OFFICIAL STATEMENT DATED NOVEMBER 15, 2012

NEW ISSUE - Book-Entry-Only **RATINGS: See "RATINGS" herein**

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds (defined herein) will be excludable from gross income for federal income tax purposes under statutes, regulations, court decisions, and published rulings existing on the date thereof subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax consequences on corporations.

$585,330,000
TEXAS TRANSPORTATION COMMISSION
CENTRAL TEXAS TURNPIKE SYSTEM
FIRST TIER REVENUE REFUNDING BONDS, SERIES 2012-A

$225,000,000
TEXAS TRANSPORTATION COMMISSION
CENTRAL TEXAS TURNPIKE SYSTEM
FIRST TIER REVENUE REFUNDING PUT BONDS, SERIES 2012-B

Dated: November 1, 2012
Interest Accrues From: Date of Initial Delivery **Due**: As shown herein

The Texas Transportation Commission (the "*Commission*"), the governing body of the Texas Department of Transportation (the "*Department*"), is issuing its Central Texas Turnpike System First Tier Revenue Refunding Bonds, Series 2012-A (the "*Series 2012-A Bonds*") and its Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Series 2012-B (the "*Series 2012-B Bonds*", and collectively with the Series 2012-A Bonds, the "*Bonds*") pursuant to the Indenture of Trust, dated as of July 15, 2002 (the "*Master Indenture*") as supplemented by the Sixth Supplemental Indenture of Trust, dated as of November 1, 2012 (the "*Sixth Supplemental Indenture*," and collectively, with the Master Indenture, the "*Indenture*") each by and between the Commission and The Bank of New York Mellon Trust Company, National Association, as trustee (the "*Trustee*") and paying agent for the Bonds.

Proceeds of the Bonds will be used to refund a portion of the outstanding First Tier Obligations (as defined herein), as further identified in Schedule I attached hereto (the "*Refunded Bonds*"), and to pay the costs of issuing the Bonds. The Bonds, together with the remaining outstanding First Tier Obligations, and any Additional First Tier Obligations, constitute special, limited obligations of the Commission payable solely from and secured by a first lien on, pledge of, and security interest in the Trust Estate, as defined herein. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Sources of Payment."

The Bonds are initially issuable and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("*DTC*") pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 and integral multiples thereof. No physical delivery of the Bonds will be made to the purchasers thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Trustee to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent remittance to the owners of the beneficial interests in the Bonds. See "THE BONDS – Trustee" and APPENDIX C – "Book-Entry-Only System" herein.

Each series of the Bonds is further described in this Official Statement. See pages iii and iv hereof for additional information relating to the Series 2012-A Bonds and the Series 2012-B Bonds, respectively, including provisions relating to the maturities, interest rates, redemption provisions and prices or yields.

This cover page contains information for quick reference only and is not a summary of the Bonds. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. Investment in the Bonds is subject to certain risk factors. See "RISK FACTORS" herein.

NONE OF THE STATE OF TEXAS, THE COMMISSION, THE DEPARTMENT, OR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT THE COMMISSION SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS CREATED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE COMMISSION NOR THE DEPARTMENT HAS ANY TAXING POWER. THE INDENTURE DOES NOT CREATE A MORTGAGE ON THE CENTRAL TEXAS TURNPIKE SYSTEM.

