

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

**RESOLUTION NO. 16-070**

**ACCEPT THE INDEPENDENT AUDIT REPORTS BY PADGETT,  
STRATEMANN & CO., LLP, FOR THE FISCAL YEAR ENDING JUNE 30, 2016**

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 Padgett, Stratemann & Co., 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, 2016, and has presented that audit to the Audit Committee; and

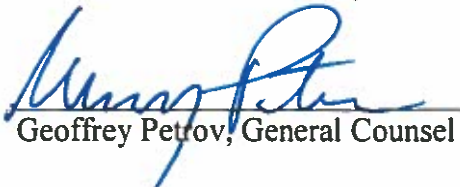
WHEREAS, the Audit Committee has reviewed the "Basic Financial Statements", the "Basic Financial Statements & Federal Awards Compliance Report" and the "Basic Financial Statements & State Awards Compliance Report" prepared by Padgett, Stratemann & Co., LLP, attached respectively as Exhibits A, B, and C to this resolution, and has heard and considered the presentation on the audit by Padgett, Stratemann & Co., 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, 2016; 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 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

  
Geoffrey Petrov, General Counsel

Approved:

  
Robert L. Bennett, Jr.  
Chairman, Audit Committee

**EXHIBIT A**

**Basic Financial Statements**

**Central Texas  
Regional Mobility Authority**

**Basic Financial Statements**

June 30, 2016 and 2015

# Central Texas Regional Mobility Authority

## Basic Financial Statements

June 30, 2016 and 2015

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# Padgett Stratemann

## Independent Auditor's Report

To the Board of Directors  
Central Texas Regional Mobility Authority  
Austin, Texas

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Central Texas Regional Mobility Authority (the "Authority"), which comprise the Statements of Net Position as of June 30, 2016 and 2015, and the related Statements of Revenues, Expenses, and Changes in Net Position and Cash Flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

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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, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *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 audits were 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 48 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.

*Padgett, Statemann + Co., L.L.P.*

Austin, Texas  
September 12, 2016

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis

June 30, 2016 and 2015

This section of the Central Texas Regional Mobility Authority (the "Authority") financial report presents our discussion and analysis of the Authority's financial activities during the fiscal years that ended June 30, 2016 and 2015. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

- Total toll revenue increased from \$53.6 million to \$64.3 million from 2015 to 2016 or a 20% increase.
- Total operating expenses were approximately \$41.0 million and \$37.9 million in 2016 and 2015, respectively.
- Total construction in progress was approximately \$338.6 million and \$139.1 million as of June 30, 2016 and 2015, respectively. Construction in progress increased by approximately \$199.4 million from 2015 to 2016 in part due to progress made on the MoPac Improvement Project of approximately \$46.0 million and start of the 183 South Project (collectively the "Projects") of approximately \$145.0 million.
- Total restricted cash and cash equivalents increased by \$66.7 million from 2015 to 2016. The overall increase in restricted cash and investments was largely due to bond proceeds from the issuance of debt in 2016.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: management's discussion and analysis (this section), 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 10 of this report.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016 and 2015

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 11 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 12 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 non-cash 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 13 of this report.

### 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 \$466.8 million and \$319.0 million as of June 30, 2016 and 2015, respectively (See Table A-1). As of June 30, 2016, the largest portion of the Authority's net position is expendable and reflects proceeds restricted for debt service. The second largest portion of net position, as of June 30, 2016, reflects its investment in capital assets (the Tolling System infrastructure and related assets) net of any outstanding debt used to acquire those assets. 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, 2016 and 2015

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

	<u>2016</u>	<u>2015</u>
Current assets	\$ 143,984	\$ 74,548
Restricted assets	492,946	252,971
Capital assets	<u>1,084,996</u>	<u>892,639</u>
Total assets	1,721,926	1,220,158
Deferred outflows of resources	<u>91,656</u>	<u>18,080</u>
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 1,813,582</u></b>	<b><u>\$ 1,238,238</u></b>
Total liabilities	<u>\$ 1,346,650</u>	<u>\$ 919,161</u>
Deferred inflows of resources	<u>172</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u><u>1,346,822</u></u>	<u><u>919,161</u></u>
Net position:		
Invested in capital assets	200,628	122,740
Restricted for other purposes	227,787	164,206
Unrestricted	<u>38,345</u>	<u>32,131</u>
Total net position	<u>466,760</u>	<u>319,077</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 1,813,582</u></b>	<b><u>\$ 1,238,238</u></b>

For fiscal year 2016, current and restricted assets increased as a result of the Authority's ongoing construction on the Projects. The Authority is expected to receive grant funds, bond, and loan proceeds to fund the Projects. As of June 30, 2016 and 2015, the Authority has received grant funds in advance and had recorded \$50.9 million and \$88.8 million of unearned grant revenue of the funding due to Projects.

For fiscal year 2016 and 2015, excluding accumulated depreciation capital assets 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 and Highway 183A Toll). The average daily system transactions increased in 2016 from approximately 172 thousand per day to 198 thousand per day or from an annual total of approximately 45 million to 62 million.

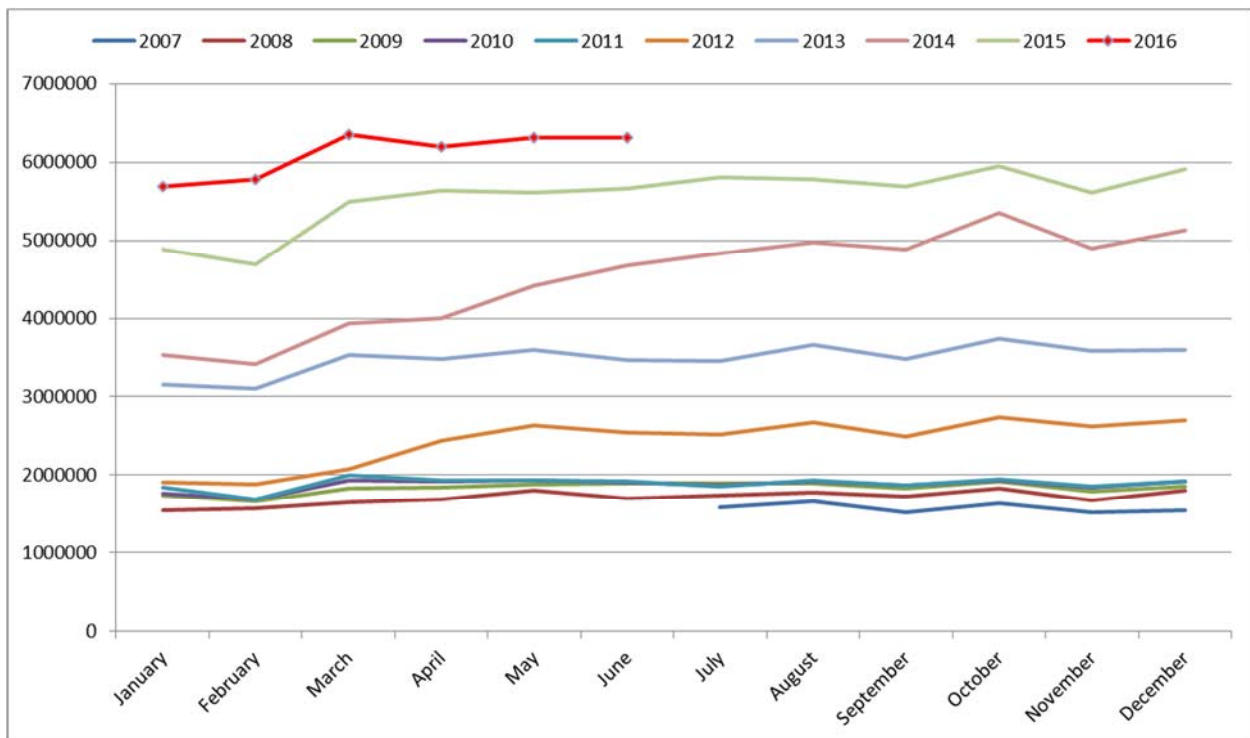
# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016 and 2015

The operating expenses increased by \$3.1 million from 2015 to 2016. The increase is related to the increase in the number of tolling transactions which result in additional expenses for road maintenance, image and tag collection fees.

### Total Monthly Tolling System Transactions



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

The largest contributor to the change in net position in 2016 is the capital grants and contributions. See Table A-2.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016 and 2015

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

	<u>2016</u>	<u>2015</u>
Revenues:		
Toll revenue	\$ 64,312	\$ 53,592
Grant proceeds and other	<u>1,486</u>	<u>2,222</u>
Total revenues	<u>65,798</u>	<u>55,814</u>
Expenses:		
Administration	15,375	13,935
Professional services	3,924	2,754
Depreciation and amortization	<u>21,692</u>	<u>21,233</u>
Total expenses	<u>40,991</u>	<u>37,922</u>
Operating income	24,807	17,892
Total net nonoperating revenue (expenses)	<u>(50,837)</u>	<u>(42,127)</u>
Change in net position – before capital grants and contributions	(26,030)	(24,235)
Capital grants and contributions	<u>173,714</u>	<u>55,357</u>
Change in net position	147,684	31,122
Total net position at beginning of year	<u>319,076</u>	<u>287,954</u>
Total net position at end of year	<u>\$ 466,760</u>	<u>\$ 319,076</u>

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of June 30, 2016 and 2015, the Authority had invested approximately \$338.6 million and \$139.1 million, respectively, in construction in progress, including engineering fees and preliminary costs, such as funding, consulting, environmental, legal, and traffic analysis fees. Of the \$338.6 million of the construction in progress, the non-tolling system projects (projects other than Highway 290E and Highway 183A and 183 South toll) made up \$167.0 million of the total. See Table A-3 and Note 3.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016 and 2015

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

	<u>2016</u>	<u>2015</u>
Property and equipment	\$ 11,848	\$ 11,767
Toll road	837,774	823,229
Accumulated depreciation	(103,180)	(81,489)
Construction in progress	<u>338,554</u>	<u>139,132</u>
Net capital assets	<u>\$ 1,084,996</u>	<u>\$ 892,639</u>

### Long-Term Debt

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

On June 1, 2016 Moody's Investors Service ("Moody's") affirmed the Baa2 senior lien revenue bond ratings of the Authority. Moody's rating outlook for the Authority is stable.

On June 1, 2016, Standard & Poor's ("Standard & Poor's") Ratings Services raised its long-term and underlying rating (SPUR) to "BBB+" from "BBB" on the Authority's outstanding senior lien revenue bonds.

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

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

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

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

# **Central Texas Regional Mobility Authority**

## **Management's Discussion and Analysis – Continued**

June 30, 2016 and 2015

### **ECONOMIC FACTORS AFFECTING THE FUTURE**

Effective August 9, 2016, the Authority issued bonds in the amount of \$74.7 million to refund the Series 2011 Subordinate Lien Bonds. See Note 12, Subsequent Event, for further information.

### **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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
UNRESTRICTED		
Cash and cash equivalents (note 2)	\$ 714,088	\$ 789,662
Investments (note 2)	682,683	681,177
Due from other agencies (note 9)	86,763,659	31,889,268
Accrued interest receivable	490,450	63,703
Prepaid expenses and other assets	107,601	23,130
<b>TOTAL UNRESTRICTED</b>	<u>88,758,481</u>	<u>33,446,940</u>
RESTRICTED		
Cash and cash equivalents (note 2)	55,225,460	41,100,854
<b>TOTAL RESTRICTED</b>	<u>55,225,460</u>	<u>41,100,854</u>
<b>TOTAL CURRENT ASSETS</b>	<u>143,983,941</u>	<u>74,547,794</u>
<b>NONCURRENT ASSETS</b>		
Restricted assets:		
Cash and cash equivalents (note 2)	269,711,004	217,166,362
Investments (note 2)	223,032,526	35,330,381
Pension asset (note 8)	202,023	474,237
<b>Total restricted assets</b>	<u>492,945,553</u>	<u>252,970,980</u>
<b>Total capital assets – net (note 3)</b>	<u>1,084,996,036</u>	<u>892,639,079</u>
<b>TOTAL ASSETS</b>	<u>1,721,925,530</u>	<u>1,220,157,853</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES (notes 5 and 8)</b>	<u>91,656,069</u>	<u>18,080,330</u>
<b>CURRENT LIABILITIES:</b>		
PAYABLE FROM CURRENT ASSETS		
Accounts payable	1,330,859	406,874
Due to other agencies	775,589	593,317
Accrued expenses	316,233	337,805
<b>TOTAL PAYABLE FROM CURRENT ASSETS</b>	<u>2,422,681</u>	<u>1,337,996</u>
PAYABLE FROM RESTRICTED ASSETS		
Accounts payable	29,254,281	14,337,815
Accrued interest payable	19,546,179	19,857,781
Bonds, notes payable, and other obligations – current portion (note 4)	6,425,000	6,905,258
<b>TOTAL PAYABLE FROM RESTRICTED ASSETS</b>	<u>55,225,460</u>	<u>41,100,854</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>57,648,141</u>	<u>42,438,850</u>
<b>NONCURRENT LIABILITIES</b>		
Unearned revenue	50,900,048	88,765,187
Notes payable and other obligations – net of current portion (note 4)	3,570,000	5,300,000
Revenue bonds payable – net of current portion (note 4)	1,234,531,635	782,657,697
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>1,289,001,683</u>	<u>876,722,884</u>
<b>TOTAL LIABILITIES</b>	<u>1,346,649,824</u>	<u>919,161,734</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES (notes 5 and 8)</b>	<u>172,017</u>	<u>-</u>
<b>NET POSITION</b>		
Investment in capital assets	200,627,568	122,739,839
Restricted	227,786,780	164,205,793
Unrestricted	38,345,410	32,130,817
<b>TOTAL NET POSITION</b>	<u>\$ 466,759,758</u>	<u>\$ 319,076,449</u>

See accompanying notes to the financial statements.

# Central Texas Regional Mobility Authority

## Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Operating revenues:</b>		
Tolls	\$ 64,312,051	\$ 53,591,649
Grant proceeds and other	<u>1,486,310</u>	<u>2,222,384</u>
Total operating revenues	<u>65,798,361</u>	<u>55,814,033</u>
<b>Operating expenses:</b>		
Salaries and wages	3,681,148	3,058,056
Toll contractual services	6,079,106	4,949,771
Professional services	3,924,298	2,754,282
General and administrative	5,615,089	5,927,196
Depreciation and amortization	<u>21,691,703</u>	<u>21,232,500</u>
Total operating expenses	<u>40,991,344</u>	<u>37,921,805</u>
<b>Operating income</b>	<u>24,807,017</u>	<u>17,892,228</u>
<b>Nonoperating revenues (expenses):</b>		
Interest income	486,637	403,746
Financing expense	(9,384,791)	(213,504)
Interest expense – net of interest capitalized	<u>(41,939,306)</u>	<u>(42,316,763)</u>
Total nonoperating revenue (expenses)	(50,837,460)	(42,126,521)
Change in net position before capital grants and contributions	<u>(26,030,443)</u>	<u>(24,234,293)</u>
<b>Capital grants and contributions</b>	<u>173,713,752</u>	<u>55,356,993</u>
<b>Change in net position</b>	147,683,309	31,122,700
<b>Total net position at beginning of year</b>	<u>319,076,449</u>	<u>287,953,749</u>
<b>Total net position at end of year</b>	<u>\$ 466,759,758</u>	<u>\$ 319,076,449</u>

See accompanying notes to the financial statements.

# Central Texas Regional Mobility Authority

## Statements of Cash Flows

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from toll fees	\$ 64,876,236	\$ 54,805,045
Receipts from grants and other income	1,486,310	2,222,384
Payments to vendors	(14,564,319)	(15,235,177)
Payments to employees	<u>(3,819,516)</u>	<u>(3,100,566)</u>
Net cash flows provided by operating activities	<u>47,978,711</u>	<u>38,691,686</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from notes payable and other obligations	11,454,088	-
Proceeds from senior lien revenue bonds	355,765,281	-
Payments on interest	(35,333,229)	(39,848,965)
Payments on bonds	(6,905,258)	(4,794,562)
Purchase of capital assets	(62,727)	-
Acquisitions of construction in progress	(199,069,851)	(77,977,200)
Payments on Travis County project	-	(12,073,766)
Proceeds from capital grants	80,410,037	102,330,315
Proceeds from contributed capital	<u>-</u>	<u>13,000,000</u>
Net cash flows provided by (used in) capital and related financing activities	<u>206,258,341</u>	<u>(19,364,178)</u>
<b>Cash Flows From Investing Activities</b>		
Interest income	59,890	454,056
Purchase of investments	(251,082,404)	(70,698,427)
Proceeds from sale or maturity of investments	<u>63,379,136</u>	<u>100,390,050</u>
Net cash flows provided by (used in) investing activities	<u>(187,643,378)</u>	<u>30,145,679</u>
Net increase in cash and cash equivalents	66,593,674	49,473,187
Cash and cash equivalents at beginning of year	<u>259,056,878</u>	<u>209,583,691</u>
Cash and cash equivalents at end of year	<u>\$ 325,650,552</u>	<u>\$ 259,056,878</u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities</b>		
Operating income	\$ 24,807,017	\$ 17,892,228
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	21,691,703	21,232,500
Changes in assets and liabilities:		
Decrease in due from other agencies	564,185	1,263,706
Decrease (increase) in prepaid expenses and other assets	(84,471)	253,623
Increase (decrease) in accounts payable	923,985	(1,292,652)
Increase (decrease) in accrued expenses	160,700	(407,896)
Decrease in pension asset	272,214	-
Increase in deferred outflow of resources	(528,639)	(249,823)
Increase in deferred inflow of resources	<u>172,017</u>	<u>-</u>
Total adjustments	<u>23,171,694</u>	<u>20,799,458</u>
Net cash flows provided by operating activities	<u>\$ 47,978,711</u>	<u>\$ 38,691,686</u>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Unrestricted cash and cash equivalents	\$ 714,088	\$ 789,662
Restricted cash and cash equivalents:		
Current	55,225,460	41,100,854
Noncurrent	<u>269,711,004</u>	<u>217,166,362</u>
Total	<u>\$ 325,650,552</u>	<u>\$ 259,056,878</u>



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

### 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, grants, and rents from the operation of turnpike 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 77<sup>th</sup> 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 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 they are incurred and depreciation of capital assets is recognized.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

- C. Cash, Cash Equivalents, and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These deposits are fully collateralized or covered by federal depository insurance.

Investments are reported at fair value based on pricing service modeling for fixed income securities and net asset values per share for investment in local government investment pools. 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, equipment, and infrastructure assets, are reported at cost. Capital assets acquired through contributions, such as those from developers or other governments, are recorded at estimated fair 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:

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 2016 or 2015.

- F. Grants and Contributions** – Revenues from contributions include cash contributions from other governments and right-of-way property that is restricted to meeting the operational or capital requirements of a particular program.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

The Authority has entered into several grant agreements with the Texas Department of Transportation (“TxDOT”) for construction costs using Highway Planning and Construction federal funding and certain state funding for transportation improvements. During the years ended June 30, 2016 and 2015, the Authority received approximately \$173.0 million and \$116.0 million, respectively, from TxDOT. The Authority does not recognize this funding as revenue when funds are received in advance of when the amounts are earned. Revenues from federal and state grants are recognized as earned when the related program expenses are incurred and all eligibility requirements have been met. As of June 30, 2016 and 2015, there was approximately \$50.9 million and \$88.8 million, respectively, of unearned grant revenue which is recorded as unearned revenue in the Statement of Net Position.

During the years ended June 30, 2016 and 2015, the Authority received grant revenue from contracts funded through federal and state governments. It is possible that at some time in the future these contracts could terminate or funding could be reduced. However, the Authority does not currently expect that these contracts will be terminated or funding will be reduced in the near future.

- G. Restricted Assets** – Certain proceeds of the Authority’s bonds and grants, as well as certain other resources, are classified as restricted assets in the Statement of Net Position because they are maintained in separate investment accounts and their use is limited by applicable bond covenants and grant agreements. When the grant proceeds are restricted for the acquisition of construction of noncurrent assets or are restricted for liquidation of long-term debt, then 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.
- 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 state or federal income taxes. Bond obligations issued by state and local governments are tax-exempt only if the issuers pay a rebate to the federal government of the earnings on the investment of the proceeds of a tax-exempt issue in excess of the yield on such obligations and any income earned on such excess.
- I. Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and 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 TCDRS’s fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized in the TCDRS 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 an 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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

- K. Long-Term Obligations** – Long term obligations are reported as liabilities in the statement of net position and consist of bond 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. 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/inflows of resources and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.
- 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. Non Cash Disclosure** –

**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, called the Series 2016 Obligations. The refunding effected through the use of a portion of the proceeds of the Series 2015 Obligations and Series 2016 Obligations resulted in the following noncash transactions:

Payments to Escrow:

- 2013B Senior Lien Bonds	\$30.0 million
- 2010 Senior Lien Bonds	\$51.0 million
- 2011 Senior Lien Bonds	\$296.0 million
Issuance cost	\$9.4 million
Deferred on refunding	\$74.8 million

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

- O. Subsequent Events** – The Authority evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Authority’s financial statements are issued. For the financial statements as of and for the year ended June 30, 2016 this date was September 12, 2016.

### **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.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2016 and 2015:

As of June 30, 2016 and 2015, investments total of \$207.4 million and \$28.7 million, respectively, from U.S. Government agency securities and municipal bonds are valued using pricing service modeling (Level 2 inputs).

TexSTAR Investment Pool balances are valued at net asset value per share which does not require categorization under GASB No. 72, *Fair Value Measurements and Application*.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

The Authority had the following investments as of June 30:

<u>Summary of Investments by Type</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 325,650,552	\$ 259,056,878
TexSTAR Investment Pool	16,290,848	7,300,174
United States government sponsored enterprises	204,921,478	28,711,384
Municipal Bonds	<u>2,502,883</u>	<u>-</u>
Total cash and investments	<u>\$ 549,365,761</u>	<u>\$ 295,068,436</u>
Unrestricted cash and cash equivalents	\$ 714,088	\$ 789,662
Unrestricted investments	682,683	681,177
Restricted cash and cash equivalents:		
Current	55,225,460	41,100,854
Noncurrent	269,711,004	217,166,362
Restricted investments	<u>223,032,526</u>	<u>35,330,381</u>
Total cash and cash equivalent and investments – as reported on the Statement of Net Position	<u>\$ 549,365,761</u>	<u>\$ 295,068,436</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% 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 \$319.3 million as of June 30, 2016.

***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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

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.

With regards to investment composition, the Authority’s investment policy currently states that local government investment pools may not exceed 80% of the total investment portfolio less bond funds. Bond funds may be invested at 100% 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:

	<u>2016</u>	<u>2015</u>
TexSTAR Investment Pool	7.3%	20.3%
United States government sponsored enterprises	91.6%	79.7%
Municipal Bonds	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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

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

Investment Type	Investment Maturities (in Days)				Fair Value
	90 Days or Less	91 to 180	181 to 365	Greater than 365	
Federal HOME loan Bank DTD	\$ -	\$ 33,307,172	\$ 17,021,525	\$ 46,137,502	\$ 96,466,199
Federal HOME Loan Corp DTD	-	-	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 DTD	-	-	8,000,590	39,974,019	47,974,609
Freddie Mac Callable DTD	-	-	-	9,838,850	9,838,850
Farmer MAC DTD	-	-	2,500,400	-	2,500,400
Total Govt. Sponsored Enterprise	-	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

As of June 30, 2015, all of the Authority's investments in debt securities mature within one year.

**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.

Although TexSTAR is not registered with the SEC as an investment company, the Authority believes it operates as a Rule 2a7 like pool, as discussed in GASB Statement No. 59. As such, the Authority uses net asset value per share to report its investments.

The Chief Financial Officer of the Authority is the President of TexSTAR. The Authority has investments of \$16.3 million and \$7.3 million, respectively in TexSTAR as of June 30, 2016 and 2015.

**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 the Financial Statements

June 30, 2016 and 2015

### 3. Capital Assets

The following schedule summarizes the capital assets of the Authority as of June 30, 2016 and 2015.

	<u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2016</u>
Non-Depreciable 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 Non-Depreciable 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	-	-	11,848,083
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>14,545,611</u>	<u>762,772,528</u>
Accumulated depreciation	<u>(81,488,708)</u>	<u>(21,691,703)</u>	<u>-</u>	<u>-</u>	<u>(103,180,411)</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>
	<u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2015</u>
Non-Depreciable Assets:					
Construction in Progress	\$ 70,458,662	\$ 80,933,654	\$ -	\$ (12,260,430)	\$ 139,131,886.0
Right of way	85,152,005	-	-	1,686,915	86,838,920
Total Non-Depreciable Assets:	<u>155,610,667</u>	<u>80,933,654</u>	<u>-</u>	<u>(10,573,515)</u>	<u>225,970,806</u>
Depreciable Assets:					
Property and equipment	11,174,332	42,724	(32,692)	582,890	11,767,254
Toll road					
Building and toll facilities	7,073,225	-	-	-	7,073,225
Highways and bridges	664,681,779	137,935	-	9,551,275	674,370,989
Toll equipment	27,600,560	-	-	99,492	27,700,052
Signs	12,860,829	-	-	140,873	13,001,702
Land improvements	14,044,774	-	-	198,985	14,243,759
Total Depreciable Assets	<u>737,435,499</u>	<u>180,659</u>	<u>(32,692)</u>	<u>10,573,515</u>	<u>748,156,981</u>
Accumulated depreciation	<u>(60,288,900)</u>	<u>(21,232,500)</u>	<u>32,692</u>	<u>-</u>	<u>(81,488,708)</u>
Net property and equipment	<u>\$ 832,757,266</u>	<u>\$ 59,881,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 892,639,079</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

Construction in progress as of June 30, 2016 and 2015:

	<u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2016</u>
Construction in progress:					
Preliminary costs	\$ 132,514,987	\$ 198,233,869	\$ -	\$ (13,657,862)	\$ 317,090,994
Engineering	-	-	-	-	-
Construction	3,696,598	3,646,389	-	(818,444)	6,524,543
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
	<u>\$ 139,131,886</u>	<u>\$ 213,967,813</u>	<u>\$ -</u>	<u>\$ (14,545,611)</u>	<u>\$ 338,554,088</u>
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>

	<u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Additions/ Transfers</u>	<u>2015</u>
Construction in progress:					
Preliminary costs	\$ 67,228,998	\$ 74,164,915	\$ -	\$ (8,878,926)	\$ 132,514,987
Engineering	10,249	(10,249)	-	-	-
Construction	1,540,456	4,254,445	-	(2,098,303)	3,696,598
Collection system	1,209,736	2,435,044	-	(1,282,987)	2,361,793
Capitalized interest	469,223	89,499	-	(214)	558,508
	<u>\$ 70,458,662</u>	<u>\$ 80,933,654</u>	<u>\$ -</u>	<u>\$ (12,260,430)</u>	<u>\$ 139,131,886</u>
Net construction in progress	<u>\$ 70,458,662</u>	<u>\$ 80,933,654</u>	<u>\$ -</u>	<u>\$ (12,260,430)</u>	<u>\$ 139,131,886</u>

Depreciation expense for the years ended June 30, 2016 and 2015 totaled \$21,691,703 and \$21,232,500, respectively. Capitalized interest for the period ending June 30, 2016 and 2015 is \$9.6 million and \$558 thousand, net of interest earned on invested bond proceeds.

As of June 30, 2016 and 2015, the Authority has non-tolling system projects (projects other than Highway 290E, Highway 183A toll, and 183 South) construction in progress for the following projects:

	<u>2016</u>	<u>2015</u>
Construction in progress non-system projects:		
Mopac Improvement Project	\$ 136,621,836	\$ 92,460,056
Mopac South	9,233,160	7,592,455
183 N Mobility	6,996,455	5,383,442
SH 45 Southwest	9,644,284	2,953,564
290 West (Oak Hill)	2,801,420	1,956,167
Highway 71 (SH 71 Express)	1,401,230	844,150
	<u>\$ 166,698,385</u>	<u>\$ 111,189,834</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

### 4. Notes and Bonds Payable

The following schedule summarizes total notes and bonds payable for the years ended June 30, 2016 and 2015:

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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

	<u>2014</u>	<u>Additions/ Amortization</u>	<u>Deductions</u>	<u>2015</u>	<u>Due Within One Year</u>
2011 Draw Down Note	\$ 3,049,820	\$ -	\$ (1,319,562)	\$ 1,730,258	\$ 1,730,258
American Bank Note	5,300,000	-	-	5,300,000	-
Total notes	<u>8,349,820</u>	<u>-</u>	<u>(1,319,562)</u>	<u>7,030,258</u>	<u>1,730,258</u>
Series 2010 Obligations	94,879,710	-	(140,000)	94,739,710	-
Series 2010 CAB accretion	<u>13,247,404</u>	<u>3,734,194</u>	<u>-</u>	<u>16,981,598</u>	<u>-</u>
Total 2010 Bonds – net	<u>108,127,114</u>	<u>3,734,194</u>	<u>(140,000)</u>	<u>111,721,308</u>	<u>-</u>
Series 2011 Obligations	375,929,944	-	-	375,929,944	-
Series 2011 CAB accretion	<u>2,050,998</u>	<u>705,232</u>	<u>-</u>	<u>2,756,230</u>	<u>-</u>
Total 2011 Bonds – net	<u>377,980,942</u>	<u>705,232</u>	<u>-</u>	<u>378,686,174</u>	<u>-</u>
Series 2013 Obligations	<u>288,420,000</u>	<u>-</u>	<u>(3,335,000)</u>	<u>285,085,000</u>	<u>5,175,000</u>
Total 2013 Bonds – net	<u>288,420,000</u>	<u>-</u>	<u>(3,335,000)</u>	<u>285,085,000</u>	<u>5,175,000</u>
Total bonds payable	<u>774,528,056</u>	<u>4,439,426</u>	<u>(3,475,000)</u>	<u>775,492,482</u>	<u>5,175,000</u>
Total notes and bonds payable	782,877,876	4,439,426	(4,794,562)	782,522,740	6,905,258
Net (premium) discount on revenue bonds payable	<u>15,517,745</u>	<u>-</u>	<u>(3,177,530)</u>	<u>12,340,215</u>	<u>-</u>
Total notes and bonds payable – net	<u>\$ 798,395,621</u>	<u>\$ 4,439,426</u>	<u>\$ (7,972,092)</u>	<u>\$ 794,862,955</u>	<u>\$ 6,905,258</u>

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 the Financial Statements

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The Series 2010 CIBs are scheduled to mature in 2017 through 2025. 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%. 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, 2016 and 2015, the outstanding principal amount was \$8.5 million and \$59.8 million, respectively.

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, 2016 and 2015. As of June 30, 2016 and 2015, the aggregate maturity amount is \$34.9 million plus the accretion of \$21.1 million and \$17.0 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% to 7.85% 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, 2016 and 2015 is \$21.1 million and \$17.0 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% to 6.25%. Interest on the Series 2011 CIBs was payable on each July 1 and January 1, commencing January 1, 2012.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

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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, 2016 and 2015. As of June 30, 2016 and 2015, the aggregate maturity amount was \$9.9 million plus the accretion of \$3.5 million and \$2.7 million, respectively.

Interest on the Series 2011 CABs will accrete from the date of initial delivery to stated maturity at rates ranging from 5.9% to 6.5% 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, 2016 and 2015 was \$3.5 million and \$2.7 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.

The Series 2011 Subordinate Lien Revenue Bonds were issued as current interest bonds and are 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%. 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 and 2015, the outstanding principal amount was \$70 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%. 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, 2016 and 2015, the outstanding principal amount was \$147.9 million and \$152.5 million, respectively.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

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% 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 million with a portion of the proceeds from the Series 2015B Senior Lien Revenue and Refunding Put Bonds. As of June 30, 2015, the outstanding principal amount was \$30 million.

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%. 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, 2016 and 2015, the outstanding principal amount was \$102.0 million and \$102.5 million, respectively.

**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 called 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%. Interest on the Series 2015A Bonds is payable on each July 1 and January 1, commencing January 1, 2016. As of June 30, 2016, the outstanding principal amount was \$298.8 million.

**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%. On January 7, 2021, the Series 2015B Bonds are subject to mandatory tender at a purchase price equal to the principal

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

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% 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, 2016, the outstanding principal amount was \$68.8 million.

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% 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.

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

2015D SHF Bond. In November 2015, the Authority entered into a secured loan agreement (the "SHF Loan Agreement") with the Texas Department of Transportation, 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% per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$5.7 million during fiscal year 2016 under the SHF Loan Agreement. The 2015D SHF Bond had an outstanding balance of \$5.7 million as of June 30, 2016.

2015E SIB Bond. In November 2015, the Authority entered into a secured loan agreement (the "SIB Loan Agreement") with the Texas Department of Transportation, 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



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

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% per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$5.7 million during fiscal year 2016 under the SIB Loan Agreement. The 2015E SIB Bond had an outstanding balance of \$5.7 million as of June 30, 2016.

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

The Series 2016 Obligations were issued as current interest bonds and are scheduled to mature in 2020 through 2046. Interest on the Series 2016 Obligations is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 3.375% to 5.000%. Interest on the Series 2016 Obligations is payable on each July 1 and January 1, commencing July 1, 2016. As of June 30, 2016, the outstanding principal amount was \$358 million.

As a result of the Series 2010 and 2011 Senior Lien Bonds refunding noted above, the Authority will realize a total decrease of \$62.2 million in debt service payments and total deferred outflows of resources of \$74.8 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 \$44.0 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 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%. 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 Authority did not receive loan proceeds under the 2011 Draw Down Note and the 2011 Draw Down Note was repaid in full with principal and interest payments of \$1.7 million.

During fiscal year 2015, the Authority did not receive loan proceeds under the 2011 Draw Down Note and made principal and interest payments of \$1.3 million. The 2011 Draw Down Note had an outstanding balance of \$1.7 million as of June 30, 2015.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

**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% 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 Authority received no loan proceeds during fiscal years 2016 and 2015 under the Loan. The Loan had an outstanding balance of \$5.3 million as of June 30, 2016 and 2015.

**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 million (the “2015 Draw Down Note”).

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 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%. Certain funds of the Authority were collateral for the 2015 Draw Down Note.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

***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, 2016 are as follows:

	<u>Current Interest Bonds</u>		<u>Capital Appreciation Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 4,695,000	\$ 46,021,334	\$ -	\$ -	\$ 1,730,000	\$ 119,250
2018	4,800,000	53,301,163	-	-	1,765,000	80,325
2019	5,715,000	53,061,163	-	-	1,805,000	40,613
2020	8,115,000	52,737,750	-	-	-	-
2021	22,770,000	52,151,688	-	12,130,056	-	-
2022-2026	92,565,955	246,401,688	9,999,944	13,245,968	-	-
2027-2031	155,586,743	218,662,438	6,674,032	43,144,194	-	-
2032-2036	216,646,390	173,069,688	14,325,806	46,640,916	-	-
2037-2041	289,335,000	111,658,438	9,109,084	38,089,212	-	-
2042-2046	265,290,000	39,237,500	4,890,788	141,120,290	-	-
	<u>\$ 1,065,519,088</u>	<u>\$ 1,046,302,850</u>	<u>\$ 44,999,654</u>	<u>\$ 294,370,635</u>	<u>\$ 5,300,000</u>	<u>\$ 240,188</u>
	<b><u>Total Debt Service</u></b>					
	<u>Principal</u>	<u>Interest</u>				
2017	\$ 6,425,000	\$ 46,140,584				
2018	6,565,000	53,381,488				
2019	7,520,000	53,101,776				
2020	8,115,000	52,737,750				
2021	22,770,000	64,281,744				
2022-2026	102,565,899	259,647,656				
2027-2031	162,260,775	261,806,632				
2032-2036	230,972,196	219,710,604				
2037-2041	298,444,084	149,747,650				
2042-2046	270,180,788	180,357,790				
Total	1,115,818,742	<u>\$ 1,340,913,673</u>				
Accreted interest	<u>24,578,938</u>					
	<u>\$ 1,140,397,680</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 \$24,578,938.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

### 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.

The Authority's deferred outflows of resource balance is composed of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Deferred outflows from bond refundings	\$ 90,875,992	\$ 17,828,905
Employer pension contribution	202,873	144,576
Difference in pension investment assumption	502,269	64,600
Experience changes	37,566	42,249
Assumption changes	37,369	-
	<u>\$ 91,656,069</u>	<u>\$ 18,080,330</u>

The Authority's deferred inflow of resource balance is composed of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Experience changes	\$ <u>172,017</u>	\$ <u>-</u>

### 6. Rebtable 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, 2016 and 2015.

### 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 2016 and 2015.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

### 8. Employee Retirement Plan

**Plan Description** – The Authority participates in TCDRS. TCDRS is a non-profit public trust providing pension, disability, and death benefits for the eligible employees of participating counties and districts. TCDRS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCDRS Act (Subtitle F, Title 8, Texas Government Code) is the basis for TCDRS administration. TCDRS 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.tcdrs.com>.

**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% and has elected a matching rate of \$2 to \$1. The employee's savings grow at a rate of 7%, 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 purpose 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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

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.

**Employees Covered by Benefit Terms** –The following employees were covered by the benefit terms as of the valuation date December 31:

	<u>2015</u>	<u>2014</u>
Inactive employees or beneficiaries currently receiving benefits	1	-
Inactive employees entitled to, but not yet receiving benefits	9	5
Active employees	<u>23</u>	<u>19</u>
Total	<u><u>33</u></u>	<u><u>24</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 2016 and 2015, the contribution rate for the plan members was 7% of gross pay. The Authority pays a matching portion to the pension plan totaling 14% of gross pay for 2016 and 2015, which totaled \$389,889 and \$314,786, respectively.

