00 | 34.98% | 5,370.59 |
| Copy Supplies | 6,000.00 | 0.00 | | 0.00 |
| Annual Report | 20,000.00 | 18,252.12 | 91.26% | 14,950.00 |
| Other Reports | 60,500.00 | 34,042.77 | 56.27% | 0.00 |
| Direct Mail | 0.00 | 3,455.00 | | 24,483.00 |
| Office Supplies | 18,350.00 | 4,539.78 | 24.74% | 2,767.16 |
| Maintenance Supplies | 500.00 | 0.00 | | 0.00 |
| Promotional Items | 12,500.00 | 12,469.22 | 99.75% | 0.00 |
| Displays | 10,000.00 | 12,703.42 | 127.03% | 0.00 |
| Tools & Equipment | 2,250.00 | 1,188.67 | 52.83% | 920.88 |
| Misc Materials & Supplies | 6,000.00 | 1,683.23 | 28.05% | 200.27 |
| Total Materials & Supplies Exp | 175,950.00 | 104,718.02 | 59.52% | 67,005.81 |

| | <u>Budget FY 2007</u> | <u>Actual Year To Date 5/31/2007</u> | <u>Percent Of Budget</u> | <u>Actual Year To Date 5/31/2006</u> |
|--------------------------------|---------------------------|--|------------------------------|--|
| Operating Expenses | | | | |
| Gasoline | 10,000.00 | 0.00 | | 18.92 |
| Mileage Reimbursement | 8,200.00 | 6,454.76 | 78.72% | 7,079.62 |
| Parking | 22,100.00 | 21,497.37 | 97.27% | 1,861.13 |
| Graffiti Removal | 0.00 | 1,722.40 | | 0.00 |
| Meeting Facilities | 3,000.00 | 5,000.00 | 166.67% | 340.20 |
| Community Events | 20,000.00 | 871.37 | 4.36% | 0.00 |
| Meeting Expense | 4,900.00 | 2,706.47 | 55.23% | 2,284.52 |
| Public Notices | 3,500.00 | 328.75 | 9.39% | 565.16 |
| Postage | 11,500.00 | 1,701.73 | 14.80% | 4,545.80 |
| Overnight Services | 2,200.00 | 164.08 | 7.46% | 232.82 |
| Delivery Services | 3,200.00 | 1,666.98 | 52.09% | 1,833.03 |
| Insurance | 26,200.00 | 28,402.77 | 108.41% | 16,705.73 |
| Reimbursements | 1,150.00 | 1.36 | 0.12% | 28.36 |
| Repair and Maintenance | 3,600.00 | 0.00 | | 158.00 |
| Rent | 162,290.00 | 167,519.03 | 103.22% | 23,053.24 |
| Water | 17,000.00 | 0.00 | | 0.00 |
| Electricity | 7,400.00 | 6,354.62 | 85.87% | 209.07 |
| Natural Gas | 500.00 | 0.00 | | 163.59 |
| Amortization Expense | 30,000.00 | 31,742.15 | 105.81% | 9,678.95 |
| Dep Exp- Furniture & Fixtures | 12,000.00 | 9,611.42 | 80.10% | 3,410.02 |
| Dep Expense - Equipment | 12,000.00 | 8,602.66 | 71.69% | 3,379.68 |
| Dep Expense-Communic Equip | 6,000.00 | 5,497.74 | 91.63% | 2,445.90 |
| Depreciation Expense-Computers | 48,000.00 | 27,062.38 | 56.38% | 8,213.90 |
| Recruitment | 4,000.00 | 0.00 | | 1,306.16 |
| Community Initiative Grants | 200,000.00 | 114,492.00 | 57.25% | 22,500.00 |
| Total Operating Expense | 618,740.00 | 441,400.04 | 71.34% | 110,013.80 |
| Financing Expenses | | | | |
| Arbitrage Rebate | 1,000.00 | 3,500.00 | 350.00% | 0.00 |
| Loan Fees | 10,500.00 | 11,000.00 | 104.76% | 10,500.00 |
| Bond Issuance Cost | 25,000.00 | 25,000.00 | 100.00% | 0.00 |
| Trustee Fees | 3,800.00 | 4,849.99 | 127.63% | 3,166.70 |
| Bank Fees | 1,000.00 | 1,104.69 | 110.47% | 342.85 |
| Credit Card Fees | 1,000.00 | 0.00 | | 0.00 |
| Contingency | 20,000.00 | 0.00 | | 0.00 |
| Total Financing Expense | 62,300.00 | 45,454.68 | 72.96% | 14,009.55 |
| Total Expenses | 5,845,620.00 | 2,847,375.65 | 48.71% | 1,893,754.31 |
| Net Income | -4,371,570.00 | -2,160,953.08 | | -1,441,422.23 |

