

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

**RESOLUTION NO. 08-66**

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 October 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 October 2008, attached hereto as Attachment "A."

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 17th day of December, 2008.

Submitted and reviewed by:

  
Tom Nielson  
General Counsel for the Central  
Texas Regional Mobility Authority

Approved:

  
Lowell H. Lebermann, Jr.  
Vice Chairman, Board of Directors  
Resolution Number 08-66  
Date Passed 12/17/08

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

| Revenue                 | Budget               | Actual Year           | Percent       | Actual Year           |
|-------------------------|----------------------|-----------------------|---------------|-----------------------|
|                         | FY 2009              | To Date<br>10/31/2008 | Of Budget     | To Date<br>10/31/2007 |
| Toll Revenue-Cash-183A  | 530,000.00           | 492,447.34            | 92.91%        | 648,088.33            |
| Toll Revenue-TxTag-183A | 13,040,000.00        | 4,657,017.45          | 35.71%        | 4,488,806.61          |
| Toll Revenue-HCTRA-183A | 350,000.00           | 151,794.45            | 43.37%        | 0.00                  |
| Toll Revenue-NTTA-183A  | 180,000.00           | 78,709.50             | 43.73%        | 0.00                  |
| Video Tolls             | 430,000.00           | 223,835.39            | 52.05%        | 0.00                  |
| Fee Revenue             | 0.00                 | 179,401.00            |               | 0.00                  |
| Operating Revenue       | 14,530,000.00        | 5,783,205.13          | 39.80%        | 5,136,894.94          |
| Interest Income         | 1,133,500.00         | 498,929.98            | 44.02%        | 1,833,194.29          |
| Reimbursed Expenditures | 0.00                 | 2,936.33              |               | 21,813.88             |
| <b>Total Revenue</b>    | <b>15,663,500.00</b> | <b>6,285,071.44</b>   | <b>40.13%</b> | <b>6,991,903.11</b>   |

| Expenditures                      | Budget              | Actual Year           | Percent       | Actual Year           |
|-----------------------------------|---------------------|-----------------------|---------------|-----------------------|
|                                   | FY 2009             | To Date<br>10/31/2008 | Of Budget     | To Date<br>10/31/2007 |
| Regular                           | 1,729,245.00        | 505,140.55            | 29.21%        | 364,020.04            |
| Part Time                         | 12,000.00           | 0.00                  |               | 2,392.51              |
| Overtime                          | 4,000.00            | 71.43                 | 1.79%         | 157.41                |
| Contractual Employees             | 105,000.00          | 4,449.75              | 4.24%         | 33,880.50             |
| TCDRS                             | 244,264.00          | 62,026.52             | 25.39%        | 47,464.04             |
| FICA                              | 85,441.00           | 19,085.21             | 22.34%        | 15,057.38             |
| FICA MED                          | 26,031.00           | 7,106.11              | 27.30%        | 5,384.88              |
| Health Insurance                  | 184,994.00          | 49,153.96             | 26.57%        | 32,925.65             |
| Life Insurance                    | 5,707.00            | 1,596.22              | 27.97%        | 735.74                |
| Auto Allowance                    | 9,000.00            | 3,000.00              | 33.33%        | 2,450.00              |
| Other Benefits                    | 152,156.00          | 15,870.09             | 10.43%        | 18,604.31             |
| Unemployment Taxes                | 2,079.00            | 108.64                | 5.23%         | 149.77                |
| Salary Reserve                    | 65,000.00           | 0.00                  |               | 0.00                  |
| <b>Total Salaries &amp; Wages</b> | <b>2,624,917.00</b> | <b>667,608.48</b>     | <b>25.43%</b> | <b>523,222.23</b>     |

**Contractual Services**

**Professional Services**

|                                    |                     |                   |               |                   |
|------------------------------------|---------------------|-------------------|---------------|-------------------|
| Accounting                         | 9,000.00            | 2,367.56          | 26.31%        | 2,833.72          |
| Auditing                           | 40,000.00           | 33,626.00         | 84.07%        | 22,560.00         |
| General Engineering Consultant     | 360,000.00          | 132,128.06        | 36.70%        | 0.00              |
| General System Consultant          | 250,000.00          | 66,048.46         | 26.42%        | 0.00              |
| Toll Collection contract           | 1,440,000.00        | 313,761.91        | 21.79%        | 269,104.65        |
| Toll collection mgt admi           | 75,000.00           | 9,310.72          | 12.41%        | 0.00              |
| CSC mgt admin                      | 45,000.00           | 0.00              |               | 0.00              |
| Facility maintenance               | 100,000.00          | 9,330.32          | 9.33%         | 14,878.27         |
| Toll perform plan                  | 25,000.00           | 0.00              |               | 0.00              |
| Human Resources                    | 25,000.00           | 160.40            | 0.64%         | 8,011.10          |
| Legal                              | 200,000.00          | 7,538.31          | 3.77%         | 7,617.20          |
| Photography                        | 20,000.00           | 3,881.92          | 19.41%        | 259.00            |
| Traffic & Revenue Consultants      | 40,000.00           | 0.00              |               | 22,500.00         |
| Communications and Marketing       | 0.00                | 23,470.29         |               | 0.00              |
| Transcripts                        | 1,000.00            | 0.00              |               | 0.00              |
| <b>Total Professional Services</b> | <b>2,630,000.00</b> | <b>601,623.95</b> | <b>22.88%</b> | <b>358,110.04</b> |