**Net Pension Liability** – The Authority’s net pension liability was measured as of December 31, 2015 and 2014, 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, 2015 and 2014 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB Statement No. 68.

The total pension liability in the December 31, 2015 and 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2015</u>	<u>2014</u>
Inflation	3.0%	3.0%
Salary Increases (including inflation plus average merit of 1.4% and productivity of 0.5% for 2015 and 2014)	4.9%	4.9%
Investment rate of return	8.1%	8.1%

Mortality rates were based on the following:

**Depositing members** – RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

*Service retirees, beneficiaries, and nondepositing members* – The RP-2000 Combined Mortality Table with the projection scale AA and then projected with 110% 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% 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, 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 & 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 + 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. (HFRI) Fund of Funds Composite Index	25.0%	5.3%

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

The capital market assumptions and information shown below are provided by TCDRS' investment consultant based on December 31, 2014 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	16.5%	5.4%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	12.0%	8.4%
Global Equities	MSCI World (net) Index	1.5%	5.7%
International Equities – Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.0%	5.4%
International Equities – Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.0%	6.4%
Investment – Grade Bonds	Barclays Capital Aggregate Bond Index	3.0%	0.6%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.0%	3.8%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.0%	5.5%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.0%	5.8%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.0%	6.8%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.0%	4.0%
Commodities	Bloomberg Commodities Index	2.0%	(.02%)
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.0%	5.3%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	3.0%	7.2%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.0%	5.2%

- (1) Target asset allocation adopted at the April 2016 TCDRS Board meeting.
- (2) Geometric real rates of return in addition to assumed inflation of 1.6%, per investment consultant's 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% for both December 31, 2015 and 2014. 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.



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

- (4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

***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%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

<b>Changes in Net Pension Liability/(Asset) 2015</b>			
<b>Changes in Net Pension Liability/(Asset)</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (a) - (b)</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	(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 (2)	-	1,713	(1,713)
Balances as of December 31, 2015	<u>\$ 4,870,215</u>	<u>\$ 5,072,238</u>	<u>\$ (202,023)</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

### Changes in Net Pension Liability/(Asset) 2014

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, 2013	\$ 3,418,425	\$ 3,946,226	\$ (527,801)
Changes for the year:			
Service cost	461,237	-	461,237
Interest on total pension liability (1)	295,209	-	295,209
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	46,943	-	46,943
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(3,345)	3,345
Member contributions	-	163,979	(163,979)
Net investment income	-	261,626	(261,626)
Employer contributions	-	327,807	(327,807)
Other (2)	-	(242)	242
Balances as of December 31, 2014	\$ <u>4,221,814</u>	\$ <u>4,696,051</u>	\$ <u>(474,237)</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.

**Sensitivity Analysis** – The following presents the net pension asset/liability of the Authority, calculated using the discount rate of 8.1%, 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%) or 1 percentage point higher (9.1%) than the current rate.

	December 31, 2015		
	1% Decrease	Current Discount Rate	1% Increase
	7.1%	8.1%	9.1%
Total pension liability	\$ 5,549,877	\$ 4,869,457	\$ 4,305,697
Fiduciary net position	5,071,480	5,071,480	5,071,480
Net pension liability (asset)	478,397	(202,023)	(765,783)

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

	<u>December 31, 2015</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>7.1%</u>	<u>8.1%</u>	<u>9.1%</u>
Total pension liability	\$ 4,682,906	\$ 4,221,814	\$ 3,816,408
Fiduciary net position	4,696,051	4,696,051	4,696,051
Net pension liability (asset)	(13,145)	(474,237)	(879,643)

**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):

<u>Pension Expense/(Income)</u>	<u>January 1, 2015 to December 31, 2015</u>	<u>January 1, 2014 to December 31, 2014</u>
Service cost	\$ 474,778	\$ 461,237
Interest on total pension liability (1)	361,003	295,209
Effect of plan changes	(33,691)	-
Administrative expenses	3,541	3,345
Member contributions	(180,742)	(163,979)
Expected investment return net of investment expenses	(405,263)	(342,377)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses	(16,806)	4,694
Recognition of assumption changes or inputs	4,671	-
Recognition of investment gains or losses	129,605	16,150
Other (2)	(1,713)	243
Pension expense	<u>\$ 335,383</u>	<u>\$ 274,522</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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016 and 2015

**Deferred Inflows and Outflows of Resources** – As of June 30, 2016 and 2015, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	2015		2014	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 172,017	\$ 37,566	\$ -	\$ 42,249
Changes of assumptions	-	37,369	-	-
Net difference between projected and actual earnings	-	502,268	-	64,600
Contributions made subsequent to measurement date	-	202,873	-	144,576

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:

Year ended December 31,	
2016	\$ 117,470
2017	117,470
2018	117,470
2019	101,319
2020	(12,135)
Thereafter	<u>(36,405)</u>
	<u>\$ 405,189</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 12/31/15 Expenses (1)	Balance of Deferred Inflows 12/31/2015	Balance of Deferred Outflows 12/31/2015
Investment (gains) losses	\$ 567,272	12/31/2015	5	\$ 113,454	\$ -	\$ 453,818
Investment (gains) losses	80,751	12/31/2014	5	16,150	-	48,451
Economic/demographic (gains) or losses	(193,519)	12/31/2015	9	(21,502)	(172,017)	-
Economic/demographic (gains) or losses	46,958	12/31/2014	10	4,696	-	37,566
Assumption changes or inputs	42,041	12/31/2015	9	4,671	-	37,369
Assumption changes or inputs	-	12/31/2014	10	-	-	-
Employer contributions made subsequent to measurement date	144,576		-	-	-	202,873

- (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 the Financial Statements

June 30, 2016 and 2015

### 9. Disaggregation of Receivable and Payable Balances

Due from other agencies 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, 2016 and 2015. Accounts payable balances are comprised of 100% current payables to contractors and vendors at June 30, 2016 and 2015.

As of June 30, 2016 and 2015, the receivable from TxDOT comprises approximately 98% and 94%, respectively, and the total balances are as follows:

	<u>2016</u>	<u>2015</u>
TxDOT	\$ 85,590,015	\$ 30,151,439
Other agencies	<u>1,173,644</u>	<u>1,737,829</u>
Total	<u>\$ 86,763,659</u>	<u>\$ 31,889,268</u>

### 10. Commitments and Contingent Liabilities

#### **Commitments**

On 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:

Year ended December 31,	
2017	\$ 335,395
2018	347,163
2019	358,932
2020	370,700
2021	382,468
Thereafter	<u>730,939</u>
	<u>\$ 2,525,597</u>

The Authority's rental expense for fiscal year 2016 and 2015 totaled \$411,359 and \$373,000, 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, 2016 and 2015, the Authority has a capital budget of approximately \$1.202 billion and \$1.095 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 \$654 million and \$221 million, respectively, for the years ended June 30, 2016 and 2015. 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 the Financial Statements

June 30, 2016 and 2015

### ***Litigation***

As of June 30, 2016 and 2015, 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 claims are for increased project costs relating to the MoPac Improvement Project and are approximately \$70 million. 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.

### **11. Subsequent Events**

On August 9, 2016, the Authority issued its Series 2016 subordinate Lien Revenue Refunding Bonds in the amount of \$74.7 million to refund the Series 2011 Subordinate Lien bonds. Series 2016 Subordinate Lien Revenue Refunding Bonds were issued as current interest bonds, are scheduled to mature from 2018 to 2041, bear interest at rates ranging from 3.125% to 5.000%, and interest is payable on each January 1 and July 1.

# Central Texas Regional Mobility Authority

## Required Supplementary Information – Pension Plan

### Schedule of Changes in Net Pension Assets and Related Ratios Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 474,778	\$ 461,237
Interest on total pension liability	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	(193,519)	46,943
Benefit payments/refunds of contributions	<u>(2,211)</u>	<u>-</u>
Net change in total pension liability	648,401	803,389
Total pension liability at beginning of year	<u>4,221,814</u>	<u>3,418,425</u>
Total pension liability at end of year (a)	4,870,215	4,221,814
Fiduciary net position:		
Employer contributions	361,493	327,807
Member contributions	180,742	163,979
Investment income net of investment expense	(162,009)	261,626
Benefit payments/refunds of contributions	(2,211)	-
Administrative expenses	(3,541)	(3,345)
Other	<u>1,713</u>	<u>(242)</u>
Net change in fiduciary net position	376,187	749,825
Fiduciary net position at beginning of year	4,696,051	3,946,226
Fiduciary net position at end of year (b)	<u>5,072,238</u>	<u>4,696,051</u>
Net pension asset at end of year = (a) - (b)	<u>\$ (202,023)</u>	<u>\$ (474,237)</u>
Fiduciary net position as a percentage of total pension liability	104.15%	111.23%
Pensionable covered payroll	\$ 2,582,032	\$ 2,342,556
Net pension liability (asset) as a percentage of covered payroll	(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

June 30, 2016 and 2015

### Schedule of Employer Contributions

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (2)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2006	\$ 129,061	\$ 129,061	\$ -	\$ 945,504	13.6%
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)	1,862,303	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%

(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

June 30, 2016 and 2015

### Notes to Schedule of Employer Contributions and Net Pension Liability

#### *Actuarial Methods and Assumptions Used*

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

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	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.
<b>Asset Valuation Method</b> Smoothing period Recognition method Corridor	5 years Non-asymptotic None
<b>Economic Assumptions</b> Inflation Salary Increases  Investment Rate of Return  COLAs	3.0% 4.9% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.  8.1%  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.

# Central Texas Regional Mobility Authority

## Required Supplementary Information – Pension Plan – Continued

June 30, 2016 and 2015

### Demographic Assumptions – Related to December 31, 2015 Valuation

#### Retirement Age

Annual Rates of Service Retirement*					
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
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% 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% 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

June 30, 2016 and 2015

**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% are assumed to elect a withdrawal.

### Probability of Withdrawal

<u>Years of Service</u>	<u>Probability</u>	<u>Years of Service</u>	<u>Probability</u>
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, 2016

Toll Revenues		\$ 64,312,051
Other Revenues		1,435,089 *
Miscellaneous Revenue		51,221
Interest income available to pay debt service		<u>486,637</u>
Total Revenues		66,284,998
Less System Operating Expenses		<u>(13,148,664)</u>
Revenues available for rate covenant and additional bonds tests		53,136,334
Net Senior Lien Debt Service	\$ 23,989,623	
Net Subordinate Lien Debt Service	<u>10,351,500</u>	
Total net debt service	34,341,123	
Debt service coverage ratio for rate covenant and additional bonds test		
Senior Lien Obligations	2.21	
Senior and Subordinate Lien Obligations	1.55	
Less System Maintenance Expenses		<u>(2,766,056)</u>
Revenues available for debt service		50,370,278
Debt service coverage ratios for Revenues available for debt service		
Senior Lien Obligations	2.10	
Senior and Subordinate Lien Obligations	1.47	
Less total net debt service		(34,341,123)
Less deposits to Renewal and Replacement Fund		-
Less debt service payments on Other Obligations		<u>-</u>
Annual excess		<u>\$ 16,029,155</u>

\* The HERO grant revenues are included in "Other Revenues" above as the corresponding expenses are included in "System Operating Expenses" and the amounts net to zero.

## **EXHIBIT B**

### **Basic Financial Statements & Federal Awards Compliance Report**

(Note: Refer to Exhibit A for Basic Financial Statements which have been omitted from the hard copy of this Exhibit B to avoid unnecessary printing of duplicative information. A full copy of each report has been presented to the Audit Committee and is available on the CTRMA website.)

**Central Texas  
Regional Mobility Authority**

**Basic Financial Statements and Federal  
Awards Compliance Reports**

June 30, 2016

# Central Texas Regional Mobility Authority

## Basic Financial Statements and Federal Awards Compliance Report

June 30, 2016

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# Padgett Stratemann

## Independent Auditor's Report

To the Board of Directors  
Central Texas Regional Mobility Authority  
Austin, Texas

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Central Texas Regional Mobility Authority (the "Authority"), which comprise the Statement of Net Position as of June 30, 2016, and the related Statements of Revenues, Expenses, and Changes in Net Position and Cash Flows for the year then ended, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in 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 auditor's 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.

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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, 2016, 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**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 the 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 audit 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 financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such 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 Federal Awards 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 12, 2016 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 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 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.

*Padgett, Statemann + Co., L.L.P.*

Austin, Texas  
September 12, 2016

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis

June 30, 2016

This section of the Central Texas Regional Mobility Authority (the "Authority") financial report presents our discussion and analysis of the Authority's financial activities during the fiscal years that ended June 30, 2016 and 2015. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

- Total toll revenue increased from \$53.6 million to \$64.3 million from 2015 to 2016 or a 20% increase.
- Total operating expenses were approximately \$41.0 million and \$37.9 million in 2016 and 2015, respectively.
- Total construction in progress was approximately \$338.6 million and \$139.1 million as of June 30, 2016 and 2015, respectively. Construction in progress increased by approximately \$199.4 million from 2015 to 2016 in part due to progress made on the MoPac Improvement Project of approximately \$46.0 million and start of the 183 South Project (collectively the "Projects") of approximately \$145.0 million.
- Total restricted cash and cash equivalents increased by \$66.7 million from 2015 to 2016. The overall increase in restricted cash and investments was largely due to bond proceeds from the issuance of debt in 2016.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: management's discussion and analysis (this section), 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 11 of this report.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

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 12 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 13 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 non-cash 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 14 of this report.

### 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 \$466.8 million and \$319.0 million as of June 30, 2016 and 2015, respectively (See Table A-1). As of June 30, 2016, the largest portion of the Authority's net position is expendable and reflects proceeds restricted for debt service. The second largest portion of net position, as of June 30, 2016, reflects its investment in capital assets (the Tolling System infrastructure and related assets) net of any outstanding debt used to acquire those assets. 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, 2016

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

	<u>2016</u>	<u>2015</u>
Current assets	\$ 143,984	\$ 74,548
Restricted assets	492,946	252,971
Capital assets	<u>1,084,996</u>	<u>892,639</u>
Total assets	1,721,926	1,220,158
Deferred outflows of resources	<u>91,656</u>	<u>18,080</u>
<b>Total assets and deferred outflows of resources</b>	<b>\$ <u>1,813,582</u></b>	<b>\$ <u>1,238,238</u></b>
Total liabilities	\$ <u>1,346,650</u>	\$ <u>919,161</u>
Deferred inflows of resources	<u>172</u>	-
Total liabilities and deferred inflows of resources	<u>1,346,822</u>	<u>919,161</u>
Net position:		
Invested in capital assets	200,628	122,740
Restricted for other purposes	227,787	164,206
Unrestricted	<u>38,345</u>	<u>32,131</u>
Total net position	<u>466,760</u>	<u>319,077</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ <u>1,813,582</u></b>	<b>\$ <u>1,238,238</u></b>

For fiscal year 2016, current and restricted assets increased as a result of the Authority's ongoing construction on the Projects. The Authority is expected to receive grant funds, bond, and loan proceeds to fund the Projects. As of June 30, 2016 and 2015, the Authority has received grant funds in advance and had recorded \$50.9 million and \$88.8 million of unearned grant revenue of the funding due to Projects.

For fiscal year 2016 and 2015, excluding accumulated depreciation capital assets 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 and Highway 183A Toll). The average daily system transactions increased in 2016 from approximately 172 thousand per day to 198 thousand per day or from an annual total of approximately 45 million to 62 million.

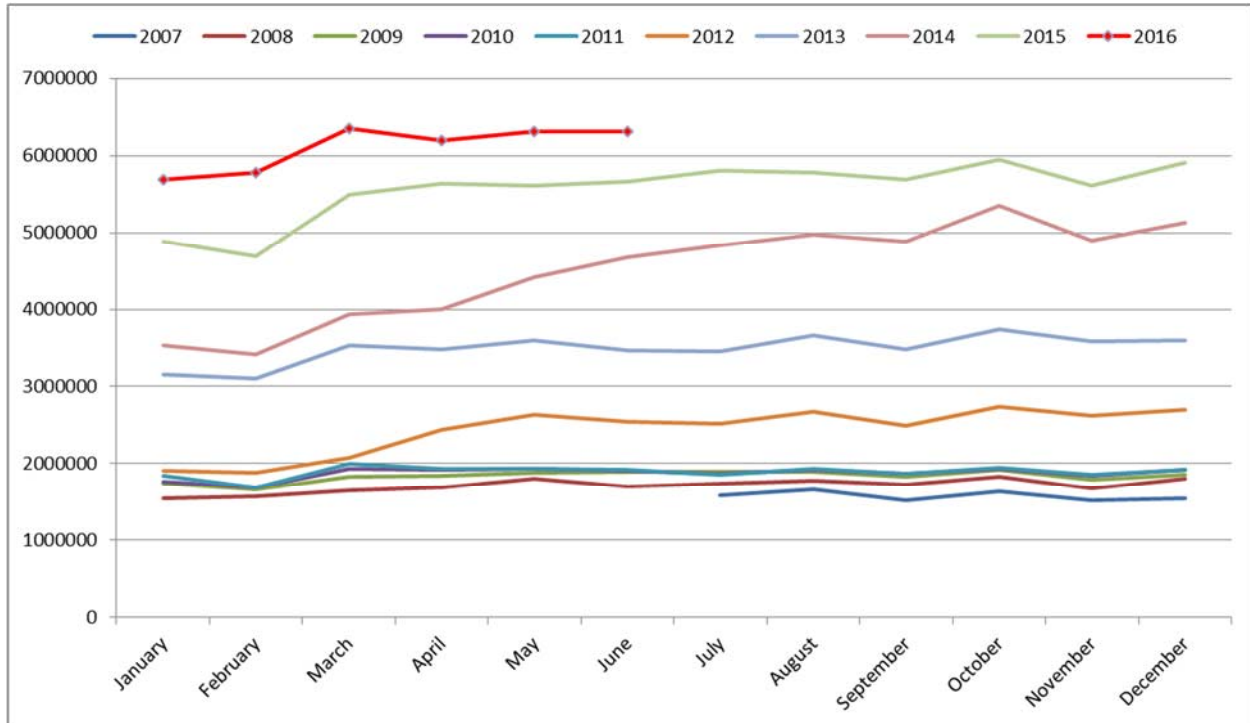
# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

The operating expenses increased by \$3.1 million from 2015 to 2016. The increase is related to the increase in the number of tolling transactions which result in additional expenses for road maintenance, image and tag collection fees.

### Total Monthly Tolling System Transactions



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

The largest contributor to the change in net position in 2016 is the capital grants and contributions. See Table A-2.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Revenues:		
Toll revenue	\$ 64,312	\$ 53,592
Grant proceeds and other	<u>1,486</u>	<u>2,222</u>
Total revenues	<u>65,798</u>	<u>55,814</u>
Expenses:		
Administration	15,375	13,935
Professional services	3,924	2,754
Depreciation and amortization	<u>21,692</u>	<u>21,233</u>
Total expenses	<u>40,991</u>	<u>37,922</u>
Operating income	24,807	17,892
Total net nonoperating revenue (expenses)	<u>(50,837)</u>	<u>(42,127)</u>
Change in net position – before capital grants and contributions	(26,030)	(24,235)
Capital grants and contributions	<u>173,714</u>	<u>55,357</u>
Change in net position	147,684	31,122
Total net position at beginning of year	<u>319,076</u>	<u>287,954</u>
Total net position at end of year	<u>\$ 466,760</u>	<u>\$ 319,076</u>

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of June 30, 2016 and 2015, the Authority had invested approximately \$338.6 million and \$139.1 million, respectively, in construction in progress, including engineering fees and preliminary costs, such as funding, consulting, environmental, legal, and traffic analysis fees. Of the \$338.6 million of the construction in progress, the non-tolling system projects (projects other than Highway 290E and Highway 183A and 183 South toll) made up \$167.0 million of the total. See Table A-3 and Note 3.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Property and equipment	\$ 11,848	\$ 11,767
Toll road	837,774	823,229
Accumulated depreciation	(103,180)	(81,489)
Construction in progress	<u>338,554</u>	<u>139,132</u>
Net capital assets	<u>\$ 1,084,996</u>	<u>\$ 892,639</u>

### Long-Term Debt

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

On June 1, 2016 Moody's Investors Service ("Moody's") affirmed the Baa2 senior lien revenue bond ratings of the Authority. Moody's rating outlook for the Authority is stable.

On June 1, 2016, Standard & Poor's ("Standard & Poor's") Ratings Services raised its long-term and underlying rating (SPUR) to "BBB+" from "BBB" on the Authority's outstanding senior lien revenue bonds.

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

	<u>2016</u>	<u>2015</u>
Total debt:		
Total bonds	\$ 1,239,227	\$ 787,833
Total notes and other obligations	<u>5,300</u>	<u>7,030</u>
Total debt outstanding	<u>\$ 1,244,527</u>	<u>\$ 794,863</u>

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

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



# **Central Texas Regional Mobility Authority**

## **Management's Discussion and Analysis – Continued**

June 30, 2016

### **ECONOMIC FACTORS AFFECTING THE FUTURE**

Effective August 9, 2016, the Authority issued bonds in the amount of \$74.7 million to refund the Series 2011 Subordinate Lien Bonds. See Note 12, Subsequent Event, for further information.

### **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

## Statement of Net Position

June 30, 2016

### CURRENT ASSETS

#### UNRESTRICTED

Cash and cash equivalents (note 2)	\$ 714,088
Investments (note 2)	682,683
Due from other agencies (note 9)	86,763,659
Accrued interest receivable	490,450
Prepaid expenses and other assets	107,601

TOTAL UNRESTRICTED 88,758,481

#### RESTRICTED

Cash and cash equivalents (note 2)	55,225,460
------------------------------------	------------

TOTAL RESTRICTED 55,225,460

TOTAL CURRENT ASSETS 143,983,941

### NONCURRENT ASSETS

#### Restricted assets:

Cash and cash equivalents (note 2)	269,711,004
Investments (note 2)	223,032,526
Pension asset (note 8)	202,023

Total restricted assets 492,945,553

Total capital assets – net (note 3) 1,084,996,036

**TOTAL ASSETS** 1,721,925,530

**TOTAL DEFERRED OUTFLOWS OF RESOURCES (notes 5 and 8)** 91,656,069

### CURRENT LIABILITIES:

#### PAYABLE FROM CURRENT ASSETS

Accounts payable	1,330,859
Due to other agencies	775,589
Accrued expenses	316,233

TOTAL PAYABLE FROM CURRENT ASSETS 2,422,681

#### PAYABLE FROM RESTRICTED ASSETS

Accounts payable	29,254,281
Accrued interest payable	19,546,179
Bonds, notes payable, and other obligations – current portion (note 4)	6,425,000

TOTAL PAYABLE FROM RESTRICTED ASSETS 55,225,460

TOTAL CURRENT LIABILITIES 57,648,141

### NONCURRENT LIABILITIES

Unearned revenue	50,900,048
Notes payable and other obligations – net of current portion (note 4)	3,570,000
Revenue bonds payable – net of current portion (note 4)	1,234,531,635

TOTAL NONCURRENT LIABILITIES 1,289,001,683

**TOTAL LIABILITIES** 1,346,649,824

**TOTAL DEFERRED INFLOWS OF RESOURCES (notes 5 and 8)** 172,017

### NET POSITION

Investment in capital assets	200,627,568
Restricted	227,786,780
Unrestricted	38,345,410

**TOTAL NET POSITION** \$ 466,759,758

See accompanying notes to the financial statements.

# Central Texas Regional Mobility Authority

## Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2016

<b>Operating revenues:</b>	
Tolls	\$ 64,312,051
Grant proceeds and other	<u>1,486,310</u>
Total operating revenues	<u>65,798,361</u>
<b>Operating expenses:</b>	
Salaries and wages	3,681,148
Toll contractual services	6,079,106
Professional services	3,924,298
General and administrative	5,615,089
Depreciation and amortization	<u>21,691,703</u>
Total operating expenses	<u>40,991,344</u>
<b>Operating income</b>	<u>24,807,017</u>
<b>Nonoperating revenues (expenses):</b>	
Interest income	486,637
Financing expense	(9,384,791)
Interest expense – net of interest capitalized	<u>(41,939,306)</u>
Total nonoperating revenue (expenses)	(50,837,460)
Change in net position, before capital grants and contributions	<u>(26,030,443)</u>
<b>Capital grants and contributions</b>	<u>173,713,752</u>
<b>Change in net position</b>	147,683,309
<b>Total net position at beginning of year</b>	<u>319,076,449</u>
<b>Total net position at end of year</b>	<u><u>\$ 466,759,758</u></u>

*See accompanying notes to the financial statements.*

# Central Texas Regional Mobility Authority

## Statement of Cash Flows

Year Ended June 30, 2016

### Cash Flows From Operating Activities

Receipts from toll fees	\$ 64,876,236
Receipts from grants and other income	1,486,310
Payments to vendors	(14,564,319)
Payments to employees	(3,819,516)
	<hr/>
Net cash flows provided by operating activities	47,978,711

### Cash Flows From Capital and Related Financing Activities

Proceeds from notes payable and other obligations	11,454,088
Proceeds from senior lien revenue bonds	355,765,281
Payments on interest	(35,333,229)
Payments on bonds	(6,905,258)
Purchase of capital assets	(62,727)
Acquisitions of construction in progress	(199,069,851)
Proceeds from capital grants	80,410,037
	<hr/>
Net cash flows provided by capital and related financing activities	206,258,341

### Cash Flows From Investing Activities

Interest income	59,890
Purchase of investments	(251,082,404)
Proceeds from sale or maturity of investments	63,379,136
	<hr/>
Net cash flows used in investing activities	(187,643,378)

Net increase in cash and cash equivalents 66,593,674

Cash and cash equivalents at beginning of year 259,056,878

Cash and cash equivalents at end of year \$ 325,650,552

### Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities

Operating income	\$ 24,807,017
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	21,691,703
Changes in assets and liabilities:	
Decrease in due from other agencies	564,185
Decrease (increase) in prepaid expenses and other assets	(84,471)
Increase (decrease) in accounts payable	923,985
Increase (decrease) in accrued expenses	160,700
Decrease in pension asset	272,214
Increase in deferred outflow of resources	(528,639)
Increase in deferred inflow of resources	172,017
Total adjustments	23,171,694
Net cash flows provided by operating activities	\$ 47,978,711

### Reconciliation of Cash and Cash Equivalents

Unrestricted cash and cash equivalents	\$ 714,088
Restricted cash and cash equivalents:	
Current	55,225,460
Noncurrent	269,711,004
	<hr/>
Total	\$ 325,650,552

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

### 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, grants, and rents from the operation of turnpike 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 77<sup>th</sup> 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 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 they are incurred and depreciation of capital assets is recognized.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

- C. Cash, Cash Equivalents, and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These deposits are fully collateralized or covered by federal depository insurance.

Investments are reported at fair value based on pricing service modeling for fixed income securities and net asset values per share for investment in local government investment pools. 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, equipment, and infrastructure assets, are reported at cost. Capital assets acquired through contributions, such as those from developers or other governments, are recorded at estimated fair 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:

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 2016.

- F. Grants and Contributions** – Revenues from contributions include cash contributions from other governments and right-of-way property that is restricted to meeting the operational or capital requirements of a particular program.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

The Authority has entered into several grant agreements with the Texas Department of Transportation (“TxDOT”) for construction costs using Highway Planning and Construction federal funding and certain state funding for transportation improvements. During the year ended June 30, 2016, the Authority received approximately \$173.0 million from TxDOT. The Authority does not recognize this funding as revenue when funds are received in advance of when the amounts are earned. Revenues from federal and state grants are recognized as earned when the related program expenses are incurred and all eligibility requirements have been met. As of June 30, 2016, there was approximately \$50.9 million of unearned grant revenue which is recorded as unearned revenue in the Statement of Net Position.

During the year ended June 30, 2016, the Authority received grant revenue from contracts funded through federal and state governments. It is possible that at some time in the future these contracts could terminate or funding could be reduced. However, the Authority does not currently expect that these contracts will be terminated or funding will be reduced in the near future.

- G. Restricted Assets** – Certain proceeds of the Authority’s bonds and grants, as well as certain other resources, are classified as restricted assets in the Statement of Net Position because they are maintained in separate investment accounts and their use is limited by applicable bond covenants and grant agreements. When the grant proceeds are restricted for the acquisition of construction of noncurrent assets or are restricted for liquidation of long-term debt, then 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.
- 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 state or federal income taxes. Bond obligations issued by state and local governments are tax-exempt only if the issuers pay a rebate to the federal government of the earnings on the investment of the proceeds of a tax-exempt issue in excess of the yield on such obligations and any income earned on such excess.
- I. Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and 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 TCDRS’s fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized in the TCDRS 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 an 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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

- K. Long-Term Obligations** – Long-term obligations are reported as liabilities in the statement of net position and consist of bond 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. 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/inflows of resources and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.
- 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. Non Cash Disclosure –**

**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, called the Series 2016 Obligations. The refunding effected through the use of a portion of the proceeds of the Series 2015 Obligations and Series 2016 Obligations resulted in the following noncash transactions:

Payments to Escrow:	
- 2013B Senior Lien Bonds	\$30.0 million
- 2010 Senior Lien Bonds	\$51.0 million
- 2011 Senior Lien Bonds	\$296.0 million
Issuance cost	\$9.4 million
Deferred on refunding	\$74.8 million



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

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**O. Subsequent Events** – The Authority evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Authority’s financial statements are issued. For the financial statements as of and for the year ended June 30, 2016 this date was September 12, 2016.

### 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.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2016:

As of June 30, 2016, investments total of \$207.4 million from U.S. Government agency securities and municipal bonds are valued using pricing service modeling (Level 2 inputs).

TexSTAR Investment Pool balances are valued at net asset value per share which does not require categorization under GASB No. 72, *Fair Value Measurements and Application*.

The Authority had the following investments as of June 30, 2016:

<u>Summary of Investments by Type</u>	<u>Amount</u>
Cash and cash equivalents	\$ 325,650,552
TexSTAR Investment Pool	16,290,848
United States government sponsored enterprises	204,921,478
Municipal Bonds	<u>2,502,883</u>
Total cash and investments	<u>\$ 549,365,761</u>
Unrestricted cash and cash equivalents	\$ 714,088
Unrestricted investments	682,683
Restricted cash and cash equivalents:	
Current	55,225,460
Noncurrent	269,711,004
Restricted investments	<u>223,032,526</u>
Total cash and cash equivalent and investments – as reported on the Statement of Net Position	<u>\$ 549,365,761</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

### ***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% 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 \$319.3 million as of June 30, 2016.

***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.

With regards to investment composition, the Authority's investment policy currently states that local government investment pools may not exceed 80% of the total investment portfolio less bond funds. Bond funds may be invested at 100% 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, 2016:

TexSTAR Investment Pool	7.3%
United States government sponsored enterprises	91.6%
Municipal Bonds	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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

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, 2016, the Authority's investments in debt securities mature as follows:

Investment Type	Investment Maturities (in Days)				Fair Value
	90 Days or Less	91 to 180	181 to 365	Greater than 365	
Federal HOME loan Bank DTD	\$ -	\$ 33,307,172	\$ 17,021,525	\$ 46,137,502	\$ 96,466,199
Federal HOME Loan Corp DTD	-	-	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 DTD	-	-	8,000,590	39,974,019	47,974,609
Freddie Mac Callable DTD	-	-	-	9,838,850	9,838,850
Farmer MAC DTD	-	-	2,500,400	-	2,500,400
Total Govt. Sponsored Enterprise	-	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.

Although TexSTAR is not registered with the SEC as an investment company, the Authority believes it operates as a Rule 2a7 like pool, as discussed in GASB Statement No. 59. As such, the Authority uses net asset value per share to report its investments.

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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 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

### 3. Capital Assets

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

	<u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2016</u>
Non-Depreciable 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 Non-Depreciable 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	-	-	11,848,083
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>14,545,611</u>	<u>762,772,528</u>
Accumulated depreciation	<u>(81,488,708)</u>	<u>(21,691,703)</u>	<u>-</u>	<u>-</u>	<u>(103,180,411)</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, 2016:

	<u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2016</u>
Construction in progress:					
Preliminary costs	\$ 132,514,987	\$ 198,233,869	\$ -	\$ (13,657,862)	\$ 317,090,994
Engineering	-	-	-	-	-
Construction	3,696,598	3,646,389	-	(818,444)	6,524,543
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 year ended June 30, 2016 totaled \$21,691,703. Capitalized interest for the period ending June 30, 2016 is \$9.6 million net of interest earned on invested bond proceeds.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

As of June 30, 2016, the Authority has non-tolling system projects (projects other than Highway 290E, Highway 183A toll and 183 South) construction in progress for the following projects:

Construction in progress non-system projects:

Mopac Improvement Project	\$ 136,621,836
Mopac South	9,233,160
183 N Mobility	6,996,455
SH 45 Southwest	9,644,284
290 West (Oak Hill)	2,801,420
Highway 71 (SH 71 Express)	<u>1,401,230</u>
	<u>\$ 166,698,385</u>

#### 4. Notes and Bonds Payable

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

	<u>2015</u>	<u>Additions/ Amortization</u>	<u>Deductions</u>	<u>2016</u>	<u>Due Within One Year</u>
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 and obligations	<u>7,030,258</u>	<u>21,039,752</u>	<u>(22,770,010)</u>	<u>5,300,000</u>	<u>1,730,000</u>
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	<u>111,721,308</u>	<u>4,023,612</u>	<u>(51,190,000)</u>	<u>64,554,920</u>	<u>-</u>
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	<u>378,686,174</u>	<u>817,498</u>	<u>(295,930,000)</u>	<u>83,573,672</u>	<u>-</u>
Series 2013 Obligations	285,085,000	-	(35,175,000)	249,910,000	4,695,000
TIFIA Obligation	-	51,130	-	51,130	-
SIB Obligation 2015	-	5,701,479	-	5,701,479	-
State Highway Fund Obligation 2015	-	5,701,479	-	5,701,479	-
Series 2015 Obligations	<u>-</u>	<u>367,575,000</u>	<u>-</u>	<u>367,575,000</u>	<u>-</u>
Total 2015 Obligations	<u>-</u>	<u>379,029,088</u>	<u>-</u>	<u>379,029,088</u>	<u>-</u>
Series 2016 Obligations	<u>-</u>	<u>358,030,000</u>	<u>-</u>	<u>358,030,000</u>	<u>-</u>
Total bonds payable	<u>775,492,482</u>	<u>741,900,198</u>	<u>(382,295,000)</u>	<u>1,135,097,680</u>	<u>4,695,000</u>
Total notes, bonds payable, and obligations	782,522,740	762,939,950	(405,065,010)	1,140,397,680	6,425,000
Net (premium) discount on revenue bonds payable	<u>12,340,215</u>	<u>93,048,445</u>	<u>(1,259,705)</u>	<u>104,128,955</u>	<u>-</u>
Total notes, bonds payable, and obligations – net	<u>\$ 794,862,955</u>	<u>\$ 855,988,395</u>	<u>\$ (406,324,715)</u>	<u>\$ 1,244,526,635</u>	<u>\$ 6,425,000</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

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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.

The Series 2010 CIBs are scheduled to mature in 2017 through 2025. 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%. 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, 2016 and 2015, the outstanding principal amount was \$8.5 million and \$59.8 million, respectively.

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, 2016 and 2015. As of June 30, 2016 and 2015, the aggregate maturity amount is \$34.9 million plus the accretion of \$21.1 million and \$17.0 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% to 7.85% 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, 2016 and 2015 is \$21.1 million and \$17.0 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”).

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

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% to 6.25%. 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, 2016 and 2015. As of June 30, 2016 and 2015, the aggregate maturity amount was \$9.9 million plus the accretion of \$3.5 million and \$2.7 million, respectively.

Interest on the Series 2011 CABs will accrete from the date of initial delivery to stated maturity at rates ranging from 5.9% to 6.5% 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, 2016 and 2015 was \$3.5 million and \$2.7 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.

The Series 2011 Subordinate Lien Revenue Bonds were issued as current interest bonds and are 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%. 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 and 2015, the outstanding principal amount was \$70 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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

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%. 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, 2016 and 2015, the outstanding principal amount was \$147.9 million and \$152.5 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% 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 million with a portion of the proceeds from the Series 2015B Senior Lien Revenue and Refunding Put Bonds. As of June 30, 2015, the outstanding principal amount was \$30 million.

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%. 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, 2016 and 2015, the outstanding principal amount was \$102.0 million and \$102.5 million, respectively.

**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 called 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%. Interest on the Series 2015A Bonds is payable on each July 1 and January 1, commencing January 1, 2016. As of June 30, 2016, the outstanding principal amount was \$298.8 million.



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

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%. 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% 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, 2016, the outstanding principal amount was \$68.8 million.

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% 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.

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

2015D SHF Bond – In November 2015, the Authority entered into a secured loan agreement (the “SHF Loan Agreement”) with the Texas Department of Transportation, 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% per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$5.7 million during fiscal year 2016 under the SHF Loan Agreement. The 2015D SHF Bond had an outstanding balance of \$5.7 million as of June 30, 2016.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

**2015E SIB Bond** – In November 2015, the Authority entered into a secured loan agreement (the “SIB Loan Agreement”) with the Texas Department of Transportation, 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% per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$5.7 million during fiscal year 2016 under the SIB Loan Agreement. The 2015E SIB Bond had an outstanding balance of \$5.7 million as of June 30, 2016.