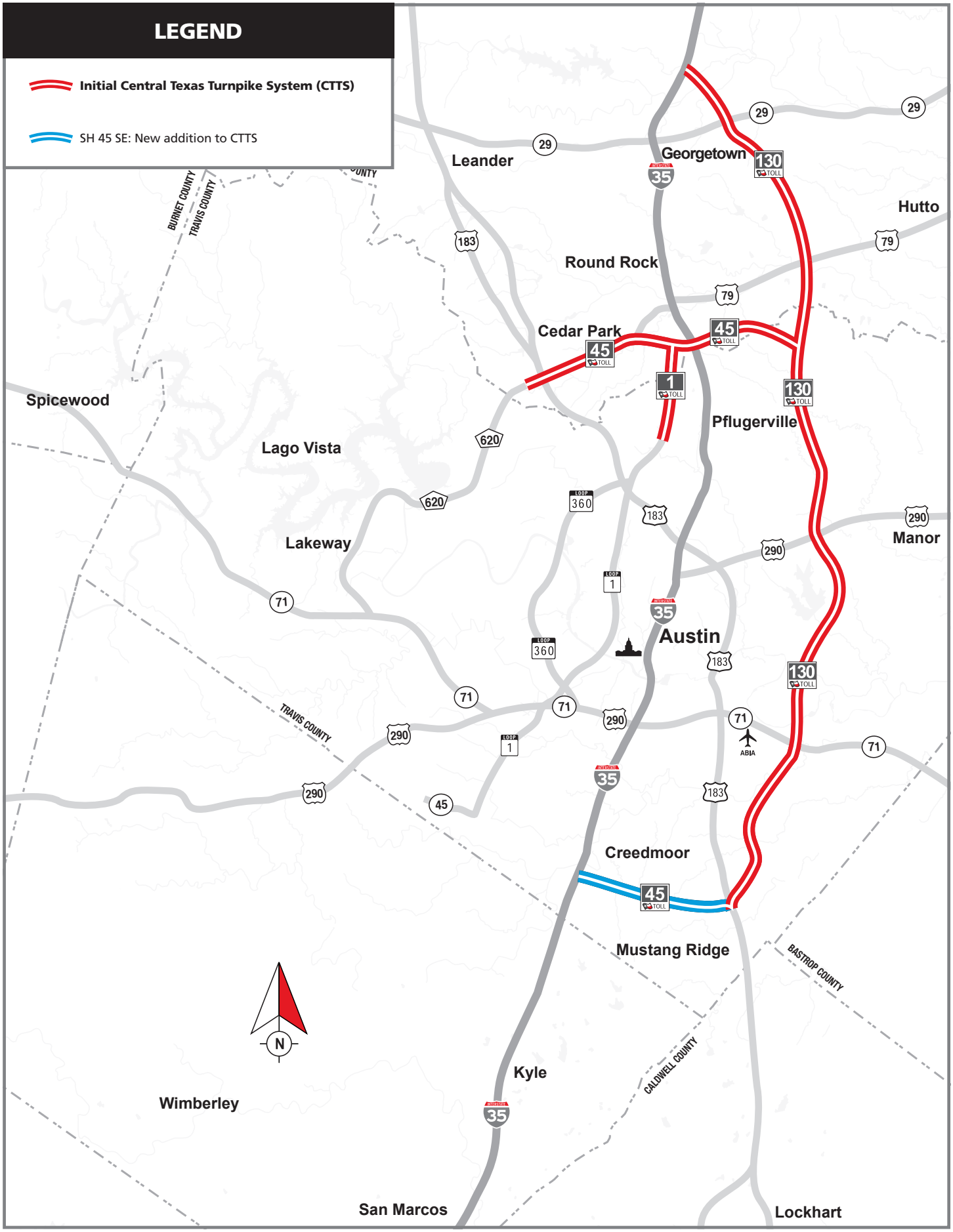
The Bonds are offered for delivery when, as, and if issued and accepted by the Underwriters, and subject to the approval of the Attorney General of the State and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel. Certain legal matters will be passed upon for the Commission by the General Counsel to the Commission and by McCall, Parkhurst & Horton L.L.P., Disclosure Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by their counsel, Winstead PC. It is expected that the Bonds will be delivered on or about November 27, 2012, through the facilities of DTC.