| Expenditures                            | Budget<br>FY 2009   | Actual Year<br>To Date<br>10/31/2008 | Percent<br>Of Budget | Actual Year<br>To Date<br>10/31/2007 |
|---|---------------------|--------------------------------------|----------------------|--------------------------------------|
| <b>Other Contractual Services</b>       |                     |                                      |                      |                                      |
| IT Services                             | 170,000.00          | 11,443.57                            | 6.73%                | 11,213.73                            |
| Graphic Design Services                 | 20,000.00           | 0.00                                 |                      | 0.00                                 |
| Website Maintenance                     | 20,000.00           | 7,949.67                             | 39.75%               | 95.00                                |
| Research Services                       | 30,000.00           | 3,500.00                             | 11.67%               | 0.00                                 |
| Copy Machine                            | 11,800.00           | 2,553.28                             | 21.64%               | 2,652.60                             |
| Software licenses                       | 23,000.00           | 7,624.86                             | 33.15%               | 7,258.80                             |
| ETC system Maintenance                  | 1,188,000.00        | 106,830.94                           | 8.99%                | 0.00                                 |
| ETC Development                         | 399,000.00          | 0.00                                 |                      | 0.00                                 |
| ETC Testing                             | 100,000.00          | 945.00                               | 0.95%                | 0.00                                 |
| Communications and Marketing            | 125,000.00          | 5,783.37                             | 4.63%                | 0.00                                 |
| Advertising                             | 100,000.00          | 3,091.92                             | 3.09%                | 1,380.00                             |
| Direct Mail                             | 15,000.00           | 0.00                                 |                      | 0.00                                 |
| Video Production                        | 10,000.00           | 3,400.00                             | 34.00%               | 0.00                                 |
| Television                              | 5,000.00            | 0.00                                 |                      | 0.00                                 |
| Radio                                   | 25,000.00           | 0.00                                 |                      | 600.00                               |
| Other Public Relations                  | 2,500.00            | 0.00                                 |                      | 1,032.73                             |
| Law Enforcement                         | 260,000.00          | 51,918.00                            | 19.97%               | 51,918.00                            |
| Special Assignments                     | 30,000.00           | 0.00                                 |                      | 0.00                                 |
| Traffic Management                      | 50,000.00           | 5,459.48                             | 10.92%               | 0.00                                 |
| Emergency Maintenance                   | 40,000.00           | 0.00                                 |                      | 0.00                                 |
| Railroad Crossing Maintenance           | 10,000.00           | 0.00                                 |                      | 0.00                                 |
| Contingency Projects                    | 100,000.00          | 0.00                                 |                      | 0.00                                 |
| Roadway Maintenance Contract            | 300,000.00          | 60,680.39                            | 20.23%               | 0.00                                 |
| Landscape Maintenance                   | 100,000.00          | 3,034.00                             | 3.03%                | 0.00                                 |
| Signal & Illumination Maintenance       | 250,000.00          | 26,343.00                            | 10.54%               | 0.00                                 |
| Mowing and Litter Control               | 352,500.00          | 104,582.74                           | 29.67%               | 0.00                                 |
| Hazardous Material Cleanup              | 15,000.00           | 0.00                                 |                      | 0.00                                 |
| Striping                                | 50,000.00           | 0.00                                 |                      | 0.00                                 |
| Graffiti Removal                        | 5,000.00            | 936.00                               | 18.72%               | 0.00                                 |
| Cell Phones                             | 9,760.00            | 1,583.32                             | 16.22%               | 2,023.81                             |
| Local                                   | 18,500.00           | 5,032.33                             | 27.20%               | 3,677.94                             |
| Long Distance                           | 1,500.00            | 103.18                               | 6.88%                | 130.97                               |
| Internet                                | 6,060.00            | 1,016.40                             | 16.77%               | 1,384.52                             |
| Fiber Optic System                      | 62,900.00           | 10,206.25                            | 16.23%               | 0.00                                 |
| Other Communication Expense             | 2,000.00            | 725.26                               | 36.26%               | 284.77                               |
| Subscriptions                           | 2,000.00            | 0.00                                 |                      | 26.00                                |
| Memberships                             | 16,000.00           | 3,620.00                             | 22.63%               | 1,307.50                             |
| Continuing Education                    | 2,150.00            | 0.00                                 |                      | 575.00                               |
| Professional Development                | 15,250.00           | 0.00                                 |                      | 238.00                               |
| Seminars and Conferences                | 32,250.00           | 12,847.59                            | 39.84%               | 8,639.00                             |
| Total Travel                            | 0.00                | 22,319.50                            |                      | 15,828.63                            |
| Other Contractual Svcs                  | 1,500.00            | 0.00                                 |                      | 1,277.90                             |
| TxTag Collection Fees                   | 1,077,600.00        | 9,318.64                             | 0.86%                | 0.00                                 |
| Contractual Contingencies               | 191,000.00          | 475.00                               | 0.25%                | 988.00                               |
| <b>Total Other Contractual Services</b> | <b>5,339,770.00</b> | <b>473,323.69</b>                    | <b>8.86%</b>         | <b>120,857.90</b>                    |
| <b>Total Contractual Expenses</b>       | <b>7,969,770.00</b> | <b>1,074,947.64</b>                  | <b>13.49%</b>        | <b>478,967.94</b>                    |

| Expenditures                              | Budget<br>FY 2009 | Actual Year<br>To Date<br>10/31/2008 | Percent<br>Of Budget | Actual Year<br>To Date<br>10/31/2007 |
|---|-------------------|--------------------------------------|----------------------|--------------------------------------|
| Books & Publications                      | 10,200.00         | 3,715.44                             | 36.43%               | 992.70                               |
| Office Supplies Expense                   | 19,600.00         | 492.58                               | 2.51%                | 2,327.80                             |
| Computer Supplies Expense                 | 5,250.00          | 1,190.99                             | 22.69%               | 717.61                               |
| Copy Supplies Expense                     | 2,000.00          | 277.35                               | 13.87%               | 0.00                                 |
| Annual Report Printing                    | 10,000.00         | 0.00                                 |                      | 0.00                                 |
| Other Printed Reports                     | 20,500.00         | 965.00                               | 4.71%                | 14,870.06                            |
| Direct Mail-printing Expense              | 20,000.00         | 0.00                                 |                      | 431.02                               |
| Office Supplies-printed                   | 1,000.00          | 27.25                                | 2.73%                | 567.13                               |
| Maintenance Supplies Expense              | 100.00            | 0.00                                 |                      | 0.00                                 |
| Promotional Items expense                 | 10,000.00         | 0.00                                 |                      | 0.00                                 |
| Displays                                  | 5,000.00          | 0.00                                 |                      | 0.00                                 |
| Tools & Equipment Expense                 | 11,500.00         | 313.05                               | 2.72%                | 835.00                               |
| Misc Materials & Supplies                 | 3,200.00          | 14.08                                | 0.44%                | 6,073.00                             |
| <b>Total Materials &amp; Supplies Exp</b> | <b>153,350.00</b> | <b>6,995.74</b>                      | <b>4.56%</b>         | <b>26,814.32</b>                     |

| Expenditures                      | Budget                | Actual Year           | Percent       | Actual Year           |
|-----------------------------------|-----------------------|-----------------------|---------------|-----------------------|
|                                   | FY 2009               | To Date<br>10/31/2008 | Of Budget     | To Date<br>10/31/2007 |
| <b>Operating Expenses</b>         |                       |                       |               |                       |
| Gasoline Expense                  | 6,000.00              | 1,410.51              | 23.51%        | 937.07                |
| Mileage Reimbursement             | 17,550.00             | 1,512.75              | 8.62%         | 1,896.84              |
| Toll Tag Expense                  | 1,650.00              | 723.54                | 43.85%        | 0.00                  |
| Parking                           | 41,790.00             | 11,444.38             | 27.39%        | 7,128.94              |
| Meeting Facilities                | 3,400.00              | 0.00                  |               | 50.00                 |
| Community Events                  | 20,000.00             | 0.00                  |               | 0.00                  |
| Meeting Expense                   | 7,250.00              | 809.31                | 11.16%        | 1,950.73              |
| Public Notices                    | 9,800.00              | 0.00                  |               | 129.82                |
| Postage                           | 8,750.00              | 180.00                | 2.06%         | 870.99                |
| Overnight Delivery Services       | 2,850.00              | 68.17                 | 2.39%         | 236.92                |
| Local Delivery Services           | 3,100.00              | 646.69                | 20.86%        | 477.67                |
| Insurance                         | 156,000.00            | 45,680.21             | 29.28%        | 20,072.41             |
| Repair and Maintenance            | 500.00                | 0.00                  |               | 0.00                  |
| Repair & Maintenance-Vehicles     | 1,000.00              | 205.77                | 20.58%        | 32.94                 |
| Repair and Maintenance Toll Equip | 15,000.00             | 0.00                  |               | 0.00                  |
| Rent                              | 192,191.00            | 62,452.08             | 32.49%        | 60,657.76             |
| Water                             | 8,500.00              | 1,182.28              | 13.91%        | 0.00                  |
| Electricity                       | 122,000.00            | 28,478.05             | 23.34%        | 23,060.61             |
| Amortization Expense              | 1,140,000.00          | 417,181.92            | 36.59%        | 296,641.52            |
| Dep Exp- Furniture & Fixtures     | 18,000.00             | 6,305.94              | 35.03%        | 5,539.44              |
| Dep Expense - Equipment           | 4,200.00              | 6,288.27              | 149.72%       | 6,158.64              |
| Dep Expense - Autos & Trucks      | 4,080.00              | 1,357.92              | 33.28%        | 1,357.92              |
| Dep Expense-Buildng & Toll Fac    | 177,600.00            | 58,852.76             | 33.14%        | 57,480.16             |
| Dep Expense-Highways & Bridges    | 5,040,000.00          | 2,064,717.40          | 40.97%        | 1,592,952.74          |
| Dep Expense-Communic Equip        | 196,800.00            | 65,557.14             | 33.31%        | 65,610.52             |
| Dep Expense-Toll Equipment        | 480,000.00            | 153,927.12            | 32.07%        | 150,666.40            |
| Dep Expense - Signs               | 144,000.00            | 43,953.80             | 30.52%        | 43,822.16             |
| Dep Expense-Land Improvemts       | 54,000.00             | 15,961.26             | 29.56%        | 13,657.24             |
| Depreciation Expense-Computers    | 384,000.00            | 121,896.91            | 31.74%        | 116,767.54            |
| Other Licenses                    | 1,250.00              | 235.00                | 18.80%        | 0.00                  |
| Community Initiative Grants       | 67,000.00             | 25,000.00             | 37.31%        | 0.00                  |
| <b>Total Operating Expense</b>    | <b>8,328,261.00</b>   | <b>3,136,029.18</b>   | <b>37.66%</b> | <b>2,468,156.98</b>   |
| <b>Financing Expenses</b>         |                       |                       |               |                       |
| Arbitrage Rebate                  | 3,500.00              | 2,500.00              | 71.43%        | 0.00                  |
| Bond Issuance Expense             | 276,000.00            | 92,324.28             | 33.45%        | 482,526.76            |
| Loan Fees                         | 11,000.00             | 11,500.00             | 104.55%       | 11,000.00             |
| Bond Issuance Cost                | 25,000.00             | 0.00                  |               | 0.00                  |
| Trustee Fees                      | 2,000.00              | 0.00                  |               | 0.00                  |
| Bank Fees                         | 25,000.00             | 7,660.53              | 30.64%        | 8,515.25              |
| Interest Expense                  | 11,144,632.00         | 3,813,538.76          | 34.22%        | 3,839,942.04          |
| Contingency                       | 20,000.00             | 0.00                  |               | 0.00                  |
| <b>Total Financing Expense</b>    | <b>11,507,132.00</b>  | <b>3,927,523.57</b>   | <b>34.13%</b> | <b>4,341,984.05</b>   |
| <b>Total Expenses</b>             | <b>30,583,430.00</b>  | <b>8,813,104.61</b>   | <b>28.82%</b> | <b>7,839,145.52</b>   |
| <b>Net Income</b>                 | <b>-14,919,930.00</b> | <b>-2,528,033.17</b>  |               | <b>-847,242.41</b>    |