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

The Series 2016 Obligations were issued as current interest bonds and are scheduled to mature in 2020 through 2046. Interest on the Series 2016 Obligations is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 3.375% to 5.000%. Interest on the Series 2016 Obligations is payable on each July 1 and January 1, commencing July 1, 2016. As of June 30, 2016, the outstanding principal amount was \$358 million.

As a result of the Series 2010 and 2011 Senior Lien Bonds refunding noted above, the Authority will realize a total decrease of \$62.2 million in debt service payments and total deferred outflows of resources of \$74.8 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 \$44.0 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 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%. 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 Authority did not receive loan proceeds under the 2011 Draw Down Note and the 2011 Drawn Down Note was repaid in full with principal and interest payments of \$1.7 million.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

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During fiscal year 2015, the Authority did not receive loan proceeds under the 2011 Draw Down Note and made principal and interest payments of \$1.3 million. The 2011 Draw Down Note had an outstanding balance of \$1.7 million as of June 30, 2015.

**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% 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 Authority received no loan proceeds during fiscal years 2016 and 2015 under the Loan. The Loan had an outstanding balance of \$5.3 million as of June 30, 2016 and 2015.

**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 million (the “2015 Draw Down Note”).

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 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%. Certain funds of the Authority were collateral for the 2015 Draw Down Note.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

***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, 2016 are as follows:

	<u>Current Interest Bonds</u>		<u>Capital Appreciation Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 4,695,000	\$ 46,021,334	\$ -	\$ -	\$ 1,730,000	\$ 119,250
2018	4,800,000	53,301,163	-	-	1,765,000	80,325
2019	5,715,000	53,061,163	-	-	1,805,000	40,613
2020	8,115,000	52,737,750	-	-	-	-
2021	22,770,000	52,151,688	-	12,130,056	-	-
2022-2026	92,565,955	246,401,688	9,999,944	13,245,968	-	-
2027-2031	155,586,743	218,662,438	6,674,032	43,144,194	-	-
2032-2036	216,646,390	173,069,688	14,325,806	46,640,916	-	-
2037-2041	289,335,000	111,658,438	9,109,084	38,089,212	-	-
2042-2046	265,290,000	39,237,500	4,890,788	141,120,290	-	-
	<u>\$ 1,065,519,088</u>	<u>\$ 1,046,302,850</u>	<u>\$ 44,999,654</u>	<u>\$ 294,370,635</u>	<u>\$ 5,300,000</u>	<u>\$ 240,188</u>
	<b><u>Total Debt Service</u></b>					
	<u>Principal</u>	<u>Interest</u>				
2017	\$ 6,425,000	\$ 46,140,584				
2018	6,565,000	53,381,488				
2019	7,520,000	53,101,776				
2020	8,115,000	52,737,750				
2021	22,770,000	64,281,744				
2022-2026	102,565,899	259,647,656				
2027-2031	162,260,775	261,806,632				
2032-2036	230,972,196	219,710,604				
2037-2041	298,444,084	149,747,650				
2042-2046	270,180,788	180,357,790				
Total	1,115,818,742	<u>\$ 1,340,913,673</u>				
Accreted interest	<u>24,578,938</u>					
	<u>\$ 1,140,397,680</u>					

As described above, the Series 2010 CABs and the Series 2011 CABs were issued as capital appreciation bonds. The accreted interest on the CABs is reflected on the Statement of Net Position as additional principal and is reflected in the interest column in this table in the amount of \$24,578,938.

### 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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

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.

The Authority's deferred outflows of resource balance is composed of the following as of June 30, 2016:

Deferred outflows from bond refundings	\$ 90,875,992
Employer pension contribution	202,873
Difference in pension investment assumption	502,269
Experience changes	37,566
Assumption changes	<u>37,369</u>
	<u>\$ 91,656,069</u>

The Authority's deferred inflow of resource balance is composed of the following as of June 30, 2016:

Experience changes	<u>\$ 172,017</u>
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### 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, 2016.

### 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 year 2016.

### 8. Employee Retirement Plan

**Plan Description** – The Authority participates in TCDRS. TCDRS is a non-profit public trust providing pension, disability, and death benefits for the eligible employees of participating counties and districts. TCDRS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCDRS Act (Subtitle F, Title 8, Texas Government Code) is the basis for TCDRS administration. TCDRS 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.tcdrs.com>.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

**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% and has elected a matching rate of \$2 to \$1. The employee’s savings grow at a rate of 7%, 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 purpose 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 the Financial Statements

June 30, 2016

**Employees Covered by Benefit Terms** – The following employees were covered by the benefit terms as of the valuation date December 31, 2015:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to, but not yet receiving benefits	9
Active employees	<u>23</u>
Total	<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 2016, the contribution rate for the plan members was 7% of gross pay. The Authority pays a matching portion to the pension plan totaling 14% of gross pay for 2016, which totaled \$389,889.

**Net Pension Liability** – The Authority's net pension liability was measured as of December 31, 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, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB Statement No. 68.

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

Inflation	3.0%
Salary Increases (including inflation plus average merit of 1.4% and productivity of 0.5%)	4.9%
Investment rate of return	8.1%

Mortality rates were based on the following:

**Depositing members** – RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

**Service retirees, beneficiaries, and nondepositing members** – The RP-2000 Combined Mortality Table with the projection scale AA and then projected with 110% 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% of the MP-2014 Ultimate scale after with no age adjustment for males and with a two-year set-forward for females.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

*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, 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 & 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 + 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. (HFRI) Fund of Funds Composite Index	25.0%	5.3%

- (1) Target asset allocation adopted at the April 2016 TCDRS Board meeting.
- (2) Geometric real rates of return in addition to assumed inflation of 1.6%, per investment consultant's 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% for both December 31, 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.



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

- (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.

***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%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

**Sensitivity Analysis** – The following presents the net pension asset/liability of the Authority, calculated using the discount rate of 8.1%, 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%) or 1 percentage point higher (9.1%) than the current rate.

	<b>December 31, 2015</b>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>7.1%</u>	<u>8.1%</u>	<u>9.1%</u>
Total pension liability	\$ 5,549,877	\$ 4,869,457	\$ 4,305,697
Fiduciary net position	5,071,480	5,071,480	5,071,480
Net pension liability (asset)	478,397	(202,023)	(765,783)

**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):

<u>Pension Expense/(Income)</u>	<u>January 1, 2015 to December 31, 2015</u>
Service cost	\$ 474,778
Interest on total pension liability (1)	361,003
Effect of plan changes	(33,691)
Administrative expenses	3,541
Member contributions	(180,742)
Expected investment return net of investment expenses	(405,263)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(16,806)
Recognition of assumption changes or inputs	4,671
Recognition of investment gains or losses	129,605
Other (2)	(1,713)
Pension expense	<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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

June 30, 2016

**Deferred Inflows and Outflows of Resources** – As of June 30, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	2015	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 172,017	\$ 37,566
Changes of assumptions	-	37,369
Net difference between projected and actual earnings	-	502,268
Contributions made subsequent to measurement date	-	202,873

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:

Year ended December 31,	
2016	\$ 117,470
2017	117,470
2018	117,470
2019	101,319
2020	(12,135)
Thereafter	<u>(36,405)</u>
	<u>\$ 405,189</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 12/31/15 Expenses (1)	Balance of Deferred Inflows 12/31/2015	Balance of Deferred Outflows 12/31/2015
Investment (gains) losses	\$ 567,272	12/31/2015	5	\$ 113,454	\$ -	\$ 453,818
Investment (gains) losses	80,751	12/31/2014	5	16,150	-	48,451
Economic/demographic (gains) or losses	(193,519)	12/31/2015	9	(21,502)	(172,017)	-
Economic/demographic (gains) or losses	46,958	12/31/2014	10	4,696	-	37,566
Assumption changes or inputs	42,041	12/31/2015	9	4,671	-	37,369
Assumption changes or inputs	-	12/31/2014	10	-	-	-
Employer contributions made subsequent to measurement date	144,576		-	-	-	202,873

- (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 the Financial Statements

June 30, 2016

### 9. Disaggregation of Receivable and Payable Balances

Due from other agencies 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, 2016. Accounts payable balances are comprised of 100% current payables to contractors and vendors at June 30, 2016.

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

TxDOT	\$ 85,590,015
Other agencies	<u>1,173,644</u>
Total	<u>\$ 86,763,659</u>

### 10. Commitments and Contingent Liabilities

#### **Commitments**

On 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:

Year ended December 31,	
2017	\$ 335,395
2018	347,163
2019	358,932
2020	370,700
2021	382,468
Thereafter	<u>730,939</u>
	<u>\$ 2,525,597</u>

The Authority's rental expense for fiscal year 2016 totaled \$411,359, 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, 2016, the Authority has a capital budget of approximately \$1.202 billion 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 \$654 million for the year ended June 30, 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 the Financial Statements

June 30, 2016

### ***Litigation***

As of June 30, 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 claims are for increased project costs relating to the MoPac Improvement Project and are approximately \$70 million. 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.

### **11. Subsequent Events**

On August 9, 2016, the Authority issued its Series 2016 Subordinate Lien Revenue Refunding Bonds in the amount of \$74.7 million to refund the Series 2011 Subordinate Lien Bonds. Series 2016 Subordinate Lien Revenue Refunding Bonds were issued as current interest bonds, are scheduled to mature on dates ranging from 2018 to 2041, bear interest at rates ranging from 3.125% to 5.000%, and interest is payable on each January 1 and July 1, commencing January 1, 2017.

# Central Texas Regional Mobility Authority

## Required Supplementary Information – Pension Plan

### Schedule of Changes in Net Pension Assets and Related Ratios Year Ended December 31

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 474,778	\$ 461,237
Interest on total pension liability	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	(193,519)	46,943
Benefit payments/refunds of contributions	<u>(2,211)</u>	<u>-</u>
Net change in total pension liability	648,401	803,389
Total pension liability at beginning of year	<u>4,221,814</u>	<u>3,418,425</u>
Total pension liability at end of year (a)	4,870,215	4,221,814
Fiduciary net position:		
Employer contributions	361,493	327,807
Member contributions	180,742	163,979
Investment income net of investment expense	(162,009)	261,626
Benefit payments/refunds of contributions	(2,211)	-
Administrative expenses	(3,541)	(3,345)
Other	<u>1,713</u>	<u>(242)</u>
Net change in fiduciary net position	376,187	749,825
Fiduciary net position at beginning of year	4,696,051	3,946,226
Fiduciary net position at end of year (b)	<u>5,072,238</u>	<u>4,696,051</u>
Net pension asset at end of year = (a) - (b)	<u>\$ (202,023)</u>	<u>\$ (474,237)</u>
Fiduciary net position as a percentage of total pension liability	104.15%	111.23%
Pensionable covered payroll	\$ 2,582,032	\$ 2,342,556
Net pension liability (asset) as a percentage of covered payroll	(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

June 30, 2016

### Schedule of Employer Contributions

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (2)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2006	\$ 129,061	\$ 129,061	\$ -	\$ 945,504	13.6%
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)	1,862,303	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%

(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

June 30, 2016

### Notes to Schedule of Employer Contributions and Net Pension Liability

#### *Actuarial Methods and Assumptions Used*

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

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	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.
<b>Asset Valuation Method</b> Smoothing period Recognition method Corridor	5 years Non-asymptotic None
<b>Economic Assumptions</b> Inflation Salary Increases  Investment Rate of Return  COLAs	3.0% 4.9% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.  8.1%  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.



# Central Texas Regional Mobility Authority

## Required Supplementary Information – Pension Plan – Continued

June 30, 2016

### Demographic Assumptions – Related to December 31, 2015 Valuation

#### Retirement Age

Annual Rates of Service Retirement*					
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
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% 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% 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

June 30, 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% are assumed to elect a withdrawal.

### Probability of Withdrawal

<u>Years of Service</u>	<u>Probability</u>	<u>Years of Service</u>	<u>Probability</u>
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.

Federal Awards Section



## Padgett Stratemann

### 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  
Austin, Texas

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, 2016, 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 12, 2016.

#### ***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 weaknesses may exist that have not been identified.

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### ***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, 2016.

### ***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.

*Padgett, Statemann + Co., L.L.P.*

Austin, Texas  
September 12, 2016



# Padgett Stratemann

## Independent Auditor's Report on Compliance For the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors  
Central Texas Regional Mobility Authority  
Austin, Texas

### ***Report on Compliance for a 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, 2016. 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 requirements of laws, regulations, contracts, and grant agreements 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 with those requirements.

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### ***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, 2016.

### ***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.

*Padgett, Statemann + Co., L.L.P.*

Austin, Texas  
September 12, 2016

# Central Texas Regional Mobility Authority

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

### A. Summary of Auditor's Results

#### 1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

#### 2. Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None Reported

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 programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

20.205	Highway Planning and Construction
--------	-----------------------------------

Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

### B. Financial Statement Findings

None reported

### C. Federal Award Finding and Questioned Costs

None reported



# Central Texas Regional Mobility Authority

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Grantor/Program Title	Federal CFDA Number	Grant Award Number	Federal Expenditures
<b>Highway Planning and Construction Cluster</b>			
<b>United States Department of Transportation:</b>			
Highway Planning and Construction – Multi Project Toll	20.205	CSJ 3136-01-107	\$ 34,532,111
Highway Planning and Construction – 183 N Project	20.205	CSJ 0151-05-102	1,215,302
Highway Planning and Construction – 183S Project	20.205	CSJ 0151-09-036;	
Highway Planning and Construction – 290W Project	20.205	0151-09-127; 0265-01-080 0113-08-060	129,338,119 702,631
Highway Planning and Construction – HERO Project	20.205	CSJ 0914-00-358; 0914-00-361	1,349,106
Highway Planning and Construction – SH 71 Project	20.205	CSJ 0265-01-110	<u>556,911</u>
<b>Total Highway Planning and Construction Cluster</b>			<u>167,694,180</u>
Highway Research and Development – Ridesharing	20.200	CSJ 0914-00-373	<u>85,983</u>
<b>Total Federal Expenditures</b>			<u>\$ 167,780,163</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

# Central Texas Regional Mobility Authority

## Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

### 1. Summary of Significant Accounting Policies

#### (a) 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"). The Authority's organization is defined in Note 1 of the Authority's basic financial statements. 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.

#### (b) Basis of Presentation

The Schedule presents total federal awards expended for each individual program 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").

#### (c) Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 1 of the Authority's basic financial statements. 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 elected 10% de minimis cost rate as defined by the Uniform Guidance for the period ending June 30, 2016.

### 2. Relationship to Federal Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1 of the Authority's financial statements.

## **EXHIBIT C**

### **Basic Financial Statements & State Awards Compliance Report**

(Note: Refer to Exhibit A for Basic Financial Statements which have been omitted from the hard copy of this Exhibit C to avoid unnecessary printing of duplicative information. A full copy of each report has been presented to the Audit Committee and is available on the CTRMA website.)

**Central Texas  
Regional Mobility Authority**

**Basic Financial Statements and State  
Awards Compliance Reports**

June 30, 2016

# Central Texas Regional Mobility Authority

## Basic Financial Statements and State Awards Compliance Report

June 30, 2016

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# Padgett Stratemann

## Independent Auditor's Report

To the Board of Directors  
Central Texas Regional Mobility Authority  
Austin, Texas

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Central Texas Regional Mobility Authority (the "Authority"), which comprise the Statement of Net Position as of June 30, 2016, and the related Statements of Revenues, Expenses, and Changes in Net Position and Cash Flows for the year then ended, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in 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 auditor's 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.

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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, 2016, 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**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 the Governmental Standards Accounting 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 audit 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 financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of State Awards, as required by the State of Texas Uniform Grant Management Standards ("UGMS") and Audit Requirements for State Awards, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of State Awards 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. Such 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2016 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 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 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.

*Padgett, Stratemann + Co., L.L.P.*

Austin, Texas

September 12, 2016



# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis

June 30, 2016

This section of the Central Texas Regional Mobility Authority (the "Authority") financial report presents our discussion and analysis of the Authority's financial activities during the fiscal years that ended June 30, 2016 and 2015. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

- Total toll revenue increased from \$53.6 million to \$64.3 million from 2015 to 2016 or a 20% increase.
- Total operating expenses were approximately \$41.0 million and \$37.9 million in 2016 and 2015, respectively.
- Total construction in progress was approximately \$338.6 million and \$139.1 million as of June 30, 2016 and 2015, respectively. Construction in progress increased by approximately \$199.4 million from 2015 to 2016 in part due to progress made on the MoPac Improvement Project of approximately \$46.0 million and start of the 183 South Project (collectively the "Projects") of approximately \$145.0 million.
- Total restricted cash and cash equivalents increased by \$66.7 million from 2015 to 2016. The overall increase in restricted cash and investments was largely due to bond proceeds from the issuance of debt in 2016.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts: management's discussion and analysis (this section), 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 11 of this report.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

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 12 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 13 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 non-cash 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 14 of this report.

### 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 \$466.8 million and \$319.0 million as of June 30, 2016 and 2015, respectively (See Table A-1). As of June 30, 2016, the largest portion of the Authority's net position is expendable and reflects proceeds restricted for debt service. The second largest portion of net position, as of June 30, 2016, reflects its investment in capital assets (the Tolling System infrastructure and related assets) net of any outstanding debt used to acquire those assets. 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, 2016

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

	<u>2016</u>	<u>2015</u>
Current assets	\$ 143,984	\$ 74,548
Restricted assets	492,946	252,971
Capital assets	<u>1,084,996</u>	<u>892,639</u>
Total assets	1,721,926	1,220,158
Deferred outflows of resources	<u>91,656</u>	<u>18,080</u>
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 1,813,582</u></b>	<b><u>\$ 1,238,238</u></b>
Total liabilities	<u>\$ 1,346,650</u>	<u>\$ 919,161</u>
Deferred inflows of resources	<u>172</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u><u>1,346,822</u></u>	<u><u>919,161</u></u>
Net position:		
Invested in capital assets	200,628	122,740
Restricted for other purposes	227,787	164,206
Unrestricted	<u>38,345</u>	<u>32,131</u>
Total net position	<u>466,760</u>	<u>319,077</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 1,813,582</u></b>	<b><u>\$ 1,238,238</u></b>

For fiscal year 2016, current and restricted assets increased as a result of the Authority's ongoing construction on the Projects. The Authority is expected to receive grant funds, bond, and loan proceeds to fund the Projects. As of June 30, 2016 and 2015, the Authority has received grant funds in advance and had recorded \$50.9 million and \$88.8 million of unearned grant revenue of the funding due to Projects.

For fiscal year 2016 and 2015, excluding accumulated depreciation capital assets 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 and Highway 183A Toll). The average daily system transactions increased in 2016 from approximately 172 thousand per day to 198 thousand per day or from an annual total of approximately 45 million to 62 million.

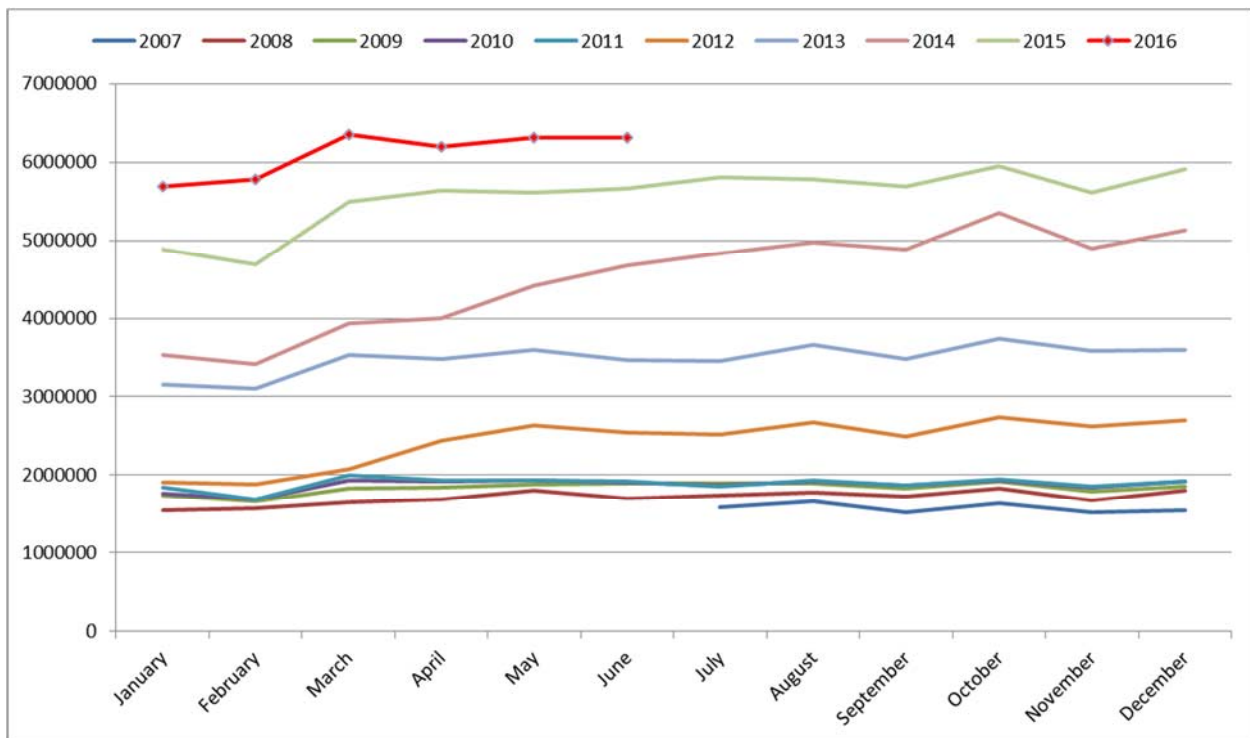
# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

The operating expenses increased by \$3.1 million from 2015 to 2016. The increase is related to the increase in the number of tolling transactions which result in additional expenses for road maintenance, image and tag collection fees.

### Total Monthly Tolling System Transactions



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

The largest contributor to the change in net position in 2016 is the capital grants and contributions. See Table A-2.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Revenues:		
Toll revenue	\$ 64,312	\$ 53,592
Grant proceeds and other	<u>1,486</u>	<u>2,222</u>
Total revenues	<u>65,798</u>	<u>55,814</u>
Expenses:		
Administration	15,375	13,935
Professional services	3,924	2,754
Depreciation and amortization	<u>21,692</u>	<u>21,233</u>
Total expenses	<u>40,991</u>	<u>37,922</u>
Operating income	24,807	17,892
Total net nonoperating revenue (expenses)	<u>(50,837)</u>	<u>(42,127)</u>
Change in net position – before capital grants and contributions	(26,030)	(24,235)
Capital grants and contributions	<u>173,714</u>	<u>55,357</u>
Change in net position	147,684	31,122
Total net position at beginning of year	<u>319,076</u>	<u>287,954</u>
Total net position at end of year	<u>\$ 466,760</u>	<u>\$ 319,076</u>

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of June 30, 2016 and 2015, the Authority had invested approximately \$338.6 million and \$139.1 million, respectively, in construction in progress, including engineering fees and preliminary costs, such as funding, consulting, environmental, legal, and traffic analysis fees. Of the \$338.6 million of the construction in progress, the non-tolling system projects (projects other than Highway 290E and Highway 183A and 183 South toll) made up \$167.0 million of the total. See Table A-3 and Note 3.

# Central Texas Regional Mobility Authority

## Management's Discussion and Analysis – Continued

June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Property and equipment	\$ 11,848	\$ 11,767
Toll road	837,774	823,229
Accumulated depreciation	(103,180)	(81,489)
Construction in progress	<u>338,554</u>	<u>139,132</u>
Net capital assets	<u>\$ 1,084,996</u>	<u>\$ 892,639</u>

### Long-Term Debt

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

On June 1, 2016 Moody's Investors Service ("Moody's") affirmed the Baa2 senior lien revenue bond ratings of the Authority. Moody's rating outlook for the Authority is stable.

On June 1, 2016, Standard & Poor's ("Standard & Poor's") Ratings Services raised its long-term and underlying rating (SPUR) to "BBB+" from "BBB" on the Authority's outstanding senior lien revenue bonds.

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

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

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

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

# **Central Texas Regional Mobility Authority**

## **Management's Discussion and Analysis – Continued**

June 30, 2016

### **ECONOMIC FACTORS AFFECTING THE FUTURE**

Effective August 9, 2016, the Authority issued bonds in the amount of \$74.7 million to refund the Series 2011 Subordinate Lien Bonds. See Note 12, Subsequent Event, for further information.

### **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

## Statement of Net Position

June 30, 2016

### CURRENT ASSETS

#### UNRESTRICTED

Cash and cash equivalents (note 2)	\$ 714,088
Investments (note 2)	682,683
Due from other agencies (note 9)	86,763,659
Accrued interest receivable	490,450
Prepaid expenses and other assets	107,601

TOTAL UNRESTRICTED 88,758,481

#### RESTRICTED

Cash and cash equivalents (note 2)	55,225,460
TOTAL RESTRICTED	55,225,460

TOTAL CURRENT ASSETS 143,983,941

### NONCURRENT ASSETS

#### Restricted assets:

Cash and cash equivalents (note 2)	269,711,004
Investments (note 2)	223,032,526
Pension asset (note 8)	202,023

Total restricted assets 492,945,553

Total capital assets – net (note 3) 1,084,996,036

**TOTAL ASSETS** 1,721,925,530

**TOTAL DEFERRED OUTFLOWS OF RESOURCES (notes 5 and 8)** 91,656,069

### CURRENT LIABILITIES:

#### PAYABLE FROM CURRENT ASSETS

Accounts payable	1,330,859
Due to other agencies	775,589
Accrued expenses	316,233

TOTAL PAYABLE FROM CURRENT ASSETS 2,422,681

#### PAYABLE FROM RESTRICTED ASSETS

Accounts payable	29,254,281
Accrued interest payable	19,546,179
Bonds, notes payable, and other obligations – current portion (note 4)	6,425,000

TOTAL PAYABLE FROM RESTRICTED ASSETS 55,225,460

TOTAL CURRENT LIABILITIES 57,648,141

### NONCURRENT LIABILITIES

Unearned revenue	50,900,048
Notes payable and other obligations – net of current portion (note 4)	3,570,000
Revenue bonds payable – net of current portion (note 4)	1,234,531,635

TOTAL NONCURRENT LIABILITIES 1,289,001,683

**TOTAL LIABILITIES** 1,346,649,824

**TOTAL DEFERRED INFLOWS OF RESOURCES (notes 5 and 8)** 172,017

### NET POSITION

Investment in capital assets	200,627,568
Restricted	227,786,780
Unrestricted	38,345,410

**TOTAL NET POSITION** \$ 466,759,758

See accompanying notes to the financial statements.



# Central Texas Regional Mobility Authority

## Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2016

<b>Operating revenues:</b>	
Tolls	\$ 64,312,051
Grant proceeds and other	<u>1,486,310</u>
Total operating revenues	<u>65,798,361</u>
<b>Operating expenses:</b>	
Salaries and wages	3,681,148
Toll contractual services	6,079,106
Professional services	3,924,298
General and administrative	5,615,089
Depreciation and amortization	<u>21,691,703</u>
Total operating expenses	<u>40,991,344</u>
<b>Operating income</b>	<u>24,807,017</u>
<b>Nonoperating revenues (expenses):</b>	
Interest income	486,637
Financing expense	(9,384,791)
Interest expense – net of interest capitalized	<u>(41,939,306)</u>
Total nonoperating revenue (expenses)	(50,837,460)
Change in net position, before capital grants and contributions	<u>(26,030,443)</u>
<b>Capital grants and contributions</b>	<u>173,713,752</u>
<b>Change in net position</b>	147,683,309
<b>Total net position at beginning of year</b>	<u>319,076,449</u>
<b>Total net position at end of year</b>	<u><u>\$ 466,759,758</u></u>

*See accompanying notes to the financial statements.*

# Central Texas Regional Mobility Authority

## Statement of Cash Flows

Year Ended June 30, 2016

### Cash Flows From Operating Activities

Receipts from toll fees	\$ 64,876,236
Receipts from grants and other income	1,486,310
Payments to vendors	(14,564,319)
Payments to employees	(3,819,516)
	<u>47,978,711</u>
Net cash flows provided by operating activities	<u>47,978,711</u>

### Cash Flows From Capital and Related Financing Activities

Proceeds from notes payable and other obligations	11,454,088
Proceeds from senior lien revenue bonds	355,765,281
Payments on interest	(35,333,229)
Payments on bonds	(6,905,258)
Purchase of capital assets	(62,727)
Acquisitions of construction in progress	(199,069,851)
Proceeds from capital grants	80,410,037
	<u>206,258,341</u>
Net cash flows provided by capital and related financing activities	<u>206,258,341</u>

### Cash Flows From Investing Activities

Interest income	59,890
Purchase of investments	(251,082,404)
Proceeds from sale or maturity of investments	63,379,136
	<u>(187,643,378)</u>
Net cash flows used in investing activities	<u>(187,643,378)</u>

Net increase in cash and cash equivalents 66,593,674

Cash and cash equivalents at beginning of year 259,056,878

Cash and cash equivalents at end of year \$ 325,650,552

### Reconciliation of Change in Net Assets to Net Cash

#### Provided By Operating Activities

Operating income	\$ 24,807,017
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	21,691,703
Changes in assets and liabilities:	
Decrease in due from other agencies	564,185
Decrease (increase) in prepaid expenses and other assets	(84,471)
Increase (decrease) in accounts payable	923,985
Increase (decrease) in accrued expenses	160,700
Decrease in pension asset	272,214
Increase in deferred outflow of resources	(528,639)
Increase in deferred inflow of resources	172,017
Total adjustments	<u>23,171,694</u>
Net cash flows provided by operating activities	<u>\$ 47,978,711</u>

### Reconciliation of Cash and Cash Equivalents

Unrestricted cash and cash equivalents	\$ 714,088
Restricted cash and cash equivalents:	
Current	55,225,460
Noncurrent	<u>269,711,004</u>
Total	<u>\$ 325,650,552</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

### 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, grants, and rents from the operation of turnpike 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 77<sup>th</sup> 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 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 they are incurred and depreciation of capital assets is recognized.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

- C. Cash, Cash Equivalents, and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These deposits are fully collateralized or covered by federal depository insurance.

Investments are reported at fair value based on pricing service modeling for fixed income securities and net asset values per share for investment in local government investment pools. 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, equipment, and infrastructure assets, are reported at cost. Capital assets acquired through contributions, such as those from developers or other governments, are recorded at estimated fair 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:

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 2016.

- F. Grants and Contributions** – Revenues from contributions include cash contributions from other governments and right-of-way property that is restricted to meeting the operational or capital requirements of a particular program.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

The Authority has entered into several grant agreements with the Texas Department of Transportation (“TxDOT”) for construction costs using Highway Planning and Construction federal funding and certain state funding for transportation improvements. During the year ended June 30, 2016, the Authority received approximately \$173.0 million from TxDOT. The Authority does not recognize this funding as revenue when funds are received in advance of when the amounts are earned. Revenues from federal and state grants are recognized as earned when the related program expenses are incurred and all eligibility requirements have been met. As of June 30, 2016, there was approximately \$50.9 million of unearned grant revenue which is recorded as unearned revenue in the Statement of Net Position.

During the year ended June 30, 2016, the Authority received grant revenue from contracts funded through federal and state governments. It is possible that at some time in the future these contracts could terminate or funding could be reduced. However, the Authority does not currently expect that these contracts will be terminated or funding will be reduced in the near future.

- G. Restricted Assets** – Certain proceeds of the Authority’s bonds and grants, as well as certain other resources, are classified as restricted assets in the Statement of Net Position because they are maintained in separate investment accounts and their use is limited by applicable bond covenants and grant agreements. When the grant proceeds are restricted for the acquisition of construction of noncurrent assets or are restricted for liquidation of long-term debt, then 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.
- 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 state or federal income taxes. Bond obligations issued by state and local governments are tax-exempt only if the issuers pay a rebate to the federal government of the earnings on the investment of the proceeds of a tax-exempt issue in excess of the yield on such obligations and any income earned on such excess.
- I. Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and 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 TCDRS’s fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized in the TCDRS 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 an 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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

- K. Long-Term Obligations** – Long term obligations are reported as liabilities in the statement of net position and consist of bond 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. 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/inflows of resources and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.
- 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. Non Cash Disclosure** –

**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, called the Series 2016 Obligations. The refunding effected through the use of a portion of the proceeds of the Series 2015 Obligations and Series 2016 Obligations resulted in the following noncash transactions:

Payments to Escrow:

- 2013B Senior Lien Bonds	\$30.0 million
- 2010 Senior Lien Bonds	\$51.0 million
- 2011 Senior Lien Bonds	\$296.0 million
Issuance cost	\$9.4 million
Deferred on refunding	\$74.8 million

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

- O. Subsequent Events** – The Authority evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Authority’s financial statements are issued. For the financial statements as of and for the year ended June 30, 2016 this date was September 12, 2016.

### 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.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of June 30, 2016:

As of June 30, 2016, investments total of \$207.4 million from U.S. Government agency securities and municipal bonds are valued using pricing service modeling (Level 2 inputs).

TexSTAR Investment Pool balances are valued at net asset value per share which does not require categorization under GASB No. 72, *Fair Value Measurements and Application*.

The Authority had the following investments as of June 30, 2016:

<u>Summary of Investments by Type</u>	
Cash and cash equivalents	\$ 325,650,552
TexSTAR Investment Pool	16,290,848
United States government sponsored enterprises	204,921,478
Municipal Bonds	<u>2,502,883</u>
Total cash and investments	<u>\$ 549,365,761</u>
Unrestricted cash and cash equivalents	\$ 714,088
Unrestricted investments	682,683
Restricted cash and cash equivalents:	
Current	55,225,460
Noncurrent	269,711,004
Restricted investments	<u>223,032,526</u>
Total cash and cash equivalent and investments – as reported on the Statement of Net Position	<u>\$ 549,365,761</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

### ***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% 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 \$319.3 million as of June 30, 2016.

***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.

With regards to investment composition, the Authority's investment policy currently states that local government investment pools may not exceed 80% of the total investment portfolio less bond funds. Bond funds may be invested at 100% 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, 2016:

TexSTAR Investment Pool	7.3%
United States government sponsored enterprises	91.6%
Municipal Bonds	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.



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

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, 2016, the Authority's investments in debt securities mature as follows:

Investment Type	Investment Maturities (in Days)				Fair Value
	90 Days or Less	91 to 180	181 to 365	Greater than 365	
Federal HOME loan Bank DTD	\$ -	\$ 33,307,172	\$ 17,021,525	\$ 46,137,502	\$ 96,466,199
Federal HOME Loan Corp DTD	-	-	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 DTD	-	-	8,000,590	39,974,019	47,974,609
Freddie Mac Callable DTD	-	-	-	9,838,850	9,838,850
Farmer MAC DTD	-	-	2,500,400	-	2,500,400
Total Govt. Sponsored Enterprise	-	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.

Although TexSTAR is not registered with the SEC as an investment company, the Authority believes it operates as a Rule 2a7 like pool, as discussed in GASB Statement No. 59. As such, the Authority uses net asset value per share to report its investments.

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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 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

### 3. Capital Assets

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

	<u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2016</u>
Non-Depreciable 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 Non-Depreciable 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	-	-	11,848,083
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>14,545,611</u>	<u>762,772,528</u>
Accumulated depreciation	<u>(81,488,708)</u>	<u>(21,691,703)</u>	<u>-</u>	<u>-</u>	<u>(103,180,411)</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, 2016:

	<u>2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>2016</u>
Construction in progress:					
Preliminary costs	\$ 132,514,987	\$ 198,233,869	\$ -	\$ (13,657,862)	\$ 317,090,994
Engineering	-	-	-	-	-
Construction	3,696,598	3,646,389	-	(818,444)	6,524,543
Collection system	2,361,793	2,935,875	-	(34,505)	5,263,163
Capitalized interest	<u>558,508</u>	<u>9,151,680</u>	<u>-</u>	<u>(34,800)</u>	<u>9,675,388</u>
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 year ended June 30, 2016 totaled \$21,691,703. Capitalized interest for the period ending June 30, 2016 is \$9.6 million net of interest earned on invested bond proceeds.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

As of June 30, 2016, the Authority has non-tolling system projects (projects other than Highway 290E, Highway 183A toll, and 183 South) construction in progress for the following projects:

Construction in progress non-system projects:

Mopac Improvement Project	\$ 136,621,836
Mopac South	9,233,160
183 N Mobility	6,996,455
SH 45 Southwest	9,644,284
290 West (Oak Hill)	2,801,420
Highway 71 (SH 71 Express)	<u>1,401,230</u>
	<u>\$ 166,698,385</u>

#### 4. Notes and Bonds Payable

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

	<u>2015</u>	<u>Additions/ Amortization</u>	<u>Deductions</u>	<u>2016</u>	<u>Due Within One Year</u>
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 and obligations	<u>7,030,258</u>	<u>21,039,752</u>	<u>(22,770,010)</u>	<u>5,300,000</u>	<u>1,730,000</u>
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	<u>111,721,308</u>	<u>4,023,612</u>	<u>(51,190,000)</u>	<u>64,554,920</u>	<u>-</u>
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	<u>378,686,174</u>	<u>817,498</u>	<u>(295,930,000)</u>	<u>83,573,672</u>	<u>-</u>
Series 2013 Obligations	285,085,000	-	(35,175,000)	249,910,000	4,695,000
Total 2013 Bonds – net	<u>285,085,000</u>	<u>-</u>	<u>(35,175,000)</u>	<u>249,910,000</u>	<u>4,695,000</u>
TIFIA Obligation	-	51,130	-	51,130	-
SIB Obligation 2015	-	5,701,479	-	5,701,479	-
State Highway Fund Obligation 2015	-	5,701,479	-	5,701,479	-
Series 2015 Obligations	<u>-</u>	<u>367,575,000</u>	<u>-</u>	<u>367,575,000</u>	<u>-</u>
Total 2015 Obligations	<u>-</u>	<u>379,029,088</u>	<u>-</u>	<u>379,029,088</u>	<u>-</u>
Series 2016 Obligations	<u>-</u>	<u>358,030,000</u>	<u>-</u>	<u>358,030,000</u>	<u>-</u>
Total bonds payable	<u>775,492,482</u>	<u>741,900,198</u>	<u>(382,295,000)</u>	<u>1,135,097,680</u>	<u>4,695,000</u>
Total notes, bonds payable, and obligations	782,522,740	762,939,950	(405,065,010)	1,140,397,680	6,425,000
Net (premium) discount on revenue bonds payable	<u>12,340,215</u>	<u>93,048,445</u>	<u>(1,259,705)</u>	<u>104,128,955</u>	<u>-</u>
Total notes, bonds payable, and obligations – net	<u>\$ 794,862,955</u>	<u>\$ 855,988,395</u>	<u>\$ (406,324,715)</u>	<u>\$ 1,244,526,635</u>	<u>\$ 6,425,000</u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

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.