J.P. MORGAN

CITIGROUP **JEFFERIES** **LOOP CAPITAL MARKETS**

RAYMOND JAMES | MORGAN KEEGAN **M.R. BEAL & COMPANY** **PIPER JAFFRAY & CO.**

SOUTHWEST SECURITIES


LEGEND
Initial Central Texas Turnpike System (CTTS)
SH 45 SE: New addition to CTTS
Leander
Georgetown
Hutto
Round Rock
Cedar Park
Pflugerville
Spicewood
Lago Vista
Lakeway
Manor
Austin
ABIA
Creedmoor
Mustang Ridge
Kyle
Wimberley
San Marcos
Lockhart
BURNET COUNTY
TRAVIS COUNTY
BASTROP COUNTY
CALDWELL COUNTY
N

MATURITIES, INTEREST RATES OR YIELDS AND ADDITIONAL INFORMATION REGARDING THE BONDS

$585,330,000 TEXAS TRANSPORTATION COMMISSION CENTRAL TEXAS TURNPIKE SYSTEM FIRST TIER REVENUE REFUNDING BONDS, SERIES 2012-A

General. The $585,330,000 Texas Transportation Commission Central Texas Turnpike System First Tier Revenue Refunding Bonds, Series 2012-A (the "*Series 2012-A Bonds*") will be issued as fully registered bonds, without coupons, in denominations of $5,000 or any integral multiple thereof and will be dated as November 1, 2012. Interest on the Series 2012-A Bonds will accrue from the date of initial delivery, calculated on the basis of a 360-day year composed of twelve 30-day months, and is payable on February 15 and August 15 of each year, commencing February 15, 2013. Principal of the Series 2012-A Bonds will come due on August 15 of the years and in the amounts set forth below or upon earlier redemption of the Series 2012-A Bonds.

MATURITY SCHEDULE FOR THE SERIES 2012-A BONDS

Serial Series 2012-A Bonds

Maturity (August 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP [1]
2038	$123,235,000	4.000%	4.000%	88283KAC2

Term Series 2012-A Bonds

$462,095,000 5.000% Term Bonds due August 15, 2041, Price 111.127% to Yield 3.630%; CUSIP No. 88283KAB4[1] [2]

Redemption. The Series 2012-A Bonds are subject to mandatory, optional and special redemption prior to maturity as more fully described herein. See "THE BONDS - Redemption" herein.

No Conversion. The Series 2012-A Bonds are issued only as fixed rate bonds and are *not* subject to conversion to another interest rate mode.

No Optional and Mandatory Tender. The Series 2012-A Bonds are *not* subject to optional or mandatory tender for purchase.

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Series 2012-A Bonds. None of the Department, the Commission, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

[2] Priced assuming such Series 2012-A Bonds will be redeemed on the first available optional redemption date of August 15, 2022.

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$225,000,000 TEXAS TRANSPORTATION COMMISSION CENTRAL TEXAS TURNPIKE SYSTEM FIRST TIER REVENUE REFUNDING PUT BONDS, SERIES 2012-B

General. The $225,000,000 Texas Transportation Commission Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Series 2012-B (the "*Series 2012-B Bonds*") will be issued as fully registered bonds, without coupons, in denominations of $5,000 or any integral multiple thereof and will be dated as November 1, 2012. Through the period that commences on the date of initial delivery of the Series 2012-B Bonds and ends on the last date of the Initial Multiannual Period described below (the "*Initial Multiannual Period*"), interest will accrue on the Series 2012-B Bonds at the Initial Interest Rate specified below, calculated on the basis of a 360-day year composed of twelve 30-day months, from their date of delivery and will be payable on February 15 and August 15 of each year, commencing February 15, 2013. Principal will come due on August 15, 2042 or upon the earlier redemption of the Series 2012-B Bonds.

