

TEXAS TRANSPORTATION COMMISSION

VARIOUS Counties

MINUTE ORDER

Page 1 of 2

VARIOUS Districts

Section 49-k, Article III of the Texas Constitution and Transportation Code, Chapter 201, Subchapter M, and other applicable law, including Government Code, Chapter 1371, authorize the Texas Transportation Commission (commission) to issue bonds (TMF bonds) and other obligations secured by all or part of the money in the Texas Mobility Fund. Obligations may be issued to 1) pay all or part of the costs of constructing, reconstructing, acquiring, and expanding State highways; 2) provide participation by the State in the payment of part of the costs of constructing and providing publicly owned toll roads and other public transportation projects; 3) create debt service accounts; 4) pay interest on obligations for a period of not longer than two years; 5) refund or cancel outstanding obligations and 6) pay the commission's costs of issuance.

Section 49-n, Article III, of the Texas Constitution provides that the Texas Legislature may authorize the commission to issue bonds and other public securities and enter into bond enhancement agreements that are payable from revenue deposited to the credit of the state highway fund to fund state highway improvement projects and pursuant to such constitutional provision, the Texas Legislature enacted Section 222.003, Texas Transportation Code, which authorizes the commission to issue bonds (Proposition 14 bonds) and other public securities secured by a pledge of and payable from revenue deposited to the credit of the highway fund.

Section 49-p, Article III of the Texas Constitution and Transportation Code, Section 222.004, and other applicable law, including Government Code, Chapter 1371, and HB 1 General Appropriation Bill, 82nd Legislature, Regular Session, authorize the commission to issue general obligation bonds, notes and other public securities (Proposition 12 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 and HB 1 General Appropriation Bill, 82nd Legislature, (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 TMF bonds, the Proposition 14 bonds, and the Proposition 12 bonds are the commission's bond programs.

A practice of the Texas Department of Transportation (department) is to make best use of the available funding for projects in achieving its overall goals. This is often a challenge given the dynamic nature of the availability of funding sources, change orders, and economic factors. In making the best use of available funding, it is at times necessary to adjust the bond funding on projects that have been or may be designated to be funded from one or more of the commission's bond programs. The greater flexibility will result in an overall approach in managing the department's financial resources, not only on projects funded from bond proceeds, but also on the federal-aid apportionment and obligation authority level, that is efficient and responsive.

IT IS THEREFORE ORDERED by the commission that, it being necessary to allow the department to make best use of the available funding sources and subject to the limitations of 43 TAC §§ 15.170-15.174, the chief financial officer (CFO) is delegated the authority to vary the amount of bond funds allocated to projects in order to manage project overruns and under runs and to move projects in and out of the commission's bond programs as needed to optimize the effective and efficient use of annual federal-aid apportionment and obligation authority, within the requirements of the federal income tax laws and the constitutional and statutory provisions governing each bond program. This delegation of authority does not provide the CFO with the authority to select or reject projects to be developed by a bond program except as necessary to comply with applicable legal requirements. In the exercise of this

TEXAS TRANSPORTATION COMMISSION

VARIOUS Counties

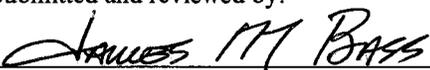
MINUTE ORDER

Page 2 of 2

VARIOUS Districts

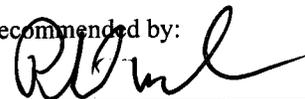
authority, the CFO is directed to administer the funding of projects from current and future bond issues and to ensure the efficient attainment of bond program goals.

Submitted and reviewed by:



Chief Financial Officer

Recommended by:



Executive Director

119163 JUN 26 12

Minute
Number

Date
Passed