The Series 2010 CIBs are scheduled to mature in 2017 through 2025. 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%. 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, 2016 and 2015, the outstanding principal amount was \$8.5 million and \$59.8 million, respectively.

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, 2016 and 2015. As of June 30, 2016 and 2015, the aggregate maturity amount is \$34.9 million plus the accretion of \$21.1 million and \$17.0 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% to 7.85% 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, 2016 and 2015 is \$21.1 million and \$17.0 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”).

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

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% to 6.25%. 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, 2016 and 2015. As of June 30, 2016 and 2015, the aggregate maturity amount was \$9.9 million plus the accretion of \$3.5 million and \$2.7 million, respectively.

Interest on the Series 2011 CABs will accrete from the date of initial delivery to stated maturity at rates ranging from 5.9% to 6.5% 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, 2016 and 2015 was \$3.5 million and \$2.7 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.

The Series 2011 Subordinate Lien Revenue Bonds were issued as current interest bonds and are 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%. 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 and 2015, the outstanding principal amount was \$70 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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

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%. 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, 2016 and 2015, the outstanding principal amount was \$147.9 million and \$152.5 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% 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 million with a portion of the proceeds from the Series 2015B Senior Lien Revenue and Refunding Put Bonds. As of June 30, 2015, the outstanding principal amount was \$30 million.

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%. 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, 2016 and 2015, the outstanding principal amount was \$102.0 million and \$102.5 million, respectively.

**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 called 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%. Interest on the Series 2015A Bonds is payable on each July 1 and January 1, commencing January 1, 2016. As of June 30, 2016, the outstanding principal amount was \$298.8 million.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

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%. 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% 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, 2016, the outstanding principal amount was \$68.8 million.

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% 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.

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

2015D SHF Bond. In November 2015, the Authority entered into a secured loan agreement (the "SHF Loan Agreement") with the Texas Department of Transportation, 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% per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$5.7 million during fiscal year 2016 under the SHF Loan Agreement. The 2015D SHF Bond had an outstanding balance of \$5.7 million as of June 30, 2016.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

2015E SIB Bond. In November 2015, the Authority entered into a secured loan agreement (the "SIB Loan Agreement") with the Texas Department of Transportation, 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% per annum and the final maturity date thereof is July 1, 2049.

The Authority received loan proceeds of \$5.7 million during fiscal year 2016 under the SIB Loan Agreement. The 2015E SIB Bond had an outstanding balance of \$5.7 million as of June 30, 2016.

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

The Series 2016 Obligations were issued as current interest bonds and are scheduled to mature in 2020 through 2046. Interest on the Series 2016 Obligations is calculated on the basis of a 360-day year of 12, 30-day months at rates ranging from 3.375% to 5.000%. Interest on the Series 2016 Obligations is payable on each July 1 and January 1, commencing July 1, 2016. As of June 30, 2016, the outstanding principal amount was \$358 million.

As a result of the Series 2010 and 2011 Senior Lien Bonds refunding noted above, the Authority will realize a total decrease of \$62.2 million in debt service payments and total deferred outflows of resources of \$74.8 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 \$44.0 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 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%. 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 Authority did not receive loan proceeds under the 2011 Draw Down Note and the 2011 Draw Down Note was repaid in full with principal and interest payments of \$1.7 million.



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

During fiscal year 2015, the Authority did not receive loan proceeds under the 2011 Draw Down Note and made principal and interest payments of \$1.3 million. The 2011 Draw Down Note had an outstanding balance of \$1.7 million as of June 30, 2015.

**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% 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 Authority received no loan proceeds during fiscal years 2016 and 2015 under the Loan. The Loan had an outstanding balance of \$5.3 million as of June 30, 2016 and 2015.

**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 million (the “2015 Draw Down Note”).

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 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%. Certain funds of the Authority were collateral for the 2015 Draw Down Note.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

***Future Payments on Debt Obligations*** – Future payments of principal and interest on the Authority’s bond and notes described in this Note 4 (based on the scheduled payments) as of June 30, 2016 are as follows:

	Current Interest Bonds		Capital Appreciation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 4,695,000	\$ 46,021,334	\$ -	\$ -	\$ 1,730,000	\$ 119,250
2018	4,800,000	53,301,163	-	-	1,765,000	80,325
2019	5,715,000	53,061,163	-	-	1,805,000	40,613
2020	8,115,000	52,737,750	-	-	-	-
2021	22,770,000	52,151,688	-	12,130,056	-	-
2022-2026	92,565,955	246,401,688	9,999,944	13,245,968	-	-
2027-2031	155,586,743	218,662,438	6,674,032	43,144,194	-	-
2032-2036	216,646,390	173,069,688	14,325,806	46,640,916	-	-
2037-2041	289,335,000	111,658,438	9,109,084	38,089,212	-	-
2042-2046	265,290,000	39,237,500	4,890,788	141,120,290	-	-
	<u>\$ 1,065,519,088</u>	<u>\$ 1,046,302,850</u>	<u>\$ 44,999,654</u>	<u>\$ 294,370,635</u>	<u>\$ 5,300,000</u>	<u>\$ 240,188</u>
<b>Total Debt Service</b>						
	<u>Principal</u>	<u>Interest</u>				
2017	\$ 6,425,000	\$ 46,140,584				
2018	6,565,000	53,381,488				
2019	7,520,000	53,101,776				
2020	8,115,000	52,737,750				
2021	22,770,000	64,281,744				
2022-2026	102,565,899	259,647,656				
2027-2031	162,260,775	261,806,632				
2032-2036	230,972,196	219,710,604				
2037-2041	298,444,084	149,747,650				
2042-2046	270,180,788	180,357,790				
Total	1,115,818,742	<u>\$ 1,340,913,673</u>				
Accreted interest	24,578,938					
	<u>\$ 1,140,397,680</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 \$24,578,938.

### 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 the Financial Statements

Year Ended June 30, 2016

The Authority's deferred outflows of resource balance is composed of the following as of June 30, 2016:

Deferred outflows from bond refundings	\$ 90,875,992
Employer pension contribution	202,873
Difference in pension investment assumption	502,269
Experience changes	37,566
Assumption changes	<u>37,369</u>
	<u>\$ 91,656,069</u>

The Authority's deferred inflow of resource balance is composed of the following as of June 30, 2016:

Experience changes	\$ <u>172,017</u>
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### 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, 2016.

### 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 year 2016.

### 8. Employee Retirement Plan

**Plan Description** – The Authority participates in TCDRS. TCDRS is a non-profit public trust providing pension, disability, and death benefits for the eligible employees of participating counties and districts. TCDRS was established by legislative act in 1967 under authority of Article XVI of the Texas Constitution. The TCDRS Act (Subtitle F, Title 8, Texas Government Code) is the basis for TCDRS administration. TCDRS 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.tcdrs.com>.

**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% and has elected a matching rate of \$2 to \$1. The employee's savings grow at a rate of 7%, compounded annually. At retirement, the employee's account balance is combined with the Authority's matching and converted into a lifetime monthly benefit.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

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 of 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 purpose 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.

**Employees Covered by Benefit Terms** –The following employees were covered by the benefit terms as of the valuation date December 31, 2015:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to, but not yet receiving benefits	9
Active employees	<u>23</u>
Total	<u><u>33</u></u>

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

**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 2016, the contribution rate for the plan members was 7% of gross pay. The Authority pays a matching portion to the pension plan totaling 14% of gross pay for 2016, which totaled \$389,889.

**Net Pension Liability** – The Authority's net pension liability was measured as of December 31, 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, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB Statement No. 68.

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

Inflation	3.0%
Salary Increases (including inflation plus average merit of 1.4% and productivity of 0.5%)	4.9%
Investment rate of return	8.1%

Mortality rates were based on the following:

*Depositing members* – RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

*Service retirees, beneficiaries, and nondepositing members* – The RP-2000 Combined Mortality Table with the projection scale AA and then projected with 110% 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% 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.

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

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 & 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 + 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. (HFRI) Fund of Funds Composite Index	25.0%	5.3%

- (1) Target asset allocation adopted at the April 2016 TCDRS Board meeting.
- (2) Geometric real rates of return in addition to assumed inflation of 1.6%, per investment consultant's 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% for both December 31, 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 the Financial Statements

Year Ended June 30, 2016

***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%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

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

# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

**Sensitivity Analysis** – The following presents the net pension asset/liability of the Authority, calculated using the discount rate of 8.1%, 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%) or 1 percentage point higher (9.1%) than the current rate.

	<b>December 31, 2015</b>		
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>7.1%</b>	<b>8.1%</b>	<b>9.1%</b>
Total pension liability	\$ 5,549,877	\$ 4,869,457	\$ 4,305,697
Fiduciary net position	5,071,480	5,071,480	5,071,480
Net pension liability (asset)	478,397	(202,023)	(765,783)

**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):

<b>Pension Expense/(Income)</b>	<b>January 1, 2015 to December 31, 2015</b>
Service cost	\$ 474,778
Interest on total pension liability (1)	361,003
Effect of plan changes	(33,691)
Administrative expenses	3,541
Member contributions	(180,742)
Expected investment return net of investment expenses	(405,263)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(16,806)
Recognition of assumption changes or inputs	4,671
Recognition of investment gains or losses	129,605
Other (2)	(1,713)
Pension expense	<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.



# Central Texas Regional Mobility Authority

## Notes to the Financial Statements

Year Ended June 30, 2016

**Deferred Inflows and Outflows of Resources** – As of June 30, 2016, the deferred inflows and outflows of resources are as follows:

<u>Deferred Inflows/Outflows of Resources</u>	<u>2015</u>	
	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 172,017	\$ 37,566
Changes of assumptions	-	37,369
Net difference between projected and actual earnings	-	502,268
Contributions made subsequent to measurement date	-	202,873

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:

Year ended December 31,	
2016	\$ 117,470
2017	117,470
2018	117,470
2019	101,319
2020	(12,135)
Thereafter	<u>(36,405)</u>
	<u>\$ 405,189</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

	<u>Original Amount</u>	<u>Date Established</u>	<u>Original Recognition Period</u>	<u>Amount Recognized in 12/31/15 Expenses (1)</u>	<u>Balance of Deferred Inflows 12/31/2015</u>	<u>Balance of Deferred Outflows 12/31/2015</u>
Investment (gains) losses	\$ 567,272	12/31/2015	5	\$ 113,454	\$ -	\$ 453,818
Investment (gains) losses	80,751	12/31/2014	5	16,150	-	48,451
Economic/demographic (gains) or losses	(193,519)	12/31/2015	9	(21,502)	(172,017)	-
Economic/demographic (gains) or losses	46,958	12/31/2014	10	4,696	-	37,566
Assumption changes or inputs	42,041	12/31/2015	9	4,671	-	37,369
Assumption changes or inputs	-	12/31/2014	10	-	-	-
Employer contributions made subsequent to measurement date	144,576		-	-	-	202,873

- (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 the Financial Statements

Year Ended June 30, 2016

### 9. Disaggregation of Receivable and Payable Balances

Due from other agencies 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, 2016. Accounts payable balances are comprised of 100% current payables to contractors and vendors at June 30, 2016.

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

TxDOT	\$ 85,590,015
Other agencies	<u>1,173,644</u>
Total	<u>\$ 86,763,659</u>

### 10. Commitments and Contingent Liabilities

#### Commitments

On 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:

Year ended December 31,	
2017	\$ 335,395
2018	347,163
2019	358,932
2020	370,700
2021	382,468
Thereafter	<u>730,939</u>
	<u>\$ 2,525,597</u>

The Authority's rental expense for fiscal year 2016 totaled \$411,359, 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, 2016, the Authority has a capital budget of approximately \$1.202 billion 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 \$654 million for the year ended June 30, 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 the Financial Statements

Year Ended June 30, 2016

### ***Litigation***

As of June 30, 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 claims are for increased project costs relating to the MoPac Improvement Project and are approximately \$70 million. 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.

### **11. Subsequent Events**

On August 9, 2016, the Authority issued its Series 2016 Subordinate Lien Revenue Refunding Bonds in the amount of \$74.7 million to refund the Series 2011 Subordinate Lien Bonds. Series 2016 Subordinate Lien Revenue Refunding Bonds were issued as current interest bonds, are scheduled to mature on dates ranging from 2018 to 2041, bear interest at rates ranging from 3.125% to 5.000%, and interest is payable on each January 1 and July 1.

# Central Texas Regional Mobility Authority

## Required Supplementary Information – Pension Plan

### Schedule of Changes in Net Pension Assets and Related Ratios Year Ended December 31

	2015	2014
Total pension liability:		
Service cost	\$ 474,778	\$ 461,237
Interest on total pension liability	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	(193,519)	46,943
Benefit payments/refunds of contributions	(2,211)	-
Net change in total pension liability	648,401	803,389
Total pension liability at beginning of year	4,221,814	3,418,425
Total pension liability at end of year (a)	4,870,215	4,221,814
Fiduciary net position:		
Employer contributions	361,493	327,807
Member contributions	180,742	163,979
Investment income net of investment expense	(162,009)	261,626
Benefit payments/refunds of contributions	(2,211)	-
Administrative expenses	(3,541)	(3,345)
Other	1,713	(242)
Net change in fiduciary net position	376,187	749,825
Fiduciary net position at beginning of year	4,696,051	3,946,226
Fiduciary net position at end of year (b)	5,072,238	4,696,051
Net pension asset at end of year = (a) - (b)	\$ (202,023)	\$ (474,237)
Fiduciary net position as a percentage of total pension liability	104.15%	111.23%
Pensionable covered payroll	\$ 2,582,032	\$ 2,342,556
Net pension liability (asset) as a percentage of covered payroll	(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

June 30, 2016

### Schedule of Employer Contributions

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (2)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2006	\$ 129,061	\$ 129,061	\$ -	\$ 945,504	13.6%
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)	1,862,303	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%

(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

June 30, 2016

### Notes to Schedule of Employer Contributions and Net Pension Liability

#### *Actuarial Methods and Assumptions Used*

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

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	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.
<b>Asset Valuation Method</b> Smoothing period Recognition method Corridor	5 years Non-asymptotic None
<b>Economic Assumptions</b> Inflation Salary Increases  Investment Rate of Return  COLAs	3.0% 4.9% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.  8.1%  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.

# Central Texas Regional Mobility Authority

## Required Supplementary Information – Pension Plan – Continued

June 30, 2016

### Demographic Assumptions – Related to December 31, 2015 Valuation

#### Retirement Age

Annual Rates of Service Retirement*					
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
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% 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% 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

June 30, 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% are assumed to elect a withdrawal.

### Probability of Withdrawal

<u>Years of Service</u>	<u>Probability</u>	<u>Years of Service</u>	<u>Probability</u>
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.



State Awards Section



## Padgett Stratemann

### 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  
Austin, Texas

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, 2016, 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 12, 2016.

#### ***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 weaknesses may exist that have not been identified.

#### **AUSTIN**

811 BARTON SPRINGS ROAD, SUITE 550  
AUSTIN, TEXAS 78704  
512 476 0717

#### **HOUSTON**

1980 POST OAK BOULEVARD, SUITE 1100  
HOUSTON, TEXAS 77056  
713 335 8630

#### **SAN ANTONIO**

100 N.E. LOOP 410, SUITE 1100  
SAN ANTONIO, TEXAS 78216  
210 828 6281

TOLL FREE: 800 879 4966  
WEB: PADGETT-CPA.COM

### ***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 is 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.

*Padgett, Stratemann + Co., L.L.P.*

Austin, Texas  
September 12, 2016



# Padgett Stratemann

## Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the State of Texas Uniform Grant Management Standards

To the Board of Directors  
Central Texas Regional Mobility Authority  
Austin, Texas

### ***Report on Compliance for a 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 each of the Authority's major State programs for the year ended June 30, 2016. The Authority's major State programs are 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 requirements of laws, regulations, contracts, and grant agreements applicable to its State programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Authority's major State programs 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 the *UGMS*. Those standards 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 each of the major state programs. However, our audit does not provide a legal determination of the Authority's compliance with those requirements.

#### **AUSTIN**

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AUSTIN, TEXAS 78704  
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TOLL FREE: 800 879 4966  
WEB: PADGETT-CPA.COM

### ***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 each of its major state programs for the year ended June 30, 2016.

### ***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 each of the major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of the major state programs 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.

*Padgett, Statemann + Co., L.L.P.*

Austin, Texas  
September 12, 2016

# Central Texas Regional Mobility Authority

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

### A. Summary of Auditor's Results

#### 1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

#### 2. State Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None Reported

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 programs:

<u>State Award Number(s)</u>	<u>Name of State Program or Cluster</u>
CSJ 3136-01-176	Mopac South Project EA
CSJ 3136-01-015	Mopac Improvement Project

Dollar threshold used to distinguish between type A and type B programs: \$  750,000

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

### B. Financial Statement Findings

None reported.

### C. State Award Finding and Questioned Costs

None reported.

# Central Texas Regional Mobility Authority

## Schedule of Expenditures of State Awards

Year Ended June 30, 2016

<u>Grantor/Program Title</u>	<u>State Grant Award Number</u>	<u>State Expenditures</u>
Mopac South Intersections (Loop 1: from Davis to LaCrosse)	CSJ 3136-01-015	\$ 232,510
183N Advance Funding Agreement	CSJ 0151-05-102	303,825
US290 W Scenic Brook to Joe Tanner Grant	0113-08-060	142,441
Mopac Improvement Project	CSJ 3136-01-107	8,633,028
Mopac South Project EA (EA = Environmental Assessment)	CSJ 3136-01-176	3,194,096
<b>Total State Expenditures</b>		<u>\$ 12,505,900</u>

*See accompanying notes to the Schedule of Expenditures of State Awards.*

# Central Texas Regional Mobility Authority

## Notes to the Schedule of Expenditures of State Awards

Year Ended June 30, 2016

### 1. Summary of Significant Accounting Policies

#### *(a) 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"). The Authority's organization is defined in Note 1 of the Authority's basic financial statements. 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.

#### *(b) Basis of Presentation*

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

#### *(c) Basis of Accounting*

The expenditures for each of the state financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 1 of the Authority's basic financial statements.

### 2. Relationship to State Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1 of the Authority's financial statements.



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

**RESOLUTION NO. 16-071**

**APPROVING AN INTERLOCAL AGREEMENT WITH THE  
TEXAS DEPARTMENT OF TRANSPORTATION TO PROVIDE A SECURE AREA AT THE  
TXTAG CUSTOMER SERVICE CENTER FOR CTRMA CUSTOMER SERVICE  
REPRESENTATIVES**

WHEREAS, by Resolution No. 16-047, dated July 27, 2016, the Board of Directors approved an interlocal agreement with the Texas Department of Transportation ("TXDOT") and the Mobility Authority to co-locate personnel for the purposes of serving Pay-By-Mail customers of both agencies; and

WHEREAS, the co-located CTRMA vendor that processes CTRMA Pay-by-Mail invoices is currently operating in the building entry area of the TxDOT Customer Service Center; and

WHEREAS, the vendor is unable to accept cash as payment for a CTRMA Pay-by-Mail invoice because the building entry area is not secure;

WHEREAS, the Executive Director has developed a proposed interlocal agreement with TXDOT to modify the TxTAG Customer Service Lobby to build out a secured area, including a walk-up counter and pass-thru window for an amount not to exceed \$15,000.00; and

WHEREAS, the Executive Director recommends approval of the proposed interlocal agreement with TXDOT.

NOW THEREFORE, BE IT RESOLVED that the proposed interlocal agreement is hereby approved; and

BE IT FURTHER RESOLVED that the Executive Director is authorized and directed to finalize and execute the interlocal agreement on behalf of the Mobility Authority, in the form or substantially the same form as Exhibit A hereto.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

  
Geoffrey Petrov, General Counsel

Approved:

  
Ray A. Wilkerson  
Chairman, Board of Directors

**Exhibit A**

**Interlocal Agreement**

**Contract Services Transmittal Form**

<p>From: Texas Department of Transportation Toll Operations Division</p>	<p>Contact Person: Tim Anderson  Phone No.: 512/ 874-9252</p>
<p>Subject: Customer Service Counter Modifications</p>	
<p>Central Texas Regional Mobility Authority</p>	<p>\$15,000</p>
<p>Are any federal funds used in this contract? No</p> <p>If yes, what kind of federal funds.</p>	
<p>Was the standard interlocal or amendment format modified? Yes _____ No <u> X </u></p> <p>If modified, date of Contract Services approval: _____</p> <p>Modifications made are as follows:</p>	

THE STATE OF TEXAS §

THE COUNTY OF TRAVIS §

**INTERLOCAL AGREEMENT**

**THIS CONTRACT** is entered into by the Contracting Parties under Government Code, Chapter 791.

**I. CONTRACTING PARTIES:**

The Texas Department of Transportation	TxDOT
Central Texas Regional Mobility Authority	CTRMA

**II. PURPOSE:** Reimbursement for Customer Service Lobby Modifications at the TxTag Customer Service Center.

**III. STATEMENT OF SERVICES TO BE PERFORMED:** TxDOT will undertake and carry out services described in **Attachment A**, Scope of Services.

**IV. CONTRACT PAYMENT:** The total amount of this contract shall not exceed \$15,000 and shall conform to the provisions of **Attachment B**, Budget. Payments shall be billed monthly.

**V. TERM OF CONTRACT:** This contract begins when fully executed by both parties and terminates on final payment or when otherwise terminated as provided in this Agreement.

**VI. LEGAL AUTHORITY:**

**THE PARTIES** certify that the services provided under this contract are services that are properly within the legal authority of the Contracting Parties.

The governing body, by resolution or ordinance, dated \_\_\_\_\_, has authorized the Local Government to obtain the services described in **Attachment A**.

This contract incorporates the provisions of **Attachment A**, Scope of Services, **Attachment B**, Budget, **Attachment C**, General Terms and Conditions, **Attachment D**, Resolution or Ordinance and **Attachment E**, Location Map Showing Project.

**CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY (Name of Local Government)**

By \_\_\_\_\_ Date \_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
TYPED OR PRINTED NAME AND TITLE

Title \_\_\_\_\_

**FOR THE STATE OF TEXAS**

Executed for the Executive Director and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

By \_\_\_\_\_ Date \_\_\_\_\_  
Richard Nelson  
Director of Toll Operations

**ATTACHMENT A**

**Scope of Services**

**Reimbursement for modifications of the TxTAG Customer Service Center lobby, customer service window, to install a glass partition at the CTRMA customer service representative workstation.**

130" x 64" OPENING Divided into Nine Sections
1" Laminated Safety Glass
Including Storefront Aluminum and Glass
The top three pieces of glass will be solid
The three middle pieces of glass will have a 6" hole for verbal communication.
The bottom three sections will be fabricated for pass through transactions with break metal.

**ATTACHMENT B****Budget****Estimated Cost of Work**

<b>Description</b>	<b>QTY</b>	<b>Unit</b>	<b>Amount</b>	<b>Total</b>
Lobby Glass Material and Installation	1	Each	9500	\$9,500
Additional Labor for Saturday Installation	24	Hour	70	\$1,680
Contingency	1	Each	10%	\$1,118
<b>Total Cost</b>				<b>\$12,298</b>

## ATTACHMENT C

### General Terms and Conditions

#### **Article 1. Amendments**

This contract may only be amended by written agreement executed by both parties before the contract is terminated.

#### **Article 2. Conflicts Between Agreements**

If the terms of this contract conflict with the terms of any other contract between the parties, the most recent contract shall prevail.

#### **Article 3. Disputes**

TxDOT shall be responsible for the settlement of all contractual and administrative issues arising out of procurements entered in support of contract services.

#### **Article 4. Ownership of Equipment**

Except to the extent that a specific provision of this contract states to the contrary, all equipment purchased by TxDOT under this contract shall be owned by TxDOT.

#### **Article 5. Termination**

This contract terminates at the end of the contract term, when all services and obligations contained in this contract have been satisfactorily completed, by mutual written agreement, or 30 days after either party gives notice to the other party, whichever occurs first.

#### **Article 6. Gratuities**

Any person who is doing business with or who reasonably speaking may do business with TxDOT under this contract may not make any offer of benefits, gifts, or favors to employees of TxDOT. The only exceptions allowed are ordinary business lunches and items that have received the advanced written approval of the Executive Director of the Texas Department of Transportation.

#### **Article 7. Responsibilities of the Parties**

Each party acknowledges that it is not an agent, servant, or employee of the other party. Each party is responsible for its own acts and deeds and for those of its agents, servants, or employees.

#### **Article 8. Compliance with Laws**

The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules, and regulations and with the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this agreement.

#### **Article 9. State Auditor's Provision**

The state auditor may conduct an audit or investigation of any entity receiving funds from TxDOT directly under the contract or indirectly through a subcontract under the contract. Acceptance of funds directly under the contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

**Article 10. Signatory Warranty**

Each signatory warrants that the signatory has necessary authority to execute this agreement on behalf of the entity represented.

**Article 11. Notices**

All notices to either party shall be delivered personally or sent by certified U.S. mail, postage prepaid, addressed to that party at the following address:

<b>Local Government:</b>	Central Texas Regional Mobility Authority 3300 N IH-35, Suite 300 Austin, TX 78705
<b>TxDOT:</b>	TxTAG Customer Service Center 12719 Burnet Road Austin, TX 78727

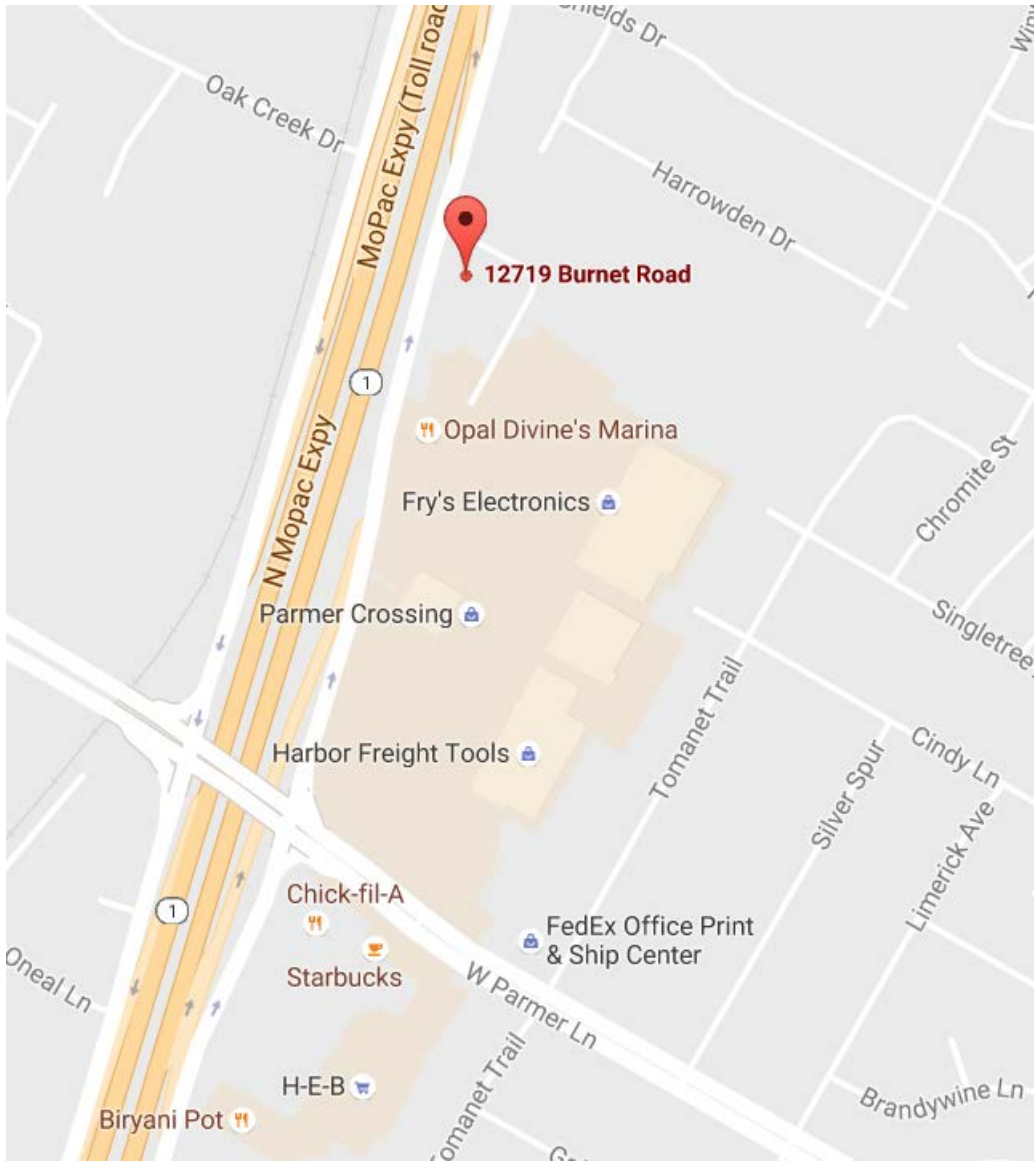
All notices shall be deemed given on the date delivered in person or deposited in the mail. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.



**ATTACHMENT D**  
**Resolution or Ordinance**

# ATTACHMENT E

## Location Maps Showing Project



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

**RESOLUTION NO. 16-072**

**APPROVE AN ADVANCE FUNDING AGREEMENT WITH  
THE TEXAS DEPARTMENT OF TRANSPORTATION FOR THE HERO PROGRAM**

WHEREAS, by Resolution No. 12-043, dated July 25, 2012, the Board of Directors approved an Advanced Funding Agreement (the "AFA") with the Texas Department of Transportation ("TXDOT") for the Highway Emergency Response Operator Patrol Services ("HERO Program"); and

WHEREAS, by Resolution No. 16-006, dated February 24, 2016, the Board of Directors approved Amendment No. 1 extending the original AFA to September 30, 2016 and increasing the allocated funds to \$6,040,082 for the HERO Program; and

WHEREAS, TXDOT has authorized a new Advance Funding Agreement to provide \$3,916,050 to extend the HERO Program to January 31, 2018; and

WHEREAS, the Board has determined it is in the best interests of the Mobility Authority and the traveling public to continue the HERO Program using the funds to be made available under the new Advanced Funding Agreement.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby approves the new Advanced Funding Agreement and authorizes the Executive Director to finalize negotiations and execute the Advanced Funding Agreement for the HERO Program in the form or substantially the same form attached to this resolution as Exhibit A.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

Approved:

  
\_\_\_\_\_  
Ray A. Wilkerson  
Chairman, Board of Directors

**Exhibit A**

STATE OF TEXAS       §  
COUNTY OF TRAVIS   §

**NON-CONSTRUCTION  
ADVANCE FUNDING AGREEMENT  
for a Highway Emergency Response Operator Program (HERO)  
On-System Surface Transportation Program Metropolitan Mobility**

**THIS AGREEMENT** is made by and between the State of Texas, acting by and through the Texas Department of Transportation (TxDOT), called the “State”, and Central Texas Regional Mobility Authority, acting by and through its duly authorized officials, called the “Local Government.”

**BACKGROUND**

Federal law establishes federally funded programs for transportation improvements to implement its public purposes, including the Highway Emergency Response Operator Program (HERO). Federal and state laws require local governments to meet certain contract standards relating to the management and administration of State and Federal funds. The Texas Transportation Commission passed Minute Order Number 114264, which provides for development of and funding for the Project identified in this agreement. The Governing Body of the Local Government has approved entering into this agreement by resolution or ordinance dated \_\_\_\_\_, 20\_\_, which is attached to and made part of this agreement as Attachment A.

**NOW THEREFORE**, the State and the Local Government agree as follows:

**AGREEMENT**

**1. Period of the Agreement**

This agreement becomes effective when signed by the last party whose signing makes the agreement fully executed. This agreement shall remain in effect until the close of ordinary business on January 31, 2018.

**2. Scope of Work**

The Scope of Work is the Project as detailed in Attachment B, which is attached to and made part of this agreement.

**3. Local Project Sources and Uses of Funds**

**A.** The total estimated cost of the Project is shown in Attachment C – Project Budget Estimate, which is attached and made part of this agreement. The State will pay for only those Project costs that have been approved by the Texas Transportation

Commission. The State and the Federal Government will not reimburse the Local Government for any work performed before federal spending authority is formally obligated to the Project by the Federal Highway Administration (FHWA). After federal funds have been obligated, the State will send to the Local Government a copy of the formal documentation showing the obligation of funds including federal award information. The Local Government is responsible for one hundred percent (100%) of the cost of any work performed under its direction or control before the federal spending authority is formally obligated.

- B.** If the Local Government will perform any work under this contract for which reimbursement will be provided by or through the State, the Local Government must complete training before a federal spending authority is obligated. Training is complete when at least one individual who is working actively and directly on the Project successfully completes and receives a certificate for the course entitled *Local Government Project Procedures and Qualification for the Texas Department of Transportation*. The Local Government shall provide the certificate of qualification to the State. The individual who receives the training certificate may be an employee of the Local Government or an employee of a firm that has been contracted by the Local Government to perform oversight of the Project. The State in its discretion may deny reimbursement if the Local Government has not designated a qualified individual to oversee the Project.
- C.** The State will be responsible for securing the Federal and State share of the funding required for the Project. If the Local Government is due funds for expenses incurred, these funds will be reimbursed to the Local Government on a cost basis.
- D.** The Local Government will be responsible for all non-federal and non-state participation costs associated with the Project. If the State determines that additional funding by the Local Government is required at any time during the Project, the State will notify the Local Government in writing. The Local Government shall make payment to the State within thirty (30) days from receipt of the State's written notification.
- E.** The State will not pay interest on any funds provided by the Local Government.
- F.** The Local Government is authorized to submit requests for reimbursement by submitting the original of an itemized invoice in a form and containing all items required by the State no more frequently than monthly, and no later than ninety (90) days after costs are incurred. If the Local Government submits invoices more than ninety (90) days after the costs are incurred, and if federal funding is reduced as a result, the State shall have no responsibility to reimburse the Local Government for those costs.
- G.** Whenever funds are paid by the Local Government to the State under this agreement, the Local Government shall remit a check or warrant made payable to the "Texas Department of Transportation." The check or warrant shall be deposited by the State and managed by the State. These funds may only be applied to the Project. Upon completion of the Project, the State will perform an audit of the Project costs. Any funds due by the Local Government, the State, or the Federal Government will be promptly paid by the owing party. If after final Project accounting any excess funds remain, those funds may be applied by the State to the Local Government's contractual obligations to the State under another advance funding agreement with approval by appropriate personnel of the Local Government.

- H. If the Project has been approved for incremental payments under 43 TAC §15.52, Attachment C will clearly state the amount of the incremental payment schedule. If the Local government is an Economically Disadvantaged County and if the State has approved adjustments to the standard financing arrangement, Attachment C will reflect those adjustments.
- I. The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under this agreement or indirectly through a subcontract under this agreement. Acceptance of funds directly under this agreement or indirectly through a subcontract under this agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.
- J. Payment under this contract beyond the end of the current fiscal biennium is subject to availability of appropriated funds. If funds are not appropriated, this contract shall be terminated immediately with no liability to either party.

#### **4. Termination**

This agreement may be terminated:

- A. By mutual consent of the parties;
- B. By one party because of a material breach by the other party, in which case the breaching party shall pay any costs incurred because of the breach;
- C. By the State if the Local Government elects not to provide its share of funding, in which case the Local Government shall pay for the State's reasonable actual costs during the Project; or
- D. If the project is inactive for thirty-six (36) months or longer and no expenditures have been charged against federal funds.

#### **5. Amendments**

Amendments to this agreement shall be in writing and shall be executed by both parties.

#### **6. Remedies**

This agreement shall not be considered as specifying the exclusive remedy for any default. All legal remedies may be pursued by either party and shall be cumulative.

#### **7. Notices**

All notices to either party shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to that party at the following address:

<b>Local Government:</b>	<b>State:</b>
Executive Director Central Texas Regional Mobility Authority 301 Congress Avenue, Suite 650 Austin, Texas 78701	Director of Contract Services Texas Department of Transportation 125 E. 11 <sup>th</sup> Street Austin, Texas 78701

All notices shall be deemed given on the date delivered in person or deposited in the mail, unless otherwise provided by this agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.

