

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

RESOLUTION NO. 08-39

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

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


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

WHEREAS, the Executive Director, working with the Chief Financial Officer, has reviewed and authorized the disbursements necessary for the month of May 2008 and has caused a Financial Report to be prepared which is attached hereto as Attachment "A."

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors accepts the Financial Report for May 2008, attached hereto as Attachment "A."


Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 25th day of June 2008.

Submitted and reviewed by:



Tom Nielson
General Counsel for the Central
Texas Regional Mobility Authority

Approved:



Robert E. Tesch
Chairman, Board of Directors
Resolution Number 08-39
Date Passed 6/25/08

Central Texas Regional Mobility Authority
Income Statement
All Operating Departments

Revenue	Budget	Actual Year	Percent	Actual Year
	FY 2008	To Date 5/31/2008	Of Budget	To Date 5/31/2007
Toll Revenue-Cash-183A	1,800,000.00	1,559,548.39	86.64%	0.00
Toll Revenue-TxTag-183A	6,500,000.00	11,835,362.50	182.08%	0.00
Toll Revenue-HCTRA-183A	0.00	65,859.75		0.00
Toll Revenue-NTTA-183A	0.00	39,532.05		0.00
Interest Income	1,369,790.00	3,616,150.32	263.99%	430,712.67
Reimbursed Expenditures	20,060.00	43,016.34	214.44%	53,526.81
Gain/Loss on Sale of Asset	0.00	4,182.44		0.00
Total Revenue	9,689,850.00	17,163,651.79	177.13%	484,239.48

Expenditures	Budget	Actual Year	Percent	Actual Year
	FY 2008	To Date 5/31/2008	Of Budget	To Date 5/31/2007
Regular	1,431,950.00	1,154,539.57	80.63%	949,863.18
Part Time	20,000.00	2,524.51	12.62%	12,330.73
Overtime	7,000.00	157.41	2.25%	893.07
Contractual Employees	105,000.00	106,788.53	101.70%	135,209.02
TCDRS	181,533.00	145,449.32	80.12%	123,741.29
FICA	74,339.00	55,595.85	74.79%	46,305.79
FICA MED	21,591.00	16,516.60	76.50%	13,458.36
Health Insurance	134,542.00	116,177.74	86.35%	81,761.66
Life Insurance	1,697.00	4,129.21	243.32%	1,140.00
Auto Allowance	16,000.00	7,550.00	47.19%	6,700.00
Other Benefits	117,697.00	72,379.56	61.50%	28,657.65
Unemployment Taxes	855.00	1,571.00	183.74%	810.21
Total Salaries & Wages	2,112,204.00	1,683,379.30	79.70%	1,400,870.96

Contractual Services	Budget	Actual Year	Percent	Actual Year
	FY 2008	To Date 5/31/2008	Of Budget	To Date 5/31/2007
Professional Services				
Accounting	9,000.00	8,504.71	94.50%	6,164.66
Auditing	50,000.00	23,385.00	46.77%	16,247.50
General Engineering Consultant	445,000.00	0.00		0.00
General System Consultant	425,000.00	0.00		0.00
Toll Collection contract	1,879,111.00	1,086,156.99	57.80%	45,997.64
Toll collection mgt admi	131,460.00	0.00		0.00
CSC mgt admin	84,074.00	0.00		0.00
Facility maintenance	176,017.00	46,730.24	26.55%	0.00
Facility management	63,017.00	41,524.49	65.89%	0.00
Toll perform plan	35,106.00	0.00		0.00
Human Resources	30,000.00	20,945.90	69.82%	15,272.28
Legal	150,000.00	46,826.60	31.22%	71,491.97
Photography	15,000.00	18,235.00	121.57%	17,345.42
Traffic & Revenue Consultants	50,000.00	45,000.00	90.00%	0.00
Communications and Marketing	150,000.00	101,177.04	67.45%	95,709.53
Transcripts	1,000.00	0.00		0.00
Total Professional Services	3,693,785.00	1,438,485.97	38.94%	268,229.00