**Central Texas Regional Mobility Authority  
Balance Sheet**

As of

October 31, 2008

October 31, 2007

**Assets**

**Current Assets**

|                               |                      |                      |
|-------------------------------|----------------------|----------------------|
| Cash in Operating Fund        | 68,135.15            | (22,092.09)          |
| Chase-Regions Trustee Account | 3,600.96             | 4,103.96             |
| Regions Trustee cash account  | 2,662.50             | 6,000.47             |
| Cash In TexSTAR               | 1,307,787.07         | 5,749,658.07         |
| Money Market Payroll Account  | 3,493.37             | 48,591.93            |
| Fidelity Government MMA       | 3,679,638.27         | 2,606,352.52         |
| Restricted Cash-TexStar       | 44,183,729.15        | 57,759,573.78        |
| Total Cash Equivalents        | 49,174,647.86        | 66,164,176.30        |
| Due From TTA                  | 521,010.65           | 766,208.19           |
| Due From NTTA                 | 19,245.60            | 76,179.10            |
| Due From HCTRA                | 35,311.50            | 62,843.40            |
| Interest Receivable           | 36,880.26            | 4,325.01             |
| Total Receivables             | 612,448.01           | 909,555.70           |
| Certificates of Deposit       | 7,575,000.00         |                      |
| Agencies                      | 1,005,923.71         | 2,978,551.63         |
| Prepaid Insurance             | 87,587.83            | 107,750.51           |
| Total Prepaid Expenses        | 87,587.83            | 107,750.51           |
| <b>Total Current Assets</b>   | <b>58,530,006.02</b> | <b>70,148,046.48</b> |

**Construction Work In Process**

|                                |                      |                     |
|--------------------------------|----------------------|---------------------|
| Utility Relocation Expense     | 7,296.44             | 7,296.44            |
| Consulting-Admin Services      | 30,456.38            | 28,559.43           |
| Consulting-Reimbursed Expenses | 5,137.68             | 5,137.68            |
| Environmental Fees             | 16,664.52            | 0.00                |
| Funding Costs                  | 113,785.52           | 0.00                |
| Legal Fees-Construction        | 909,983.76           | 521,170.73          |
| Traffic & Revenue Analysis     | 3,200,421.58         | 1,647,301.30        |
| Engineering                    | 4,284,938.13         | 2,172,260.04        |
| Right of Way                   | 1,131,997.24         | 60,358.07           |
| Project Management             |                      |                     |
| Total Preliminary Costs        | 9,700,681.25         | 4,442,083.69        |
| Public Involvement             | 194,041.63           | 138,787.88          |
| CDA Oversight                  | 51,775.13            | 0.00                |
| Total Construction Engineering | 245,816.76           | 138,787.88          |
| Design                         | 2,125,559.75         | 0.00                |
| Other Construction Costs       | 36,780.34            | 0.00                |
| Total Construction Costs       | 2,162,340.09         | 0.00                |
| Toll Collection System         | 162,806.55           | 27,220.00           |
| Total Accrued Interest         | 0.00                 | 0.00                |
| Amortization Bond Issue Costs  | 0.00                 | 0.00                |
| <b>Total Construction WIP</b>  | <b>12,271,644.65</b> | <b>4,608,091.57</b> |

**Fixed Assets**

|                                   |                       |                       |                       |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Computers                         | 1,205,203.69          |                       | 1,196,453.52          |                       |
| Accum Deprec-Computers            | <u>(608,670.68)</u>   | 596,533.01            | <u>(243,419.01)</u>   | 953,034.51            |
| Computer Software                 | 5,996,807.93          |                       | 4,893,155.21          |                       |
| Accumulated Amortization-Software | <u>(1,547,468.02)</u> | 4,449,339.91          | <u>(405,434.22)</u>   | 4,487,720.99          |
| Furniture and Fixtures            | 102,134.95            |                       | 92,046.66             |                       |
| Accum Deprec-Furn & Fixtures      | <u>(38,991.58)</u>    | 63,143.37             | <u>(20,722.34)</u>    | 71,324.32             |
| Equipment                         | 76,177.93             |                       | 76,177.93             |                       |
| Accum Depec-Equipment             | <u>(39,457.05)</u>    | 36,720.88             | <u>(20,462.70)</u>    | 55,715.23             |
| Autos and Trucks                  | 16,295.00             |                       | 16,295.00             |                       |
| Accum Deprec-Autos and Trucks     | <u>(5,431.68)</u>     | 10,863.32             | <u>(1,357.92)</u>     | 14,937.08             |
| Buildings and Toll Facilities     | 7,062,332.11          |                       | 6,897,618.00          |                       |
| Accum Deprec-Buildings & Toll     | <u>(247,379.03)</u>   | 6,814,953.08          | <u>(71,850.20)</u>    | 6,825,767.80          |
| Highways and Bridges              | 197,459,450.54        |                       | 192,665,145.77        |                       |
| Accum Deprec-Highways & Bridge    | <u>(7,325,537.21)</u> | 190,133,913.33        | <u>(1,989,432.34)</u> | 190,675,713.43        |
| Communication Equipment           | 1,938,955.13          |                       | 1,938,955.13          |                       |
| Accum Deprec-Comm Equip           | <u>(287,144.12)</u>   | 1,651,811.01          | <u>(90,445.96)</u>    | 1,848,509.17          |
| Toll Equipment                    | 4,587,114.80          |                       | 4,519,992.00          |                       |
| Accum Deprec-Toll Equip           | <u>(648,531.72)</u>   | 3,938,583.08          | <u>(188,333.00)</u>   | 4,331,659.00          |
| Signs                             | 5,329,323.76          |                       | 5,260,262.00          |                       |
| Accum Deprec-Signs                | <u>(186,402.46)</u>   | 5,142,921.30          | <u>(54,777.70)</u>    | 5,205,484.30          |
| Land Improvements                 | 1,031,686.00          |                       | 819,435.00            |                       |
| Accum Deprec-Land Improv          | <u>(62,468.77)</u>    | 969,217.23            | <u>(17,071.55)</u>    | 802,363.45            |
| Right of Way                      |                       | 22,704,834.88         |                       | 22,767,758.41         |
| Leasehold Improvements            |                       | 75,160.15             |                       | 44,567.38             |
| <b>Total Fixed Assets</b>         |                       | <b>236,587,994.55</b> |                       | <b>238,084,555.07</b> |
| <b>Other Assets</b>               |                       |                       |                       |                       |
| Security Deposits                 |                       | <b>9,483.30</b>       |                       | <b>8,643.30</b>       |
| <b>Long Term Investments</b>      |                       |                       |                       |                       |
| GIC                               |                       | 0.00                  |                       | 5,187,641.87          |
| <b>Other Assets</b>               |                       |                       |                       |                       |
| Intangible Assets                 |                       | 650.00                |                       | 650.00                |
| 2005 Bond Issuance Costs          |                       | 8,585,909.06          |                       | 9,086,998.48          |
| <b>Total Assets</b>               |                       | <b>315,985,687.58</b> |                       | <b>327,124,626.77</b> |