Central Texas Regional Mobility Authority
Balance Sheet
May 31, 2007

As of

May 31, 2006

Assets

Current Assets

| | | | | |
|-------------------------------|---------------|----------------------|---------------|----------------------|
| Cash in Operating Fund | | 31,198.28 | | 1,570.23 |
| Cash In TexSTAR | 7,731,054.73 | | 7,462,391.02 | |
| Cash in Chase Money Mkt Funds | 0.00 | | 5,920,802.98 | |
| Money Market Payroll Account | 1,607.43 | | 0.00 | |
| Fidelity Government MMA | 72,732.46 | | 0.00 | |
| Restricted Cash-TexStar | 63,631,791.31 | | 22,053,571.66 | |
| Total Cash Equivalents | | 71,437,185.93 | | 35,436,765.66 |
| Accounts Receivable | 2,049.40 | | 111.30 | |
| Interest Receivable | 35,197.07 | | 137,043.41 | |
| Agencies | | 8,960,608.87 | | 15,406,996.76 |
| Prepaid Insurance | 19,836.89 | | 12,581.14 | |
| Prepaid Expenses | 0.00 | | 3,166.66 | |
| Total Prepaid Expenses | | 19,836.89 | | 15,747.80 |
| Total Current Assets | | 80,486,076.44 | | 50,998,235.16 |

Construction Work In Process

| | | | | |
|--------------------------------|-----------------|-----------------------|----------------|-----------------------|
| Utility Relocation Expense | 61,460.46 | | 7,068.41 | |
| Consulting-Admin Services | 687,052.37 | | 658,674.93 | |
| Consulting-Reimbursed Expenses | 5,766.34 | | 9.14 | |
| Environmental Fees | 398,750.00 | | 398,750.00 | |
| Funding Costs | 30,000.00 | | 30,000.00 | |
| Legal Fees-Construction | 2,269,772.20 | | 1,675,106.61 | |
| Traffic & Revenue Analysis | 2,607,202.49 | | 1,459,082.37 | |
| Unsuccessful Proposers | 356,625.82 | | 356,625.82 | |
| Engineering | 4,096,252.56 | | 1,235,452.76 | |
| Right of Way | 18,612,108.29 | | 95,428.77 | |
| Total Preliminary Costs | | 29,124,990.53 | | 5,916,198.81 |
| Public Involvement | 390,310.48 | | 144,754.77 | |
| CDA Oversight | 7,685,915.46 | | 3,090,848.51 | |
| Engineering | 14,082,913.49 | | 14,003,025.64 | |
| Total Construction Engineering | | 22,159,139.43 | | 17,238,628.92 |
| Design | 30,669,172.41 | | 22,619,128.35 | |
| Construction-CDA | 135,159,327.99 | | 77,174,049.61 | |
| Other Construction Costs | 372,976.15 | | 75,465.53 | |
| Total Construction | | 166,201,476.55 | | 99,868,643.49 |
| Toll Collection System | | 7,521,218.12 | | 2,121,247.06 |
| Accrued Interest Income | (13,941,242.74) | | (9,541,943.97) | |
| Accrued Interest Expense | 26,564,731.33 | | 15,056,129.44 | |
| Amortization of Bond Premium | (3,568,266.53) | | (1,993,772.75) | |
| Amortization Bond Disc Invest | (4,320,294.48) | | (91,690.57) | |
| Total Accrued Interest | | 4,734,927.58 | | 3,428,722.15 |
| Amortization Bond Issue Costs | | 3,240,212.23 | | 1,812,928.17 |
| Total Construction WIP | | 232,981,964.44 | | 130,386,368.60 |