**8. Legal Construction**

If any provision in this agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision of this agreement. In that case, this agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

**9. Responsibilities of the Parties**

Each party acknowledges that it is not an agent, servant, or employee of the other party. Each party is responsible for its own acts and deeds and for those of its agents, servants, or employees.

**10. Ownership of Documents**

Upon completion or termination of this agreement, all documents prepared by the State shall remain the property of the State. All data prepared under this agreement shall be made available to the State without restriction or limitation on further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State in the form of photocopy reproduction on a monthly basis as required by the State. The originals shall remain the property of the Local Government.

**11. Compliance with Laws**

The parties shall comply with all federal, state, and local laws, statutes, ordinances, rules, and regulations and with the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this agreement. After receiving a written request from the State, the Local Government shall furnish the State with satisfactory proof of its compliance with this Article.

**12. Sole Agreement**

This agreement supersedes any prior understandings or written or oral agreements respecting the subject matter of this agreement.



### **13. Cost Principles**

In order to be reimbursed with federal funds, the parties shall comply with the Cost Principles established in 2 CFR 200 that specify that all reimbursed costs are allowable, reasonable, and allocable to the Project.

### **14. Procurement and Property Management Standards**

The parties shall comply with the procurement standards established in 49 CFR §18.36 the property management standard established in 49 CFR §18.32.

### **15. Inspection of Books and Records**

The parties shall maintain all books, documents, papers, accounting records, and other documentation relating to costs incurred under this agreement and shall make those materials available to the State and the Local Government. If the agreement involves federal funds, the same materials shall be made available to the FHWA, the U.S. Office of the Inspector General, and their authorized representatives for review and inspection. Records shall be maintained for four (4) years from the termination of this agreement or until any related litigation or claims are resolved, whichever is later. Additionally, the State, the Local Government, the FHWA, and their duly authorized representatives shall have access to all the governmental records that are directly applicable to this agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

### **16. Civil Rights Compliance**

- A. Compliance with Regulations:** The Local Government will comply with the Acts and the Regulations relative to Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation, the Federal Highway Administration, as they may be amended from time to time.
- B. Nondiscrimination:** The Local Government, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, sex, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The Local Government will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 45 CFR Part 21.
- C. Solicitations for Subcontracts, Including Procurement of Materials and Equipment:** In all solicitations either by competitive bidding or negotiation made by the Local Government for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Local Government of the Local Government's obligations under this contract and the Acts and Regulations relative to Nondiscrimination on the grounds of race, color, or national origin.
- D. Information and Reports:** The Local Government shall provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and facilities as may be determined by the State or the Federal Highway Administration to be pertinent to ascertain compliance with such Acts, Regulations or directives. Where any

information required of the Local Government is in the exclusive possession of another who fails or refuses to furnish this information, the Local Government will so certify to the State or the Federal Highway Administration, as appropriate, and shall set forth what efforts it has made to obtain the information.

- E. Sanctions for Noncompliance: In the event of the Local Government's noncompliance with the Nondiscrimination provisions of this contract, the State will impose such contract sanctions as it or the Federal Highway Administration may determine to be appropriate, including, but not limited to:
  - 1. withholding of payments to the Local Government under the contract until the Local Government complies and/or
  - 2. cancellation, termination, or suspension of the contract, in whole or in part.
- F. Incorporation of Provisions: The Local Government will include the provisions of paragraphs (A) through (E) in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Local Government will take such action with respect to any subcontract or procurement as the State or the Federal Highway Administration may direct as a means of enforcing such provisions including sanctions for noncompliance provided, however, that in the event an Local Government becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the Local Government may request the Texas Department of Transportation to enter into such litigation to protect the interests of the State; and, in addition, the Local Government may request the United States to enter into such litigation to protect the interests of the United States.

#### **17. Disadvantaged Business Enterprise (DBE) Program Requirements**

- A. The parties shall comply with the Disadvantaged Business Enterprise Program requirements established in 49 CFR Part 26.
- B. The Local Government shall adopt, in its totality, the State's federally approved DBE program.
- C. The Local Government shall set an appropriate DBE goal consistent with the State's DBE guidelines and in consideration of the local market, project size, and nature of the goods or services to be acquired. The Local Government shall have final decision-making authority regarding the DBE goal and shall be responsible for documenting its actions.
- D. The Local Government shall follow all other parts of the State's DBE program referenced in TxDOT Form 2395, Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity, and attachments found at web address [http://ftp.dot.state.tx.us/pub/txdot-info/bop/dbe/mou/mou\\_attachments.pdf](http://ftp.dot.state.tx.us/pub/txdot-info/bop/dbe/mou/mou_attachments.pdf).
- E. The Local Government shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Local Government shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non-discrimination in award and administration of DOT-assisted contracts. The State's DBE program, as required by 49 CFR Part 26 and

as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the Local Government of its failure to carry out its approved program, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

- F. Each contract the Local Government signs with a contractor (and each subcontract the prime contractor signs with a sub-contractor) must include the following assurance: *The contractor, sub-recipient, or sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this agreement, which may result in the termination of this agreement or such other remedy as the recipient deems appropriate.*

#### **18. Debarment Certifications**

The parties are prohibited from making any award at any tier to any party that is debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, "Debarment and Suspension." By executing this agreement, the Local Government certifies that it and its principals are not currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, and further certifies that it will not do business with any party, to include principals, that is currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549. The parties to this contract shall require any party to a subcontract or purchase order awarded under this contract to certify its eligibility to receive federal funds and, when requested by the State, to furnish a copy of the certification.

#### **19. Lobbying Certification**

In executing this agreement, each signatory certifies to the best of that signatory's knowledge and belief, that:

- A. No federal appropriated funds have been paid or will be paid by or on behalf of the parties to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with federal contracts, grants, loans, or cooperative agreements, the signatory for the Local Government shall complete and submit the

Federal Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- C. The parties shall require that the language of this certification shall be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and all sub-recipients shall certify and disclose accordingly. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31 U.S.C. §1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

## 20. Federal Funding Accountability and Transparency Act Requirements

- A. Any recipient of funds under this agreement agrees to comply with the Federal Funding Accountability and Transparency Act (FFATA) and implementing regulations at 2 CFR Part 170, including Appendix A. This agreement is subject to the following award terms: <http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22705.pdf> and <http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22706.pdf>.
- B. The Local Government agrees that it shall:
1. Obtain and provide to the State a System for Award Management (SAM) number (Federal Acquisition Regulation, Part 4, Sub-part 4.11) if this award provides more than \$25,000 in Federal funding. The SAM number may be obtained by visiting the SAM website whose address is: <https://www.sam.gov/portal/public/SAM/>
  2. Obtain and provide to the State a Data Universal Numbering System (DUNS) number, a unique nine-character number that allows the federal government to track the distribution of federal money. The DUNS number may be requested free of charge for all businesses and entities required to do so by visiting the Dun & Bradstreet on-line registration website <http://fedgov.dnb.com/webform>; and
  3. Report the total compensation and names of its top five (5) executives to the State if:
    - i. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25,000,000; and
    - ii. The compensation information is not already available through reporting to the U.S. Securities and Exchange Commission.

## 21. Single Audit Report

- A. The parties shall comply with the requirements of the Single Audit Act of 1984, P.L. 98-502, ensuring that the single audit report includes the coverage stipulated in 2 CFR 200.
- B. If threshold expenditures of \$750,000 or more are met during the fiscal year, the Local Government must submit a Single Audit Report and Management Letter (if applicable) to TxDOT's Audit Office, 125 East 11th Street, Austin, TX 78701 or contact TxDOT's Audit Office at <http://www.txdot.gov/inside-txdot/office/audit/contact>.
- C. If expenditures are less than the threshold during the Local Government's fiscal year, the Local Government must submit a statement to TxDOT's Audit Office as follows: "We did not meet the \$\_\_\_\_\_ expenditure threshold and therefore, are not required to have a single audit performed for FY \_\_\_\_\_."

- D. For each year the project remains open for federal funding expenditures, the Local Government will be responsible for filing a report or statement as described above. The required annual filing shall extend throughout the life of the agreement, unless otherwise amended or the project has been formally closed out and no charges have been incurred within the current fiscal year.

## 22. Non-Discrimination Provisions

- A. Relocation Assistance: The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects.
- B. Disability:
1. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 et. Seq.), as amended, prohibits discrimination on the basis of disability; and 49 CFR Part 27.
  2. Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by the Department of Transportation regulations at 49 C.F.R. parts 37 and 38.
- C. Age: The Age Discrimination Act of 1974, as amended, (42 U.S.C. § 6101 et. Seq.), prohibits discrimination on the basis of age.
- D. Race, Creed, Color, National Origin, or Sex:
1. The Airport and Airway Improvement Act of 1982 (49 U.S.C. § 4.71, Section 4.7123), as amended, prohibits discrimination based on race, creed, color, national origin, or sex.
  2. The Federal Aviation Administration's Nondiscrimination state (4 U.S.C. § 47123) prohibits discrimination on the basis of race, color, national origin, and sex.
  3. Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et. seq.), prohibits discrimination on the basis of sex.
  4. Title IX of the Education Amendments of 1972, as amended, prohibits discrimination because of sex in education program or activities (20 U.S.C. 1681 et. seq.).
- E. Civil Rights Restoration Act: The Civil Rights Restoration Act of 1987 (PL 100-209), Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs and activities" to include all of the programs or activities of the Federal-aid recipients, subrecipients and contractors, whether such programs or activities are Federally funded or not.
- F. Minority Populations: Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority and low-income populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations.
- G. Limited English Proficiency: Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin

discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, the Engineer must take reasonable steps to ensure that LEP persons have meaningful access to its programs (70 Fed. Reg. at 74087 to 74100).

**22. Signatory Warranty**

Each signatory warrants that the signatory has necessary authority to execute this agreement on behalf of the entity represented.

**THIS AGREEMENT IS EXECUTED** by the State and the Local Government in duplicate.

**THE LOCAL GOVERNMENT**

\_\_\_\_\_  
Signature

Mike Heiligenstein  
\_\_\_\_\_  
Typed or Printed Name

Executive Director  
\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**THE STATE OF TEXAS**

\_\_\_\_\_  
Kenneth Stewart  
Director of Contract Services  
Texas Department of Transportation

\_\_\_\_\_  
Date

CSJ #0914-00-386  
District #14-AUS  
Code Chart 64 #60432  
Project: HERO Patrol Services  
Federal Highway Administration  
CFDA Title: Highway Planning and Construction  
CFDA No.: 20.205  
Not Research and Development

**ATTACHMENT A**  
**RESOLUTION OR ORDINANCE**

## **ATTACHMENT B SCOPE OF WORK**

The Local Government shall provide the Highway Emergency Response Operation (HERO) Patrol Service Program. The HERO program assists law enforcement agencies and/or other emergency and support response agencies with incident management following accidents and facilitating roadway clean-up. Coverage work shall include providing staff, a total of 12 vehicles (by section as listed below plus a spare), and materials necessary for providing roadside assistance with vehicle breakdowns, assisting with incident management following accidents, and facilitating clean-up. The Local Government shall provide the vehicles according to the following specifications: new or almost new, full size pickup truck vehicles, three-quarter (3/4) ton, long-bed pickup capable of carrying the necessary equipment and vehicle accessories. Extended cab, four-door trucks are optional. Each vehicle must have seat belts for passengers on both the front and, if a four-door, on rear cab benches. The Local Government may suggest alternative vehicles for use as long as the required HERO Patrol service functions are able to be demonstrated.

Service coverage shall be performed by the Local Government from 6 a.m. to 9 p.m., Monday through Friday, except for holidays approved, and as otherwise requested, by the Local Government.

A Notice to Proceed shall be issued for the following coverage for the main lanes and frontage roads:

1. I-35 - between SH-130, north of Georgetown and Yarrington Road, south of Kyle (4 vehicles)
2. I-35 – Yarrington Road, south of Kyle to Hays/Comal County Line (1 vehicle)
3. US 183 - its intersections with US 290 and Lakeline Boulevard (2 vehicles)
4. US 183 – SH 45 South East and SH 71 (1 vehicle)
5. TX 71 – US 183 and RM 2244 (1 vehicle)
6. TX-1/MOPAC – South of the River to SH 45 (1 vehicles)
7. 290 West – SH 71 in Oak Hill and Travis/Hays County Line(1 vehicle)

The State may issue subsequent Notices to Proceed for additional coverage zones and/or operating hours and days, if additional funding becomes available and an amendment to this agreement fully executed.

The Local Government shall provide the following reports for each quarter:

- Activity Report - summarizes the daily logs prepared by each operator; motorist comment cards, and request of service forms;
- Safety Report – lists safety assignments and on the job safety incidents involving operators; and
- Incident Response Report - includes information on incident response, roadway; and incident clearance times.



CSJ #0914-00-386  
District #14-AUS  
Code Chart 64 #60432  
Project: HERO Patrol Services  
Federal Highway Administration  
CFDA Title: Highway Planning and Construction  
CFDA No.: 20.205  
Not Research and Development

Reports shall be due by the 15<sup>th</sup>, or if the 15<sup>th</sup> falls on a weekend, the first working day after the 15<sup>th</sup>, of each January, April, July, and October. The first report shall be due on October 17, 2016, and the last report shall be due on January 15, 2018.

**ATTACHMENT C  
 PROJECT BUDGET ESTIMATE**

Costs will be allocated based on applicable Federal/State funding until the federal/state funding reaches the maximum obligated amount. The Local Government will then be responsible for 100% of the costs.

Description	Total Estimated Cost	Federal Participation		State Participation		Local Participation	
		%	Cost	%	Cost	%	Cost
HERO (by Local Government)	\$3,685,000	80 %	\$2,948,000	20%	\$737,000	0%	\$0
Direct State Costs	\$36,850	0%	\$0	100%	\$36,850	0%	\$0
Indirect State Costs (5.27%)	\$194,200	0%	\$0	100%	\$194,200	0%	\$0
<b>TOTAL</b>	<b>\$3,916,050</b>		<b>\$2,948,000</b>		<b>\$968,050</b>		<b>\$0</b>

Initial payment by the Local Government to the State: \$0 This is an estimate.  
 The final amount of Local Government participation will be based on actual costs.

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

**RESOLUTION NO. 16-073**

**APPROVING AMENDMENT NO. 7 TO THE CONTRACT WITH W.P. ENGINEERING  
CONSULTANTS, INC., FOR OPERATION OF THE HERO PROGRAM**

WHEREAS, the Mobility Authority entered into a contract with W.P. Engineering Consultants, Inc., effective July 19, 2010, for safety patrol and related services provided under the Highway Emergency Response Operator program ("HERO Program"); and

WHEREAS, the Texas Department of Transportation has authorized a new Advance Funding Agreement (AFA) in the amount of \$3,916,050 for the program; and

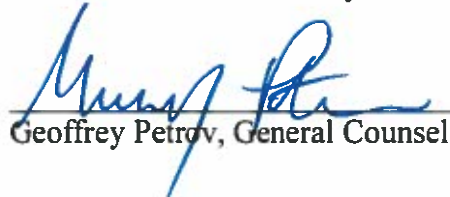
WHEREAS, the Executive Director and W.P. Engineering Consultants, Inc. have agreed to an Amendment No. 7 to the July 19, 2010 contract to continue the HERO Program, increasing the contract amount by \$3,661,520 to a total of \$10,926,520, and extending the term to January 31, 2018; and

WHEREAS, the Executive Director recommends that the Board approve the proposed amendment, a copy of which is attached to this resolution as Exhibit A.

NOW THEREFORE, BE IT RESOLVED, that the Board authorizes the Executive Director to finalize and execute the proposed contract amendment with W.P. Engineering Consultants, Inc., in the form or substantially the same form as Exhibit A.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

Approved:

  
\_\_\_\_\_  
Ray A. Wilkerson  
Chairman, Board of Directors

**Exhibit A**

**AMENDMENT NO. 7 TO  
AGREEMENT FOR HIGHWAY EMERGENCY RESPONSE OPERATOR  
PATROL SERVICES**

**CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY  
AND  
W.P. ENGINEERING CONSULTANTS, INC.**

This Amendment No. 7 to the “Agreement for Highway Emergency Response Operator (“HERO”) Patrol Services” (“Amendment”) by and between the Central Texas Regional Mobility Authority (“Mobility Authority”) and W.P. Engineering Consultants, Inc. (“Contractor”) is entered into effective as of October 1, 2016.

WHEREAS, the Mobility Authority and the Contractor entered into the agreement dated effective July 19, 2010 (the “Contract”) and Amendment No. 6 dated effective February 29, 2016, wherein the Mobility Authority amended the maximum amount payable under the Contract to \$7,265,000 and extended the term of the Contract for all purposes until September 30, 2016;

WHEREAS, the Mobility Authority amended the current “Advance Funding Agreement” for the HERO Program between the Mobility Authority and the Texas Department of Transportation, effective August 9, 2012, and is able to fund the Contract up to a maximum amount of \$7,265,000 and extend the Contract to September 30, 2016;

WHEREAS, the Mobility Authority expects to obtain additional funding for the HERO Program under a Non-Construction Advance Funding Agreement between the Mobility Authority and the Texas Department of Transportation, effective October 1, 2016, and will be able to fund the HERO Program up to a maximum amount of \$11,181,050 and extend service to January 31, 2018;

WHEREAS, the Mobility Authority and the Contractor desire to extend the amount of the Contract to a maximum of \$10,926,520; and

WHEREAS, the Mobility Authority and the Contractor desire to extend the term of the Contract for all purposes until January 31, 2018.

NOW, THEREFORE, the Mobility Authority and the Contractor agree to the following:

1. The first paragraph of Section 1 of the Contract is hereby amended to read in its entirety as follows:

The Mobility Authority hereby retains the Contractor and the Contractor agrees to provide, pursuant to the terms and conditions set forth in this Agreement, highway traffic operations expertise to manage and operate HERO Patrol services on the following main lanes and frontage roads (the “Services Area”):

- IH-35 between SH-130, north of Georgetown, and Yarrington Road, south of Kyle
- IH-35 between Yarrington Road, south of Kyle to Hays/Comal County Line
- US 183 between its intersection with US 290 and Lakeline Boulevard
- US 183 between SH 45 Southeast and SH 71
- SH 71 between US 183 and RM 2244
- Loop 1/MoPac between south of Lady Bird Lake and SH 45
- 290 West between SH 71 in Oak Hill and Travis/Hays County Line

The services provided by Contractor to Mobility Authority shall include providing staff, vehicles, and materials necessary for roadside assistance with vehicle breakdowns, assisting the Austin Police Department, other authorized law enforcement agencies, or other emergency and support response agencies with incident management following accidents, and facilitating roadway clean-up (the “Services”). The Services are more particularly described in (i) the Scope of Services set forth in Attachment “A,” attached hereto and made a part hereof, and (ii) the Q&A set forth in Attachment “B,” attached hereto and made a part hereof.

2. The third paragraph of Section 1 of the Contract is hereby amended to read in its entirety as follows:

The Mobility Authority will issue separate Notices to Proceed for services performed under this amendment. The first Notice to Proceed will be issued for the mobilization cost and Patrol services on the following portions of the Services Area:

- IH-35 between SH-130, north of Georgetown, and Yarrington Road, south of Kyle
- IH-35 between Yarrington Road, south of Kyle to Hays/Comal County Line
- US 183 between its intersection with US 290 and Lakeline Boulevard

As the Contractor can provide Services beyond the Services Areas under the first Notice to Proceed, subsequent Notices to Proceed will be issued for Patrol services on the following portions of the Services Area:

- US 183 between SH 45 Southeast and SH 71
- SH 71 between US 183 and RM 2244
- Loop 1/MoPac between south of Lady Bird Lake and SH 45
- 290 West between SH 71 in Oak Hill and Travis/Hays County Line

The Contractor shall provide Services to all Service Areas within ninety (90) days of the first Notice to Proceed.

3. Section 2.A. of the Contract is hereby amended to read in its entirety as follows:

The maximum amount payable under this Agreement is \$11,181,050. In no event may the aggregate amount of compensation paid to Contractor pursuant to this Agreement exceed \$11,181,050; *provided however*, that to the extent Contractor

performs services not otherwise included within the Services set forth in this Agreement and such services are performed pursuant to the written instruction or written direction of the Mobility Authority, such services will not be subject to the maximum amount payable hereunder.

4. The first paragraph of Section 2.B. of the Contract is hereby amended to read in its entirety as follows:

The Mobility Authority agrees to pay, and the Contractor agrees to accept as full and sufficient compensation and reimbursement for the performance of all Services as set forth in this Agreement, a one-time mobilization fee of \$325,000, monthly labor costs, and charges for vehicles, equipment, and materials as set forth in the Contractor's Bid Tab dated September 21, 2016 at a pro-rated basis for Service Areas, attached hereto and incorporated herein as Attachment "C". The compensation set forth in Attachment "C" will be valid through January 31, 2018.

5. Attachment "C" (the Contractor's Bid Tab dated July 3, 2012) to the Contract is hereby deleted, and the Attachment "C" (dated September 21, 2016) attached to this amendment is hereby substituted in its entirety.
6. Section 19 of the Contract is hereby amended to read in its entirety as follows:

**19. Notice**

(A) Except as provided by subsection (C), notices required under this contract shall be personally delivered or mailed to the parties at the following respective address. Notice shall be deemed given (a) when delivered by hand; (b) one (1) business day after being deposited with a reputable overnight carrier service; or (c) three (3) business days after being mailed by United States mail, registered or certified mail, return receipt requested, and postage prepaid.

To the Mobility Authority:

Central Texas Reginal Mobility Authority  
3300 N. Interstate 35, Suite 300  
Austin, Texas 78705  
Attn: Tim Reilly, Director of Operations

With a copy to:

Geoff Petrov, General Counsel  
Central Texas Reginal Mobility Authority  
3300 N. Interstate 35, Suite 300  
Austin, Texas 78705

To the Contractor:

W.P. Engineering Consultants, Inc.  
26715 Decker Prairie-Rosehill Rd.  
Magnolia, Texas 77355  
Attn: Wayne Freise, President

(B) Unless provided otherwise by written notice from Mobility Authority to Contractor delivered under Subsection (A), the Contractor shall send any report required by the Contract to the following persons at their respective email addresses:

Tim Reilly, Director of Operations, at [treilly@ctrma.org](mailto:treilly@ctrma.org)

With a copy to:

Glenn Goldstein, RS&H, at [glenn.goldstein@rsandh.com](mailto:glenn.goldstein@rsandh.com)

(C) Either party may change its address for notification purposes under subsection (A) by giving the other party prior written notice of the new address and the date upon which it will become effective pursuant to subsection (A).

7. The third paragraph of Section 1.0 GENERAL DESCRIPTION OF SERVICES of Attachment "A" (Scope of Services) to the Contract is hereby amended to read in its entirety as follows:

The Contractor shall provide vehicles and personnel to patrol ten zones from 5:30 AM to 9:30 PM, Monday through Friday, with patrols occurring between 6:00 AM to 9:00 PM, Monday through Friday, except for Mobility Authority approved holidays, unless otherwise requested by the Mobility Authority under additional services.

8. Section 1.1 Patrol Zones of Attachment "A" (Scope of Services) to the Contract is hereby amended to read in its entirety as follows:

### ***1.1 Patrol Zones***

The service limits (main lanes and frontage roads) extend along the following:

- IH-35 between SH-130, north of Georgetown, and Yarrington Road, south of Kyle
- IH-35 between Yarrington Road, south of Kyle to Hays/Comal County Line
- US 183 between its intersection with US 290 and Lakeline Boulevard
- US 183 between SH 45 Southeast and SH 71
- SH 71 between US 183 and RM 2244
- Loop 1/MoPac between south of Lady Bird Lake and SH 45
- 290 West between SH 71 in Oak Hill and Travis/Hays County Line

Ten potential Patrol zones (depicted in attached exhibit "HERO PATROL ZONES"), and the anticipated number of HERO Patrol vehicles necessary to meet response time requirements, are identified as follows:



Route	Zone Limits (north to south)		Approximate Centerline Mileage	Number of HERO Patrol Vehicles
IH-35	Zone 1	SH 130 to FM 3406	11	1
	Zone 2	FM 3406 to US 183	14	1
	Zone 3	US 183 to SH 71	9	1
	Zone 4	SH 71 to Yarrington Rd.	20	1
	Zone 5	Yarrington Rd. to Hays/Comal County Line	12	1
US 183	Zone 6	Lakeline Blvd to US 290	14	2
	Zone 7	SH 71 to SH 45 Southeast	10	1
SH 71	Zone 8	Loop 1 to US 183	9	1
Loop 1	Zone 9	South of Lady Bird Lake to SH 45	10	1
SH 71 & US 290	Zone 10	SH 71: RM 2244 to Loop 1 US 290: SH 71 to Travis/Hays County Line	21	1
Total:			130 miles	11 vehicles

The Contractor may suggest alternate patrol zones and/or vehicle requirements as long as response time requirements are able to be met. The Contractor shall also retain a fully-equipped “backup” vehicle identical to the regular patrol vehicles to replace any of the patrol vehicles that are unavailable for any reason. As such, the Contractor shall provide a total of twelve HERO Patrol vehicles.

9. Figure 1. Highway Emergency Response Operator (HERO) Patrol Zones of Attachment “A” (Scope of Services) to the Contract is hereby deleted, and the “Figure 1. Highway Emergency Response Operator (HERO) Patrol Zones” attached to this amendment is hereby substituted in its entirety.
10. Section 1.2 Hours of Operation of Attachment “A” (Scope of Services) to the Contract is hereby amended to read in its entirety as follows:

**1.2 Hours of Operation**

The Contractor shall provide vehicles and personnel to patrol sections of IH-35, US 183, SH 71, Loop 1, and SH 71 & US 290 from 6:00 AM to 9:00 PM (15 hours a day), Monday through Friday (five days a week), excluding Mobility Authority approved holidays. The HERO Patrol shall operate regardless of weather conditions. Weekend and overtime work to accommodate significant special events or other may be required and must be authorized by the Mobility Authority or its designate. It being understood that the cost of any such approved weekend or overtime work will be borne by the Mobility Authority and such costs will not be included in the maximum amount payable under this Agreement.

At the beginning of each patrol shift, the Contractor shall dispatch one vehicle to each of Zones 1, 2, 3, 4, 5, 7, 8, 9, and 10 and two vehicles to Zone 6. The operators of such vehicles shall not congregate in the zones unless multiple units are required to respond to a single or secondary incident in the same location.

11. The first paragraph of Section 5.1 Vehicle Specifications of Attachment “A” (Scope of Services) to the Contract is hereby amended to read in its entirety as follows:

All vehicles in the Contractor’s HERO Patrol vehicle fleet for this Agreement shall meet the specific vehicle requirements listed in this Agreement. This Agreement requires twelve pickup truck vehicles—a full size, three-quarter (3/4) ton, long-bed pickup capable of carrying the equipment specified in this Agreement (extended cab, four-door trucks are optional). Each vehicle must have seat belts for passengers on both the front and, if a four-door, on rear cab benches. Sample vehicles are depicted in Figure 2. The Contractor may suggest alternative vehicles for use as long as the required HERO Patrol service functions are able to be demonstrated.

This Agreement shall terminate on January 31, 2018, unless:

- i. before a termination date established under this section, an earlier termination date is provided by Mobility Authority in a written notice from the Mobility Authority to Contractor that no additional HERO program funding is available under that certain “Non-Construction Advance Funding Agreement for a Highway Emergency Response Operator Program (HERO) On-System Surface Transportation Program Metropolitan Mobility” between the Mobility Authority and the Texas Department of Transportation, effective October 1, 2016; provided, however, that a termination date established under this subsection (A)(ii) shall be no earlier than 30 days after the date of the written notice to Contractor.

Except as specifically provided in this Amendment, all other terms and conditions of the Contract, as amended, are acknowledged and reaffirmed by the parties hereto and remain in effect without change. If a provision of this Amendment conflicts with a provision of the Contract, the provision of this Amendment shall control.

This Amendment is executed by the parties effective as of October 1, 2016, for all purposes.

“Contractor”

“Mobility Authority”

W.P. Engineering Consultants, Inc.

Central Texas Regional Mobility Authority

By: \_\_\_\_\_  
Wayne Freise, President

By: \_\_\_\_\_  
Mike Heiligenstein, Executive Director

Date: \_\_\_\_\_

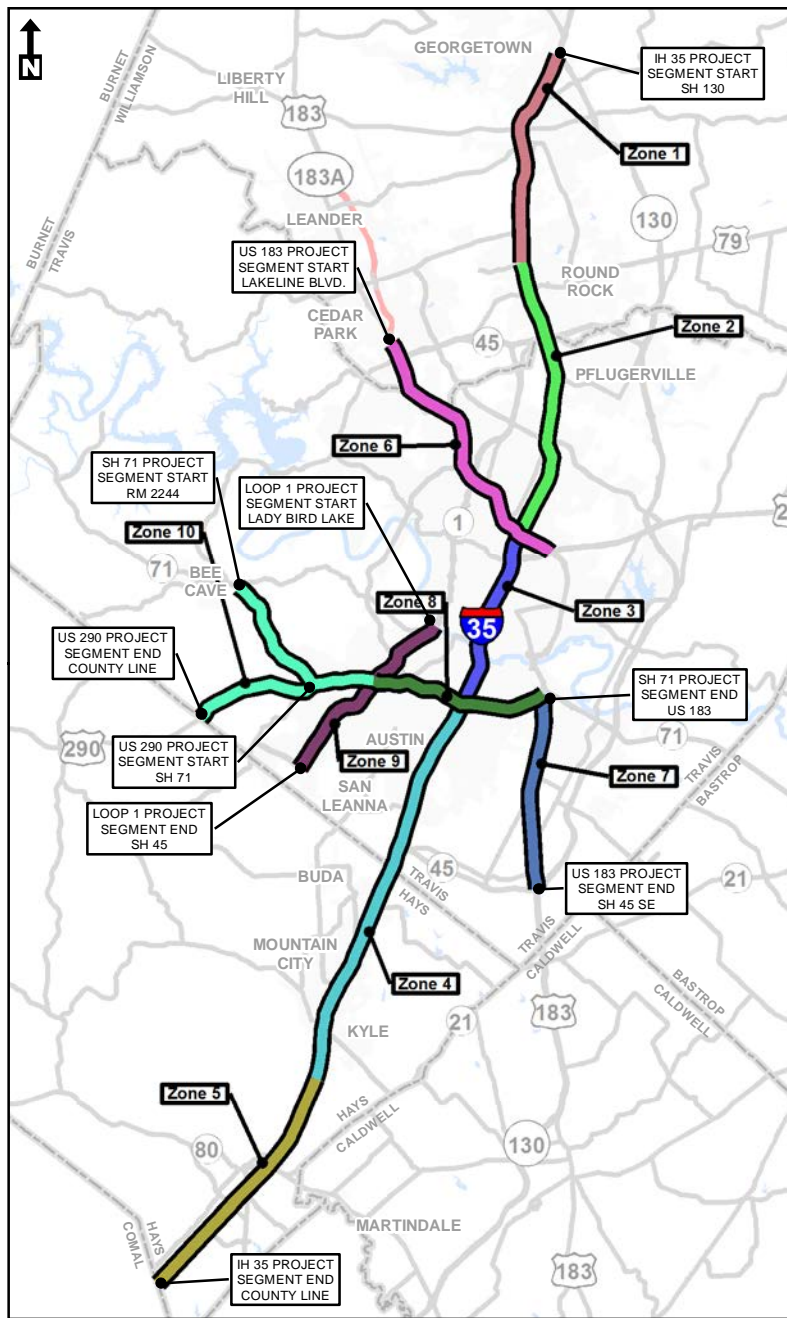
Date: \_\_\_\_\_

**Attachment "C"**  
**Cost Proposal**

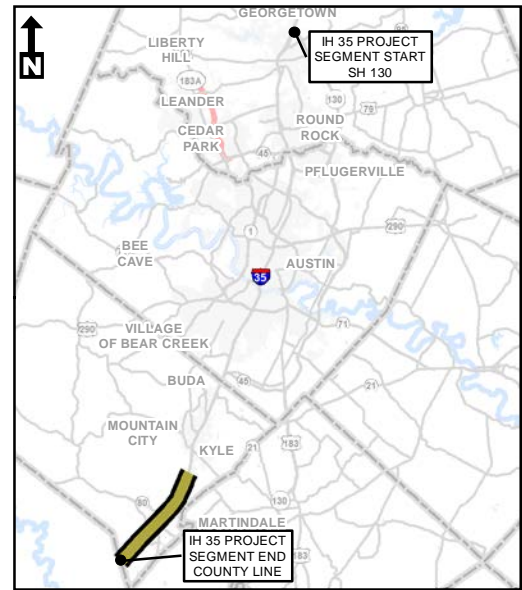
**ATTACHMENT C - BID FORM HERO PROGRAM Patrol Services (up to 16 Month Term)**

Item No.	Description and Unit Pricing in Writing		Unit of Measurement	Approx. Quantity	Unit Price	Total
1	Mobilization - consisting of (but not limited to): procurement of vehicles/equipment/materials/supplies; staffing, including, relocation of key staff as necessary; location of management offices and storage facilities; and costs for insurance and bonds	Per Lump Sum	LS	1	\$ 325,000.00	\$ 325,000.00
2	HERO Services Patrol Zones 1 through 6 per Scope of Services - consisting of (but not limited to): monthly charges for all labor, vehicles, vehicle maintenance and operation equipment; and all management and administration costs required for the effective operation of the Patrol Services	Per Month	MO	16	\$ 130,620.00	\$ 2,089,920.00
3	HERO Services Patrol Zone 7 per Scope of Services - consisting of (but not limited to): monthly charges for all labor, vehicles, vehicle maintenance and operation equipment; and all management and administration costs required for the effective operation of the Patrol Services	Per Month	MO	15	\$ 18,660.00	\$ 279,900.00
4	HERO Services Patrol Zone 8 per Scope of Services - consisting of (but not limited to): monthly charges for all labor, vehicles, vehicle maintenance and operation equipment; and all management and administration costs required for the effective operation of the Patrol Services	Per Month	MO	15	\$ 18,660.00	\$ 279,900.00
5	HERO Services Patrol Zone 9 per Scope of Services - consisting of (but not limited to): monthly charges for all labor, vehicles, vehicle maintenance and operation equipment; and all management and administration costs required for the effective operation of the Patrol Services	Per Month	MO	15	\$ 18,660.00	\$ 279,900.00
6	HERO Services Patrol Zone 10 per Scope of Services - consisting of (but not limited to): monthly charges for all labor, vehicles, vehicle maintenance and operation equipment; and all management and administration costs required for the effective operation of the Patrol Services	Per Month	MO	15	\$ 18,660.00	\$ 279,900.00
7	Assistance Gasoline for Motorists	Per Gallon	GAL	10,000	\$ 3.00	\$ 30,000.00
8	Traffic Cones/Flares	Per Each	EA	200	\$ 5.00	\$ 1,000.00
11	Fuel Price Adjustment (no bid item) - Allowance	Per Each	EA	1	\$ 96,000.00	\$ 96,000.00
<b>TOTAL BID - HERO Program Patrol Services (up to 16 Month Term)</b>						<b>\$ 3,661,520.00</b>

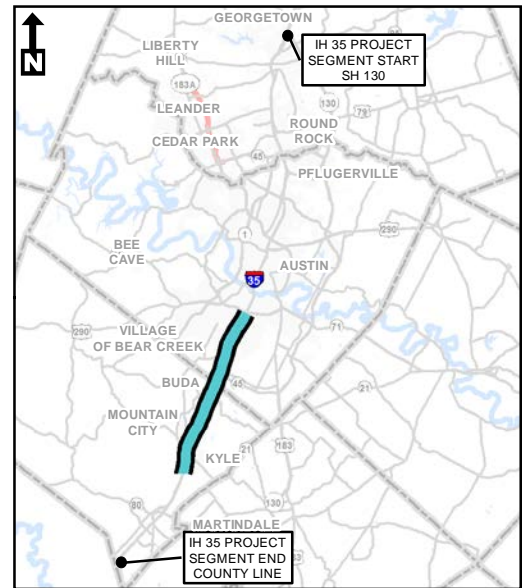
**Figure 1**  
**Highway Emergency Response Operator (HERO) Patrol Zones**



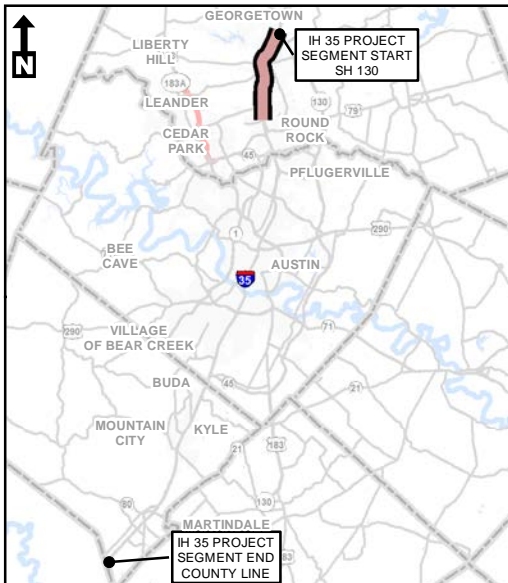
**HERO PATROL ZONES**



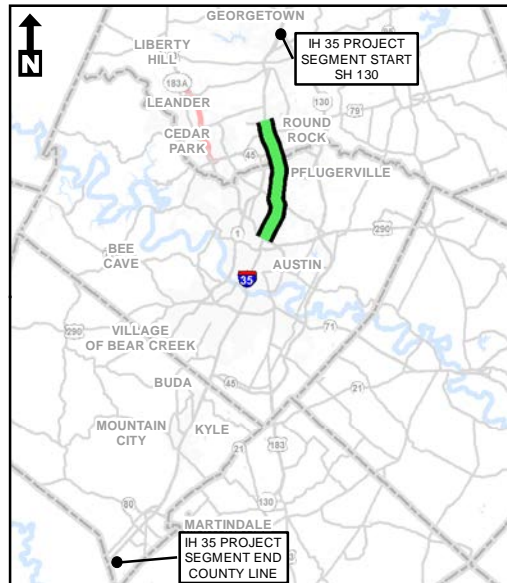
**ZONE 5 - Yarrington Rd. to Hays/Comal County Line**