**Liabilities****Current Liabilities**

|                                  |  |                     |  |                     |
|----------------------------------|--|---------------------|--|---------------------|
| Accounts Payable                 |  | 29,449.93           |  | 30,735.22           |
| Salaries Payable                 |  | 53,940.00           |  | 0.00                |
| Interest Payable                 |  | 2,757,542.76        |  | 3,839,942.04        |
| TCDRS Payable                    |  | 22,215.83           |  | 20,397.35           |
| Due to State of Texas            |  | 32.04               |  | 28.52               |
| <b>Total Current Liabilities</b> |  | <b>2,863,180.56</b> |  | <b>3,891,103.13</b> |

**Long Term Liabilities**

|                                |  |                       |  |                       |
|--------------------------------|--|-----------------------|--|-----------------------|
| Accrued Vac & Sick Leave Paybl |  | 205,137.00            |  | 150,835.00            |
| Retainage Payable              |  | 64,537.19             |  | 4,574,726.92          |
| BANS 2005                      |  | 0.00                  |  | 66,000,000.00         |
| Senior Lien Revenue Bonds 2005 |  | 170,521,942.82        |  | 169,715,619.24        |
| Sn Lien Rev Bnd Prem/Disc 2005 |  | 5,198,367.21          |  | 5,623,996.97          |
| TIFIA note 2008                |  | 68,603,696.00         |  | 0.00                  |
| Total Long Term Liabilities    |  | <b>244,593,680.22</b> |  | <b>246,065,178.13</b> |
| <b>Total Liabilities</b>       |  | <b>247,456,860.78</b> |  | <b>249,956,281.26</b> |

**Net Assets Section**

|                                  |                              |                              |
|----------------------------------|------------------------------|------------------------------|
| Contributed Capital              | 18,334,845.57                | 18,430,634.57                |
| Net Assets beginning             | 52,722,014.40                | 59,584,953.35                |
| Current Year Operations          | <u>(2,528,033.17)</u>        | <u>(847,242.41)</u>          |
| Total Liabilities and Net Assets | <u><b>315,985,687.58</b></u> | <u><b>327,124,626.77</b></u> |



## CTRMA INVESTMENT REPORT

|   | Month Ending 10/31/2008 |                      |                          |                   |                      | Current<br>Rate as of<br>10/31/2008 |                       |
|---|-------------------------|----------------------|--------------------------|-------------------|----------------------|-------------------------------------|-----------------------|
|   | Balance<br>9/30/2008    | Additions            | Discount<br>Amortization | Accrued Interest  | Withdrawals          |                                     | Balance<br>10/31/2008 |
| <b>Amount in Trustee TexStar</b>        |                         |                      |                          |                   |                      |                                     |                       |
| Additional Projects Fund                | 8,194,962.24            |                      |                          | 9,999.86          | 2,429,571.02         | 5,775,391.08                        | 1.640%                |
| Construction Fund                       | 7,944,717.33            |                      |                          | 11,941.17         | 236,735.82           | 7,719,922.68                        | 1.640%                |
| General Fund                            | 7,886,714.18            | 467,348.57           |                          | 12,155.48         |                      | 8,366,218.23                        | 1.640%                |
| Trustee Operating Fund                  | 3,188,598.72            | 400,000.00           |                          | 4,997.29          | 106,830.94           | 3,486,765.07                        | 1.640%                |
| Renewal & Replacement Fund              | 102,076.44              |                      |                          | 154.53            |                      | 102,230.97                          | 1.640%                |
| TxDOT Grant Fund                        | 11,261,133.39           |                      |                          | 12,336.72         | 3,232,128.06         | 8,041,342.05                        | 1.640%                |
| Revenue Fund                            | 614.57                  |                      |                          | 0.93              |                      | 615.50                              | 1.640%                |
| Debt Service Reserve Fund               | 10,675,082.86           |                      |                          | 16,160.71         |                      | 10,691,243.57                       | 1.640%                |
|   | 49,253,899.73           | 867,348.57           | 0.00                     | 67,746.69         | 6,005,265.84         | 44,183,729.15                       |                       |
| <b>Amount in TexStar Operating Fund</b> | <b>1,865,405.38</b>     |                      |                          | <b>2,374.21</b>   | <b>559,992.52</b>    | <b>1,307,787.07</b>                 | <b>1.640%</b>         |
| <b>Fidelity Money Market Fund</b>       |                         |                      |                          |                   |                      |                                     |                       |
| -Operating Fund                         | 0.07                    | 638,959.00           |                          | 76.70             | 638,959.00           | 76.77                               | 1.500%                |
| -Additional Projects Fund               | 29,235.26               | 2,429,571.02         |                          | 143.03            | 2,442,909.05         | 16,040.26                           | 1.500%                |
| -Construction Fund                      | 136,627.76              | 236,735.82           |                          | 218.24            | 260,578.25           | 113,003.57                          | 1.500%                |
| -Debt Service Fund                      | 1,867,451.56            | 619,958.33           |                          | 2,472.12          |                      | 2,489,882.01                        | 1.500%                |
| -Subordinate Lien DS Fund               | 7,829.81                |                      |                          | 13.02             |                      | 7,842.83                            | 1.500%                |
| -TxDOT Grant Fund                       | 26,371.23               | 3,232,128.06         |                          | 1,423.40          | 3,232,128.06         | 27,794.63                           | 1.500%                |
| -Renewal and Replacement                | 38,900.99               |                      |                          | 882.75            |                      | 39,783.74                           | 1.500%                |
| -Revenue Fund                           | 799,422.73              | 1,556,257.05         |                          | 1,533.11          | 1,487,306.90         | 869,905.99                          | 1.500%                |
| -General Fund                           | 0.56                    | 0.00                 |                          | 65.11             | 0.00                 | 65.67                               | 1.500%                |
| -Debt Service Reserve Fund              | 110,229.76              |                      |                          | 5,013.04          |                      | 115,242.80                          | 1.500%                |
|   | 3,016,069.73            | 8,713,609.28         | 0.00                     | 11,840.52         | 8,061,881.26         | 3,679,638.27                        |                       |
| <b>Money Market Fund-payroll</b>        | <b>2,324.35</b>         | <b>103,000.00</b>    |                          | <b>10.75</b>      | <b>101,841.73</b>    | <b>3,493.37</b>                     | <b>1.350%</b>         |
| <b>Amount in Fed Agencies</b>           |                         |                      |                          |                   |                      |                                     |                       |
| Amortized Principal                     | 1,006,352.99            |                      | (429.27)                 |                   |                      | 1,005,923.72                        |                       |
| Accrued Interest                        |                         |                      |                          | 3,583.34          |                      |                                     |                       |
|   | 1,006,352.99            | 0.00                 | (429.27)                 | 3,583.34          | 0.00                 | 1,005,923.72                        |                       |
| <b>Certificates of Deposit</b>          | <b>4,475,000.00</b>     | <b>3,100,000.00</b>  |                          | <b>20,763.75</b>  |                      | <b>7,575,000.00</b>                 |                       |
| Total in Pools                          | 51,119,305.11           | 867,348.57           | 0.00                     | 70,120.90         | 6,565,258.36         | 45,491,516.22                       |                       |
| Total in Money Market                   | 3,018,394.08            | 8,816,609.28         | 0.00                     | 11,851.27         | 8,163,722.99         | 3,683,131.64                        |                       |
| Total in Fed Agencies                   | 1,006,352.99            | 0.00                 | (429.27)                 | 3,583.34          | 0.00                 | 1,005,923.72                        |                       |
| <b>Total Invested</b>                   | <b>59,619,052.18</b>    | <b>12,783,957.85</b> | <b>(429.27)</b>          | <b>106,319.26</b> | <b>14,728,981.35</b> | <b>57,755,571.58</b>                |                       |