	Budget FY 2008	Actual Year To Date 5/31/2008	Percent Of Budget	Actual Year To Date 5/31/2007
Other Contractual Services				
IT Services	683,240.00	150,822.22	22.07%	5,672.99
Graphic Design Services	20,000.00	6,625.00	33.13%	3,250.00
Website Maintenance	20,000.00	17,773.45	88.87%	16,174.67
Research Services	45,000.00	34,465.00	76.59%	5.95
Copy Machine	13,000.00	8,219.34	63.23%	8,474.74
Software licenses	24,000.00	21,654.80	90.23%	21,033.80
ETC system Maintenance	1,177,800.00	1,143,940.00	97.13%	0.00
Advertising	56,000.00	24,387.96	43.55%	32,469.48
Direct Mail	20,000.00	0.00		17,134.25
Video Production	10,000.00	0.00		103,394.48
Television	20,000.00	0.00		180,396.64
Radio	50,000.00	9,985.00	19.97%	38,462.00
Other Public Relations	0.00	1,032.73		44,342.93
Law Enforcement	350,000.00	174,849.33	49.96%	33,015.80
Cell Phones	6,800.00	8,260.53	121.48%	4,276.74
Local	55,252.00	14,362.43	25.99%	9,331.64
Long Distance	2,000.00	574.03	28.70%	744.14
Internet	8,472.00	4,082.37	48.19%	3,366.00
Other Communication Expense	1,000.00	1,859.95	186.00%	546.95
Subscriptions	1,850.00	1,113.80	60.21%	1,906.90
Memberships	14,295.00	15,112.50	105.72%	11,179.85
Continuing Education	6,000.00	789.85	13.16%	2,689.95
Professional Development	22,000.00	337.00	1.53%	950.00
Seminars and Conferences	26,450.00	19,322.00	73.05%	21,490.00
Total Travel	70,500.00	41,450.02	58.79%	20,535.26
Other Contractual Svcs	0.00	1,277.90		7,367.63
Roadway maintenance contract	1,157,000.00	297,033.90	25.67%	0.00
Contractual Contingencies	66,000.00	40,473.43	61.32%	428.26
Total Other Contractual Services	3,926,659.00	2,039,804.54	51.95%	588,641.05
Total Contractual Expenses	7,620,444.00	3,478,290.51	45.64%	856,870.05

	Budget FY 2008	Actual Year To Date 5/31/2008	Percent Of Budget	Actual Year To Date 5/31/2007
Materials and Supplies				
Books & Publications	10,400.00	7,732.74	74.35%	2,399.84
Office Supplies	15,500.00	5,545.81	35.78%	7,861.97
Computer Supplies	15,500.00	3,187.00	20.56%	6,122.00
Copy Supplies	3,000.00	231.12	7.70%	0.00
Annual Report	20,000.00	16,080.19	80.40%	18,252.12
Other Reports-printed	50,500.00	25,528.63	50.55%	34,042.77
Direct Mail-printed	0.00	431.02		3,455.00
Office Supplies-printed	3,500.00	1,718.96	49.11%	4,539.78
Maintenance Supplies	100.00	15.21	15.21%	0.00
Promotional Items	10,000.00	199.34	1.99%	12,469.22
Displays	5,000.00	468.93	9.38%	12,703.42
Tools & Equipment	2,700.00	924.94	34.26%	1,188.67
Misc Materials & Supplies	3,500.00	6,513.66	186.10%	1,683.23
Total Materials & Supplies Exp	174,700.00	68,577.55	39.25%	104,718.02