Fixed Assets

| | | | | |
|-----------------------------------|--------------------|-----------------------|--------------------|-----------------------|
| Computers | 115,571.52 | | 115,571.52 | |
| Accum Deprec-Computers | <u>(89,666.60)</u> | 25,904.92 | <u>(58,736.64)</u> | 56,834.88 |
| Computer Software | 95,156.88 | | 95,156.88 | |
| Accumulated Amortization-Software | <u>(38,005.98)</u> | 57,150.90 | <u>(9,158.81)</u> | 85,998.07 |
| Furniture and Fixtures | 59,232.16 | | 48,757.17 | |
| Accum Deprec-Furn & Fixtures | <u>(13,798.04)</u> | 45,434.12 | <u>(3,410.02)</u> | 45,347.15 |
| Equipment | 28,777.93 | | 28,777.93 | |
| Accum Depec-Equipment | <u>(12,764.40)</u> | 16,013.53 | <u>(3,379.68)</u> | 25,398.25 |
| Communication Equipment | 30,743.13 | | 28,871.02 | |
| Accum Deprec-Comm Equip | <u>(8,432.82)</u> | 22,310.31 | <u>(2,445.90)</u> | 26,425.12 |
| Leasehold Improvements | | 47,005.53 | | 40,440.70 |
| Total Fixed Assets | | 213,819.31 | | 280,444.17 |
| Other Assets | | | | |
| Security Deposits | | 8,643.30 | | 8,643.30 |
| Long Term Investments | | | | |
| GIC | | 10,460,664.71 | | 124,082,306.53 |
| Other Assets | | | | |
| Intangible Assets | | 650.00 | | 0.00 |
| 2005 Bond Issuance Costs | | 9,690,156.93 | | 11,117,440.99 |
| Total Assets | | 333,841,975.13 | | 316,873,438.75 |

Liabilities**Current Liabilities**

| | | | | |
|----------------------------------|--|---------------------|--|---------------------|
| Accounts Payable | | 20,502.33 | | 1,523,019.19 |
| Vouchers Payable | | 0.00 | | 0.00 |
| Interest Payable | | 4,799,927.55 | | 4,750,601.37 |
| Deferred Compensation Payable | | 0.00 | | 0.00 |
| TCDRS Payable | | 16,954.10 | | 14,547.13 |
| Due to State of Texas | | 0.00 | | 171.63 |
| Total Current Liabilities | | 4,837,383.98 | | 6,288,339.32 |

Long Term Liabilities

| | | | | |
|------------------------------------|--|-----------------------|--|-----------------------|
| Retainage Payable | | 8,645,751.53 | | 5,089,200.53 |
| BANS 2005 | | 66,000,000.00 | | 66,000,000.00 |
| Senior Lien Revenue Bonds 2005 | | 169,325,456.18 | | 168,570,263.80 |
| Sn Lien Rev Bnd Prem/Disc 2005 | | 6,289,940.02 | | 7,864,433.80 |
| Total Long Term Liabilities | | 250,261,147.73 | | 247,523,898.13 |
| Total Liabilities | | 255,098,531.71 | | 253,812,237.45 |

Net Assets Section

| | | | | |
|---|--|-----------------------|--|-----------------------|
| Contributed Capital | | 18,430,634.57 | | |
| Net Assets beginning | | 62,572,135.27 | | 64,467,385.20 |
| Current Year Operations | | <u>(2,160,953.08)</u> | | <u>(1,406,005.56)</u> |
| Total Liabilities and Net Assets | | 333,940,348.47 | | 316,873,617.09 |

