

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

Page 1 of 3

ALL Districts

Section 49-p, Article III of the Texas Constitution (Constitutional Provision) and Transportation Code, Section 222.004 (Section 222.004), and other applicable law, including Government Code, Chapter 1371, authorize the Texas Transportation Commission (commission) to issue general obligation bonds, notes and other public securities (bonds) and to enter into credit agreements. The commission may issue general obligation bonds for one or more of the following purposes: 1) to pay, or reimburse the State Highway Fund for payment of, all or part of the costs of highway improvement projects including loans for highway improvement projects; 2) to pay (a) the costs of administering projects authorized under Section 222.004, (b) the costs or expense of the issuance of the bonds or (c) all or part of a payment owed or to be owed under a credit agreement, and 3) refunding outstanding bonds.

The commission has determined it to be in the best interest of the State to issue general obligation bonds and to approve a "Master Resolution Establishing the Texas Transportation Commission Highway Improvement General Obligation Financing Program" (Master Resolution) to establish a general obligation financing program in an initial aggregate principal amount not to exceed \$5 billion pursuant to which the commission may issue bonds and execute credit agreements secured by and payable from the general revenues of the State pursuant to the Constitutional Provision and Section 222.004.

The Master Resolution, together with the "First Supplemental Resolution to the Master Resolution Establishing the Texas Transportation Commission Highway Improvement General Obligation Financing Program" (First Supplement), prescribes the terms, provision and covenants related to the issuance of general obligations bonds in one or more series entitled "Texas Transportation Commission State of Texas Highway Improvement General Obligation Bonds" with such series designation as set forth in the First Supplement, in the aggregate principal amount not to exceed \$3 billion.

Under the First Supplement, the Department Representative, as defined in the First Supplement, is authorized to determine the method of sale for the bonds, and shall further determine such price and such terms of the bonds, which may include Build America Bonds, as prescribed in the award certificate in accordance with the First Supplement.

The commission understands that a preliminary official statement (POS) and final official statement (Official Statement) in substantially the form of the POS will be distributed in connection with the public offering and sale of the bonds, which POS does, and which Official Statement will, include a description of the general obligation pledge of the State's full faith and credit.

Under the First Supplement, the Department Representative is authorized to price all or a portion of the bonds as variable rate bonds, which may require the use of liquidity provider(s), tender agents, remarketing agents and other entities performing similar functions in connection with any such variable rate bonds.

Pursuant to Minute Order 111932 dated August 27, 2009, the commission approved a revised Derivative Management Policy which policy established a Derivative Committee to review and make recommendations regarding the commission's use of derivative financial products. The commission is authorized to enter into credit agreements related to the bonds with some or all of the existing swap providers previously approved by the commission and with any other qualified swap providers as determined by the Department Representative in compliance with the Derivative Management Policy when, in the judgment of the Department Representative, and in accordance with the commission's Derivative Management Policy, Government Code, Chapter 1371, and the First Supplement, the transaction is expected to benefit the commission and the State.

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

Page 2 of 3

ALL Districts

Government Code, Section 1231.041 provides that a state agency may not issue a state security, including a bond, unless the Texas Bond Review Board (Board) approves the issuance. Government Code, Section 1231.042 provides that, in order to obtain the approval of the Board to issue a state security, a state agency must apply to the Board in the manner prescribed by the Board.

The commission also expects certain capital expenditures eligible for payment from the proceeds of the bonds may be paid for highway improvement projects prior to issuance of any series of bonds.

IT IS THEREFORE ORDERED by the commission that the Chair and Executive Director are authorized and directed to execute and deliver the bonds and the Department Representative is authorized and directed to execute and deliver the Master Resolution, the First Supplement, any bond purchase contract, notice of sale and paying agent agreement (collectively, Program Documents), and the Program Documents are approved in substantially the form presented to the commission with such changes as the Department Representative executing the same may approve, such approval to be conclusively evidenced by execution of the Program Documents.

IT IS FURTHER ORDERED by the commission that the Department Representative is authorized and directed to execute and deliver any remarketing agreement, liquidity agreement, tender agent agreement and similar agreements necessary for any variable rate bonds (collectively, Variable Rate Documents), and the Variable Rate Documents and similar agreements in connection with any variable rate bonds are approved in substantially the form previously approved by the commission in connection with the Outstanding Texas Mobility Fund Debt, as defined in the First Supplement, with such changes as the Department Representative executing the same may approve, such approval to be conclusively evidenced by execution of the Variable Rate Program Documents.

IT IS FURTHER ORDERED by the commission that the Chief Financial Officer and Director, Finance Division are each authorized to declare the commission's intention to reimburse for expenditures made prior to the issuance of any bonds in accordance with federal treasury regulations and the First Supplement.

IT IS FURTHER ORDERED by the commission that any necessary ancillary documents in connection with the issuance of the bonds, the Program Documents and the Variable Rate Documents, if any, are hereby approved, and the Department Representative is authorized and directed to execute and deliver such documents, and the application and submission previously made to the Board are hereby approved and ratified.

IT IS FURTHER ORDERED by the commission that the Department Representative is hereby authorized to enter into master swap agreements similar to master swap agreements entered into in connection with Outstanding Texas Mobility Fund Debt and any appropriate confirmation for any interest rate swap transaction relating to bonds with any or all of the existing swap providers previously approved by the commission and any other qualified swap providers as determined by the Department Representative in compliance with the Derivative Management Policy, with such changes as the Department Representative executing the same may approve, such approval to be conclusively evidenced by execution of the confirmation in accordance with the Derivative Management Policy and the First Supplement.

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

Page 3 of 3

ALL Districts

IT IS FURTHER ORDERED by the commission that the POS and the Official Statement are approved for distribution with such changes as the Department Representative executing the same may approve, such approval to be conclusively evidenced by execution of the POS and the Official Statement, and a POS and Official Statement for subsequent series of bonds issued in accordance with the First Supplement, in substantially the form of the POS and Official Statement for the initial series of bonds, are also approved for distribution with such changes as the Department Representative executing the same may approve, such approval to be conclusively evidenced by execution of the POS and Official Statement. The Department Representative is authorized to deem final the POS for any series of bonds for purposes of Rule 15c2-12 of the Securities and Exchange Commission (rule) with such omissions as permitted by the rule.

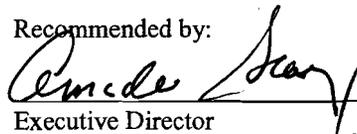
IT IS FURTHER ORDERED by the commission that each member of the commission and each Department Representative is authorized and directed to perform all such acts and execute such documents and notices, including execution of certifications to the underwriters, the Attorney General, the Comptroller of Public Accounts, the Board and other parties, as may be necessary to carry out the intent of this order and other orders of the commission relating to the general obligation financing program established by the Master Resolution, the Program Documents and the Variable Rate Documents, if any.

Submitted and reviewed by:



Director, Finance Division

Recommended by:



Executive Director

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Minute Date
Number Passed