Amount of investments As of October 31, 2008

| Agency                 | CUSIP #   | COST                | Book Value          | Market Value        | Yield to Maturity | Purchased | Matures    | FUND             |
|------------------------|-----------|---------------------|---------------------|---------------------|-------------------|-----------|------------|------------------|
| Federal Home Loan Bank | 31398AKU5 | 1,008,070           | 1,005,923.72        | 1,002,190.00        | 2.85%             | 5/30/2008 | 12/24/2009 | TxDOT Grant Fund |
|                        |           | <u>1,008,070.00</u> | <u>1,005,923.72</u> | <u>1,002,190.00</u> |                   |           |            |                  |

| Agency                 | CUSIP #   | COST                | Cummulative<br>Amortization | 10/31/08<br>Book Value | Maturity Value      | Interest Income September 2008 |               |                 |
|------------------------|-----------|---------------------|-----------------------------|------------------------|---------------------|--------------------------------|---------------|-----------------|
|                        |           |                     |                             |                        |                     | Accrued Interest               | Amortizatuion | Interest Earned |
| Federal Home Loan Bank | 31398AKU5 | 1,008,070           | (2146.28)                   | 1,005,923.72           | 1,000,000           | \$ 3,583.34                    | (429.27)      | \$ 3,154.07     |
|                        |           | <u>1,008,070.00</u> | <u>-2,146.28</u>            | <u>1,005,923.72</u>    | <u>1,000,000.00</u> | <u>3,583.34</u>                | <u>0.00</u>   | <u>3,154.07</u> |