	Budget FY 2008	Actual Year To Date 5/31/2008	Percent Of Budget	Actual Year To Date 5/31/2007
Operating Expenses				
Gasoline	10,000.00	3,430.65	34.31%	0.00
Mileage Reimbursement	7,850.00	6,267.75	79.84%	6,454.76
Parking	26,950.00	23,812.50	88.36%	21,607.37
Meeting Facilities	2,600.00	50.00	1.92%	5,000.00
Community Events	20,000.00	0.00		871.37
Meeting Expense	6,325.00	4,765.41	75.34%	2,706.47
Public Notices	2,300.00	3,261.14	141.79%	328.75
Postage	8,900.00	1,131.45	12.71%	1,701.73
Overnight Delivery Services	1,250.00	1,327.81	106.22%	164.08
Local Delivery Services	2,400.00	1,179.05	49.13%	1,666.98
Insurance	175,000.00	95,632.87	54.65%	28,402.77
Repair and Maintenance	0.00	368.50		0.00
Repair & Maintenance-Vehicles	2,000.00	272.28	13.61%	0.00
Repair and Maintenance Toll Equip	30,000.00	0.00		0.00
Rent	181,973.00	162,434.74	89.26%	167,519.03
Water	7,400.00	704.84	9.52%	0.00
Electricity	56,000.00	71,970.58	128.52%	6,354.62
Amortization Expense	34,808.00	933,544.24	2681.98%	31,742.15
Dep Exp- Furniture & Fixtures	4,000.00	15,976.21	399.41%	9,611.42
Dep Expense - Equipment	1,200.00	17,292.66	1441.06%	8,602.66
Dep Expense - Autos & Trucks	8,000.00	3,734.28	46.68%	0.00
Dep Expense-Buildng & Toll Fac	147,898.00	159,443.04	107.81%	0.00
Dep Expense-Highways & Bridges	5,429,806.00	4,453,188.21	82.01%	0.00
Dep Expense-Communic Equip	5,995.00	180,362.25	3008.54%	5,497.74
Dep Expense-Toll Equipment	918,771.00	418,456.22	45.55%	0.00
Dep Expense - Signs	120,436.00	120,534.25	100.08%	0.00
Dep Expense-Land Improvemts	733,880.00	39,149.51	5.33%	0.00
Depreciation Expense-Computers	33,000.00	329,659.53	998.97%	27,062.38
Recruitment	1,000.00	0.00		0.00
Misc Operating Expense	0.00	2,500.00		0.00
Community Initiative Grants	102,500.00	15,878.85	15.49%	114,492.00
Total Operating Expense	8,082,242.00	7,066,328.82	87.43%	441,510.04
Financing Expenses				
Arbitrage Rebate	3,500.00	0.00		3,500.00
Bond Issuance Expense	0.00	837,348.09		0.00
Loan Fees	12,000.00	11,000.00	91.67%	11,000.00
Bond Issuance Cost	25,000.00	25,000.00	100.00%	25,000.00
Trustee Fees	2,000.00	2,000.00	100.00%	4,849.99
Bank Fees	2,500.00	21,767.09	870.68%	1,105.99
Interest Expense	11,443,524.00	10,537,236.14	92.08%	0.00
Contingency	20,000.00	3,500.00	17.50%	0.00
Total Financing Expense	11,508,524.00	11,437,851.32	99.39%	45,455.98
Total Expenses	29,498,114.00	23,734,427.50	80.46%	2,849,425.05
Net Income	-19,808,264.00	-6,570,775.71		-2,365,185.57

**Central Texas Regional Mobility Authority
Balance Sheet**

As of

May 31, 2008

May 31, 2007

Assets

Current Assets

Cash in Operating Fund	37,908.58	31,198.28
Chase-Regions Trustee Account	3,467.00	6,228.16
Regions Trustee cash account	3,715.24	29,737.73
Cash In TexSTAR	3,761,478.22	7,731,054.73
Money Market Payroll Account	2,247.66	1,607.43
Fidelity Government MMA	10,717,157.78	135,139.91
Restricted Cash-TexStar	49,134,052.44	63,631,791.31
Total Cash Equivalents	63,614,936.10	71,499,593.38
Due From NTTA	19,870.65	0.00
Due From HCTRA	34,942.50	0.00
Interest Receivable	18,633.33	38,277.74
Total Receivables	73,446.48	38,277.74
Certificates of Deposit	500,383.75	
Agencies	1,008,070.00	4,960,608.87
Prepaid Insurance	56,857.68	19,836.89
Total Prepaid Expenses	56,857.68	19,836.89
Total Current Assets	65,298,784.83	76,585,481.05

Construction Work In Process

Utility Relocation Expense	7,296.44	61,460.46
Consulting-Admin Services	28,559.43	687,052.37
Consulting-Reimbursed Expenses	5,137.68	5,766.34
Environmental Fees	0.00	398,750.00
Funding Costs	39,204.26	30,000.00
Legal Fees-Construction	749,732.82	2,269,772.20
Traffic & Revenue Analysis	2,047,380.91	2,607,202.49
Unsuccessful Proposers	0.00	356,625.82
Engineering	2,707,515.77	4,096,252.56
Right of Way	152,635.34	18,612,108.29
Total Preliminary Costs	5,737,462.65	29,124,990.53
Public Involvement	145,914.59	390,310.48
CDA Oversight	81,311.22	7,685,915.46
Engineering	0.00	14,082,913.49
Total Construction Engineering	227,225.81	22,159,139.43
Design	0.00	30,669,172.41
Construction-CDA	0.00	135,159,327.99
Other Construction Costs	0.00	372,976.15
Total Construction Costs	0.00	166,201,476.55
Toll Collection System	35,764.03	7,521,218.12
Accrued Interest Income	0.00	(13,944,323.38)
Accrued Interest Expense	0.00	26,564,731.33
Amortization of Bond Premium	0.00	(3,568,266.53)
Amortization Bond Disc Invest	0.00	(320,294.48)
Total Accrued Interest	0.00	8,731,846.94
Amortization Bond Issue Costs	0.00	3,240,212.23
Total Construction WIP	6,000,452.49	236,978,883.80