CTRMA INVESTMENT REPORT

| Month Ending 5/31/2007 | | | | | | | Current | |
|---|----------------------|----------------------|------------------|-------------------|----------------------|----------------------|---------------|--|
| Balance | | Discount | Accrued Interest | Withdrawals | Balance | Rate as of | Maturity | |
| 4/30/2007 | Additions | Amortization | | | 5/31/2007 | 5/31/2007 | | |
| Amount in repo | | | | | | | | |
| Construction Fund | 442,654.48 | | See Note a | 110,889.95 | 331,764.53 | 3.35% | April 1, 2007 | |
| Debt Service Fund | 10,217,986.17 | | 28,212.79 | | 10,246,198.96 | 3.35% | Jan 1, 08 | |
| totals | 10,660,640.65 | 0.00 | 0.00 | 28,212.79 | 110,889.95 | 10,577,963.49 | | |
| Amount in Trustee TexStar | | | | | | | | |
| Additional Projects Fund | 5,556,017.12 | 5,034,148.88 | | 43,507.12 | 1,079,993.22 | 9,553,679.90 | 5.333% | |
| Construction Fund | 32,663,735.01 | | | 135,822.32 | 2,846,230.98 | 29,953,326.35 | 5.333% | |
| Renewal & Replacement Fund | 96,716.34 | | | 432.18 | | 97,148.52 | 5.333% | |
| TxDOT Grant Fund | 10,596,315.01 | | | 47,350.07 | | 10,643,665.08 | 5.333% | |
| Revenue Fund | 0.00 | 103,809.78 | | 210.35 | | 104,020.13 | 5.333% | |
| Debt Service Reserve Fund | 13,220,873.32 | | | 59,078.01 | | 13,279,951.33 | 5.333% | |
| | 62,133,656.80 | 5,137,958.66 | 0.00 | 286,400.05 | 3,926,224.20 | 63,631,791.31 | | |
| Amount in TexStar Operating Fund | | | | | | | | |
| | 8,030,259.86 | | | 35,230.81 | 334,435.94 | 7,731,054.73 | 5.333% | |
| Fidelity Money Market Fund | | | | | | | | |
| -Operating Fund | 5,472.17 | | | 22.00 | | 5,494.17 | 4.880% | |
| -Additional Projects Fund | 5,022,201.43 | 2,606,243.22 | | 11,947.45 | 7,640,392.10 | 0.00 | 4.880% | |
| -Construction Fund | 71.97 | 2,957,120.93 | | 36.40 | 2,957,229.30 | 0.00 | 4.880% | |
| -Debt Service Fund | 50,138.13 | | | 201.59 | | 50,339.72 | 4.880% | |
| -Subordinate Lien DS Fund | 1,604.37 | | | 6.45 | | 1,610.82 | 4.880% | |
| -TxDOT Grant Fund | 0.00 | | | 6,219.55 | | 6,219.55 | 4.880% | |
| -Renewal and Replavement | 41.15 | | | 0.17 | | 41.32 | 4.880% | |
| -Debt Service Reserve Fund | 8,990.72 | | | 36.15 | | 9,026.87 | 4.880% | |
| | 5,088,519.94 | 5,563,364.15 | 0.00 | 18,469.76 | 10,597,621.40 | 72,732.45 | | |
| Money Market Fund-payroll | | | | | | | | |
| | 390.71 | 77,000.00 | | 49.54 | 75,832.82 | 1,607.43 | 4.940% | |
| Amount in Fed Agencies | | | | | | | | |
| Amortized Principal | 3,990,147.86 | 2,466,550.00 | 3,911.49 | | 1,500,000.00 | 4,960,609.35 | | |
| Accrued Interest | | | | 11,916.67 | | | | |
| | 3,990,147.86 | 2,466,550.00 | 3,911.49 | | 1,500,000.00 | 4,960,609.35 | | |
| Total in Repo's | | | | | | | | |
| | 10,660,640.65 | 0.00 | 0.00 | 28,212.79 | 110,889.95 | 10,577,963.49 | | |
| Total in Pools | | | | | | | | |
| | 70,163,916.66 | 5,137,958.66 | 0.00 | 321,630.86 | 4,260,660.14 | 71,362,846.04 | | |
| Total in Money Market | | | | | | | | |
| | 5,088,910.65 | 5,640,364.15 | 0.00 | 18,519.30 | 10,673,454.22 | 74,339.88 | | |
| Total in Fed Agencies | | | | | | | | |
| | 3,990,147.86 | 2,466,550.00 | 3,911.49 | 0.00 | 1,500,000.00 | 4,960,609.35 | | |
| Total Invested | | | | | | | | |
| | 89,903,615.82 | 13,244,872.81 | 3,911.49 | 368,362.95 | 16,545,004.31 | 86,975,758.76 | | |

Amount in Fed Agencies As of May 31, 2007

| Agency | CUSIP # | COST | Book Value | Market Value | Yield to Maturity | Purchased | Matures | FUND |
|------------------------|-----------|---------------------|---------------------|---------------------|-------------------|-----------|-----------|------------------------------|
| Federal Home Loan Bank | 3133XC5C3 | 493,295.00 | 499,454.79 | 499,690.00 | 5.344% | 4/21/2006 | 6/22/2007 | Renewal and Replacement Fund |
| Federal Home Loan Bank | 3133XEK57 | 1,000,000.00 | 1,000,000.00 | 999,060.00 | 4.750% | 2/16/2006 | 8/16/2007 | TxDOT Grant Fund |
| Federal Home Loan Bank | 3133X5DV7 | 2,466,550.00 | 2,467,422.61 | 2,467,587.50 | 5.310% | 5/24/2007 | 1/14/2008 | Additional Projects Fund |
| Federal Home Loan Bank | 3133X8NL2 | 991,956.00 | 993,731.95 | 994,060.00 | 5.260% | 4/24/2007 | 9/28/2007 | TxDOT Grant Fund |
| Totals | | <u>4,951,801.00</u> | <u>4,960,609.35</u> | <u>4,960,397.50</u> | | | | |
| Matured | | | | | | | | |
| Federal Home Loan Bank | 3133X7C51 | 1,476,113.31 | 1,500,000.00 | 1,500,000.00 | 5.019% | 4/13/2006 | 5/15/2007 | Additional Projects Fund |
| | | <u>1,476,113.31</u> | <u>1,500,000.00</u> | <u>1,500,000.00</u> | | | | |

