

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

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Pursuant to Section 49-m, Article III, of the Texas Constitution, Section 201.115, Texas Transportation Code (enabling act), and Minute Order 110147, dated July 28, 2005, the Texas Transportation Commission (commission) approved a resolution (resolution) authorizing the issuance of Texas Department of Transportation State Highway Fund Revenue Commercial Paper Notes, Series A (notes), in the aggregate principal amount not to exceed \$500 million to carry out the functions of the Texas Department of Transportation (department).

The resolution also authorized the execution and delivery of agreements related thereto, including a note enhancement agreement, approved the form of an offering memorandum therefor, and appointed certain authorized officers and employees of the department to act on behalf of the department in the issuance of notes and, to provide an additional source of payment and security for the notes, the resolution requires that the department maintain a note enhancement agreement therefor.

To provide for the replacement of the existing note enhancement agreement, which is scheduled to expire on August 25, 2009, the department has considered proposals to provide a substitute note enhancement agreement for the notes (substitute note enhancement agreement) and, following an evaluation of such proposals, department staff has negotiated the terms and conditions of a substitute note enhancement agreement to be provided by the banks (liquidity providers) named in the substitute note enhancement agreement presented to the commission with this order.

Department staff has determined that the terms and conditions of the substitute note enhancement agreement presented to the commission with this order are the most advantageous reasonably obtainable by the department and department staff has recommended that the commission approve the execution and delivery of such substitute note enhancement agreement.

Chapter 1371, Texas Government Code, authorizes the department to execute and deliver credit agreements related to or in connection with the issuance, security and payment of the notes on substantially the terms and for the period approved by the commission, except for certain specific terms that the commission may delegate to authorized representatives of the department.

The commission has determined that (i) the substitute note enhancement agreement constitutes a credit agreement within the meaning of Chapter 1371, Texas Government Code, (ii) the substitute note enhancement agreement shall constitute a subordinate obligation under the resolution, (iii) the obligations of the commission and the department arising under and in connection with the substitute note enhancement agreement are and shall be limited obligations of the department, payable solely from and to the extent of funds identified in the resolution and in the substitute note enhancement agreement, and (iv) the liquidity providers shall have no recourse against any other funds or accounts of the commission, the department or the state for payment of the obligations arising under and in connection with the substitute note enhancement agreement.

In connection with the proposed execution of the substitute note enhancement agreement, an updated offering memorandum for the notes, in substantially the form presented to the commission with this order, has been prepared for use in the offering, marketing and sale of the notes.

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Since the approval of the resolution in 2005, there have been organizational changes in the administration of the department resulting in the need to review the identification and designation of officers and employees of the department who may act on behalf of the department in the issuance of notes and in the administration of the financing program established by the resolution.

IT IS THEREFORE ORDERED by the commission that the substitute note enhancement agreement is hereby approved by the commission, and the authorized representatives and the chief financial officer (each as defined in the resolution) are each authorized to execute and deliver the substitute note enhancement agreement, in substantially the form presented to the commission with this order, together with such changes as shall be approved by an authorized representative or the chief financial officer, subject to the terms and conditions set forth in the term sheet presented to the commission with this order.

IT IS FURTHER ORDERED by the commission that the authorized representatives and the chief financial officer are each authorized to execute and deliver any modifications, amendments and extensions to the substitute note enhancement agreement and any additional substitute note enhancement agreements as shall be deemed necessary or appropriate by an authorized representative or the chief financial officer, subject to the limitations and parameters set forth in Exhibit A hereto.

IT IS FURTHER ORDERED by the commission that the preparation, use and distribution of an updated offering memorandum, in substantially the form presented to the commission with this order, is hereby approved, and the authorized representatives and the chief financial officer are each authorized and directed to take and approve such actions as they deem necessary or appropriate to complete the offering memorandum. The authorized representatives and the chief financial officer are each further authorized to approve any future amendments, modifications and supplements to such offering memorandum as shall be deemed necessary or appropriate by an authorized representative or the chief financial officer.

IT IS FURTHER ORDERED by the commission that any authority, power, duty or responsibility conferred by the resolution or this order on the chief financial officer may be discharged by any one of the following officers of the department: the chief financial officer, the director of the finance division, or the deputy director of the finance division.

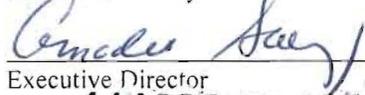
IT IS FURTHER ORDERED by the commission that each member of the commission, the executive director of the department, each authorized representative, the chief financial officer, the director of the finance division, and the deputy director of the finance division are each authorized and directed to perform all such acts, to obtain such approvals and to execute all such documents as may be necessary to carry out the intent of this order.

Submitted and reviewed by:



Director, Finance Division

Recommended by:



Executive Director

111896 JUL 30 09

Minute Date
Number Passed

EXHIBIT A

An Authorized Representative or Chief Financial Officer is authorized to execute and deliver any modifications, amendments and extensions to the substitute note enhancement agreements as shall be deemed necessary or appropriate by an Authorized Representative or Chief Financial Officer, subject to the following limitations and parameters:

1. The aggregate amount of the substitute note enhancement agreements, which may be evidenced by Loan Notes, shall not exceed the Maximum Program Amount plus interest thereon (equal to the interest component of the enhancement providers' aggregate commitment);
2. The initial term of any substitute note enhancement agreement shall not exceed 2 years, and any extension or renewal of the term of a substitute note enhancement agreement shall not exceed 2 years from the date of execution of such renewal or extension; provided, that no extension or renewal of a substitute note enhancement agreement shall extend beyond the maximum term provided for Additional Terms under the Resolution;
3. The maximum interest rate to be paid pursuant to a substitute note enhancement agreement shall not exceed the Maximum Rate;
4. Obligations arising under a substitute note enhancement agreement shall be payable from and secured by Pledge Proceeds and, to the extent provided by the substitute note enhancement agreement, other Available Revenues;
5. Any substitute or replacement Enhancement Provider must have a short-term generic credit rating of (i) at least "A-1" or its equivalent from a Rating Agency or (ii) such other minimum credit rating as shall be necessary to permit the Commercial Paper Notes to be eligible for investment by a money market fund subject to Rule 2a-7 under the Investment Company Act of 1940;
6. The authorization conferred by this order shall expire on August 5, 2025.

The authority to modify, amend or extend the substitute note enhancement agreements conferred by this order shall be in addition to the authority conferred by the Resolution and, to the extent of any limitation expressed by the Resolution that conflicts with the authority conferred by this order, this order shall control.

In making the determination required by paragraph 5(ii), an Authorized Representative or Chief Financial Officer may obtain and rely on the advice of a Dealer for the Commercial Paper Notes.

Unless otherwise indicated, capitalized terms shall have the meaning assigned by the Resolution.