Fixed Assets

Computers	1,202,456.72		115,571.52	
Accum Deprec-Computers	<u>(456,311.00)</u>	746,145.72	<u>(89,666.60)</u>	25,904.92
Computer Software	5,365,932.95		95,156.88	
Accumulated Amortization-Software	<u>(1,038,923.55)</u>	4,327,009.40	<u>(38,005.98)</u>	57,150.90
Furniture and Fixtures	98,195.95		59,232.16	
Accum Deprec-Furn & Fixtures	<u>(31,159.11)</u>	67,036.84	<u>(13,798.04)</u>	45,434.12
Equipment	76,177.93		28,777.93	
Accum Depec-Equipment	<u>(31,596.72)</u>	44,581.21	<u>(12,764.40)</u>	16,013.53
Autos and Trucks	16,295.00		0.00	
Accum Deprec-Autos and Trucks	<u>(3,734.28)</u>	12,560.72	<u>0.00</u>	0.00
Buildings and Toll Facilities	7,062,332.11		0.00	
Accum Deprec-Buildings & Toll	<u>(173,813.08)</u>	6,888,519.03	<u>0.00</u>	0.00
Highways and Bridges	196,747,086.38		0.00	
Accum Deprec-Highways & Bridge	<u>(4,849,667.81)</u>	191,897,418.57	<u>0.00</u>	0.00
Communication Equipment	1,938,955.13		30,743.13	
Accum Deprec-Comm Equip	<u>(205,197.69)</u>	1,733,757.44	<u>(8,432.82)</u>	22,310.31
Toll Equipment	4,587,114.80		0.00	
Accum Deprec-Toll Equip	<u>(456,122.82)</u>	4,130,991.98	<u>0.00</u>	0.00
Signs	5,274,462.60		0.00	
Accum Deprec-Signs	<u>(131,489.79)</u>	5,142,972.81	<u>0.00</u>	0.00
Land Improvements	957,685.00		0.00	
Accum Deprec-Land Improv	<u>(42,563.82)</u>	915,121.18	<u>0.00</u>	0.00
Right of Way		22,800,110.88		
Leasehold Improvements		41,845.17		47,005.53
Total Fixed Assets		238,748,070.95		213,819.31
Other Assets				
Security Deposits		9,483.30		8,643.30
Long Term Investments				
GIC		0.00		10,460,664.71
Other Assets				
Intangible Assets		650.00		650.00
2005 Bond Issuance Costs		8,732,177.15		9,690,156.93
Total Assets		318,789,618.72		333,938,299.10

Liabilities**Current Liabilities**

Accounts Payable		21,068.49		20,502.33
Interest Payable		3,439,437.20		4,764,510.88
Due to other Funds		17,409.48		0.00
TCDRS Payable		21,172.65		16,954.10
Due to State of Texas		(17.36)		0.00
Total Current Liabilities		3,499,070.46		4,801,967.31

Long Term Liabilities

Accrued Vac & Sick Leave Paybl		150,835.00		0.00
Retainage Payable		934,633.03		8,645,751.53
BANS 2005		0.00		66,000,000.00
Senior Lien Revenue Bonds 2005		170,114,368.18		169,325,456.18
Sn Lien Rev Bnd Prem/Disc 2005		5,296,852.00		6,289,940.02
TIFIA note 2008		67,329,300.00		0.00
Total Long Term Liabilities		243,825,988.21		250,261,147.73
Total Liabilities		247,325,058.67		255,063,115.04

Net Assets Section

Contributed Capital	18,430,634.57	18,430,634.57
Net Assets beginning	59,604,701.19	81,034,802.14
Current Year Operations	<u>(6,570,775.71)</u>	<u>(2,159,618.08)</u>
Total Liabilities and Net Assets	<u><u>318,789,618.72</u></u>	<u><u>333,938,299.10</u></u>