| Agency | CUSIP # | COST | Cummulative Amortization | 5/31/2007 | | Interest Income May 2007 | | |
|------------------------|-----------|---------------------|--------------------------|---------------------|---------------------|--------------------------|-----------------|------------------|
| | | | | Book Value | Maturity Value | Accrued Interest | Amortization | Interest Earned |
| Federal Home Loan Bank | 3133XC5C3 | 493,295.00 | 6,159.79 | 499,454.79 | 500,000.00 | 1,666.67 | 545.24 | 2,211.91 |
| Federal Home Loan Bank | 3133XEK57 | 1,000,000.00 | 0.00 | 1,000,000.00 | 1,000,000.00 | 3,958.33 | 0.00 | 3,958.33 |
| Federal Home Loan Bank | 3133X5DV7 | 2,466,550.00 | 872.61 | 2,467,422.61 | 2,500,000.00 | 1,312.50 | 872.61 | 2,185.11 |
| Federal Home Loan Bank | 3133X8NL2 | 991,956.00 | 1,775.95 | 993,731.95 | 1,000,000.00 | 2,791.67 | 1,567.01 | 4,358.68 |
| | | <u>4,951,801.00</u> | <u>8,808.35</u> | <u>4,960,609.35</u> | <u>5,000,000.00</u> | <u>9,729.17</u> | <u>2,984.86</u> | <u>12,714.03</u> |
| Matured | | | | | | | | |
| Federal Home Loan Bank | 3133X7C51 | 1,476,113.31 | 23,886.69 | 1,500,000.00 | 1,500,000.00 | 2,187.50 | 926.63 | 3,114.13 |
| | | <u>1,476,113.31</u> | <u>23,886.69</u> | <u>1,500,000.00</u> | <u>1,500,000.00</u> | <u>2,187.50</u> | <u>926.63</u> | <u>3,114.13</u> |
| | | | | | | <u>11,916.67</u> | <u>3,911.49</u> | <u>15,828.16</u> |



Monthly Newsletter - May 2007

Performance

As of May 31, 2007

| | |
|------------------------------------|--------------------|
| Current Invested Balance | \$4,809,313,042.18 |
| Weighted Average Maturity (1) | 13 Days |
| Weighted Average Maturity (2) | 20 Days |
| Net Asset Value | 1.000000 |
| Total Number of Participants | 531 |
| Management Fee on Invested Balance | 0.12%* |
| Interest Distributed | \$22,338,332.19 |
| Management Fee Collected | \$210,321.54 |
| Standard & Poor's Current Rating | AAA ^m |

May Averages

| | |
|--|--------------------|
| Average Invested Balance | \$4,952,239,731.27 |
| Average Monthly Yield, on a simple basis | 5.2613% |
| Average Weighted Average Maturity (1)* | 11 Days |
| Average Weighted Average Maturity (2)* | 20 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 May 2007:

- ★ Lamar CISD
- ★ Ballinger ISD
- ★ McLean ISD
- ★ Madisonville CISD
- ★ City of Cibolo
- ★ Panola College
- ★ Fort Bend County MUD 24
- ★ Fort Bend County MUD 123

Holiday Reminder

In observance of the Independence Day holiday, TexSTAR will be closed on Wednesday, July 4, 2007. Any early transaction deadlines on the business day preceding the holiday will be posted on the automated systems the week prior and notification will be sent by email to the primary contact on file for all TexSTAR participants.

Conferences

TexSTAR will be attending the following conferences in June. Please stop by our booth to visit with your TexSTAR representative.

- ★ Texas Association of School Business Officials Summer Conference, June 13-15, Corpus Christi
- ★ Texas Association of Community College Business Officers Annual Conference, June 20-22, Galveston
- ★ Association of Water Board Directors Annual Summer Conference, June 21-23, Corpus Christi

Economic Commentary

The economic reports released in May pointed to a solid rebound in growth in the second quarter. Labor market conditions remained tight, with May's gain in payrolls coming in at a very healthy 157,000 while the unemployment rate held steady at 4.5%. Housing data remained mixed. Although they are a lagging indicator, existing home sales, which account for over 85% of the housing market, dipped 2.5% last month. Conversely, new home sales, which are more of a leading indicator, surged 16.2% in the same month. On the inflation front, the core CPI rose 0.2% in May, pushing down its year-on-year increase to 2.6%, versus 2.8% previously. The core PCE edged up a modest 0.1%, translating into a 2.0% year-over-year increase, which is down slightly from 2.1% in the prior month and is at the top of the Federal Reserve's 1% - 2% comfort zone.