October 08 Certificates of Deposit Outstanding

| Bank                       | CUSIP #   | COST                | Yield to Maturity | Purchased | Matures    | Oct 08 Interest  | Cummulative Interest Earned | Cummulative Interest Received | FUND                             |
|----------------------------|-----------|---------------------|-------------------|-----------|------------|------------------|-----------------------------|-------------------------------|----------------------------------|
| First Trust Bank           | 33732NAP0 | 100,000             | 3.25%             | 5/21/2008 | 5/21/2009  | \$ 267.12        | \$ 1,438.60                 | \$ 1,383.72                   | Renewal and Replacement          |
| Merrick Bank               | 59012YRW9 | 100,000             | 3.30%             | 5/21/2008 | 5/21/2009  | \$ 278.27        | \$ 1,466.22                 |                               | Renewal and Replacement          |
| Capmark Bank               | 140653UQ7 | 100,000             | 3.30%             | 5/21/2009 | 5/21/2009  | \$ 278.27        | \$ 1,466.22                 |                               | Renewal and Replacement          |
| Farmers & Merchants Bank   | 308680AJ6 | 100,000             | 3.30%             | 5/23/2008 | 5/23/2009  | \$ 271.23        | \$ 1,442.34                 | \$ 1,378.18                   | Renewal and Replacement          |
| Centennial Bank            | 30943UBX5 | 99,000              | 3.25%             | 9/4/2008  | 5/4/2008   | \$ 264.45        | \$ 496.83                   | \$ 264.45                     | Renewal and Replacement          |
| Cathay Bank                | 149159DV4 | 100,000             | 3.40%             | 6/13/2008 | 6/12/2009  | \$ 286.23        | \$ 1,310.30                 |                               | TxDOT Grant Fund                 |
| Wright Exp Fin Serv        | 98233PNY9 | 100,000             | 3.35%             | 6/13/2008 | 6/12/2009  | \$ 281.98        | \$ 1,290.72                 |                               | TxDOT Grant Fund                 |
| First National Bank        | 32115CAW8 | 100,000             | 3.35%             | 6/18/2008 | 6/18/2009  | \$ 281.83        | \$ 1,234.28                 |                               | TxDOT Grant Fund                 |
| Firstcity Bank             | 33765PCS7 | 100,000             | 3.35%             | 6/12/2008 | 6/12/2009  | \$ 275.34        | \$ 1,287.22                 | \$ 1,119.72                   | TxDOT Grant Fund                 |
| SCB Bank                   | 78391TCX5 | 100,000             | 3.35%             | 6/13/2008 | 6/13/2009  | \$ 275.34        | \$ 1,287.22                 | \$ 1,119.72                   | TxDOT Grant Fund                 |
| Horicon Bank               | 440392ED6 | 100,000             | 3.35%             | 6/17/2008 | 6/17/2009  | \$ 281.85        | \$ 1,243.68                 |                               | TxDOT Grant Fund                 |
| New South Savings Bank     | 64880T5A1 | 100,000             | 3.35%             | 6/12/2008 | 6/12/2009  | \$ 281.98        | \$ 1,290.72                 |                               | TxDOT Grant Fund                 |
| Oregon Community Bank      | 68583TCD8 | 100,000             | 3.35%             | 6/18/2008 | 6/18/2009  | \$ 275.34        | \$ 1,231.39                 | \$ 1,119.72                   | TxDOT Grant Fund                 |
| Capital Bank               | 14056MCC7 | 100,000             | 3.35%             | 6/18/2008 | 6/18/2009  | \$ 275.34        | \$ 1,231.39                 | \$ 1,119.72                   | TxDOT Grant Fund                 |
| New Century Bank           | 64353PDU4 | 100,000             | 3.40%             | 6/18/2008 | 6/18/2009  | \$ 279.45        | \$ 1,249.77                 | \$ 1,136.44                   | TxDOT Grant Fund                 |
| United FSB Bank            | 06651NAW8 | 100,000             | 3.20%             | 7/11/2008 | 1/12/2009  | \$ 268.54        | \$ 972.38                   |                               | Senior Lien Debt Service Reserve |
| Union Bank                 | 905200AP6 | 100,000             | 3.05%             | 7/16/2008 | 12/16/2009 | \$ 250.68        | \$ 887.37                   | \$ 768.76                     | Senior Lien Debt Service Reserve |
| Viking Community Bank      | 92676MBR1 | 100,000             | 3.10%             | 7/16/2008 | 1/16/2009  | \$ 254.79        | \$ 901.93                   | \$ 781.37                     | Senior Lien Debt Service Reserve |
| Midfirst Bank              | 59740LV84 | 100,000             | 3.10%             | 7/16/2008 | 1/16/2009  | \$ 259.98        | \$ 898.49                   |                               | Senior Lien Debt Service Reserve |
| Randolph Bank and Trust    | 75237NAH9 | 100,000             | 3.10%             | 7/16/2008 | 1/16/2009  | \$ 254.79        | \$ 901.93                   | \$ 781.37                     | Senior Lien Debt Service Reserve |
| Community West Bank        | 20415QCN7 | 100,000             | 3.10%             | 7/16/2008 | 1/16/2009  | \$ 254.79        | \$ 901.93                   | \$ 781.37                     | Senior Lien Debt Service Reserve |
| Montgomery Bank SA         | 613118AV0 | 100,000             | 3.15%             | 7/16/2008 | 1/16/2009  | \$ 264.20        | \$ 913.03                   |                               | Senior Lien Debt Service Reserve |
| Quad City Bank             | 74731SAU3 | 100,000             | 3.15%             | 7/16/2008 | 1/16/2009  | \$ 258.90        | \$ 916.46                   | \$ 793.96                     | Senior Lien Debt Service Reserve |
| Cascade Bank               | 147352DJ4 | 100,000             | 3.15%             | 7/16/2008 | 1/16/2009  | \$ 258.90        | \$ 916.46                   | \$ 793.96                     | Senior Lien Debt Service Reserve |
| Washington Trust bank      | 940615FB8 | 100,000             | 3.15%             | 7/16/2008 | 1/16/2009  | \$ 258.90        | \$ 916.46                   | \$ 793.96                     | Senior Lien Debt Service Reserve |
| FirstBank                  | 337629VW6 | 100,000             | 3.20%             | 7/16/2008 | 1/16/2009  | \$ 263.01        | \$ 931.01                   | \$ 806.57                     | Senior Lien Debt Service Reserve |
| GE Capital Financial       | 36160WBK4 | 100,000             | 3.20%             | 7/16/2008 | 1/16/2009  | \$ 268.42        | \$ 927.57                   |                               | Senior Lien Debt Service Reserve |
| NY Community Bank          | 649447NPO | 100,000             | 3.20%             | 7/16/2008 | 1/16/2009  | \$ 268.42        | \$ 927.57                   |                               | Senior Lien Debt Service Reserve |
| State Bank                 | 856283HW9 | 100,000             | 3.20%             | 7/16/2008 | 1/16/2009  | \$ 268.42        | \$ 927.57                   |                               | Senior Lien Debt Service Reserve |
| Paragon Bank and Trust     | 69911NCQ3 | 100,000             | 3.15%             | 7/17/2008 | 1/20/2009  | \$ 258.90        | \$ 907.71                   | \$ 793.96                     | Senior Lien Debt Service Reserve |
| Washington Mutual Bank     | 939371NZ9 | 100,000             | 3.25%             | 7/17/2008 | 1/16/2009  | \$ 272.62        | \$ 933.02                   |                               | Senior Lien Debt Service Reserve |
| Central Bank               | 152526CY3 | 98,000              | 3.10%             | 7/18/2008 | 1/20/2009  | \$ 254.74        | \$ 863.52                   |                               | Senior Lien Debt Service Reserve |
| Madison County Bank        | 55677LAU3 | 98,000              | 3.10%             | 7/18/2008 | 1/20/2009  | \$ 249.70        | \$ 867.01                   | \$ 765.74                     | Senior Lien Debt Service Reserve |
| Ranier Pacific Bank        | 75087WCS4 | 98,000              | 3.15%             | 7/18/2008 | 1/16/2009  | \$ 253.73        | \$ 880.99                   | \$ 778.09                     | Senior Lien Debt Service Reserve |
| Heritage Community Bank    | 42723UBA8 | 98,000              | 3.15%             | 7/18/2008 | 1/20/2009  | \$ 253.73        | \$ 880.99                   | \$ 778.09                     | Senior Lien Debt Service Reserve |
| Syringa Bank               | 87182PBJ9 | 100,000             | 3.20%             | 7/18/2008 | 1/20/2009  | \$ 268.38        | \$ 909.66                   |                               | Senior Lien Debt Service Reserve |
| Security Bank and Trust    | 813788BL9 | 98,000              | 3.15%             | 7/21/2008 | 1/21/2009  | \$ 258.81        | \$ 851.57                   |                               | Senior Lien Debt Service Reserve |
| Patriot State Bank         | 703375AE5 | 98,000              | 3.10%             | 7/23/2008 | 1/23/2009  | \$ 249.70        | \$ 824.81                   | \$ 765.74                     | Senior Lien Debt Service Reserve |
| Williamsburg FNB           | 969555CA7 | 98,000              | 3.10%             | 7/23/2008 | 1/23/2009  | \$ 249.70        | \$ 824.81                   | \$ 765.74                     | Senior Lien Debt Service Reserve |
| First South Bank           | 33644DAC8 | 98,000              | 3.10%             | 7/23/2008 | 1/23/2009  | \$ 249.70        | \$ 824.81                   | \$ 765.74                     | Senior Lien Debt Service Reserve |
| Signature Bank             | 82669LCC5 | 98,000              | 3.15%             | 7/23/2008 | 1/23/2009  | \$ 253.73        | \$ 838.12                   | \$ 778.09                     | Senior Lien Debt Service Reserve |
| Bank of Florida SW         | 06425CBX4 | 98,000              | 3.15%             | 7/23/2008 | 1/23/2009  | \$ 253.73        | \$ 838.12                   | \$ 778.09                     | Senior Lien Debt Service Reserve |
| Florida Ft Lauderdale Bank | 062131CJ4 | 98,000              | 3.15%             | 7/23/2008 | 1/23/2009  | \$ 253.73        | \$ 838.12                   | \$ 778.09                     | Senior Lien Debt Service Reserve |
| National Bank of Commerce  | 63336PBC0 | 98,000              | 3.15%             | 7/23/2008 | 1/23/2009  | \$ 253.73        | \$ 838.12                   | \$ 778.09                     | Senior Lien Debt Service Reserve |
| Corefirst Bank             | 21871AAK5 | 100,000             | 3.15%             | 7/25/2008 | 1/26/2009  | \$ 264.00        | \$ 833.67                   |                               | Senior Lien Debt Service Reserve |
| Regions Bank               | CDRB12282 | 100,000             | 3.70%             | 10/1/2008 | 2/4/2009   | \$ 314.25        | \$ 314.25                   |                               | TxDOT Grant Fund                 |
| Regions Bank               | CDRB12290 | 3,000,000           | 3.23%             | 10/1/2008 | 6/30/2009  | \$ 8,544.11      | \$ 8,544.11                 |                               | TxDOT Grant Fund                 |
|                            |           | <u>7,575,000.00</u> |                   |           |            | <u>20,763.75</u> | <u>54,420.44</u>            | <u>23,468.45</u>              |                                  |

## INVESTMENTS by FUND

Balance  
October 31, 2008

|                                       |               |                      |
|---------------------------------------|---------------|----------------------|
| <b>Additional Projects Fund</b>       |               |                      |
| TexSTAR                               | 5,775,391.08  |                      |
| Fidelity                              | 16,040.26     |                      |
|                                       |               | 5,791,431.34         |
| <b>Construction Fund</b>              |               |                      |
| TexSTAR                               | 7,719,922.68  |                      |
| Fidelity                              | 113,003.57    |                      |
|                                       |               | 7,832,926.25         |
| <b>Renewal &amp; Replacement Fund</b> |               |                      |
| TexSTAR                               | 102,230.97    |                      |
| Fidelity                              | 39,783.74     |                      |
| CD's                                  | 499,000.00    |                      |
|                                       |               | 641,014.71           |
| <b>TxDOT Grant Fund</b>               |               |                      |
| TexSTAR                               | 8,041,342.05  |                      |
| Fidelity                              | 27,794.63     |                      |
| CD's                                  | 4,100,000.00  |                      |
| Agencies                              | 1,005,923.72  |                      |
|                                       |               | 13,175,060.40        |
| <b>Subordinate Lien DS Fund</b>       |               |                      |
| TexSTAR                               | 0.00          |                      |
| Fidelity                              | 7,842.83      |                      |
|                                       |               | 7,842.83             |
| <b>Debt Service Reserve Fund</b>      |               |                      |
| TexSTAR                               | 10,691,243.57 |                      |
| Fidelity                              | 115,242.80    |                      |
| CD's                                  | 2,976,000.00  |                      |
|                                       |               | 13,782,486.37        |
| <b>Debt Service Fund</b>              |               |                      |
| TexSTAR                               | 0.00          |                      |
| Fidelity                              | 2,489,882.01  |                      |
|                                       |               | 2,489,882.01         |
| <b>Operating Fund</b>                 |               |                      |
| TexSTAR                               | 1,307,787.07  |                      |
| TexSTAR-Trustee                       | 3,486,765.07  |                      |
| MMA Payroll                           | 3,493.37      |                      |
| Fidelity                              | 76.77         |                      |
|                                       |               | 4,798,122.28         |
| <b>Revenue Fund</b>                   |               |                      |
| TexSTAR                               | 615.50        |                      |
| Fidelity                              | 869,905.99    |                      |
|                                       |               | 870,521.49           |
| <b>General Fund</b>                   |               |                      |
| TexSTAR                               | 8,366,218.23  |                      |
| Fidelity                              | 65.67         |                      |
|                                       |               | 8,366,283.90         |
|                                       |               | <u>57,755,571.58</u> |