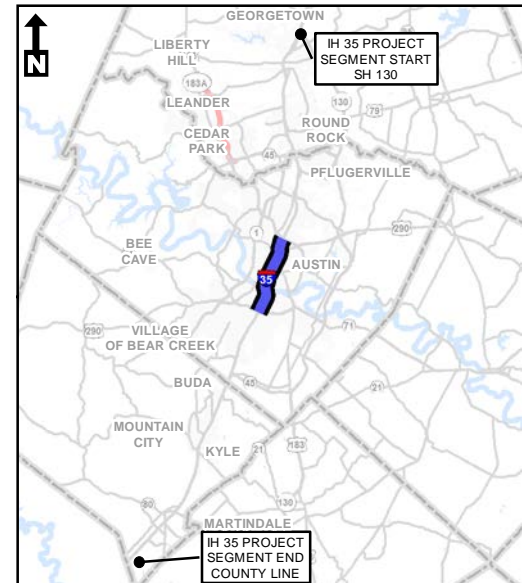
**ZONE 4 - SH 71 to Yarrington Rd.**



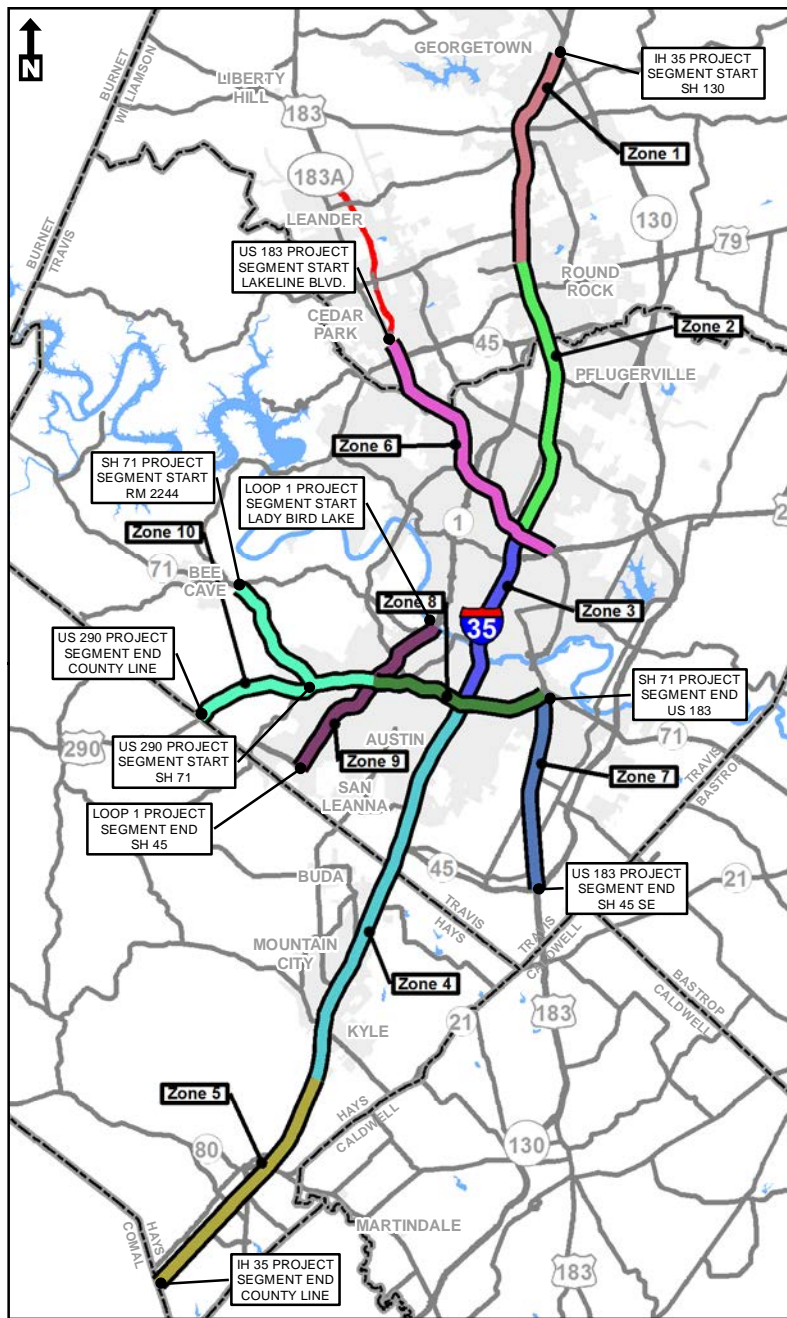
**ZONE 1 - SH 130 to FM 3406**



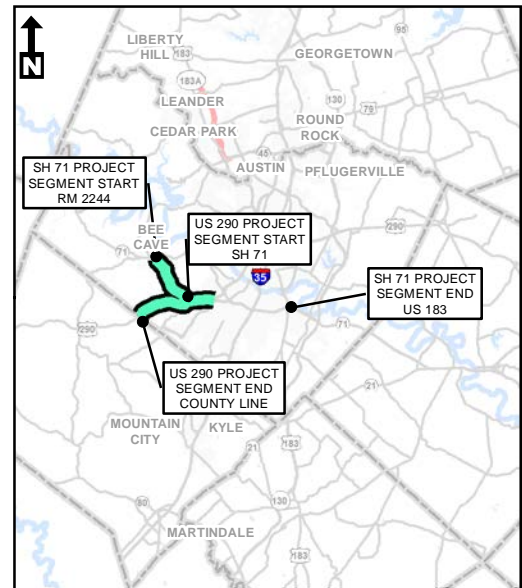
**ZONE 2 - FM 3406 to US 183**



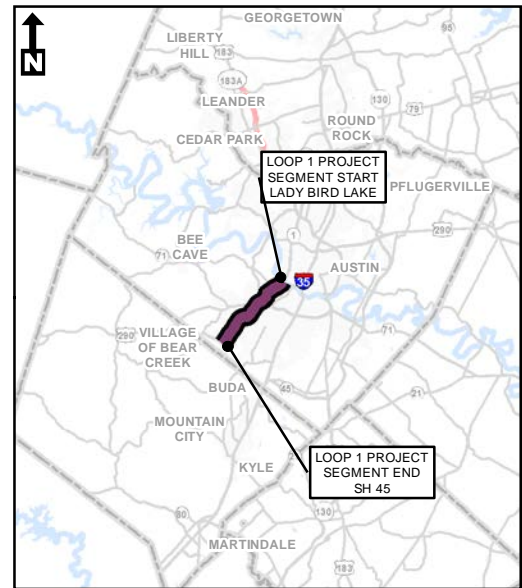
**ZONE 3 - US 183 to SH 71**



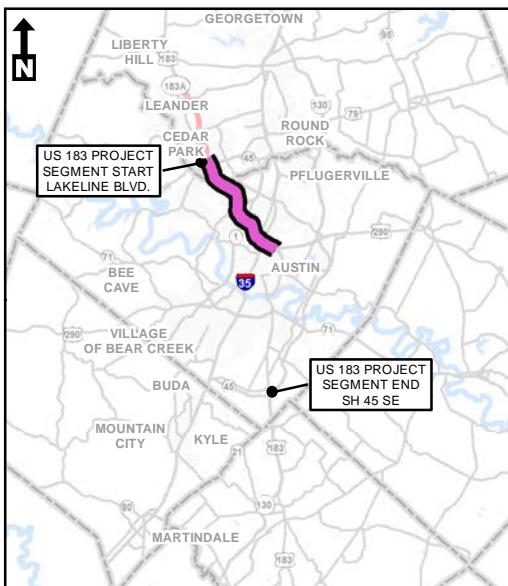
**HERO PATROL ZONES**



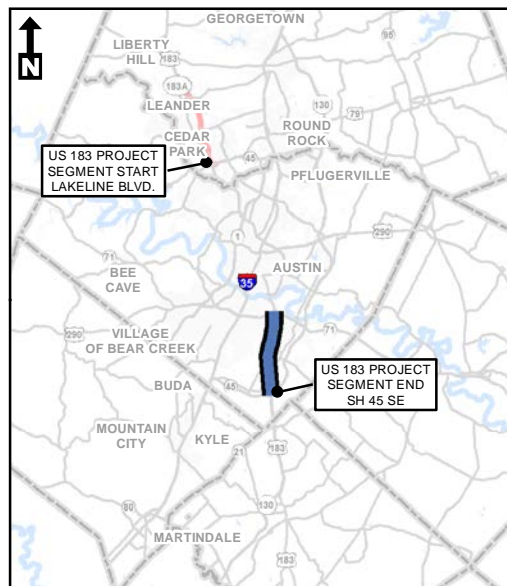
**ZONE 10** - SH 71: RM 2244 to Loop 1  
US 290: SH 71 to Travis/Hays County Line



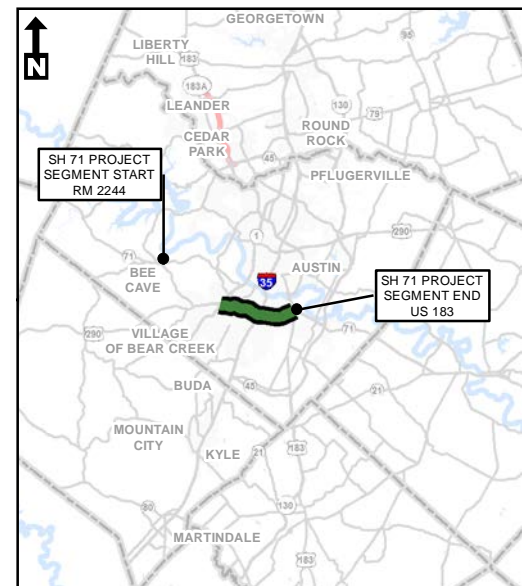
**ZONE 9** - South of Lady Bird Lake to SH 45



**ZONE 6** - Lakeline Blvd. to US 290



**ZONE 7** - SH 71 to SH 45 SE



**ZONE 8** - Loop 1 to US 183

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

**RESOLUTION NO. 16-074**

**APPROVAL OF WORK AUTHORIZATION NO. 4 WITH PARSONS  
BRINCKERHOFF, INC. FOR SERVICES RELATED TO THE HIGHWAY  
EMERGENCY RESPONSE OPERATOR PATROL PROGRAM**

WHEREAS, by Resolution 16-034 dated June 15, 2015, the Board of Directors authorized the Executive Director to negotiate and execute on behalf of the Mobility Authority an agreement with Parsons Brinckerhoff, Inc. for general engineering consultant services; and

WHEREAS, on July 1, 2016 the Mobility Authority entered into an agreement with Parsons Brinckerhoff, Inc. for general consulting civil engineering services; and

WHEREAS, the Executive Director and Parsons Brinckerhoff, Inc. have agreed to proposed Work Authorization No. 4 for general engineering consultant services for the Highway Emergency Response Operator Patrol Program ("HERO Program"); and

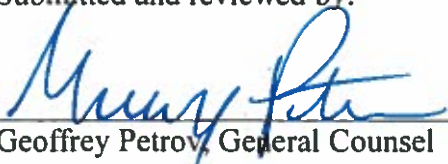
WHEREAS, the Executive Director estimates the reasonable fees associated with the services to be provided under Work Authorization No. 4 to be in an amount not to exceed \$62,352.00; and

WHEREAS, the Executive Director recommends that the Board approve the proposed Work Authorization No. 4, a copy of which is attached to this resolution as Exhibit A.

NOW THEREFORE, BE IT RESOLVED, that the Board authorizes the Executive Director to finalize and execute the proposed Work Authorization No. 4 with Parsons Brinckerhoff, Inc., in the form or substantially the same form as Exhibit A.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

Approved:

  
\_\_\_\_\_  
Ray A. Wilkerson  
Chairman, Board of Directors



**Exhibit A**

**EXHIBIT D**

**WORK AUTHORIZATION**

**WORK AUTHORIZATION NO. 4**

This Work Authorization is made as of this \_\_\_ day of \_\_\_\_\_, 2016, under the terms and conditions established in the AGREEMENT FOR GENERAL ENGINEERING CONSULTING SERVICES, dated as of July 1, 2016 (the "Agreement"), between the **Central Texas Regional Mobility Authority** ("Authority") and **Parsons Brinckerhoff, Inc.** ("GEC"). This Work Authorization is made for the following purpose, consistent with the services defined in the Agreement:

*Highway Emergency Response Operator (HERO) Program  
Program Support / Program Oversight / Approvals*

**Section A. - Scope of Services**

A.1. GEC shall perform the following Services:

*Please reference Attachment A – Scope of Work*

A.2. The following Services are not included in this Work Authorization, but shall be provided as Additional Services if authorized or confirmed in writing by the Authority.

*Not applicable*

A.3. In conjunction with the performance of the foregoing Services, GEC shall provide the following submittals/deliverables (Documents) to the Authority:

*Please reference Attachment A – Scope of Work*

**Section B. - Schedule**

GEC shall perform the Services and deliver the related Documents (if any) according to the following schedule:

Unless amended otherwise by mutual agreement between Authority and GEC, the Services defined herein shall expire on February 28, 2018, or when all tasks associated with the Scope of Services are complete as defined by the Authority.

**Section C. - Compensation**

C.1. In return for the performance of the foregoing obligations, the Authority authorizes to the GEC an authorized amount not to exceed \$62,352 based on a Cost Plus fee listed in Attachment B – Fee Estimate. Compensation shall be in accordance with the Agreement.

C.2. Compensation for Additional Services (if any) shall be paid by the Authority to

the GEC according to the terms of a future Work Authorization.

**Section D. - Authority's Responsibilities**

The Authority shall perform and/or provide the following in a timely manner so as not to delay the Services of the GEC. Unless otherwise provided in this Work Authorization, the Authority shall bear all costs incident to compliance with the following:

*Not applicable*

**Section E. - Other Provisions**

The parties agree to the following provisions with respect to this specific Work Authorization:

*Not applicable*

Except to the extent expressly modified herein, all terms and conditions of the Agreement shall continue in full force and effect.

Authority: Central Texas Regional Mobility Authority

GEC: Parsons Brinckerhoff, Inc.

By: Mike Heiligenstein

By: Mario Medina

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: Executive Director

Title: Area Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY  
ATTACHMENT A – SCOPE OF SERVICES  
WORK AUTHORIZATION NO. 4**

**SERVICES TO BE PROVIDED BY the GENERAL ENGINEERING  
CONSULTANT (GEC)**

**General**

The services to be performed by GEC will include, but not be limited to, professional services and deliverables for various tasks related to the requirements for the Highway Emergency Response Operator (“HERO”) Program (“Program”) funded by the Surface Transportation Program Metropolitan Mobility (STP MM) fund.

In performing its services, GEC shall have the right to rely on materials, information and data provided by other parties. In addition, GEC’s services hereunder shall not relieve any other project participant of their contractual duties and obligations to the Authority.

**Task 1: Project Management & Administration**

The GEC will perform internal project management, administrative and coordination duties, including contract administration, reporting, meeting minutes of required meetings, and other related administrative tasks associated with the GEC’s services for the Program, including:

**Task 1.1: Contract Administration**

Assist the Authority in Preparation of contracts, as required, between the GEC and the Authority, and the Authority and its contractor. Provide assistance to the Authority related to Board approval of contracts and funding agreements. Review and approve contractor’s progress reports and invoices.

**Task 1.2: Reporting**

Prepare and submit Program Quarterly Reports as a requirement of the Advance Funding Agreement including activity, safety, and incident data prepared by the contractor. Prepare and submit Monthly Progress Reports. Prepare and submit monthly DBE utilization for contractor. Complete presentations and support for Program updates, as requested by the Authority, for distribution to stakeholders and the Board of Directors. Prepare and submit reimbursements requests. Assist with the Preparation and, if necessary, submit all documentation related to TxDOT’s Local Government Project Procedures (LGPP)

**Task 1.3: Document Controls**

Maintain internal files and records related to the Program throughout the duration

of GEC Services. At the completion of the Program, transfer project files to the Authority for their storage. Coordinate document integration with the Authority's EDMS.

**Task 1.4: Program Meetings & Documentation**

Participate in meetings at the request of the Authority. Prepare agendas, meeting minutes, action items and follow-up action item status for each of the Program meetings and distribute to attendees and appropriate personnel.

**Task 2: Program Development**

The GEC will provide recommendations where applicable to aid the Authority in their decision-making and approval process, including:

**Task 2.1: Program Development Support**

Review documentation for the contractor procurement process. Review status of funding, funding agreements and amendments.

**Task 2.2: Agency Coordination**

Support the Authority in coordination activities with CAMPO, TxDOT, and Consultants, on the Authority's behalf at the direction of the Authority, including meeting preparation and map revisions.

**ATTACHMENT B - Fee Estimate**

<b>HERO - WA No. 4</b>		Sr. Engineering Mgr.	Project Manager	Engineer I	Admin/Clerical II	Planner I	TOTAL	TOTAL
<b>Estimated Average Labor Rates</b>		<b>\$80.53</b>	<b>\$70.91</b>	<b>\$26.45</b>	<b>\$27.00</b>	<b>\$23.13</b>	<b>HRS</b>	<b>FEE</b>
<b>TASK / WORK DESCRIPTION</b>								
<b>HERO - WA No. 4</b>								
<b>Task 1: PROJECT MANAGEMENT AND ADMINISTRATION</b>								
1.1 Contract Administration		10	10		60		80	\$9,165.84
1.2 Reporting			30	80	80		190	\$19,017.80
1.3 Document Controls				30	60		90	\$7,168.10
1.4 Program Meetings and Documentation		4	20		26		50	\$7,196.36
<b>Task 2: PROGRAM DEVELOPMENT</b>								
2.1 Program Development Support			40		20		60	\$10,027.91
2.2 Agency Coordination		10	30		8	8	56	\$9,757.58
<b>TOTAL DIRECT LABOR</b>		24	130	110	254	8	526	
	<i>% Total by Classification</i>	4.56%	24.71%	20.91%	48.29%	1.52%		
Labor Costs		\$ 1,932.72	\$ 9,218.30	\$ 2,909.50	\$ 6,858.00	\$ 185.04		
Overhead Rate		1.5382	1.7	1.7	1.7	1.7		
Overhead Costs		\$ 2,972.91	\$ 15,671.11	\$ 4,946.15	\$ 11,658.60	\$ 314.57		
Profit		10.00%	10.00%	10.00%	10.00%	10.00%		
Profit Costs		\$ 490.56	\$ 2,488.94	\$ 785.57	\$ 1,851.66	\$ 49.96		
<b>Total Loaded Labor</b>		\$ 5,396.19	\$ 27,378.35	\$ 8,641.22	\$ 20,368.26	\$ 549.57		\$ 62,333.59
	<i>% Total by Class</i>	8.66%	43.92%	13.86%	32.68%	0.88%		
<b>Total Direct Expenses</b>	\$	<b>18.41</b>						
<b>Total</b>	\$	<b>62,352.00</b>						

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

**RESOLUTION NO. 16-075**

**ADOPT THE TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PLAN  
PROVISIONS FOR PLAN YEAR 2017**

WHEREAS, in Resolution No. 04-19, dated May 5, 2004, the Board of Directors approved participation by the Central Texas Regional Mobility Authority ("Mobility Authority") in the Texas County & District Retirement System ("TCDRS") to provide benefits to Mobility Authority employees under the Central Texas Regional Mobility Authority TCDRS Plan (the "Plan"); and

WHEREAS, the Plan requires certain authorizations from time to time by the Board of Directors regarding certain ongoing provisions of and/or changes to the Plan; and

WHEREAS, the Board of Directors has reviewed the TCDRS Plan Agreement for Plan Year 2017 with a contribution rate which includes extending, at no additional cost to the CTRMA, a \$5,000 death benefit for retirees of the Agency Retirees life insurance policy; and

WHEREAS, the Chief Financial Officer of the Mobility Authority recommends adopting the TCDRS Plan Agreement for Plan Year 2017.

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby approves and adopts the 2017 TCDRS Plan Agreement in the form attached as Exhibit A to this resolution; and

**BE IT FURTHER RESOLVED** that the Chief Financial Officer is hereby authorized to complete, execute, and deliver to TCDRS the approved 2017 TCDRS Plan Agreement consistent with this Resolution and to take such further action as may be required to fulfill TCDRS requirements regarding the same.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28th day of September, 2016.

Submitted and reviewed by:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

Approved:

  
\_\_\_\_\_  
Ray A. Wilkerson  
Chairman, Board of Directors

**Exhibit A**





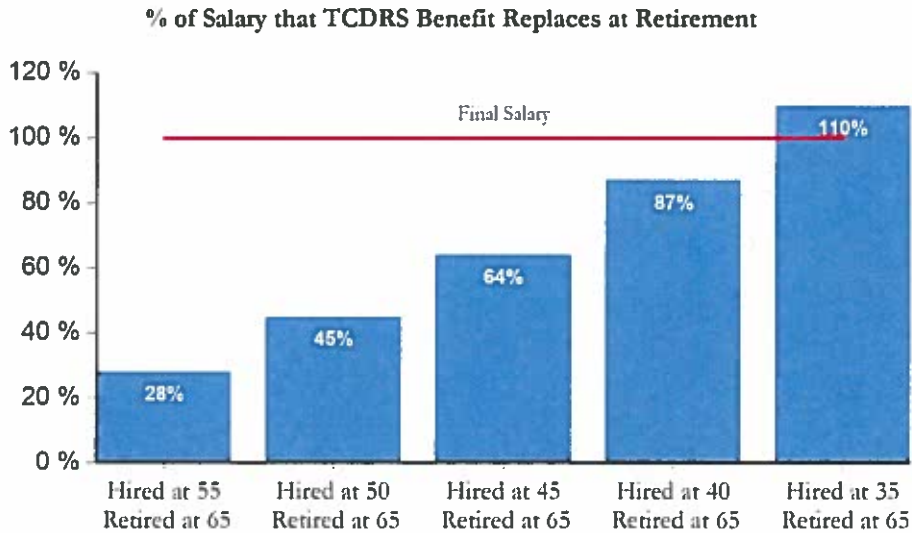
**Plan Assessment for Plan Year 2017**  
**Central Texas Regional Mobility Authority – 712**  
**Participation Date – 7/1/2004**

It's that time of year again — time to look at your TCDRS retirement plan and decide whether or not your benefits meet your workforce needs and budget. This plan assessment will give you an overview of the benefits you provide as well as how much it will cost to provide these benefits in the upcoming plan year.

	2017 Plan
<b>Basic Plan Options</b>	
Employee Deposit Rate	7%
Employer Matching	250%
Prior Service Credit	175%
<b>Retirement Eligibility</b>	
Age 60 (Vesting)	5 years of service
Rule of	75 years total age + service
At Any Age	30 years of service
<b>Optional Benefits</b>	
Partial Lump-Sum Payment at Retirement	No
Group Term Life	Active-only
<b>Retirement Plan Funding</b>	
Normal Cost Rate	12.52%
UAAL/(OAAL) Rate	-0.80%
Required Rate	11.72%
Elected Rate	14.00%
<b>Total Contribution Rate</b>	
Retirement Plan Rate (greater of required or elected rate)	14.00%
Group Term Life Rate	.32%
Total Contribution Rate	14.32%
<b>Valuation Results (as of Dec. 31, 2015)</b>	
Actuarial Accrued Liability	\$5,141,329
Actuarial Value of Assets	\$5,366,877
Overfunded Actuarial Accrued Liability	(\$225,548)
Funded Ratio	104.4%

## What You Are Providing

The TCDRS benefit is based on employee deposits, which earn 7% compound interest each year, and employer matching at retirement. The following chart shows the estimated TCDRS benefit as a percentage of final salary prior to retirement for a new hire:

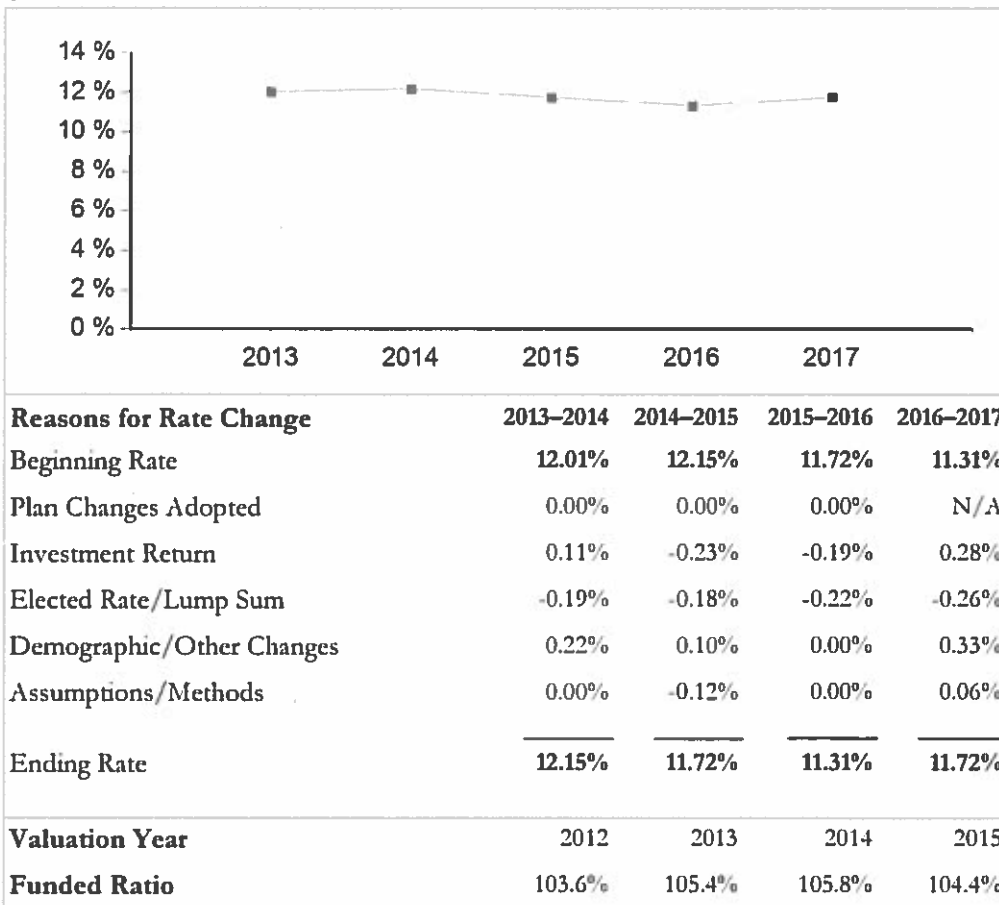


### Assumptions

- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through employee's retirement.
- Current laws governing TCDRS will continue as they are.
- Graded salary scales give bigger raises early in careers, with smaller raises later in careers (see Summary Valuation Report at [www.tcdrs.org/employer](http://www.tcdrs.org/employer)).
- Based on Single Life benefit.

## Reasons for Rate Change

Below is a record of your required rate history for your retirement plan over the last five years.



A complete Summary Valuation Report for the Dec. 31, 2015 valuation will be available mid-May at [www.tcdrs.org/employer](http://www.tcdrs.org/employer).

## Next Steps

If you are interested in making plan changes, please contact your Employer Services Representative at 800-651-3848. Your benefit selections are due by Dec. 15, 2016.



**Plan Agreement for Plan Year 2017  
Central Texas Regional Mobility Authority – 712  
Effective as of Jan. 1, 2017**

<b>Basic Plan Options</b>	
Employee Deposit Rate:	7%
Employer Matching:	250%
Prior Service Credit:	175%
<b>Retirement Eligibility</b>	
At 60 (Vesting)	5 years of service
Rule of	75 years total age + service
At Any Age	30 years of service
<b>Optional Benefits</b>	
Partial Lump-sum Payment at Retirement:	No
Group Term Life:	Active-plus-retirees
<b>Retirement Plan Funding</b>	
Elected Rate:	14.00%
<b>Total Contribution Rate</b>	
Retirement Plan Rate:	14.00%
Group Term Life Rate:	.32%
Total Contribution Rate:	14.32%

**Certification**

I certify that the plan agreement for the participation of Central Texas Regional Mobility Authority in TCDRS for the 2017 plan year truly and accurately reflects the official action taken during properly posted and noticed meeting on \_\_\_\_\_ (mm/dd/yy) by the Governing Board and such action is recorded in the official minutes.

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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

**RESOLUTION NO. 16-076**

**APPROVING AMENDMENT NO. 8 TO THE AGREEMENT WITH STANTEC  
CONSULTING SERVICES INC. FOR TRAFFIC AND REVENUE SUPPORT  
SERVICES FOR EXISTING AND PROPOSED MOBILITY AUTHORITY PROJECTS**

WHEREAS, by Resolution No. 07-62, dated October 3, 2007, the Board of Directors authorized an agreement with Stantec Consulting Services, Inc. ("Stantec") to provide traffic and revenue studies for the Mobility Authority (the "Agreement"); and

WHEREAS, since 2007 the Authority has extended the original contract and Stantec has continued to provide traffic and revenue studies and services for the Authority; and

WHEREAS, the Authority has a continuing need to monitor traffic and revenue for its existing toll projects and for new Authority projects, and the Executive Director recommends continuing to use Stantec for traffic and revenue services described in the proposed Amendment No. 8 to the Agreement which is attached to this resolution as Exhibit A.


NOW THEREFORE, BE IT RESOLVED, that the Board of Directors authorizes the Executive Director to negotiate and execute Amendment No. 8 to the Agreement in the form or substantially the form attached as Exhibit A to this resolution.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

Approved:

  
\_\_\_\_\_  
Ray A. Wilkerson  
Chairman, Board of Directors

**Exhibit A**



**Stantec Consulting Services Inc.**  
50 West 23rd Street, 8th Floor, New York NY 10010-5272

September 21, 2016

Mr. Bill Chapman, CFO  
Central Texas Regional Mobility Authority  
3300 North IH-35, Suite 300  
Austin, TX 78705

**Reference: Stantec Professional Consulting Services Agreement, 8<sup>th</sup> Amendment**

Dear Mr. Chapman:

We are pleased to deliver our scope and budget (Exhibit A) to provide continuing Traffic and Revenue Consulting Services to the Central Texas Regional Mobility Authority as it moves forward with various toll road projects now in operation or in the planning stages. Following is a description of the anticipated work efforts that would be provided under this agreement:

**Level 3 Traffic & Revenue (T&R) Studies -- 2 projects**

We anticipate conducting two investment grade T&R studies over the next 3-year period and have included those efforts in our scope and budget. These studies would be similar to the October 2015 Bergstrom Expressway T&R Study. Each of the studies will produce traffic & forecasts and documentation suitable for financing, including coordination with the financial team as well as meetings and presentations to rating agencies and investors. We will use our latest edition of the regional traffic model and fully update the required inputs, including validating the peak period baseline conditions to actual levels in the study area; this will be vital to reflect presence of new projects with managed lanes. We have included an allowance for subconsultants to conduct specialized studies such as demographic updates, traffic counts & surveys and stated preference surveys.

**Level 2 Intermediate T&R Study -- 1 project**

The scope of this study would be less extensive than a Level 3 Study, with fewer surveys and validation efforts, but would provide a reasonable basis for deciding whether to advance the project to the financing stage.

**Level 1 Preliminary T&R Studies -- 2 projects**

This effort would use the latest version of the traffic model for planning purposes to support preliminary feasibility studies of new projects or changes to existing projects. As the underlying traffic model would be based on a Level 3 baseline, only limited new surveys would be conducted for the Level 1 Study, sufficient to provide an initial reading on likely traffic & revenue potential of the project.



September 21, 2016  
Page 2 of 2

**Reference: Stantec Professional Consulting Services Agreement, 8<sup>th</sup> Amendment**

**Monitor & Support (Ongoing Efforts)**

We will monitor the transaction and revenue data for 183A, the Manor Expressway and other elements that become operational, comparing actual conditions to forecast levels and identifying reasons for potential variations. We anticipate conducting sketch level studies and project evaluations, toll schedule evaluations, simulation studies and miscellaneous support in our role as the Authority's Traffic Consultant.

Stantec will be the prime consultant on this assignment, drawing on the expertise of subconsultants as needed for specialized studies. These may include Michael Bomba, Alliance Transportation Group, CJ Hensch & Associates, Quality Counts, GRAM Traffic Counting, and Resource Systems Group.

Our project personnel are especially qualified to undertake this work. Tom Harknett will function as the Principal in Charge and also serves as Stantec's Practice Leader for the Traffic and Revenue Studies Group. I will be the Project Manager (PM), with 30+ years of experience in toll feasibility studies and more than 15 years of involvement in Austin-based projects for the Mobility Authority as well as TxDOT. Sumeet Kishnani will be the Assistant PM and other key staff will include Tiffany Carson and Ann Hughitt.

Exhibit A presents a summary and details of the anticipated typical budget levels for the tasks described above. As discussed with you, the total budget is \$3,000,000.

We look forward to working with you in the coming years.

Very truly yours,

**STANTEC CONSULTING SERVICES INC.**

A handwritten signature in blue ink that reads "William Ihlo".

William Ihlo, PE  
Principal  
50 West 23<sup>rd</sup> Street, 8<sup>th</sup> floor  
New York, NY 10010  
Ph. (646) 490-3852  
William.Ihlo@stantec.com



Exhibit A	
Table of Contents	
Exhibit Number	Exhibit Title
Exhibit A-1	Hourly Labor Rate Table
Exhibit A-2	T&R Summary Budget
Exhibit A-3	Typical Level 3 T&R Budget
Exhibit A-4	Typical Level 2 T&R Budget
Exhibit A-5	Typical Level 1 T&R Budget
Exhibit A-6	Monitor & Support Budget

<b>Exhibit A-1</b>	
<b>Stantec Consulting Evergreen Contract Hourly Labor Rate Table September 21, 2016</b>	
<b>Labor Category</b>	<b>Hourly Rate</b>
Principal	\$ 117.00
Project Manager	\$ 95.00
Senior Engineer	\$ 80.00
Engineer	\$ 65.00
Junior Engineer	\$ 45.00
Entry Level Engineer	\$ 35.00
FAR Overhead	Current Rate
Profit	10.0%

Note: Rates subject to escalation from time to time.