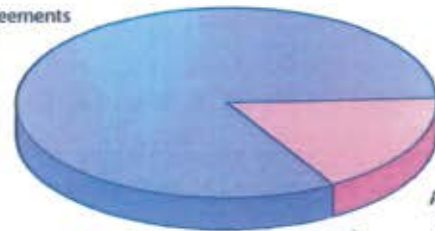
In May, yields rose significantly across the curve as investors recognized that the Fed would remain on hold. The U.S. Treasury yield curve steepened slightly over the month, as the spread between two- and five-year Treasury notes ended May at -6 basis points (bps), higher by 2 bps from April month-end. Fed is expected to remain on hold through the third quarter of this year, while it keeps a close watch on the behavior of both inflation gauges (core PCE and core CPI) in the months ahead. Given the economic data that we have received to date, current quarter GDP growth should come in at 3.2%, with some upside risk given the leaner-than-expected level of inventories in the first quarter of this year.

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

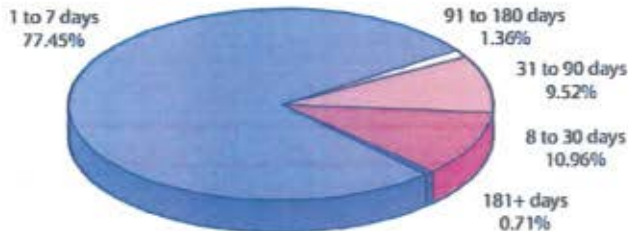
Information at a Glance

Portfolio by Type of Investment As of May 31, 2007

Repurchase Agreements
82.59%

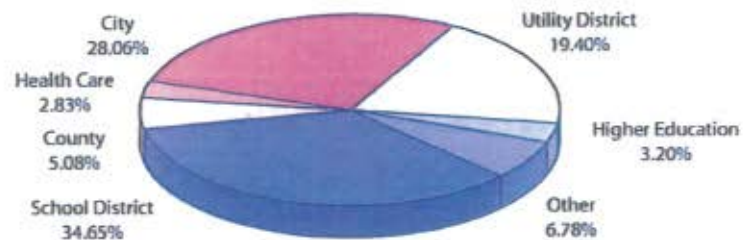


Agencies
17.41%



Portfolio by Maturity As of May 31, 2007

Distribution of Participants by Type As of May 31, 2007



Historical Program Information

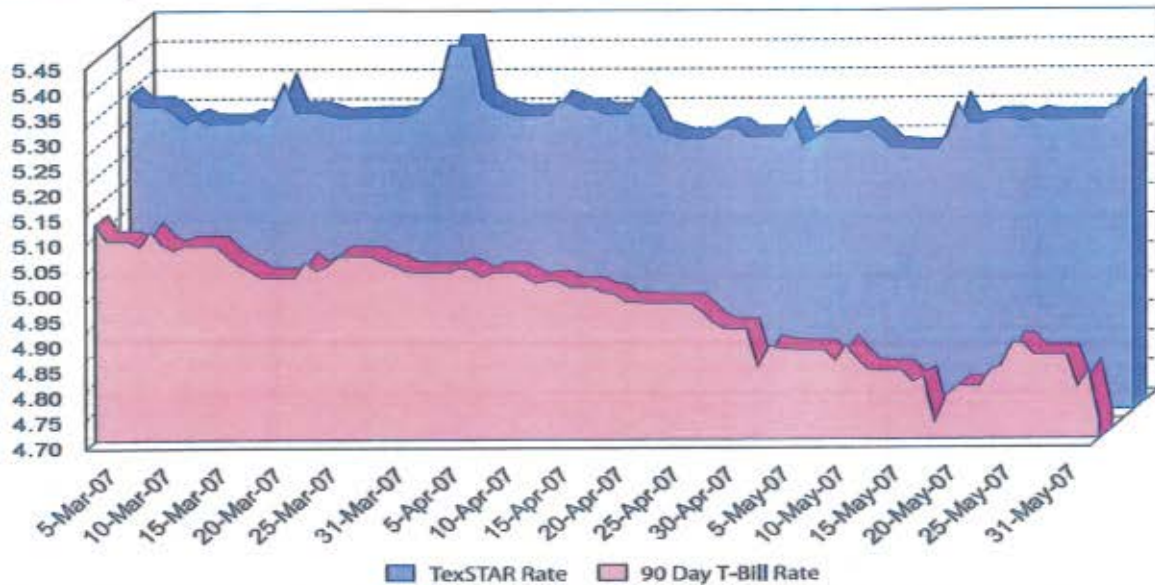
| Month | Average Rate | Book Value | Market Value | Net Asset Value | WAM (1)* | WAM (2)* | Number of Participants |
|--------|--------------|---------------------|---------------------|-----------------|----------|----------|------------------------|
| May 07 | 5.2613% | \$ 4,809,313,042.18 | \$ 4,809,314,578.92 | 1.000000 | 11 | 20 | 531 |
| Apr 07 | 5.2803% | 5,032,146,136.61 | 5,031,747,141.26 | 0.999920 | 13 | 23 | 523 |