CTRMA INVESTMENT REPORT

	Month Ending 5/31/2008					Current Rate as of 5/31/2008	
	Balance 4/30/2008	Additions	Discount Amortization	Accrued Interest	Withdrawals		Balance 5/31/2008
Amount in Trustee TexStar							
Additional Projects Fund	11,729,017.07			21,762.30	656,462.08	11,094,317.29	2.392%
Construction Fund	10,995,135.96			20,566.15	481,861.46	10,533,840.65	2.392%
Trustee Operating Fund	1,563,755.53			2,947.69		1,566,703.22	2.392%
Renewal & Replacement Fund	101,126.63			190.62		101,317.25	2.392%
TxDOT Grant Fund	11,079,507.52	2,099,586.07		24,102.06	1,026,703.33	12,176,492.32	2.392%
Revenue Fund	8,000.66			15.08		8,015.74	2.392%
Subordinate Lien DS Fund	0.00			0.00	0.00	0.00	2.392%
Debt Service Reserve Fund	13,627,677.69			25,688.28		13,653,365.97	2.392%
	49,104,221.06	2,099,586.07	0.00	95,272.18	2,165,026.87	49,134,052.44	
Amount in TexStar Operating Fund	4,336,891.00			7,587.22	583,000.00	3,761,478.22	2.392%
Fidelity Money Market Fund							
-Operating Fund	0.00	400,000.00		1,127.33		401,127.33	1.980%
-Additional Projects Fund	0.00	656,462.08			601,859.18	54,602.90	1.980%
-Construction Fund	0.00	481,861.46			481,861.38	0.08	1.980%
-Debt Service Fund	2,599,979.51	619,958.33		4,142.04		3,224,079.88	1.980%
-Subordinate Lien DS Fund	7,764.50			14.01		7,778.51	1.980%
-TxDOT Grant Fund	2,095,804.57	1,026,703.33		3,781.50	3,126,289.40	0.00	1.980%
-Renewal and Replacement	533,321.50			962.28	500,000.00	34,283.78	1.980%
-Revenue Fund	723,997.59	1,182,291.17		1,077.99	1,132,320.33	775,046.42	1.980%
-General Fund	6,087,830.50	112,362.00		10,635.72		6,210,828.22	1.980%
-Debt Service Reserve Fund	9,393.65			16.95		9,410.60	1.980%
	12,058,091.82	4,479,638.37	0.00	21,757.82	5,842,330.29	10,717,157.72	
Money Market Fund-payroll	1,970.81	99,000.00		10.54	98,733.69	2,247.66	1.300%
Amount in Fed Agencies							
Amortized Principal	0.00	1,508,070.00	0.00			1,508,070.00	
Accrued Interest				383.75		383.75	
	0.00	1,508,070.00	0.00	383.75	0.00	1,508,453.75	
Total in Pools	53,441,112.06	2,099,586.07	0.00	102,859.40	2,748,026.87	52,895,530.66	
Total in Money Market	12,060,062.63	4,578,638.37	0.00	21,768.36	5,941,063.98	10,719,405.38	
Total in Fed Agencies	0.00	1,508,070.00	0.00	383.75	0.00	1,508,453.75	
Total Invested	65,501,174.69	8,186,294.44	0.00	125,011.51	8,689,090.85	65,123,389.79	

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

William Chapman, CFO

Amount of other investments As of May 31, 2008

Agency	CUSIP #	COST	Book Value	Market Value	Yield to Maturity	Purchased	Matures	FUND
Federal Home Loan Bank	31398AKU5	1,008,070	1,008,070	1,008,070	2.85%	5/30/2008	12/24/2009	TxDOT Grant Fund
Horicon Bank	440392EB0	100,000	100,073		3.30%	5/21/2008	5/22/2009	Renewal and Replacement
First Trust Bank	33732NAP0	100,000	100,081		3.25%	5/21/2008	5/21/2009	Renewal and Replacement
Merrick Bank	59012YRW9	100,000	100,083		3.30%	5/21/2008	5/21/2009	Renewal and Replacement
Capmark Bank	140653UQ7	100,000	100,083		3.30%	5/21/2009	5/21/2009	Renewal and Replacement
Farmers & Merchants Bank	308680AJ6	100,000	100,064		3.30%	5/23/2008	5/23/2009	Renewal and Replacement
		<u>1,508,070.00</u>	<u>1,508,453.75</u>	<u>1,008,070.00</u>				