THIS OFFICIAL STATEMENT DESCRIBES THE SERIES 2012-B BONDS IN THE INITIAL MULTIANNUAL PERIOD ONLY. AT THE TERMINATION OF THE INITIAL MULTIANNUAL PERIOD, THE SERIES 2012-B BONDS ARE SUBJECT TO MANDATORY TENDER AND PURCHASE. UPON SUCH MANDATORY TENDER AND PURCHASE, THE SERIES 2012-B BONDS ARE EXPECTED TO BE REMARKETED UNLESS OTHERWISE REDEEMED. SEE "THE BONDS - INTEREST RATE MODE FOR SERIES 2012-B BONDS."

MATURITY SCHEDULE FOR SERIES 2012-B BONDS

Maturity Date	Last Day of Initial Multiannual Period	Principal Amount	Initial Interest Rate	Initial Yield [1]	Mandatory Tender Date	CUSIP No.[2]
August 15, 2042	February 14, 2015	$225,000,000	1.25%	1.25%	February 15, 2015	88283KAD0

Redemption. The Series 2012-B Bonds are not subject to redemption prior to the end of the Initial Multiannual Period. See "THE BONDS - Redemption."

Conversion. The Series 2012-B Bonds are not subject to conversion to another interest rate mode prior to the end of the Initial Multiannual Period.

Optional and Mandatory Tender. The Series 2012-B Bonds are not subject to optional tender by the holders thereof for purchase prior to the end of the Initial Multiannual Period. The Series 2012-B Bonds are subject to mandatory tender on the Mandatory Tender Date referred to above, subject to the successful remarketing of such Series 2012-B Bonds. See "THE BONDS - Optional and Mandatory Tender of Series 2012-B Bonds."

No Credit or Liquidity Facility. As of the date of this Official Statement, the Commission has not provided any credit or liquidity facility for the payment of the purchase price of the Series 2012-B Bonds payable upon the mandatory tender of the Series 2012-B Bonds on the Mandatory Tender Date, nor is there any requirement or expectation that such credit or liquidity facility will be obtained. The principal portion of the purchase price for the Series 2012-B Bonds is expected to be obtained from the remarketing thereof. The obligation of the Commission to purchase Series 2012-B Bonds on the Mandatory Tender Date is subject to the successful remarketing of such Series 2012-B Bonds. The Commission has no obligation to purchase Series 2012-B Bonds except from remarketing proceeds. If the Series 2012-B Bonds are not remarketed, the interest rate on the Series 2012-B Bonds will be increased to the Stepped Coupon Rate of 10% per annum as described herein. See "THE BONDS – Optional and Mandatory Tender of Series 2012-B Bonds – *Effects of a Failed Remarketing*."

[1] Calculated through the last day of the Initial Multiannual Period.
[2] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Series 2012-B Bonds. None of the Department, the Commission, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

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TEXAS TRANSPORTATION COMMISSION

Name	Title	Term Expires
Ted Houghton	Chairman	February 2015
William Meadows	Commissioner	February 2013
Fred Underwood	Commissioner	February 2015
Jeff Austin, III	Commissioner	February 2013
Jeff Moseley	Commissioner	February 2017

TEXAS DEPARTMENT OF TRANSPORTATION

Name	Position	Total Service with the Department
Phil Wilson	Executive Director	1 year
John Barton, P.E.	Deputy Executive Director and Chief Engineer	27 years
James M. Bass	Chief Financial Officer	24 years
Benjamin Asher	Innovative Financing/Debt Management Officer	5 months
Brian Ragland, CPA	Finance Director	6 years
John Muñoz, CPA	Deputy Director, Innovative Financing/Debt Management Office	24 years
Jeff Graham	General Counsel	4 months
Doug Woodall, P.E.	Director, Toll Operations Division	29 years

CONSULTANTS AND ADVISORS

Financial Advisor ..... Estrada Hinojosa & Company, Inc., Austin, Texas
Bond Counsel and Disclosure Counsel..... McCall, Parkhurst & Horton L.L.P., Austin, Texas
Traffic Consultant……..... Stantec Consulting Services Inc., New York, New York
General Engineering Consultant……..... Atkins North America, Inc., Austin, Texas
Trustee……..... The Bank of New York Mellon Trust Company, National Association, Austin, Texas
Verification Agent ..... Grant Thornton LLP