| Mar 07 | 5.2999% | 5,200,629,725.85 | 5,200,442,100.26 | 0.999957 | 11 | 26 | 513 |
| Feb 07 | 5.2903% | 5,608,621,555.72 | 5,608,663,678.19 | 1.000007 | 12 | 31 | 505 |
| Jan 07 | 5.2920% | 4,939,413,083.56 | 4,939,578,732.47 | 1.000033 | 17 | 40 | 501 |
| Dec 06 | 5.2991% | 4,277,003,031.52 | 4,276,711,759.92 | 0.999923 | 15 | 49 | 493 |
| Nov 06 | 5.2785% | 3,929,299,527.54 | 3,928,963,502.14 | 0.999914 | 22 | 63 | 488 |
| Oct 06 | 5.2903% | 3,782,690,698.30 | 3,782,682,727.03 | 0.999997 | 30 | 75 | 484 |
| Sep 06 | 5.2742% | 3,711,282,274.72 | 3,712,264,237.96 | 1.000249 | 24 | 81 | 472 |
| Aug 06 | 5.2601% | 3,403,609,840.35 | 3,403,747,759.54 | 1.000040 | 16 | 76 | 466 |
| Jul 06 | 5.2609% | 3,652,659,353.06 | 3,652,612,174.26 | 0.999987 | 15 | 72 | 461 |
| Jun 06 | 5.0063% | 3,490,853,364.63 | 3,490,672,360.70 | 0.999935 | 14 | 72 | 457 |
| May 06 | 4.8929% | 3,709,022,855.02 | 3,708,815,237.78 | 0.999944 | 11 | 59 | 456 |

Portfolio Asset Summary as of May 31, 2007

| | Book Value | Market Value |
|--------------------------------------|----------------------------|----------------------------|
| Uninvested Balance | \$ 777,964.85 | \$ 777,964.85 |
| Accrual of Interest Income | 5,499,416.03 | 5,499,416.03 |
| Interest and Management Fees Payable | (22,369,873.63) | (22,369,873.63) |
| Payable for Investment Purchased | 0.00 | 0.00 |
| Repurchase Agreements | 3,987,518,000.00 | 3,987,518,000.00 |
| Government Securities | 837,887,534.93 | 837,889,071.67 |
| Total | \$ 4,809,313,042.18 | \$ 4,809,314,578.92 |