Agency	CUSIP #	COST	Cummulative Amortization	5/31/08		Interest Income May 2008		
				Book Value	Maturity Value	Accrued Interest	Amortizatuion	Interest Earned
Federal Home Loan Bank	31398AKU5	1,008,070	0	1,008,070	1,000,000			
Horicon Bank	440392EB0	100,000	0	100,073	103,351	\$ 73.33	-	\$ 73.33
First Trust Bank	33732NAP0	100,000	0	100,081	103,299	\$ 81.25		\$ 81.25
Merrick Bank	59012YRW9	100,000	0	100,083	103,350	\$ 82.50		\$ 82.50
Capmark Bank	140653UQ7	100,000	0	100,083	103,350	\$ 82.50		\$ 82.50
Farmers & Merchants Bank	308680AJ6	100,000	0	100,064	103,350	\$ 64.17		\$ 64.17
		<u>1,508,070.00</u>	<u>0.00</u>	<u>1,508,453.75</u>	<u>1,516,699.53</u>	<u>383.75</u>	<u>0.00</u>	<u>383.75</u>



Monthly Newsletter - May 2008

Performance

As of May 31, 2008

Current Invested Balance	\$5,893,819,751.64
Weighted Average Maturity (1)	30 Days
Weighted Average Maturity (2)	88 Days
Net Asset Value	1.000013
Total Number of Participants	627
Management Fee on Invested Balance	0.05%*
Interest Distributed	\$11,799,324.16
Management Fee Collected	\$260,343.35
% of Portfolio Invested Beyond 1 Year	5.71%
Standard & Poor's Current Rating	AAAm

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

May Averages

Average Invested Balance	\$6,125,078,489.46
Average Monthly Yield, on a simple basis	2.2194%
Average Weighted Average Maturity (1)*	28 Days
Average Weighted Average Maturity (2)*	87 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.

New Participants

We would like to welcome the following entities who joined the TexSTAR program in May 2008:

- ★ City of Dublin
- ★ Stafford MSD

- ★ City of Canadian
- ★ McLennan Co 911 Emergency Assistance District

Holiday Reminder

Please note that in observance of the Fourth of July holiday, **TexSTAR will be closed on Friday, July 4, 2008**. Notification of any early transaction deadlines on the day preceding this holiday will be sent by email to the primary contact on file for all TexSTAR participants.

Economic Commentary

Recent economic data indicate continued weakness in labor and housing, and real consumer spending remains anemic due to inflation. However, with the economy expanding 0.9% in the first quarter, and with the fiscal stimulus rebates boosting growth in both the second and third quarters, an outright contraction in economic growth seems to have been avoided. The unemployment rate also edged down to 5.0% from 5.1%. However, jobless claims continue to rise. Housing data was mixed. Both new home sales and housing starts rebounded in April, but their trends are still sharply down. Home prices are falling at an accelerating pace, and with inventories elevated, they will remain under severe pressure in the near term. Delinquencies for consumer loans and credit cards are rising measurably, and will result in further credit tightening.

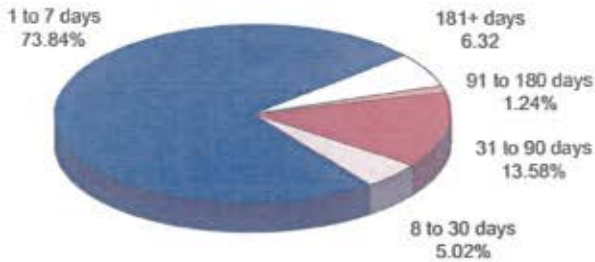
Core inflation remained well-behaved and headline inflation is highly elevated. Oil prices continue to mark new highs, putting intense focus on the potential risks of energy to greater inflation and less growth. Treasury yields continued to increase in May. The curve remained steep as the spread between two-year and five-year Treasury notes ended the month slightly wider than the previous month at +78 bps. Two-year yields ended up 39 bps at 2.64%, and five-year yields ended up 41 bps at 3.41%.