For additional information regarding the Commission or the Department, please contact either:

Mr. James M. Bass
Chief Financial Officer
Texas Department of Transportation
125 E. 11th Street
Austin, Texas 78701-2483
(512) 305-9507

Mr. Paul Jack
Managing Director
Estrada Hinojosa & Company, Inc.
100 Congress Avenue, 20th Floor
Austin, Texas 78701
(512) 469-3577

For additional information regarding the Trustee for the Bonds, please contact:

The Bank of New York Mellon Trust Company,
National Association
919 Congress Avenue, Suite 500
Austin, TX 78701-2153
Attention: Saul Ramirez
Telephone: (512) 236-6518

SALE AND DISTRIBUTION OF THE BONDS

Use of Official Statement

No dealer, broker, salesman, or other person has been authorized by the Commission or the Underwriters set forth on the cover page hereof (the "*Underwriters*") to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Commission or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Commission since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the Commission's undertaking to provide information on a continuing basis. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used for any other purpose. In no instance may this Official Statement be reproduced or used in part.

Certain information set forth in this Official Statement has been furnished by the Commission and other sources which are believed to be reliable, but such information is not to be construed as a representation by the Commission or the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

Neither the Commission nor the Financial Advisor make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system, as provided for in APPENDIX C - "Book-Entry-Only System," as such information was furnished by DTC.

Marketability

THE PRICE AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER SUCH BONDS ARE RELEASED FOR SALE, AND SUCH BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the Bonds has been filed with the Securities Exchange Commission (the "*SEC*") under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Commission assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

The statements contained in this Official Statement, and in other information provided by the Commission, that are not purely historical, are forward-looking statements, including statements regarding the Commission's expectations, hopes, intentions, or strategies regarding the future. All forward-looking statements included in this Official Statement are based on

information available to the Commission on the date hereof, and the Commission assumes no obligation to update any such forward-looking statements. See "RISK FACTORS – Forward-Looking Statements."

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OFFICIAL STATEMENT
relating to

$585,330,000
TEXAS TRANSPORTATION COMMISSION
CENTRAL TEXAS TURNPIKE SYSTEM
FIRST TIER REVENUE REFUNDING BONDS, SERIES 2012-A

$225,000,000
TEXAS TRANSPORTATION COMMISSION
CENTRAL TEXAS TURNPIKE SYSTEM
FIRST TIER REVENUE REFUNDING PUT BONDS, SERIES 2012-B

INTRODUCTION

This Official Statement (the "*Official Statement*") contains certain information relating to the offering by the Texas Transportation Commission (the "*Commission*") of its Central Texas Turnpike System First Tier Revenue Refunding Bonds, Series 2012-A (the "*Series 2012-A Bonds*") and its Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Series 2012-B (the "*Series 2012-B Bonds*", and collectively with the Series 2012-A Bonds, the "*Bonds*"). This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and matters of opinion, or that they will be realized. This Official Statement speaks only as of its date, and the information contained herein is subject to change. **Capitalized terms used in this Official Statement that are not otherwise defined herein have the meanings assigned to them in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SIXTH SUPPLEMENTAL INDENTURE – Definitions."**