<b>Exhibit A-2</b>	
<b>Stantec Consulting Evergreen Contract T&amp;R Summary Budget September 21, 2016</b>	
<b>Task</b>	
Level 3 T&R (2 Projects)	\$ 2,080,000
Level 2 T&R (1 Project)	\$ 420,000
Level 1 T&R (2 Projects)	\$ 162,000
Monitor & Support	\$ 338,000
<b>Total</b>	<b>\$ 3,000,000</b>

**EXHIBIT A-3**  
**Stantec Consulting Typical Level 3 T & R Budget September 21, 2016 (2 Projects)**

Task Description	Principal		WI Project Manager	SK & AH Senior Engineer	MK Engineer	TC Junior Engineer	Entry Level Engineer	Total Hours	Total Direct Labor	Total Labor Cost
Task 1	8		40	40	20	20	20	148	\$10,836	\$33,073
Task 2	8		80	300	100	200	150	838	\$53,286	\$162,638
Task 3	8		16	16	16	16	16	88	\$6,056	\$18,484
Task 4	16		80	500	200	250	250	1296	\$82,472	\$251,719
Task 5	8		40	40	20	20	20	148	\$10,836	\$33,073
Task 6	16		80	340	120	200	170	926	\$59,422	\$181,366
Task 7	16		120	300	100	200	150	886	\$58,022	\$177,093
Task 8	16		80	240	80	120	120	656	\$43,472	\$132,684
Task 9	40		120	120	60	200	120	660	\$42,780	\$130,572
Task 10	40		120	120	40	100	60	480	\$34,880	\$106,460
Task 11	40		120	120	40	100	60	480	\$34,880	\$106,460
Task 12	40		120	220	80	110	80	650	\$46,630	\$142,323
Task 13	40		120	120	40	60	60	440	\$33,080	\$100,965
<b>Total Hours</b>	<b>296</b>		<b>1136</b>	<b>2476</b>	<b>916</b>	<b>1596</b>	<b>1276</b>	<b>7696</b>	<b>\$516,652</b>	<b>\$1,576,910</b>
Labor Rate			\$95.00	\$80.00	\$65.00	\$45.00	\$35.00			
Total Direct Labor	\$117.00		\$107,920	\$198,080	\$59,540	\$71,820	\$44,660			
Multiplier (FAR 177.47%, fee 10.0%)	3.052		3.052	3.052	3.052	3.052	3.052			
<b>Total Labor Cost</b>	<b>\$105,703</b>		<b>\$329,390</b>	<b>\$604,574</b>	<b>\$181,726</b>	<b>\$219,207</b>	<b>\$136,310</b>			<b>\$1,576,910</b>
Direct Expenses										\$53,090
<b>Total Stantec Effort</b>										<b>\$1,630,000</b>
<b>Demographic Update</b>										
Subconsultant Bomba										\$150,000
<b>Stated Preference Survey</b>										
Subconsultant RSG										\$150,000
<b>Supplemental Traffic Counts</b>										
Subconsultant TBD										\$150,000
<b>Total All Work</b>										<b>\$2,080,000</b>

**EXHIBIT A-4**

**Stantec Consulting Typical Level 2 T & R Budget September 21, 2016 (1 Project)**

Task Description	Principal	Project Manager	Senior Engineer	Engineer	Junior Engineer	Entry Level Engineer	Total Hours	Total Direct Labor	Total Labor Cost
			Engineer	Engineer	Engineer	Engineer		Labor	Cost
Task 1 Project Definition (Alignment, access, lanes, tolls)	2	24	20	10	20	10	86	\$6,014	\$18,356
Task 2 Update Model Inputs	4	24	40	40	80	40	228	\$13,548	\$41,351
Task 3 Establish Screenlines	2	8	16	8	12	8	54	\$3,614	\$11,031
Task 4 Model Validation	4	20	160	80	120	40	424	\$27,168	\$82,921
Task 5 Modeling Runs (3 model yrs, 4 scenarios)	4	40	80	40	80	40	284	\$18,268	\$55,757
Task 6 Analysis of Results	8	60	60	40	60	60	288	\$18,836	\$57,491
Task 7 Sensitivities	8	60	60	20	40	40	228	\$15,936	\$48,639
Task 8 Documentation & Meetings	16	60	60	20	50	20	226	\$16,622	\$50,733
<b>Total Hours</b>	<b>48</b>	<b>296</b>	<b>496</b>	<b>258</b>	<b>462</b>	<b>258</b>	<b>1818</b>	<b>\$120,006</b>	<b>\$366,279</b>
Labor Rate	\$117.00	\$95.00	\$80.00	\$65.00	\$45.00	\$35.00			
Total Direct Labor	\$5,616	\$28,120	\$39,680	\$16,770	\$20,790	\$9,030			
Multiplier (FAR 177.47%, fee 10.0%)	3.052	3.052	3.052	3.052	3.052	3.052			
<b>Total Labor Cost</b>	<b>\$17,141</b>	<b>\$85,827</b>	<b>\$121,110</b>	<b>\$51,185</b>	<b>\$63,455</b>	<b>\$27,561</b>			<b>\$366,279</b>
<b>Direct Expenses</b>									<b>\$3,721</b>
<b>Total Stantec Effort</b>									<b>\$370,000</b>
<b>Demographic Update</b>									
Subconsultant Efforts									
Subconsultant -- Bomba									\$25,000
<b>Supplemental Traffic Counts</b>									
Subconsultant TBD									\$25,000
<b>Total All Work</b>									<b>\$420,000</b>

**EXHIBIT A-5**  
**Stantec Consulting Typical Level 1 T & R Budget September 21, 2016 (2 Projects)**

Task Description	Principal	Project Manager	Senior Engineer	Engineer	Junior Engineer	Entry Level Engineer	Total Hours	Total Direct Labor	Total Labor Cost
			Engineer	Engineer	Engineer	Engineer	Hours	Labor	Cost
Task 1 Project Definition (Alignment, access, lanes, tolls)	2	20	20	8	16	8	74	\$5,254	\$16,036
Task 2 Update Model Inputs	2	20	40	16	40	16	134	\$8,734	\$26,658
Task 3 Establish Screenlines	2	8	8	8	8	8	42	\$2,794	\$8,528
Task 4 Modeling Runs (3 model yrs; 4 scenarios)	4	20	40	16	40	16	136	\$8,968	\$27,372
Task 5 Analysis of Results	4	20	40	16	40	16	136	\$8,968	\$27,372
Task 6 Sensitivities	4	20	30	16	40	16	126	\$8,168	\$24,930
Task 7 Documentation	4	20	20	8	20	8	80	\$5,668	\$17,300
<b>Total Hours</b>	<b>22</b>	<b>128</b>	<b>198</b>	<b>88</b>	<b>204</b>	<b>88</b>	<b>728</b>	<b>\$48,554</b>	<b>\$148,195</b>
Labor Rate									
Total Direct Labor	\$117.00	\$95.00	\$80.00	\$65.00	\$45.00	\$35.00			
Multiplier (FAR 177.47%, fee 10.0%)	\$2,574	\$12,160	\$15,840	\$5,720	\$9,180	\$3,080			
<b>Total Labor Cost</b>	<b>3,052</b>	<b>3,052</b>	<b>3,052</b>	<b>3,052</b>	<b>3,052</b>	<b>3,052</b>			
<b>Direct Expenses</b>	<b>\$7,856</b>	<b>\$37,114</b>	<b>\$48,346</b>	<b>\$17,458</b>	<b>\$28,019</b>	<b>\$9,401</b>			<b>\$148,195</b>
<b>Total Stantec Effort</b>									<b>\$805</b>
<b>Total Stantec Effort</b>									<b>\$149,000</b>
<b>Miscellaneous Support</b>									
<b>Subconsultant Efforts</b>									
<b>Subconsultant -- TBD</b>									<b>\$13,000</b>
<b>Total All Work</b>									<b>\$162,000</b>

**EXHIBIT A-6**

**Stantec Consulting Monitor & Support Budget September 21, 2016**

Task Description	Principal	Project Manager	Senior Engineer	Engineer	Junior Engineer	Entry Level Engineer	Total Hours	Total Direct Labor	Total Labor Cost
Task 1 Monitor Daily & Monthly Traffic & Revenue Reports	4	40	40	40	40	40	204	\$13,268	\$40,496
Task 2 Sketch Level Studies	4	40	80	40	40	40	244	\$16,468	\$50,263
Task 3 Toll Schedule Evaluation	4	40	40	40	40	40	204	\$13,268	\$40,496
Task 4 Simulation Studies	4	40	80	80	80	40	324	\$20,868	\$63,693
Task 5 Miscellaneous Support	4	120	140	140	100	40	544	\$38,068	\$116,190
<b>Total Hours</b>	<b>20</b>	<b>280</b>	<b>380</b>	<b>340</b>	<b>300</b>	<b>200</b>	<b>1520</b>	<b>\$101,940</b>	<b>\$311,138</b>
Labor Rate	\$117.00	\$95.00	\$80.00	\$65.00	\$45.00	\$35.00			
Total Direct Labor	\$2,340	\$26,600	\$30,400	\$22,100	\$13,500	\$7,000			
Multiplier (FAR 177.47%, fee 10.0%)	-3,052	3,052	-3,052	3,052	-3,052	3,052			
<b>Total Labor Cost</b>	<b>\$7,142</b>	<b>\$81,188</b>	<b>\$92,786</b>	<b>\$67,453</b>	<b>\$41,204</b>	<b>\$21,365</b>			
<b>Direct Expenses</b>									<b>\$311,138</b>
<b>Total Stantec Effort</b>									<b>\$1,862</b>
<b>Total Stantec Effort</b>									<b>\$313,000</b>
<b>Miscellaneous Support</b>									
<b>Subconsultant Efforts</b>									
<b>Miscellaneous Support</b>									
<b>Subconsultant - TBD</b>									<b>\$25,000</b>
<b>Total All Work</b>									<b>\$338,000</b>

Summary List of Stantec T&R Assignments -- 9/21/16			
Project	Task	Schedule	Comments
290E DC's: Sensitivities	T&R Results	By 9/23	With & W/O SH 130 widening
	1 Page Summary	By 9/27	
PBM Surcharge Options	T&R Model Output	By 9/30	Test range of values (1.33 to 2.00 for 2015 and 2020)
	Summary Memo	By 10/4	
Oakhill Parkway: Level 1 Study	T&R Results	By 10/28	At-grade & DC options
	Summary Memo	By 11/11	
290E DC's: Level 3 Study	Data Collection	Oct./Nov. '16	Check TxDOT cost sharing
	SED Update	Oct. '16 to Jan. '17	Check TxDOT & CAMPO cost sharing
	T&R Report	Spring 2017	
183A Phase 3: Level 3 Study	Data Collection	Spring 2017	Update traffic after MIP opening
	T&R Report	Fall 2017	



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

**RESOLUTION NO. 16-077**

**ACCEPT THE FINANCIAL STATEMENTS FOR AUGUST 2016**

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

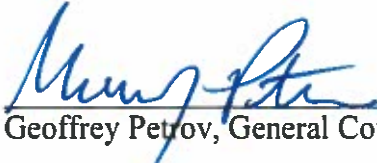
WHEREAS, the Board has adopted policies and procedures intended to provide strong fiscal oversight and which authorize the Executive Director, working with the Mobility Authority's Chief Financial Officer, to review invoices, approve disbursements, and prepare and maintain accurate financial records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

WHEREAS, the Executive Director, working with the Chief Financial Officer, has reviewed and authorized the disbursements necessary for the month of August 2016, and has caused Financial Statements to be prepared and attached to this resolution as Exhibit A.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors accepts the Financial Statements for August 2016, attached as Exhibit A.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September 2016.

Submitted and reviewed by:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

Approved:

  
\_\_\_\_\_  
Ray A. Wilkerson  
Chairman, Board of Directors

**Exhibit A**

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

Account Name	Budget Amount FY 2017	Actual Year to Date 8/31/2016	Percent of Budget	Actual PY to Date 8/31/2015
<b>Revenue</b>				
<b>Operating Revenue</b>				
Toll Revenue-TxTag-183A	26,352,946	4,951,627	18.79%	4,598,756
Toll Revenue-HCTRA-183A	2,306,626	477,485	20.70%	402,968
Toll Revenue-NTTA-183A	3,869,188	789,601	20.41%	598,725
Toll Revenue-TxTag-MoPac ML	1,724,750	-	-	-
Toll Revenue-TxTag-Manor	9,013,151	1,636,161	18.15%	1,503,880
Toll Revenue-HCTRA Manor	1,685,258	360,022	21.36%	313,190
Toll Revenue-NTTA-Manor	599,367	116,622	19.46%	91,174
Toll Revenue-TxTag-71E	1,003,750	-	-	-
Video Tolls 183A	11,476,562	1,696,394	14.78%	1,269,167
Video Tolls Manor Expressway	4,553,481	594,482	13.06%	490,158
Fee Revenue 183A	4,581,141	635,076	13.86%	465,056
Fee Revenue Manor Expressway	2,295,839	295,232	12.86%	224,485
<b>Total Operating Revenue</b>	<b>69,462,060</b>	<b>11,552,703</b>	<b>16.63%</b>	<b>9,957,559</b>
Other Revenue				
Interest Income	250,000	97,233	38.89%	58,985
Grant Revenue	700,000	3,014,788	430.68%	746,003
Reimbursed Expenditures	1,555,396	50,553	3.25%	2,849
<b>Total Other Revenue</b>	<b>2,505,396</b>	<b>3,162,573</b>	<b>126.23%</b>	<b>807,838</b>
<b>Total Revenue</b>	<b>\$ 71,967,456</b>	<b>\$ 14,715,276</b>	<b>20.45%</b>	<b>10,765,396</b>

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

Account Name	Budget Amount FY 2017	Actual Year to Date 8/31/2016	Percent of Budget	Actual PY to Date 8/31/2015
<b>Expenses</b>				
<b>Salaries and Wages</b>				
Salary Expense-Regular	2,967,036	466,773	15.73%	382,168
Salary Reserve	80,000	-	-	-
TCDRS	415,385	66,097	15.91%	54,118
FICA	128,873	21,336	16.56%	18,457
FICA MED	45,627	6,764	14.82%	5,561
Health Insurance Expense	332,091	72,050	21.70%	43,820
Life Insurance Expense	14,167	692	4.89%	640
Auto Allowance Expense	10,200	1,700	16.67%	1,700
Other Benefits	269,785	15,077	5.59%	16,557
Unemployment Taxes	15,463	-	-	6
<b>Total Salaries and Wages</b>	<b>4,278,627</b>	<b>650,490</b>	<b>15.20%</b>	<b>523,028</b>

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

Account Name	Budget Amount FY 2017	Actual Year to Date 8/31/2016	Percent of Budget	Actual PY to Date 8/31/2015
<b>Administrative</b>				
<b>Administrative and Office Expenses</b>				
Accounting	20,000	1,275	6.37%	2,036
Auditing	74,000	-	-	-
Human Resources	30,000	1,656	5.52%	387
IT Services	88,000	10,782	12.25%	1,926
Internet	1,700	365	21.46%	312
Software Licenses	55,725	14,636	26.26%	2,276
Cell Phones	14,542	1,597	10.98%	1,182
Local Telephone Service	12,000	2,542	21.18%	1,213
Overnight Delivery Services	850	5	0.62%	71
Local Delivery Services	1,050	-	-	-
Copy Machine	12,000	2,643	22.03%	2,944
Repair & Maintenance-General	1,000	-	-	-
Meeting Facilities	1,000	-	-	-
Community Meeting/ Events	2,000	-	-	-
Meeting Expense	15,250	1,256	8.24%	451
Public Notices	2,000	-	-	-
Toll Tag Expense	1,900	210	11.05%	45
Parking	3,600	173	4.80%	550
Mileage Reimbursement	11,200	329	2.94%	839
Insurance Expense	150,000	23,843	15.90%	15,420
Rent Expense	558,000	65,524	11.74%	63,013
Legal Services	525,000	25	-	32,109
<b>Total Administrative and Office Expenses</b>	<b>1,580,817</b>	<b>126,861</b>	<b>8.03%</b>	<b>124,773</b>
<b>Office Supplies</b>				
Books & Publications	6,150	-	-	114
Office Supplies	21,000	3,699	17.62%	838
Computer Supplies	17,000	2,146	12.62%	4,352
Copy Supplies	2,500	62	2.47%	423
Other Reports-Printing	10,000	430	4.30%	-
Office Supplies-Printed	2,700	-	-	-
Misc Materials & Supplies	3,750	982	26.17%	25
Postage Expense	5,850	93	1.60%	66
<b>Total Office Supplies</b>	<b>68,950</b>	<b>7,412</b>	<b>10.75%</b>	<b>5,818</b>

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

Account Name	Budget Amount FY 2017	Actual Year to Date 8/31/2016	Percent of Budget	Actual PY to Date 8/31/2015
<b>Communications and Public Relations</b>				
Graphic Design Services	75,000	-	-	-
Website Maintenance	140,000	280	0.20%	-
Research Services	105,000	-	-	-
Communications and Marketing	469,900	-	-	-
Advertising Expense	336,500	6,900	2.05%	2,464
Direct Mail	10,000	-	-	-
Video Production	35,000	8,820	25.20%	-
Photography	10,000	-	-	-
Radio	10,000	-	-	-
Other Public Relations	125,000	-	-	-
Promotional Items	10,000	-	-	-
Displays	5,000	-	-	-
Annual Report printing	5,000	-	-	-
Direct Mail Printing	11,300	-	-	-
Other Communication Expenses	1,000	513	51.28%	215
<b>Total Communications and Public Relations</b>	<b>1,348,700</b>	<b>16,513</b>	<b>1.22%</b>	<b>2,679</b>
<b>Employee Development</b>				
Subscriptions	3,300	275	8.35%	-
Memberships	50,750	2,724	5.37%	3,384
Continuing Education	11,750	-	-	-
Professional Development	6,700	-	-	123
Other Licenses	1,250	-	-	390
Seminars and Conferences	44,000	5,329	12.11%	1,375
Travel	88,000	13,476	15.31%	13,529
<b>Total Employee Development</b>	<b>205,750</b>	<b>21,804</b>	<b>10.60%</b>	<b>18,801</b>

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

Account Name	Budget Amount FY 2017	Actual Year to Date 8/31/2016	Percent of Budget	Actual PY to Date 8/31/2015
<b>Financing and Banking Fees</b>				
Trustee Fees	15,000	-	-	-
Bank Fee Expense	8,000	999	12.49%	1,049
Continuing Disclosure	10,000	-	-	-
Arbitrage Rebate Calculation	8,000	-	-	-
Rating Agency Expense	30,000	15,000	50.00%	14,000
<b>Total Financing and Banking Fees</b>	<b>71,000</b>	<b>15,999</b>	<b>22.53%</b>	<b>15,049</b>
<b>Total Administrative</b>	<b>3,275,217</b>	<b>188,589</b>	<b>5.76%</b>	<b>167,119</b>
<b>Operations and Maintenance</b>				
<b>Operations and Maintenance Consulting</b>				
GEC-Trust Indenture Support	165,000	-	-	-
GEC-Financial Planning Support	10,500	-	-	-
GEC-Toll Ops Support	45,000	-	-	-
GEC-Roadway Ops Support	331,667	-	-	-
GEC-Technology Support	40,000	-	-	-
GEC-Public Information Support	30,000	-	-	-
GEC-General Support	1,176,000	-	-	-
General System Consultant	70,000	190	0.27%	24,864
Traffic and Revenue Consultant	80,000	19,807	24.76%	22,452
<b>Total Ops and Mtce Consulting</b>	<b>1,948,167</b>	<b>19,997</b>	<b>1.03%</b>	<b>47,316</b>
<b>Road Operations and Maintenance</b>				
Roadway Maintenance	4,871,600	279,869	5.74%	818
Landscape Maintenance	5,000	-	-	-
Signal & Illumination Maint	20,000	-	-	-
Maintenance Supplies-Roadway	45,000	367	0.81%	31,570
Tools & Equipment Expense	750	-	-	-
Gasoline	6,000	947	15.78%	125
Repair & Maintenance-Vehicles	1,500	266	17.75%	20
Electricity - Roadways	180,000	19,379	10.77%	12,784
<b>Total Road Operations and Maintenance</b>	<b>5,129,850</b>	<b>300,828</b>	<b>5.86%</b>	<b>45,317</b>

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

Account Name	Budget Amount FY 2017	Actual Year to Date 8/31/2016	Percent of Budget	Actual PY to Date 8/31/2015
<b>Toll Processing and Collection Expense</b>				
Image Processing	2,300,000	216,350	9.41%	305,749
Tag Collection Fees	3,240,000	355,779	10.98%	277,517
Court Enforcement Costs	40,000	3,300	8.25%	2,300
DMV Lookup Fees	5,000	36	0.73%	423
<b>Total Toll Processing and Collections</b>	<b>5,585,000</b>	<b>575,465</b>	<b>10.30%</b>	<b>585,988</b>
<b>Toll Operations Expense</b>				
Generator Maintenance	-	-	-	1,850
Generator Fuel	6,000	19	0.32%	-
Fire and Burglar Alarm	500	-	-	-
Elevator Maintenance	3,000	-	-	-
Refuse	1,200	229	19.06%	70
Pest Control	1,600	-	-	-
Custodial	2,500	-	-	250
Telecommunications	90,000	13,267	14.74%	14,594
Water	10,500	3,023	28.79%	-
Electricity	1,200	70	5.83%	-
ETC spare parts expense	1,600	-	-	-
Repair & Maintenance Toll Equip	275,000	-	-	-
Law Enforcement	273,182	22,857	8.37%	21,316
ETC Maintenance Contract	1,755,098	-	-	113,775
ETC Toll Management Center System Operation	49,098	-	-	-
ETC Testing	10,000	-	-	-
<b>Total Toll Operations</b>	<b>2,480,478</b>	<b>39,465</b>	<b>1.59%</b>	<b>151,855</b>
<b>Total Operations and Maintenance</b>	<b>15,143,495</b>	<b>935,755</b>	<b>6.18%</b>	<b>830,477</b>
<b>Other Expenses</b>				
<b>Special Projects and Contingencies</b>				
HERO	700,000	198	0.03%	-
Special Projects	125,000	12,027	9.62%	118,833
Other Contractual Svcs	105,000	4,000	3.81%	4,000
Contingency	300,000	-	-	2,059
<b>Total Special Projects and Contingencies</b>	<b>1,230,000</b>	<b>16,225</b>	<b>1.32%</b>	<b>124,892</b>



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

Account Name	Budget Amount FY 2017	Actual Year to Date 8/31/2016	Percent of Budget	Actual PY to Date 8/31/2015
<b>Non Cash Expenses</b>				
Amortization Expense	383,230	63,872	16.67%	63,872
Amort Expense - Refund Savings	1,027,860	171,753	16.71%	171,310
Dep Exp- Furniture & Fixtures	2,207	368	16.67%	-
Dep Expense - Equipment	9,692	2,143	22.12%	842
Dep Expense - Autos & Trucks	6,406	1,068	16.67%	575
Dep Expense-Buildng & Toll Fac	177,115	29,519	16.67%	29,519
Dep Expense-Highways & Bridges	22,012,091	2,911,869	13.23%	2,808,644
Dep Expense-Communic Equip	196,115	32,686	16.67%	32,686
Dep Expense-Toll Equipment	2,756,238	459,373	16.67%	458,798
Dep Expense - Signs	325,893	54,316	16.67%	54,316
Dep Expense-Land Improvemts	884,934	147,489	16.67%	147,489
Depreciation Expense-Computers	16,203	2,701	16.67%	2,808
<b>Total Non Cash Expenses</b>	<b>27,797,984</b>	<b>3,877,156</b>	<b>13.95%</b>	<b>3,770,859</b>
<b>Total Other Expenses</b>	<b>29,027,984</b>	<b>3,893,381</b>	<b>13.41%</b>	<b>3,895,751</b>
<b>Non Operating Expenses</b>				
<b>Non Operating Expense</b>				
Bond issuance expense	200,000	970,621	485.31%	35,585
Interest Expense	42,813,675	5,363,567	12.53%	6,998,453
Community Initiatives	100,000	5,000	5.00%	-
<b>Total Non Operating Expense</b>	<b>43,113,675</b>	<b>6,339,189</b>	<b>14.70%</b>	<b>7,034,038</b>
<b>Total Expenses</b>	<b>\$ 94,838,998</b>	<b>\$ 12,007,404</b>	<b>12.66%</b>	<b>\$ 12,450,412</b>
<b>Net Income</b>	<b>\$ (22,871,542)</b>	<b>\$ 2,707,873</b>		<b>\$ (1,685,016)</b>

## Central Texas Regional Mobility Authority

### Balance Sheet

	as of 8/31/2016	as of 8/31/2015
	<b>Assets</b>	
<b>Current Assets</b>		
<b>Cash</b>		
Regions Operating Account	\$ 753,203	\$ 590,770
Cash In TexSTAR	683,155	681,269
Regions Payroll Account	171,124	132,612
<b>Restricted Cash</b>		
Fidelity Govt MMA	248,556,922	236,347,174
Restricted Cash-TexStar	71,120,275	6,719,846
Overpayments account	140,376	102,371
<b>Total Cash and Cash Equivalents</b>	321,425,055	244,574,043
<b>Accounts Receivable</b>		
Accounts Receivable	14,485	17,717
Due From Other Agencies	6,717,549	-
Due From TTA	836,931	692,042
Due From NTTA	427,015	320,618
Due From HCTRA	837,780	348,820
Due From TxDOT	82,995,791	8,447,078
Interest Receivable	619,195	107,566
<b>Total Receivables</b>	92,448,745	9,933,841
<b>Short Term Investments</b>		
Agencies	204,826,635	31,229,784
<b>Total Short Term Investments</b>	204,826,635	31,229,784
<b>Total Current Assets</b>	618,700,435	285,737,668
<b>Total Construction In Progress</b>	343,692,867	141,597,096
<b>Fixed Assets (Net of Depreciation)</b>		
Computers	37,571	53,773
Computer Software	1,084,076	1,449,205
Furniture and Fixtures	14,716	-
Equipment	10,836	2,530
Autos and Trucks	19,753	-
Buildings and Toll Facilities	5,438,134	5,626,142
Highways and Bridges	610,825,948	612,125,124
Communication Equipment	185,736	362,438
Toll Equipment	16,797,322	19,517,621
Signs	11,202,040	11,527,933
Land Improvements	11,361,384	12,246,318
Right of Way	86,849,829	86,838,919
Leasehold Improvements	158,774	176,876
<b>Total Fixed Assets</b>	743,986,119	749,926,879
<b>Other Assets</b>		
Intangible Assets-Net	103,186,941	12,729,113
2005 Bond Insurance Costs	4,679,389	4,892,897
Prepaid Insurance	11,340	7,710
Deferred Outflows (pension related)	780,064	-
Pension Asset	202,023	-
<b>Total Other Assets</b>	108,859,757	17,629,721
<b>Total Assets</b>	<b>\$ 1,815,239,178</b>	<b>\$ 1,194,891,364</b>

## Central Texas Regional Mobility Authority

### Balance Sheet

	as of 8/31/2016	as of 8/31/2015
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 514,889	\$ 1,198,900
Construction Payable-Maha Loop	690,734	3,723,457
Overpayments	142,690	104,381
Interest Payable	8,864,683	6,639,246
Due to Other Funds	-	-
TCDRS Payable	50,414	36,892
Medical Reimbursement Payable	(2,060)	-
Deferred Compensation Payable	(8,961)	-
Due to Other Entities	681,636	706,517
<b>Total Current Liabilities</b>	10,934,026	12,409,393
<b>Long Term Liabilities</b>		
Compensated Absences	138,927	189,089
Deferred Inflows (pension related)	172,017	-
<b>Total Long Term Payables</b>	310,944	189,089
<b>Bonds Payable</b>		
Senior Lien Revenue Bonds:		
Senior Lien Revenue Bonds 2010	65,263,877	112,379,320
Senior Lien Revenue Bonds 2011	13,708,203	308,820,341
Senior Refunding Bonds 2013	147,880,000	182,555,000
Senior Lien Revenue Bonds 2015	298,790,000	-
Senior Lien Put Bnd 2015	68,785,000	-
Senior Lien Refunding Revenue Bonds 2016	358,030,000	-
Sn Lien Rev Bnd Prem/Disc 2010	-	46,403
Sn Lien Rev Bnd Prem/Disc 2011	-	(3,384,308)
Sn Lien Rev Bnd Prem/Disc 2013	11,704,472	13,817,843
Sn Lien Revenue Bnd Prem 2015	22,970,941	-
Sn Lien Put Bnd Prem 2015	7,142,214	-
Senior lien premium 2016 revenue bonds	59,618,091	-
<b>Total Senior Lien Revenue Bonds</b>	1,053,892,798	614,234,599
Sub Lien Revenue Bonds:		
Subordinated Lien Bond 2011	-	70,000,000
Sub Refunding Bnds 2013	102,030,000	102,530,000
Sub Debt Refunding Bonds 2016	74,690,000	-
Sub Lien Bond 2011 Prem/Disc	-	(1,772,711)
Sub Refunding 2013 Prem/Disc	2,732,654	3,220,002
Sub Refunding 2016 Prem/Disc	10,754,028	-
<b>Tot Sub Lien Revenue Bonds</b>	190,206,681	173,977,292
<b>Other Obligations</b>		
TIFIA Note 2015	51,394	-
SIB Loan 2015	19,751,432	-
State Highway Fund Loan 2015	19,751,432	-
2011 Regions Draw Down Note	-	1,221,439
2013 American Bank Loan	5,300,000	5,300,000
<b>Total Other Obligations</b>	44,854,257	6,521,439
<b>Total Long Term Liabilities</b>	1,289,264,681	794,922,419
<b>Total Liabilities</b>	1,300,198,707	807,331,812
<b>Net Assets</b>		
Contributed Capital	35,847,060	35,847,060
Net Assets Beginning	476,485,538	353,268,910
Current Year Operations	2,707,873	(1,556,418)
<b>Total Net Assets</b>	515,040,471	387,559,553
<b>Total Liabilities and Net Assets</b>	\$ 1,815,239,178	\$ 1,194,891,364

**Central Texas Regional Mobility Authority**  
**Statement of Cash Flows - FY 2016 - Unaudited**  
as of August 31, 2016

**Cash flows from operating activities:**

Receipts from toll fees	\$ 10,610,137
Receipts from other fees	50,553
Payments to vendors	(2,454,756)
Payments to employees	(661,935)
Net cash flows provided by (used in) operating activities	<u>7,543,999</u>

**Cash flows from capital and related financing activities:**

Proceeds from notespayable	28,100,170
Refunding of Bonds	(9,204,694)
Receipts from Department of Transportation	2,609,012
Payments on interest	(17,076,379)
Acquisition of capital assets	(25,535)
Acquisitions of construction in progress	(32,587,410)
Net cash flows provided by (used in) capital and related financing activities	<u>(28,184,837)</u>

**Cash flows from investing activities:**

Interest income	222,218
Purchase of investments	(67,192,717)
Proceeds from sale or maturity of investments	14,082,409
Net cash flows provided by (used in) investing activities	<u>(52,888,090)</u>

Net increase (decrease) in cash and cash equivalents (73,528,929)

Cash and cash equivalents at beginning of period	<u>323,150,553</u>
Cash and cash equivalents at end of June	<u>\$ 249,621,624</u>

**Reconciliation of change in net assets to net cash provided by operating activities:**

Operating income	<u>\$ 6,106,794</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,705,403
Changes in assets and liabilities:	
Decrease in accounts receivable	(942,566)
(Increase) decrease in prepaid expenses and other assets	96,262
(Increase) in non-cash revenue (due from other agencies)	
(Decrease) increase in accounts payable	(1,327,720)
Increase (decrease) in accrued expenses	(94,175)
Total adjustments	<u>1,437,205</u>
Net cash flows provided by (used in) operating activities	<u>\$ 7,543,999</u>

**Reconciliation of cash and cash equivalents:**

Unrestricted cash and cash equivalents	\$ 1,064,702
Restricted cash and cash equivalents	248,556,922
Total	<u>\$ 249,621,624</u>

**INVESTMENTS by FUND**

		Balance August 31, 2016		
Renewal & Replacement Fund				
TexSTAR	503,742.44		TexSTAR	71,803,430.13
Regions Sweep	188,286.34		CD's	-
Agencies		692,028.78	Regions Sweep	248,172,277.71
TxDOT Grant Fund			Agencies	204,826,246.55
TexSTAR	4,083,482.13			
Regions Sweep	5,459,522.80			
CD's				
Agencies		9,543,004.93		
Senior Debt Service Reserve Fund				
TexSTAR	10,594,552.88			
Regions Sweep	17,589,492.84			
Agencies	51,467,913.84	79,651,959.56		
Senior Debt Service Reserve 2015				
Regions Sweep	-	-		
2010 Senior Lien DSF				
Regions Sweep	634,696.94			
TexSTAR	-	634,696.94		
2011 Debt Service Acct				
Regions Sweep	749,924.90	749,924.90		
2013 Sr Debt Service Acct				
Regions Sweep	6,474,059.74	6,474,059.74		
2013 Sub Debt Service Account				
Regions Sweep	1,100,782.91	6,102,044.68		
TexSTAR	5,001,261.77			
2015 Sr Capitalized Interest				
Regions Sweep	68,030,187.92	68,030,187.92		
2015A Debt Service Account				
Regions Sweep	3.30	3.30		
2015B Debt Service Account				
Regions Sweep	573,511.53	573,511.53		
2016 Sr Lien Rev Refunding Cost of Issuance				
Regions Sweep	52,609.62	52,609.62		
2016 Sr Lien Rev Refunding Debt Service Account				
Regions Sweep	8,723,497.76	8,723,497.76		
2016 Sub Lien Rev Refunding Cost of Issuance				
Regions Sweep	78,934.22	78,934.22		
2016 Sub Lien Rev Refunding Bond Proceeds Clearing Fund				
Regions Sweep	-	-		
2016 Sub Lien Rev Refunding Debt Service Account				
Regions Sweep	1,331,727.13	1,331,727.13		
2016 Sub Lien Rev Refunding DSR				
Regions Sweep	6,626,388.72	6,626,388.72		
2011 Sub Debt DSRF				
Regions Sweep	-	-		
CD's				
2011 Sub DSF				
Regions Sweep	-	-		
Operating Fund				
TexSTAR	683,155.23			
TexSTAR-Trustee	1,459,705.03			
Regions Sweep	-	2,142,860.26		
Revenue Fund				
Regions Sweep	1,764,162.66	1,764,162.66		
General Fund				
TexSTAR	25,007,228.07			
Regions Sweep	9,632,804.22			
Agencies	4,413,860.00	39,053,892.29		
2013 Sub Debt Service Reserve Fund				
Regions Sweep	3,467,492.74			
Agencies		3,467,492.74		
MoPac Construction Fund				
Regions Sweep	52,038,029.00	52,038,029.00		
2011 Sub Debt Project fund				
TexSTAR	4,185,038.54			
Agencies				
Regions Sweep	4,079,319.07	8,264,357.61		
2015B Project Account				
Regions Sweep	19,733,803.86			
Agencies	20,256,014.43	39,989,818.29		
2015A Project Account				
TexSTAR	5,281,478.84			
Regions Sweep	26,250.00			
Agencies	128,688,458.28	133,996,187.12		
2015 TIFIA Project Account				
Regions Sweep	50,198.27	50,198.27		
2015 State Highway Fund Project Account				
Regions Sweep	17,873,265.56	17,873,265.56		
2015 SIB Project Account				
Regions Sweep	3,788,477.29	3,788,477.29		
2011 Sr Financial Assistance Fund				
Regions Sweep	11,928,708.25	26,932,493.45		
TexSTAR	15,003,785.20			
2011 Senior Lien Project Fund				
Regions Sweep	27.39			
Agencies		27.39		
Developer Deposits				
Regions Sweep	280,056.32	280,056.32		
45SW Trust Account Hays County				
Regions Sweep	76,725.32	76,725.32		
45SW Trust Account Travis County				
Regions Sweep	5,819,331.09	5,819,331.09		
		\$ 524,801,954.39		