The Fed is expected to keep monetary policy on hold. The current second quarter GDP estimate stands at 1.5%, with energy prices remaining the primary source of uncertainty. However, the fiscal stimulus rebate checks are already helping the economy and are key to the second and third quarter outlook. In addition, the effects of monetary stimulus, extremely lean inventories, and strong trade will remain crucial supports for continued economic expansion. Importantly, over the second half of 2008, expect a gradual turnaround in business retrenchment that will be manifest most tellingly in employment data.

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

Information at a Glance

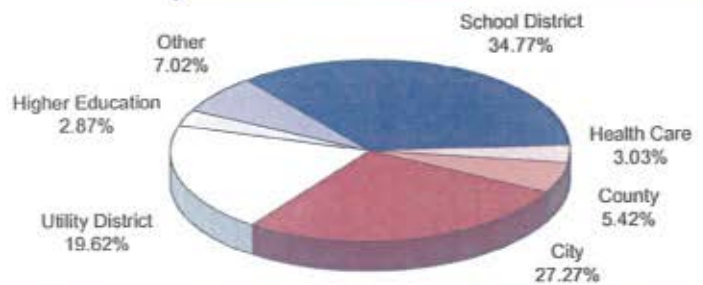
Portfolio by Type of Investment As of May 31, 2008



Repurchase Agreements
62.46%



Portfolio by Maturity As of May 31, 2008



Distribution of Participants by Type As of May 31, 2008

Performance

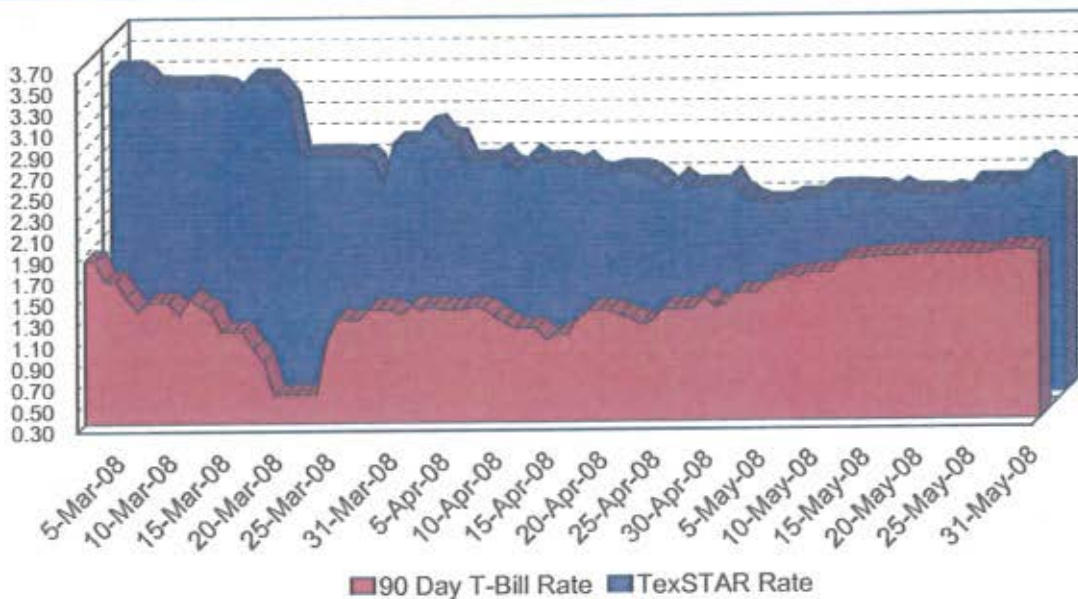
Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
May 08	2.2194%	\$ 5,893,819,751.64	\$ 5,893,907,633.72	1.000013	28	87	627
Apr 08	2.4396%	6,349,528,618.20	6,349,341,491.76	0.999970	21	82	623
Mar 08	2.9807%	6,635,062,776.30	6,636,736,509.65	1.000252	17	82	616
Feb 08	3.4224%	6,294,186,095.49	6,296,863,425.91	1.000401	17	82	609
Jan 08	4.2033%	5,919,661,192.90	5,923,891,294.00	1.000714	22	80	603
Dec 07	4.5430%	5,180,414,831.71	5,181,584,153.60	1.000202	21	79	594
Nov 07	4.6975%	4,999,671,312.52	5,000,767,637.47	1.000190	18	79	591
Oct 07	4.9007%	4,793,406,663.48	4,794,712,410.18	1.000272	19	84	584
Sep 07	5.1175%	5,101,146,389.66	5,102,374,857.54	1.000240	20	78	573
Aug 07	5.2540%	5,117,776,256.51	5,118,532,127.32	1.000118	16	42	567
Jul 07	5.2829%	5,037,425,646.08	5,037,616,062.72	1.000037	18	22	554
Jun 07	5.2883%	4,850,271,396.79	4,850,377,392.01	1.000014	18	25	543
May 07	5.2613%	4,809,313,042.18	4,809,314,578.92	1.000000	11	20	531