## Monthly Newsletter - October 2008

### Performance

#### As of October 31, 2008

|                                       |                    |
|---------------------------------------|--------------------|
| Current Invested Balance              | \$4,653,785,653.26 |
| Weighted Average Maturity (1)         | 38 Days            |
| Weighted Average Maturity (2)         | 81 Days            |
| Net Asset Value                       | 0.999727           |
| Total Number of Participants          | 659                |
| Management Fee on Invested Balance    | 0.05%*             |
| Interest Distributed                  | \$7,778,138.43     |
| Management Fee Collected              | \$211,967.69       |
| % of Portfolio Invested Beyond 1 Year | 0.54%              |
| Standard & Poor's Current Rating      | AAAm               |

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

#### October Averages

|  |                    |
|--|--------------------|
| Average Invested Balance                 | \$5,005,248,062.38 |
| Average Monthly Yield, on a simple basis | 1.7825%            |
| Average Weighted Average Maturity (1)*   | 39 Days            |
| Average Weighted Average Maturity (2)*   | 82 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 October 2008:

- ★ Zephyr ISD
- ★ Corsicana ISD
- ★ Montgomery ISD
- ★ Brewster County
- ★ Grandview ISD
- ★ San Marcos CISD
- ★ North Hardin Water Supply Corporation
- ★ Terrell County WCID 1

### Holiday Reminder

In observance of the **Veterans Day holiday**, **TexSTAR will be closed on Tuesday, November 11, 2008**. All ACH transactions initiated on Monday, November 10th, will settle on Wednesday, November 12th.

In observance of the **Thanksgiving Day holiday**, **TexSTAR will be closed on Thursday, November 27, 2008**. All ACH transactions initiated on Wednesday, November 26th, will settle on Friday, November 28th.

### Economic Commentary

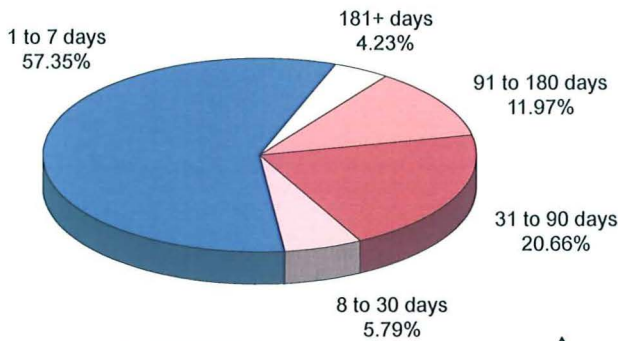
The most recent wave of market turmoil that began in September continued in October, with spreads across fixed income markets reaching record levels and global equity markets seeing one of their worst months ever. However, unprecedented injections of liquidity and the establishment of numerous backstop facilities by the Federal Reserve and related actions by the Treasury Department appear to have finally managed to thaw money markets over the last half of the month. Additionally, tentative signs are emerging of some recovery in corporate bond issuance. To be sure, financial conditions are very tight, but they are gradually improving. In monitoring financial conditions moving forward, the primary concerns are equity prices, due to the wealth implications for households, the corporate bond market, a primary source of funding for business expansion, and consumer credit growth. Should financial conditions continue to improve, a slight decline in GDP is expected in the fourth quarter followed by unchanged growth in first quarter 2009. Why not expect even weaker growth? First, trade is expected to remain quite supportive. Second, inventories remain lean. Third, the decline in gas prices should somewhat offset the combined impact of credit tightening, falling wealth, and a weaker labor market on consumer spending. Fourth, the two most credit sensitive sectors, housing and autos, have already fallen very sharply, limiting the downside to some extent. Finally, while details remain unclear, another dose of fiscal stimulus is now very likely by early first quarter. Some further easing from an already low 1% is possible in Q4, but the timing and magnitude will depend both on financial conditions and economic data.

This information is an excerpt from an economic report dated October 2008 provided to TexSTAR by JP Morgan Asset Management, Inc., the investment manager of the TexSTAR pool.

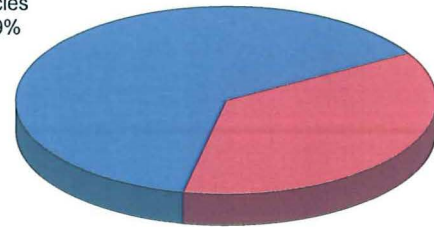
**For more information about TexSTAR, please visit our web site at [www.texstar.org](http://www.texstar.org).**