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



Daily Summary for May 2007

| Date | Mny Mkt Fund Equiv. [SEC Std.] | Daily Allocation Factor | TexSTAR Invested Balance | Market Value Per Share | WAM Days (1)* | WAM Days (2)* |
|----------------|-----------------------------------|----------------------------|-----------------------------|---------------------------|------------------|------------------|
| 1-May-07 | 5.2274% | 0.000143216 | 5,013,177,332.19 | 1.000008 | 11 | 21 |
| 2-May-07 | 5.2387% | 0.000143525 | 4,994,722,681.81 | 1.000009 | 11 | 21 |
| 3-May-07 | 5.2521% | 0.000143893 | 5,001,103,240.92 | 1.000008 | 11 | 20 |
| 4-May-07 | 5.2506% | 0.000143852 | 4,988,417,598.59 | 1.000007 | 11 | 20 |
| 5-May-07 | 5.2506% | 0.000143852 | 4,988,417,598.59 | 1.000007 | 11 | 20 |
| 6-May-07 | 5.2506% | 0.000143852 | 4,988,417,598.59 | 1.000007 | 11 | 20 |
| 7-May-07 | 5.2586% | 0.000144071 | 4,964,981,040.70 | 1.000007 | 11 | 20 |
| 8-May-07 | 5.2403% | 0.000143570 | 4,991,473,386.75 | 1.000008 | 10 | 20 |
| 9-May-07 | 5.2198% | 0.000143008 | 4,990,037,935.79 | 1.000007 | 10 | 19 |
| 10-May-07 | 5.2183% | 0.000142967 | 4,999,917,152.15 | 1.000007 | 11 | 19 |
| 11-May-07 | 5.2158% | 0.000142898 | 5,050,366,357.92 | 1.000007 | 10 | 19 |
| 12-May-07 | 5.2158% | 0.000142898 | 5,050,366,357.92 | 1.000007 | 10 | 19 |
| 13-May-07 | 5.2158% | 0.000142898 | 5,050,366,357.92 | 1.000007 | 10 | 19 |
| 14-May-07 | 5.2448% | 0.000143694 | 4,991,066,537.72 | 1.000005 | 10 | 19 |
| 15-May-07 | 5.3085% | 0.000145437 | 4,940,674,488.92 | 1.000004 | 10 | 19 |
| 16-May-07 | 5.2670% | 0.000144301 | 4,908,648,530.96 | 1.000006 | 10 | 19 |
| 17-May-07 | 5.2675% | 0.000144316 | 4,992,042,624.85 | 1.000004 | 9 | 18 |
| 18-May-07 | 5.2767% | 0.000144566 | 4,965,789,954.06 | 1.000004 | 9 | 18 |
| 19-May-07 | 5.2767% | 0.000144566 | 4,965,789,954.06 | 1.000004 | 9 | 18 |
| 20-May-07 | 5.2767% | 0.000144566 | 4,965,789,954.06 | 1.000004 | 9 | 18 |
| 21-May-07 | 5.2702% | 0.000144388 | 4,956,518,872.81 | 1.000004 | 9 | 17 |
| 22-May-07 | 5.2793% | 0.000144637 | 4,955,785,011.03 | 1.000001 | 9 | 17 |
| 23-May-07 | 5.2741% | 0.000144496 | 4,917,545,102.72 | 1.000002 | 13 | 22 |
| 24-May-07 | 5.2738% | 0.000144488 | 4,855,831,749.01 | 1.000002 | 13 | 22 |
| 25-May-07 | 5.2744% | 0.000144503 | 4,874,709,579.16 | 1.000001 | 13 | 21 |
| 26-May-07 | 5.2744% | 0.000144503 | 4,874,709,579.16 | 1.000001 | 13 | 21 |
| 27-May-07 | 5.2744% | 0.000144503 | 4,874,709,579.16 | 1.000001 | 13 | 21 |
| 28-May-07 | 5.2744% | 0.000144503 | 4,874,709,579.16 | 1.000001 | 13 | 21 |
| 29-May-07 | 5.3005% | 0.000145219 | 4,882,604,432.13 | 1.000000 | 13 | 21 |
| 30-May-07 | 5.3012% | 0.000145237 | 4,841,428,458.45 | 1.000000 | 13 | 21 |
| 31-May-07 | 5.3333% | 0.000146118 | 4,809,313,042.18 | 1.000000 | 13 | 20 |
| Average | 5.2613% | 0.000144146 | 4,952,239,731.27 | | 11 | 20 |

TexSTAR Participant Services
 First Southwest Asset Management, Inc.
 325 North St. Paul Street, Suite 800
 Dallas, Texas 75201



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>Melinda Garrett</i> | <i>Houston ISD</i> | <i>Governing Board Treasurer</i> |
| <i>Michael Bartolotta</i> | <i>First Southwest Company</i> | <i>Governing Board Secretary</i> |
| <i>Will Williams</i> | <i>JP Morgan Chase</i> | <i>Governing Board Asst. Sec./Treas.</i> |
| <i>Hardy Browder</i> | <i>City of Cedar Hill</i> | <i>Advisory Board</i> |
| <i>Oscar Cardenas</i> | <i>Northside ISD</i> | <i>Advisory Board</i> |
| <i>Scott Christensen</i> | <i>Reid Road MUD No. 1</i> | <i>Advisory Board</i> |
| <i>Ramiro Flores</i> | <i>Harlingen CISD</i> | <i>Advisory Board</i> |
| <i>Stephen Fortenberry</i> | <i>McKinney ISD</i> | <i>Advisory Board</i> |
| <i>Monte Mercer</i> | <i>North Central TX Council of Government</i> | <i>Advisory Board</i> |
| <i>Len Santow</i> | <i>Griggs & Santow</i> | <i>Advisory Board</i> |
| <i>S. Renee Tidwell</i> | <i>Tarrant County</i> | <i>Advisory Board</i> |
| <i>Charles Wall</i> | <i>Texas Tech University</i> | <i>Advisory Board</i> |

For more information contact TexSTAR Participant Services ★ 1-800-TEX-STAR ★ www.texstar.org