Portfolio Asset Summary as of May 31, 2008

	Book Value	Market Value
Uninvested Balance	\$ (15,896.14)	\$ (15,896.14)
Accrual of Interest Income	11,340,132.46	11,340,132.46
Interest and Management Fees Payable	(11,827,231.60)	(11,827,231.60)
Receivable for Investment Sold	25,015,750.00	25,015,750.00
Repurchase Agreements	3,666,426,000.00	3,666,426,000.00
Government Securities	2,202,880,996.92	2,202,968,879.00
Total	\$ 5,893,819,751.64	\$ 5,893,907,633.72

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

TexSTAR versus 90-Day Treasury Bill



Daily Summary for May 2008

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	TexSTAR Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
1-May-08	2.1230%	0.0000581640	6,359,396,782.11	0.999975	26	85
2-May-08	2.0917%	0.0000573070	6,330,034,666.21	0.999989	25	85
3-May-08	2.0917%	0.0000573070	6,330,034,666.21	0.999975	25	85
4-May-08	2.0917%	0.0000573070	6,330,034,666.21	0.999989	25	85
5-May-08	2.1383%	0.0000585830	6,206,213,203.46	0.999999	27	89
6-May-08	2.1374%	0.0000585600	6,230,665,565.44	0.999996	28	90
7-May-08	2.1359%	0.0000585190	6,192,750,898.38	0.999987	28	90
8-May-08	2.2128%	0.0000606250	6,229,272,323.37	1.000033	26	88
9-May-08	2.2204%	0.0000608340	6,213,937,957.44	1.000012	26	87
10-May-08	2.2204%	0.0000608340	6,213,937,957.44	1.000012	26	87
11-May-08	2.2204%	0.0000608340	6,213,937,957.44	1.000012	26	87
12-May-08	2.2097%	0.0000605410	6,195,663,991.99	0.999966	26	87
13-May-08	2.2092%	0.0000605250	6,149,780,261.21	0.999953	27	89
14-May-08	2.1734%	0.0000595460	6,145,393,188.64	0.999990	27	89
15-May-08	2.2233%	0.0000609110	6,074,403,437.49	1.000020	26	87
16-May-08	2.1780%	0.0000596710	6,135,117,740.51	1.000025	27	83
17-May-08	2.1780%	0.0000596710	6,135,117,740.51	1.000025	27	83
18-May-08	2.1780%	0.0000596710	6,135,117,740.51	1.000025	27	83
19-May-08	2.1559%	0.0000590660	6,169,835,110.25	1.000020	26	83
20-May-08	2.1880%	0.0000599460	6,153,405,938.62	1.000071	31	88
21-May-08	2.1608%	0.0000592000	6,171,915,945.93	1.000078	31	87
22-May-08	2.2611%	0.0000619490	6,015,829,075.92	1.000017	32	89
23-May-08	2.2618%	0.0000619660	5,949,413,131.47	1.000006	33	90
24-May-08	2.2618%	0.0000619660	5,949,413,131.47	1.000006	33	90
25-May-08	2.2618%	0.0000619660	5,949,413,131.47	1.000006	33	90
26-May-08	2.2618%	0.0000619660	5,949,413,131.47	1.000006	33	90
27-May-08	2.2898%	0.0000627330	6,017,143,692.11	0.999984	32	89
28-May-08	2.4254%	0.0000664480	6,041,815,443.81	0.999966	32	88
29-May-08	2.4575%	0.0000673290	5,931,502,946.03	0.999942	32	89
30-May-08	2.3920%	0.0000655330	5,893,819,751.64	1.000013	30	88
31-May-08	2.3920%	0.0000655330	5,893,819,751.64	1.000013	30	88
Average	2.2194%	0.000060807	6,125,078,489.46		28	87

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



TexSTAR Board Members

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

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

 **First Southwest Asset Management**

 **JPMorganChase**