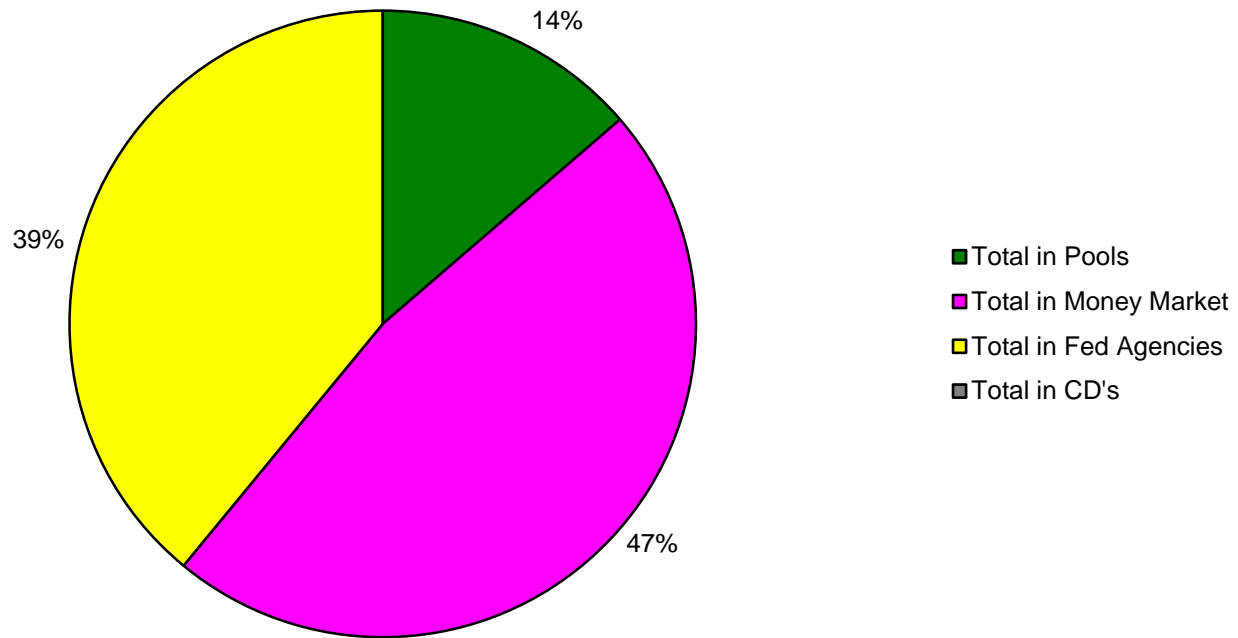
CTRMA INVESTMENT REPORT

	Month Ending 8/31/16					Rate August	
	Balance 6/1/2016	Additions	Discount Amortization	Accrued Interest	Withdrawals		Balance 8/31/2016
<b>Amount in Trustee TexStar</b>							
2011 Sub Lien Construction Fund	4,183,620.67			1,417.87		4,185,038.54	0.399%
2011 Sr Lien Financial Assist Fund	0.00	15,000,000.00		3,785.20		15,003,785.20	0.399%
2013 Sub Lien Debt Service Reserve General Fund	0.00	5,000,000.00		1,261.77		5,001,261.77	0.399%
Trustee Operating Fund	53.78	25,000,000.00		7,174.29		25,007,228.07	0.399%
Renewal and Replacement	1,809,649.03	1,649,501.66		554.34	2,000,000.00	1,459,705.03	0.399%
TxDOT Grant Fund	503,571.79			170.65		503,742.44	0.399%
Senior Lien Debt Service Reserve Fund	82,444.82	4,000,000.00		1,037.31		4,083,482.13	0.399%
2015A Sr Ln Project Subaccount	591,828.87	10,000,000.00		2,724.01		10,594,552.88	0.399%
	10,258,465.52			3,148.55	4,980,135.23	5,281,478.84	
	17,429,634.48	60,649,501.66		21,273.99	6,980,135.23	71,120,274.90	
<b>Amount in TexStar Operating Fund</b>	682,918.42	2,000,000.00		236.81	2,000,000.00	683,155.23	0.399%
<b>Regions Sweep Money Market Fund</b>							
Operating Fund	0.00	1,649,500.00		1.66	1,649,501.66	0.00	0.110%
45SW Trust Account Travis County	6,092,435.78			600.50	273,705.19	5,819,331.09	0.110%
45SW Trust Account Hays County	76,717.86			7.46		76,725.32	0.110%
2015A Project Account	4,856,534.26	5,091,385.23		525.86	9,922,195.35	26,250.00	0.110%
2015B Project Account	19,731,884.73			1,919.13		19,733,803.86	0.110%
2015D State Highway Fund Project Acct	10,655,287.13	7,276,500.00		1,039.69	59,561.26	17,873,265.56	0.110%
2015C TIFIA Project Account	50,193.39			4.88		50,198.27	0.110%
2015E SIB Project Account	6,810,362.51	7,276,500.00		662.38	10,299,047.60	3,788,477.29	0.110%
2011 Sub Lien Project Acct	6,455,457.67			628.78	2,376,767.38	4,079,319.07	0.110%
2011 Senior Lien Project Acct	27.39					27.39	0.110%
Developer Deposits	100,046.59	180,000.00		9.73		280,056.32	0.110%
2011 Sr Financial Assistance Fund	26,926,089.41			2,618.84	15,000,000.00	11,928,708.25	0.110%
2010 Senior DSF	634,635.22			61.72		634,696.94	0.110%
2011 Senior Lien Debt Service Acct	749,851.97			72.93		749,924.90	0.110%
2011 Sub Debt Service Fund	1,328,057.68			119.64	1,328,177.32	0.00	0.110%
2013 Senior Lien Debt Service Acct	5,769,107.19	709,470.24		560.87	5,078.56	6,474,059.74	0.110%
2013 Subordinate Debt Service Acct	675,733.44	425,003.31		46.16		1,100,782.91	0.110%
2015 Sr Capitalized Interest	68,023,571.93			6,615.99		68,030,187.92	0.110%
2015A Debt Service Acct	3.30					3.30	0.110%
2015B Debt Service Acct	286,964.76	286,532.05		14.72		573,511.53	0.110%
2016 Sr Lien Rev Refunding Cost of Issuance	66,121.46			6.43	13,518.27	52,609.62	0.110%
2016 Sr Lien Rev Refunding Debt Service Account	8,722,649.39			848.37		8,723,497.76	0.110%
2016 Sub Lien Rev Refunding Cost of Issuance	0.00	680,045.49			601,111.27	78,934.22	0.110%
2016 Sub Lien Rev Refunding Bond Proceeds Clearing Fund	0.00	85,116,518.13			85,116,518.13	0.00	0.110%
2016 Sub Lien Rev Refunding Debt Service Account	0.00	1,331,727.13				1,331,727.13	0.110%
2016 Sub Lein Rev Refunding DSR	0.00	6,626,388.72				6,626,388.72	0.110%
TxDOT Grant Fund	9,458,602.85			919.95	4,000,000.00	5,459,522.80	0.110%
Renewal and Replacement	188,268.03			18.31		188,286.34	0.110%
Revenue Fund	2,515,964.50	9,562,218.37		273.86	10,314,294.07	1,764,162.66	0.110%
General Fund	31,410,414.02	8,191,267.48		2,860.93	29,971,738.21	9,632,804.22	0.110%
2011 Sub Debt Service Reserve Fund	7,072,173.75			687.84	7,072,861.59	0.00	0.110%
Senior Lien Debt Service Reserve Fund	25,052,062.04	2,535,000.00		2,430.80	10,000,000.00	17,589,492.84	0.110%
2013 Sub Debt Service Reserve Fund	8,466,669.27			823.47	5,000,000.00	3,467,492.74	0.110%
MoPac Managed Lane Construction Fund	54,372,103.94			5,765.60	2,339,840.54	52,038,029.00	0.110%
	306,547,991.46	136,938,056.15	0.00	30,146.50	195,343,916.40	248,172,277.71	
<b>Amount in Fed Agencies and Treasuries</b>							
Amortized Principal	207,373,834.51		(47,587.96)			204,826,246.55	
	207,373,834.51	0.00	(47,587.96)	0.00	2,500,000.00	204,826,246.55	
<b>Certificates of Deposit</b>						0.00	
Total in Pools	18,112,552.90	62,649,501.66		21,510.80	8,980,135.23	71,803,430.13	
Total in Money Market	306,547,991.46	136,938,056.15		30,146.50	195,343,916.40	248,172,277.71	
Total in Fed Agencies	207,373,834.51		(47,587.96)		2,500,000.00	204,826,246.55	
<b>Total Invested</b>	532,034,378.87	199,587,557.81	(47,587.96)	51,657.30	206,824,051.63	524,801,954.39	

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

William Chapman, CFO

## Allocation of Funds



Amount of investments As of August 31, 2016

Agency	CUSIP #	COST	Book Value	Market Value	Yield to Maturity	Purchased	Matures	FUND
Farmer Mac	31315PV55	2,501,200.00	2,500,300.00	2,502,025.00	0.7751%	3/11/2015	2/23/2017	Senior DSRF
Federal Farm Credit	3133ECA79	4,959,250.00	4,978,493.06	4,996,050.00	1.2155%	3/11/2015	3/19/2018	Senior DSRF
Northeast Texas ISD	659155HX6	2,534,600.00	MATURED	MATURED	0.6010%	8/3/2015	8/1/2016	Senior DSRF
Federal Farm Credit	3133EE4K3	24,928,346.00	24,957,623.98	24,993,500.00	0.7200%	1/13/2016	7/21/2017	Senior DSRF
Federal Farm Credit	3133EFSG3	10,057,749.23	10,043,311.88	10,033,400.00	0.8421%	2/8/2016	3/14/2018	2015B Sr Project
Federal Home loan Bank	313378QK0	10,253,642.07	10,212,702.55	10,212,900.00	1.0369%	2/8/2016	3/8/2019	2015B Sr Project
Federal Home loan Bank	3030A3J70	5,001,836.28	5,000,581.92	17,009,690.00	0.5781%	2/9/2016	11/23/2016	2015A Sr Project
Federal Home loan Bank	3030A3J70	12,005,994.72	12,001,498.68		0.5580%	2/23/2016	11/23/2016	2015A Sr Project
Freddie Mac	3137EADF3	16,124,658.17	16,068,271.21	16,075,520.00	0.6259%	2/9/2016	11/23/2016	2015A Sr Project
Freddie Mac	3134G4Z84	9,850,343.91	9,833,994.30	9,835,770.00	0.8097%	2/18/2016	10/10/2017	2015A Sr Project
Federal Farm Credit	3133ECKC7	8,000,866.72	8,000,459.62	8,001,120.00	0.6400%	2/23/2016	3/28/2017	2015A Sr Project
Federal Home loan Bank	3130A2T97	8,270,315.03	8,270,052.55	8,271,157.80	0.4922%	3/30/2016	9/28/2016	2015A Sr Project
Federal Home loan Bank	3030A62S5	6,984,310.89	6,989,221.22	7,004,060.00	0.9053%	3/14/2016	8/28/2017	2015A Sr Project
Fannie MAE	3035G0GY3	8,037,563.20	8,017,830.63	8,025,120.00	0.7122%	3/14/2016	1/30/2017	2015A Sr Project
Fannie MAE	3135G0JA2	8,031,624.00	8,018,833.15	8,027,360.00	0.9023%	3/14/2016	4/27/2017	2015A Sr Project
Federal Home loan Bank	303370S22	14,536,023.18	14,440,682.12	14,472,870.00	0.9023%	3/7/2016	9/8/2017	2015A Sr Project
Federal Home loan Bank	3030A5QL6	8,000,900.56	8,000,562.85	8,010,000.00	0.7913%	3/4/2016	6/30/2017	2015A Sr Project
Freddie Mac	3137EADT3	8,013,462.84	8,006,810.61	8,013,440.00	0.6999%	3/4/2016	2/22/2017	2015A Sr Project
Federal Home loan Bank	313379FW4	8,027,415.64	8,017,294.91	8,020,400.00	0.7098%	3/30/2016	6/9/2017	2015A Sr Project
Federal Home loan Bank	3030A6SW8	10,039,900.00	10,031,500.00	10,027,300.00	0.7616%	4/11/2016	12/19/2016	Senior DSRF
Federal Home loan Bank	3030A6SW8	4,417,556.00	4,413,860.00	4,412,012.00	0.7616%	4/11/2016	12/19/2016	General
Federal Home loan Bank	313371PV2	8,058,893.21	8,022,364.51	8,026,400.00	0.4985%	4/12/2016	12/9/2016	2015A Sr Project
Federal Home loan Bank	3130A7T62	8,999,994.24	8,999,996.80	9,000,000.00	0.5501%	4/18/2016	1/18/2017	Senior DSRF
		207,636,445.89	204,826,246.55	204,970,094.80				

Agency	CUSIP #	COST	Cumulative			Interest Income		
			Amortization	8/31/2016 Book Value	Maturity Value	Accrued Interest	Amortization	August 31, 2016 Interest Earned
Farmer Mac	31315PV55	2,501,200.00	900.00	2,500,300.00	2,500,000.00	1,666.67	(50.00)	1,616.67
Federal Farm Credit	3133ECA79	4,959,250.00	(19,243.06)	4,978,493.06	5,000,000.00	3,916.67	1,131.94	5,048.61
Northeast Texas ISD	659155HX6	2,534,600.00	34,600.00	MATURED	2,500,000.00		MATURED	
Federal Farm Credit	3133EE4K3	24,928,346.00	(29,277.98)	24,957,623.98	25,000,000.00	15,000.00	3,852.37	18,852.37
Federal Farm Credit	3133EFSG3	10,057,749.23	14,437.35	10,043,311.88	10,000,000.00	9,166.67	(2,279.58)	6,887.09
Federal Home loan Bank	313378QK0	10,253,642.07	40,939.52	10,212,702.55	10,000,000.00	15,625.00	(6,861.37)	8,763.63
Federal Home loan Bank	3030A3J70	5,001,836.28	1,254.36	5,000,581.92	5,000,000.00	2,604.17	(193.97)	2,410.20
Federal Home loan Bank	3030A3J70	12,005,994.72	4,496.04	12,001,498.68	12,000,000.00	6,250.00	(499.56)	5,750.44
Freddie Mac	3137EADF3	16,124,658.17	56,386.96	16,068,271.21	16,000,000.00	16,666.67	(7,585.69)	9,080.98
Freddie Mac	3134G4Z84	9,850,343.91	16,349.61	9,833,994.30	9,800,000.00	9,187.50	(2,428.16)	6,759.34
Federal Farm Credit	3133ECKC7	8,000,866.72	407.10	8,000,459.62	8,000,000.00	4,333.33	(65.66)	4,267.67
Federal Home loan Bank	3130A2T97	8,270,315.03	262.48	8,270,052.55	8,270,000.00	3,445.83	(52.50)	3,393.33
Federal Home loan Bank	3030A62S5	6,984,310.89	(4,910.33)	6,989,221.22	7,000,000.00	4,375.00	818.39	5,193.39
Fannie MAE	3035G0GY3	8,037,563.20	19,732.57	8,017,830.63	8,000,000.00	8,333.33	(3,566.13)	4,767.20
Fannie MAE	3135G0JA2	8,031,624.00	12,790.85	8,018,833.15	8,000,000.00	7,500.00	(2,354.14)	5,145.86
Federal Home loan Bank	303370S22	14,536,023.18	95,341.06	14,440,682.12	14,250,000.00	26,718.75	(15,890.18)	10,828.57
Federal Home loan Bank	3030A5QL6	8,000,900.56	337.71	8,000,562.85	8,000,000.00	5,333.33	(56.28)	5,277.05
Freddie Mac	3137EADT3	8,013,462.84	6,652.23	8,006,810.61	8,000,000.00	5,833.33	(1,160.27)	4,673.06
Federal Home loan Bank	313379FW4	8,027,415.64	10,120.73	8,017,294.91	8,000,000.00	6,666.67	(1,921.66)	4,745.01
Federal Home loan Bank	3030A6SW8	10,039,900.00	8,400.00	10,031,500.00	10,000,000.00	8,333.33	(1,968.75)	6,364.58
Federal Home loan Bank	3030A6SW8	4,417,556.00	3,696.00	4,413,860.00	4,400,000.00	3,666.67	(866.25)	2,800.42
Federal Home loan Bank	313371PV2	8,058,893.21	36,528.70	8,022,364.51	8,000,000.00	10,833.33	(5,591.13)	5,242.20
Federal Home loan Bank	3130A7T62	8,999,994.24	(2.56)	8,999,996.80	9,000,000.00	4,125.00	0.64	4,125.64
		207,636,445.89	310,199.34	204,826,246.55	206,720,000.00	179,581.25	(47,587.96)	131,993.31



August 31, 2016

Certificates of Deposit Outstanding

Bank	CUSIP #	COST	Yield to Maturity	Purchased	Matures	August 31, 2016 Interest	FUND
		- <u>                    </u>				\$ - <u>                    </u>	

Travis County Escrow account					
Balance		Accrued		Balance	
6/1/2016	Additions	Interest	Withdrawals	8/31/2016	
\$ 403,253.95		\$ 39.70	\$ 18,649.04	\$ 384,644.61	



## Monthly Newsletter - August 2016

### Performance

#### As of August 31, 2016

Current Invested Balance	\$5,436,604,745.94
Weighted Average Maturity (1)	38 Days
Weighted Average Maturity (2)	113 Days
Net Asset Value	1.000263
Total Number of Participants	817
Management Fee on Invested Balance	0.05%*
Interest Distributed	\$2,097,709.21
Management Fee Collected	\$233,032.59
% of Portfolio Invested Beyond 1 Year	9.76%
Standard & Poor's Current Rating	AAAm

#### August Averages

Average Invested Balance	\$5,502,659,385.24
Average Monthly Yield, on a simple basis	0.3990%
Average Weighted Average Maturity (1)*	39 Days
Average Weighted Average Maturity (2)*	114 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:

- ★ Agua Special Utility District
- ★ City of Hudson Oaks
- ★ Normangee ISD
- ★ Somerville ISD

### Holiday Reminder

In observance of **Columbus Day**, TexSTAR will be closed on **Monday, October 10, 2016**. All ACH transactions initiated on Friday, October 7th, will settle on Tuesday October 11th. Please plan accordingly for your liquidity needs.

### Audit Confirmations

Please provide our new address to your auditors for any audit confirmations they may send to TexSTAR regarding your account.  
**TexSTAR Participant Services, 1201 Elm Street, Suite 3500, Dallas, Texas 75270**

### Economic Commentary

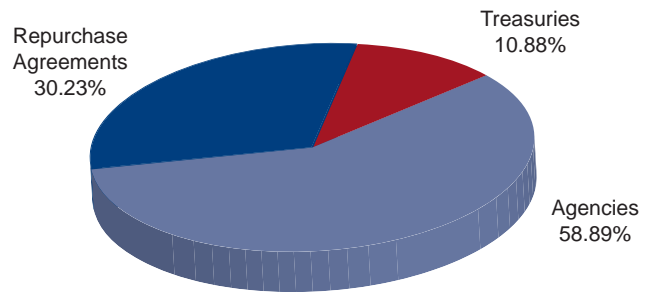
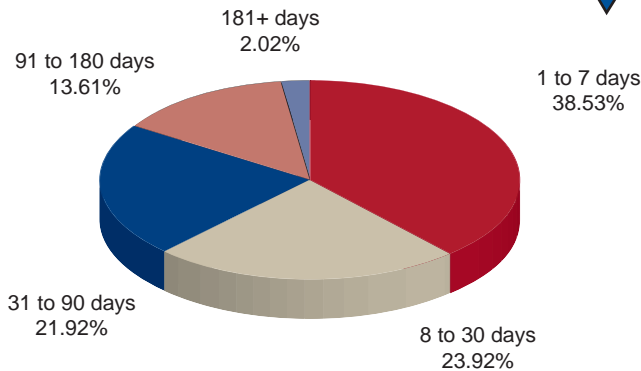
In August, global equity markets generally outperformed government bonds and credit spreads continued to tighten. The Fed attempted to adjust market expectations about a rate hike this year by noting that the case for raising rates has "strengthened" in recent months at the annual Jackson Hole symposium. The fed funds probability of a hike in September rose from 20% before the speech to 36% at month end. LIBOR rates have been steadily rising for the last several months, with three-month LIBOR rising 8 bps in August to 0.84% and 19 bps since the end of June. While historically such a rapid rise would signal credit stress, today's higher LIBOR reflect a change in the investment strategy of prime money market funds due to the new SEC Rule 2a-7 effective October 14th. Managers of prime funds have shortened the maturity of credits they purchase to prepare for flows out of their funds as a result of the new rules, taking away the largest investor in credit money market securities, and forcing issuers to issue at higher yields to entice new buyers. In terms of the timing for the next federal funds rate increase, the Fed has signaled a cautious approach to tightening which is focused more heavily on risk management. The Fed will wait for a clear path to raise rates in which the US economic data as well as financial markets conditions allow them to make a move. With US economic data more mixed in August, the Fed will need to see a steady string of positive US economic data accompanied by financial conditions which are not too restrictive to confirm even the possibility of an additional rate hike. The most anticipated forecast is for one rate hike during 2016 at the December FOMC.

This information is an excerpt from an economic report dated August 2016 provided to TexSTAR by JP Morgan Asset Management, Inc., the investment manager of the TexSTAR pool.

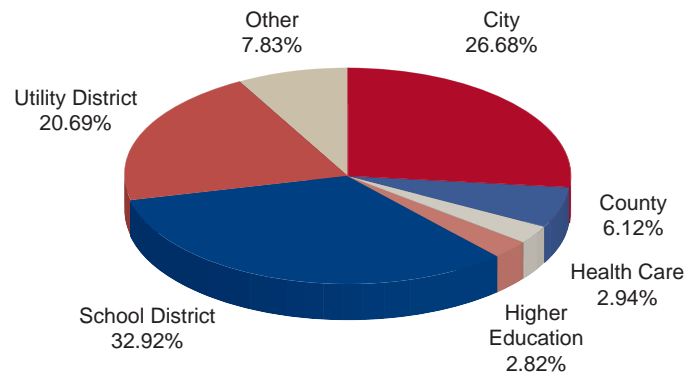
**For more information about TexSTAR, please visit our web site at [www.texstar.org](http://www.texstar.org).**

# Information at a Glance

## Portfolio by Type of Investment As of August 31, 2016



## Portfolio by Maturity As of August 31, 2016



## Distribution of Participants by Type As of August 31, 2016

# Historical Program Information

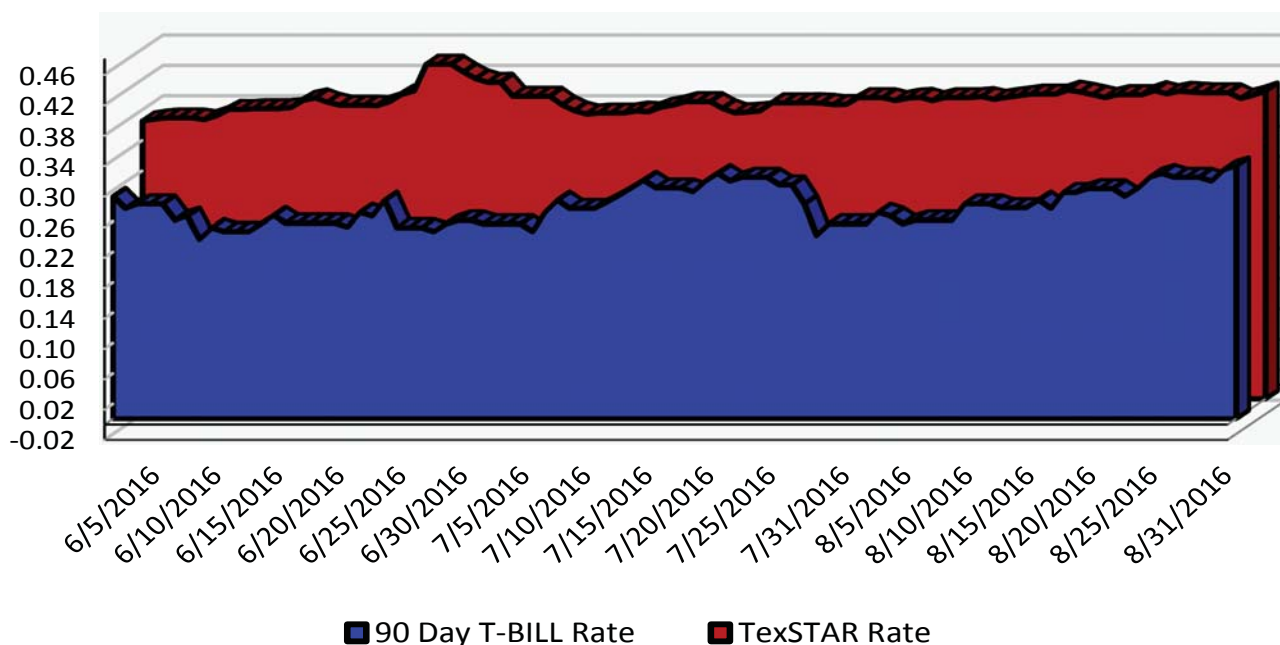
Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Aug 16	0.3990%	\$5,436,604,745.94	\$5,438,039,955.56	1.000263	39	114	817
Jul 16	0.3861%	5,602,432,939.56	5,603,475,110.87	1.000186	46	113	813
Jun 16	0.3927%	5,286,667,625.92	5,287,554,140.45	1.000167	47	111	810
May 16	0.3664%	5,716,887,504.32	5,717,379,585.85	1.000086	48	111	807
Apr 16	0.3696%	5,540,251,067.80	5,541,072,494.98	1.000144	46	106	805
Mar 16	0.3450%	5,594,793,523.15	5,595,290,113.49	1.000088	45	86	803
Feb 16	0.3147%	6,329,887,983.78	6,330,019,653.99	1.000020	46	85	797
Jan 16	0.2713%	5,856,455,946.61	5,856,245,669.97	0.999964	41	79	797
Dec 15	0.1868%	5,077,006,074.74	5,076,619,261.50	0.999915	45	75	797
Nov 15	0.1155%	4,985,405,721.88	4,985,138,368.79	0.999946	48	80	797
Oct 15	0.1099%	5,137,746,592.55	5,138,104,083.30	1.000066	45	72	796
Sep 15	0.0994%	5,171,964,839.33	5,172,390,234.79	1.000082	46	62	796

# Portfolio Asset Summary as of August 31, 2016

	Book Value	Market Value
Uninvested Balance	\$ (432.77)	\$ (432.77)
Accrual of Interest Income	2,931,626.71	2,931,626.71
Interest and Management Fees Payable	(2,133,051.15)	(2,133,051.15)
Payable for Investment Purchased	0.00	0.00
Repurchase Agreement	1,643,074,999.70	1,643,074,999.70
Government Securities	3,792,731,603.45	3,794,166,813.07
<b>Total</b>	<b>\$ 5,436,604,745.94</b>	<b>\$ 5,438,039,955.56</b>

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 may 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 2016

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	TexSTAR Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
8/1/2016	0.3919%	0.000010736	\$5,666,870,706.37	1.000188	40	114
8/2/2016	0.3951%	0.000010824	\$5,663,618,740.75	1.000178	41	114
8/3/2016	0.3962%	0.000010856	\$5,692,203,282.80	1.000204	41	114
8/4/2016	0.3918%	0.000010733	\$5,658,718,211.41	1.000208	40	114
8/5/2016	0.3958%	0.000010845	\$5,593,358,976.16	1.000244	39	113
8/6/2016	0.3958%	0.000010845	\$5,593,358,976.16	1.000244	39	113
8/7/2016	0.3958%	0.000010845	\$5,593,358,976.16	1.000244	39	113
8/8/2016	0.3972%	0.000010882	\$5,540,249,462.66	1.000258	39	113
8/9/2016	0.3935%	0.000010781	\$5,623,152,348.73	1.000259	39	112
8/10/2016	0.3961%	0.000010851	\$5,569,118,514.66	1.000283	39	115
8/11/2016	0.3982%	0.000010910	\$5,558,869,288.08	1.000275	38	112
8/12/2016	0.4004%	0.000010971	\$5,558,924,460.98	1.000270	38	113
8/13/2016	0.4004%	0.000010971	\$5,558,924,460.98	1.000270	38	113
8/14/2016	0.4004%	0.000010971	\$5,558,924,460.98	1.000270	38	113
8/15/2016	0.4057%	0.000011114	\$5,511,607,484.79	1.000267	38	113
8/16/2016	0.4031%	0.000011044	\$5,526,858,814.17	1.000265	37	112
8/17/2016	0.3996%	0.000010947	\$5,487,497,001.50	1.000266	37	112
8/18/2016	0.3959%	0.000010846	\$5,505,503,451.48	1.000271	39	113
8/19/2016	0.3997%	0.000010950	\$5,433,173,011.53	1.000268	41	118
8/20/2016	0.3997%	0.000010950	\$5,433,173,011.53	1.000268	41	118
8/21/2016	0.3997%	0.000010950	\$5,433,173,011.53	1.000268	41	118
8/22/2016	0.4050%	0.000011097	\$5,382,822,631.14	1.000263	41	118
8/23/2016	0.4009%	0.000010984	\$5,293,086,926.56	1.000269	41	119
8/24/2016	0.4042%	0.000011075	\$5,325,056,924.09	1.000260	40	118
8/25/2016	0.4031%	0.000011045	\$5,373,159,531.37	1.000251	39	116
8/26/2016	0.4022%	0.000011019	\$5,429,389,659.06	1.000243	39	115
8/27/2016	0.4022%	0.000011019	\$5,429,389,659.06	1.000243	39	115
8/28/2016	0.4022%	0.000011019	\$5,429,389,659.06	1.000243	39	115
8/29/2016	0.3948%	0.000010817	\$5,407,386,694.49	1.000245	39	114
8/30/2016	0.3990%	0.000010931	\$5,315,517,858.17	1.000252	40	116
8/31/2016	0.4045%	0.000011082	\$5,436,604,745.94	1.000263	38	113
Average	0.3990%	0.000010933	\$5,502,659,385.24		39	114

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>Kenneth Huewitt</i>	<i>Houston ISD</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>Eric Cannon</i>	<i>City of Allen</i>	<i>Advisory Board</i>
<i>Nicole Conley</i>	<i>Austin ISD</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>Becky Brooks</i>	<i>Government Resource Associates, LLC</i>	<i>Advisory Board</i>

**For more information contact TexSTAR Participant Services ★ 1-800-TEX-STAR ★ [www.texstar.org](http://www.texstar.org)**



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

RESOLUTION 16-078

AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCIAL ASSISTANCE AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION; AUTHORIZING THE EXECUTION AND DELIVERY OF A STATE HIGHWAY FUND LOAN AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE; AND ENACTING OTHER PROVISIONS RELATED THERETO

WHEREAS, the Central Texas Regional Mobility Authority (the "Authority") has been created and organized pursuant to and in accordance with the provisions of Chapter 361, Texas Transportation Code, and operates pursuant to the Constitution and laws of the State, including, particularly, Chapter 370, Texas Transportation Code, as amended (the "Act"), for the purposes of constructing, maintaining and operating transportation projects in Travis and Williamson Counties, Texas; and

WHEREAS, pursuant to the Act and other applicable laws, the Authority is authorized to: (i) study, evaluate, design, finance, acquire, construct, maintain, repair and operate transportation projects (as defined in the Act), individually or as a system (as defined in the Act); and (ii) issue bonds, certificates, notes or other obligations payable from the revenues of a transportation project or system, including tolls, fees, fares or other charges, to pay all or part of the cost of a transportation project and to refund any bonds previously issued for a transportation project; and (iii) impose tolls, fees, fares or other charges for the use of each of its transportation projects and the different parts or sections of each of its transportation projects; (iv) enter into the SHF Loan Agreement (as defined herein) for the purposes provided herein; and (v) enter into a Financial Assistance Agreement (as defined herein) for the purposes provided herein; and

WHEREAS, pursuant to the authority granted in the Act and other applicable laws, the Authority has determined to enter into the SHF Loan Agreement for the purpose of financing a portion of the Project Costs (as defined in the SHF Loan Agreement) of the SH 45 SW Project (as more fully described in the SHF Loan Agreement, the "Project"); and

WHEREAS, pursuant to Resolution No. 15-009 ("Resolution No. 15-009"), approved by the Board of Directors (the "Board") of the Authority on January 28, 2015, the CTRMA filed with the Texas Department of Transportation ("TxDOT"), an application for financial assistance in the form of a loan to finance a portion of the Project Costs related to the design, development and construction of the Project; and

WHEREAS, under the terms of the SHF Loan Agreement, repayment of the Loan will be secured by the issuance and delivery by the Authority of a promissory note (the "Note") and by a pledge of and first lien on revenues of the Project; and

WHEREAS, an agreement entitled "SHF Loan Agreement" (the "SHF Loan Agreement") has been submitted to the Board for approval; and

WHEREAS, the Board has determined to approve the borrowing of \$60,000,000 by the Authority from TxDOT for the purposes herein specified, and to approve the form, terms and provisions of the SHF Loan Agreement and the Note and to authorize the execution and delivery thereof; and

WHEREAS, to provide additional security under the SHF Loan Agreement, the Authority has determined to enter into a Trust Indenture between the Authority and Regions Bank, as Trustee, relating to the Note, the SHF Loan Agreement and the Project; and

WHEREAS, an agreement entitled "Trust Indenture" (the "Trust Indenture") has been submitted to the Board for approval; and

WHEREAS, pursuant to the authority granted in the Act and other applicable laws, the Authority has determined to enter into the Financial Assistance Agreement for the purpose of providing for reimbursement by TxDOT of a portion of the cost of construction of the Project; and

WHEREAS, pursuant to Resolution No. 15-009 , the CTRMA filed with the TxDOT, an application for financial assistance in the form of a grant to finance a portion of the costs related to construction of the Project; and

WHEREAS, an agreement entitled "Financial Assistance Agreement" (the "Financial Assistance Agreement") has been submitted to the Board for approval; and

WHEREAS, the Board has determined to approve the receipt of a grant in an amount not to exceed \$28,920,000 from TxDOT for the purposes herein specified, and to approve the form, terms and provisions of the Financial Assistance Agreement and to authorize the execution and delivery thereof; and

WHEREAS, pursuant to Section 370.032 of the Act the exercise by the CTRMA of all powers related acquisition, design, financing construction, operation and maintenance of the Project is in furtherance of an essential government function of the state and the operation of the Project is a governmental function; and

WHEREAS, pursuant to Section 101.5 of the CTRMA's Policy Code the authority will not, by agreement or otherwise, waive or impinge upon its sovereign or governmental immunity, and in taking the actions authorized herein the Board does not authorize and does not in any way agree to any waiver of its sovereign or governmental immunity; and

WHEREAS, it is hereby found and determined that the meeting at which this Resolution is approved was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY THAT:

Section 1. Findings. The findings and determinations contained in the preambles hereof are hereby incorporated herein for all purposes as if set forth herein in their entirety.

Section 2. Approval of Borrowing. The Board hereby authorizes the borrowing by the Authority of \$60,000,000 from TxDOT for the purpose of financing a portion of the Project Costs relating to the design, development and construction of the Project.

Section 3. Approval of SHF Loan Agreement. The form, terms and provisions of the SHF Loan Agreement, evidencing the obligation of the Authority to repay the loan made pursuant thereto (the "Loan"), in the substantially final form presented at this meeting, are hereby approved, with such changes as may be approved by the officer executing such SHF Loan Agreement, such approval to be evidenced by the execution thereof. The Chair, Executive Director and Chief Financial Officer of the Authority are each hereby appointed to Act as an Authorized Representative under the SHF Loan Agreement and are each hereby authorized to (i) approve the final terms of the SHF Loan Agreement and the Note, and (ii) execute and deliver the SHF Loan Agreement and the Note.

Section 4. Approval of Trust Indenture. The form, terms and provisions of the Trust Indenture, evidencing the obligation of the Authority to repay the loan made pursuant thereto, in the substantially final form presented at this meeting, are hereby approved, with such changes as may be approved by the officer executing such Trust Indenture, such approval to be evidenced by the execution thereof. The Chair, Executive Director and Chief Financial Officer of the Authority are each hereby authorized to (i) approve the final terms of the Trust Indenture and (ii) execute and deliver the Trust Indenture.

Section 5. Approval of Financial Assistance Agreement. The form, terms and provisions of the Financial Assistance Agreement, evidencing the conditions under which the Authority will receive grant funds to reimburse a portion of the construction costs of the Project, in the substantially final form presented at this meeting, are hereby approved, with such changes as may be approved by the officer executing such Financial Assistance Agreement, such approval to be evidenced by the execution thereof. The Chair, Executive Director and Chief Financial Officer of the Authority are each hereby appointed to Act as an Authorized Representative under the Financial Assistance Agreement and are each hereby authorized to (i) approve the final terms of the Financial Assistance Agreement; and (ii) execute and deliver the Financial Assistance Agreement.

Section 6. Further Actions. The officers and staff of the Authority, and its professional consultants, are hereby authorized and directed to take any and all actions and to execute and deliver any and all instruments and documents, from time to time and on an ongoing basis, as may be necessary or desirable to carry out and effectuate the purposes of this Resolution, the SHF Loan Agreement, the Trust Indenture, and the Financial Assistance Agreement.



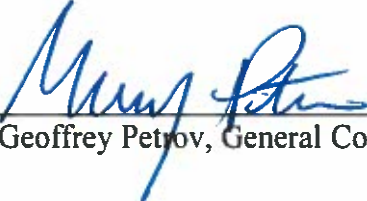
Section 7.   Ratifying Other Actions. All other actions taken or to be taken by the Executive Director, Chief Financial Officer and other officers and staff of the Authority in connection with (i) the Loan and the execution and delivery of the SHF Loan Agreement, the Note and the Trust Indenture, (ii) the execution and delivery of the Financial Assistance Agreement; and (iii) the request submitted by the Authority to TxDOT for the Project to be designated as part of the state highway system are hereby approved, ratified and confirmed.

Section 8.   Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Adopted by the Board of Directors of Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

Approved:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

  
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Ray A. Wilkerson  
Chairman, Board of Directors

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

**RESOLUTION NO. 16-079**

**AUTHORIZE NEGOTIATION AND EXECUTION OF THE PROJECT  
DEVELOPMENT, OPERATION AND MAINTENANCE AGREEMENT WITH THE  
TEXAS DEPARTMENT OF TRANSPORTATION FOR THE SH 45 SW PROJECT.**

WHEREAS, the Mobility Authority is developing the SH 45 SW Project and is currently discussing a project development agreement ("PDA") with the Texas Department of Transportation ("TXDOT") to establish the respective obligations of the Mobility Authority and TxDOT for the construction, operation, and maintenance of the SH 45 SW Project; and

WHEREAS, execution of a PDA with TxDOT is a requirement for the SH 45 SW Project; and

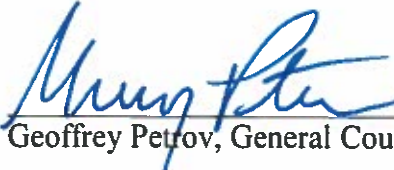
WHEREAS, the Executive Director recommends that the Board authorize him to complete negotiations, finalize and execute a PDA with TXDOT for the SH 45 SW Project.

NOW THEREFORE, BE IT RESOLVED, that the Board authorizes the Executive Director to negotiate, finalize and execute a project development agreement TxDOT for the SH 45 SW Project.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September, 2016.

Submitted and reviewed by:

Approved:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

  
\_\_\_\_\_  
Ray A. Wilkerson  
Chairman, Board of Directors

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

**RESOLUTION NO. 16-080**

**EXERCISING THE OPTION OF THE MOBILITY AUTHORITY UNDER  
STATE LAW TO DEVELOP, FINANCE, CONSTRUCT, AND OPERATE  
THE MANOR EXPRESSWAY (290E) PHASE III PROJECT**

WHEREAS, under Section 373.052, Transportation Code, the Central Texas Regional Mobility Authority ("Mobility Authority") has the first option to develop, finance, construct, and operate any new toll project located in the territory of the Mobility Authority, including Travis County; and

WHEREAS, subject to the SH130 Environmental Impact Statement and all other required approvals and requirements, the Mobility Authority intends to develop, finance, construct, and operate three (3) additional 290 East / SH130 direct connectors in order to improve safety and operations, as generally depicted in Exhibit A (the "Manor Expressway (290E) Phase III Project"); and

WHEREAS, the Mobility Authority supports the goal of improving mobility in the Central Texas region through development of the Manor Expressway (290E) Phase III Project; and

WHEREAS, the Executive Director recommends the Mobility Authority exercise its option under Section 373.052, Transportation Code, to develop, finance, construct, and operate the Manor Expressway (290E) Phase III Project.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors, as provided by the process and procedures of Chapter 373, Transportation Code, hereby exercises its option as a local toll project entity to develop, finance, construct, and operate the Manor Expressway (290E) Phase III Project; and


BE IT FURTHER RESOLVED, that the Executive Director is directed to communicate in writing the Mobility Authority's exercise of this option to the Texas Department of Transportation.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 28<sup>th</sup> day of September 2016.

Submitted and reviewed by:

  
\_\_\_\_\_  
Geoffrey Petrov, General Counsel

Approved:

  
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Ray A. Wilkerson  
Chairman, Board of Directors

**Exhibit A**

**PROJECT LOCATION MAP**



**AREA  
DETAIL**

**PROJECT LAYOUT**