## Information at a Glance

### Portfolio by Type of Investment As of October 31, 2008



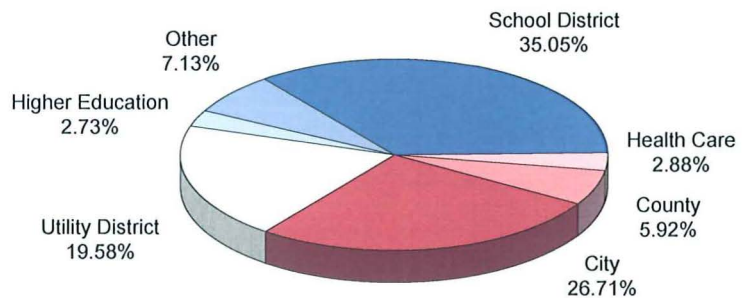
Agencies  
63.49%



Repurchase  
Agreements  
36.51%

### Portfolio by Maturity As of October 31, 2008

### Distribution of Participants by Type As of October 31, 2008



## Performance

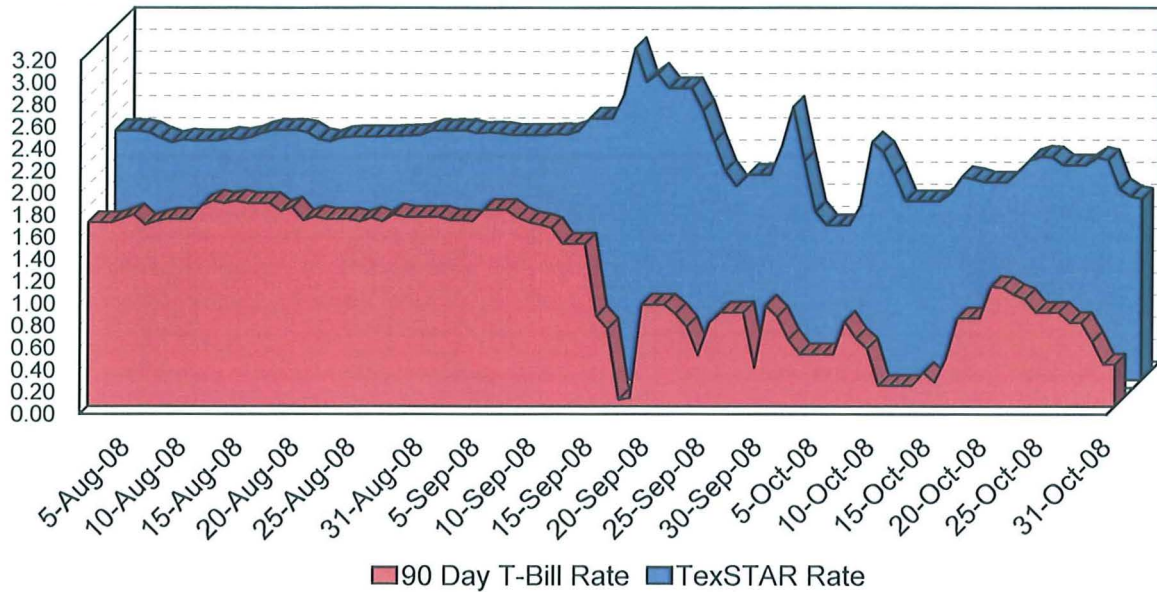
| Month  | Average Rate | Book Value          | Market Value        | Net Asset Value | WAM (1)* | WAM (2)* | Number of Participants |
|--------|--------------|---------------------|---------------------|-----------------|----------|----------|------------------------|
| Oct 08 | 1.7825%      | \$ 4,653,785,653.26 | \$ 4,652,712,677.18 | 0.999727        | 39       | 82       | 659                    |
| Sep 08 | 2.2986%      | 5,252,346,054.07    | 5,248,471,023.31    | 0.999262        | 34       | 81       | 650                    |
| Aug 08 | 2.2120%      | 4,936,314,476.42    | 4,933,265,676.60    | 0.999370        | 36       | 87       | 647                    |
| Jul 08 | 2.1874%      | 5,328,247,286.85    | 5,325,742,811.75    | 0.999529        | 30       | 84       | 643                    |
| Jun 08 | 2.2467%      | 5,450,912,795.58    | 5,448,966,529.06    | 0.999642        | 31       | 86       | 637                    |
| 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                    |

## Portfolio Asset Summary as of October 31, 2008

|                                      | Book Value                 | Market Value               |
|--------------------------------------|----------------------------|----------------------------|
| Uninvested Balance                   | \$ 1,958.30                | \$ 1,958.30                |
| Accrual of Interest Income           | 6,330,872.03               | 6,330,872.03               |
| Interest and Management Fees Payable | (7,754,677.52)             | (7,754,677.52)             |
| Payable for Investment Purchased     | 0.00                       | 0.00                       |
| Repurchase Agreements                | 1,699,399,000.00           | 1,699,399,000.00           |
| Government Securities                | 2,955,808,500.45           | 2,954,735,524.37           |
| <b>Total</b>                         | <b>\$ 4,653,785,653.26</b> | <b>\$ 4,652,712,677.18</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 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 October 2008

| Date      | Mny Mkt Fund<br>Equiv. [SEC Std.] | Daily Allocation<br>Factor | TexSTAR Invested<br>Balance | Market Value<br>Per Share | WAM<br>Days (1)* | WAM<br>Days (2)* |
|-----------|-----------------------------------|----------------------------|-----------------------------|---------------------------|------------------|------------------|
| 1-Oct-08  | 1.9773%                           | 0.0000541720               | 5,258,975,997.53            | 0.999326                  | 37               | 82               |
| 2-Oct-08  | 1.5216%                           | 0.0000416870               | 5,217,853,518.47            | 0.999487                  | 37               | 82               |
| 3-Oct-08  | 1.3980%                           | 0.0000383020               | 5,197,946,509.88            | 0.999544                  | 37               | 82               |
| 4-Oct-08  | 1.3980%                           | 0.0000383020               | 5,197,946,509.88            | 0.999544                  | 37               | 82               |
| 5-Oct-08  | 1.3980%                           | 0.0000383020               | 5,197,946,509.88            | 0.999544                  | 37               | 82               |
| 6-Oct-08  | 1.5727%                           | 0.0000430890               | 5,115,965,358.98            | 0.999810                  | 40               | 86               |
| 7-Oct-08  | 2.1485%                           | 0.0000588620               | 5,145,184,451.78            | 0.999691                  | 40               | 85               |
| 8-Oct-08  | 2.0612%                           | 0.0000564700               | 5,137,337,122.04            | 0.999859                  | 39               | 84               |
| 9-Oct-08  | 1.8577%                           | 0.0000508960               | 5,125,430,938.61            | 0.999820                  | 39               | 84               |
| 10-Oct-08 | 1.6165%                           | 0.0000442870               | 5,149,708,690.48            | 0.999949                  | 40               | 82               |
| 11-Oct-08 | 1.6165%                           | 0.0000442870               | 5,149,708,690.48            | 0.999949                  | 40               | 82               |
| 12-Oct-08 | 1.6165%                           | 0.0000442870               | 5,149,708,690.48            | 0.999949                  | 40               | 82               |
| 13-Oct-08 | 1.6165%                           | 0.0000442870               | 5,149,708,690.48            | 0.999949                  | 40               | 82               |
| 14-Oct-08 | 1.6856%                           | 0.0000461810               | 5,100,779,627.40            | 0.999806                  | 41               | 83               |
| 15-Oct-08 | 1.8351%                           | 0.0000502770               | 5,072,562,475.80            | 0.999806                  | 41               | 83               |
| 16-Oct-08 | 1.8177%                           | 0.0000498000               | 5,052,382,611.85            | 0.999719                  | 41               | 83               |
| 17-Oct-08 | 1.7880%                           | 0.0000489870               | 4,989,581,273.68            | 0.999602                  | 40               | 82               |
| 18-Oct-08 | 1.7880%                           | 0.0000489870               | 4,989,581,273.68            | 0.999602                  | 40               | 82               |
| 19-Oct-08 | 1.7880%                           | 0.0000489870               | 4,989,581,273.68            | 0.999602                  | 40               | 82               |
| 20-Oct-08 | 1.8780%                           | 0.0000514520               | 4,929,998,089.12            | 0.999509                  | 40               | 83               |
| 21-Oct-08 | 1.9868%                           | 0.0000544330               | 4,912,788,823.07            | 0.999676                  | 40               | 82               |
| 22-Oct-08 | 2.0201%                           | 0.0000553460               | 4,841,955,973.26            | 0.999738                  | 41               | 83               |
| 23-Oct-08 | 2.0153%                           | 0.0000552140               | 4,861,291,547.52            | 0.999757                  | 41               | 83               |
| 24-Oct-08 | 1.9424%                           | 0.0000532160               | 4,799,616,907.19            | 0.999756                  | 40               | 82               |
| 25-Oct-08 | 1.9424%                           | 0.0000532160               | 4,799,616,907.19            | 0.999756                  | 40               | 82               |
| 26-Oct-08 | 1.9424%                           | 0.0000532160               | 4,799,616,907.19            | 0.999756                  | 40               | 82               |
| 27-Oct-08 | 2.0107%                           | 0.0000550890               | 4,871,606,273.86            | 0.999749                  | 39               | 81               |
| 28-Oct-08 | 1.9898%                           | 0.0000545140               | 4,870,504,432.17            | 0.999804                  | 39               | 80               |
| 29-Oct-08 | 1.7272%                           | 0.0000473210               | 4,757,297,383.65            | 0.999854                  | 40               | 82               |
| 30-Oct-08 | 1.6599%                           | 0.0000454780               | 4,676,720,821.28            | 1.000085                  | 40               | 82               |
| 31-Oct-08 | 1.6398%                           | 0.0000449250               | 4,653,785,653.26            | 0.999727                  | 38               | 81               |
| Average   | 1.7825%                           | 0.000048834                | 5,005,248,062.38            |                           | 39               | 82               |

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 &amp; 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](http://www.texstar.org)**