The Texas Transportation Commission (the "*Commission*"), the governing body of the Texas Department of Transportation (the "*Department*"), issued the following obligations (the *"Series 2002 Obligations"*), to finance the costs of planning, designing, engineering, developing, and constructing the initial phase (the *"2002 Project"*) of the Central Texas Turnpike System (the *"System"*) located in Travis and Williamson Counties, Texas, in the greater City of Austin, Texas metropolitan area: (i) its Texas Turnpike Authority[1] Central Texas Turnpike System First Tier Revenue Bonds, Series 2002-A (the *"Series 2002-A Bonds"*); (ii) First Tier Revenue Bonds, Series 2002-B (Weekly Rate Demand Bonds) (the *"Series 2002-B Bonds");* (iii) its Second Tier Bond Anticipation Notes, Series 2002 (the *"Series 2002 Second Tier BANs")*; and (iv) a Subordinate Lien Obligation issued to the U.S. Department of Transportation (more fully described below) (the *"2002 TIFIA Bond"*). The Series 2002 Obligations were issued pursuant to the Indenture of Trust, dated as of July 15, 2002 (the "*Master Indenture*") and indentures supplemental thereto, all by and between the Commission and The Bank of New York Mellon Trust Company, National Association, as trustee (the "*Trustee*").

With respect to the 2002 TIFIA Bond, pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998, 23 United States Code, Section 181, et seq. ("*TIFIA*"), the United States Department of Transportation ("*USDOT*") agreed to lend to the Commission funds to pay or reimburse the Commission for a portion of the Costs of the 2002 Project (as defined below) under the Master Secured Loan Agreement, dated as of July 15, 2002 (the "*TIFIA Loan Agreement*"). To evidence the Commission's obligation under the TIFIA Loan Agreement, the Commission issued the 2002 TIFIA Bond as a Subordinate Lien Obligation pursuant to the Master Indenture. The 2002 TIFIA Bond is outstanding in the aggregate principal amount of $900,000,000. The 2002 TIFIA Bond and other Subordinate Lien Obligations hereafter issued are payable from and secured by a lien on, pledge of and security interest in the Trust Estate subordinate and junior to the First Tier Obligations and Second Tier Obligations unless, with respect to the 2002 TIFIA Bond, a Bankruptcy-Related Event occurs under the TIFIA Loan Agreement and the Master Indenture while USDOT owns the 2002 TIFIA Bond. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Additional Obligations - *Springing First Tier Obligation*" and "- Default and Remedies - *2002 TIFIA Bond Default Remedy*" and "RISK FACTORS – Dilution of First Tier Security Upon Bankruptcy-Related Event." See "THE SYSTEM - TIFIA Funding."

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[1] The Texas Transportation Code previously provided for a separate board of directors of the Texas Turnpike Authority that was authorized to issue bonds for toll projects. Effective November 6, 2001, the separate board of directors of the Texas Turnpike Authority was abolished by S.B. 342 (77th Texas Legislature, Regular Session) and all powers, duties, obligations, rights, contracts, leases, records, employees, and real or personal property of the board, including the ability to issue bonds for toll projects, were transferred to the Commission. The Toll Operations Division of the Department, formerly the Texas Turnpike Authority Division, is currently tasked with operation of the System.

Proceeds of the 2002 TIFIA Bond were used to reimburse the Commission for qualifying project costs, and the Commission applied such reimbursements to retire the Series 2002 Second Tier BANs. In 2009, the Commission issued its Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Series 2009 (the "*Series 2009 Bonds*") pursuant to the Master Indenture as supplemented by the Fifth Supplemental Indenture of Trust, by and between the Commission and the Trustee. The Series 2009 Bonds were issued to retire the Series 2002-B Bonds, and were subsequently remarketed in 2011 by the Commission in the Multiannual Mode, with February 14, 2013 as the last day of the current Multiannual Period. Prior to issuance of the Bonds, the Series 2002-A Bonds, the 2002 TIFIA Bond, and the Series 2009 Bonds are the only Obligations issued to finance the System that are currently outstanding.

The Bonds will be issued by the Commission pursuant to the laws of the State, particularly Chapters 1207 and 1371, Texas Government Code, as amended, and Subchapter C of Chapter 228, Texas Transportation Code, as amended (collectively, the "*Acts*"), an authorizing minute order adopted by the Commission on August 30, 2012 and an Indenture of Trust, dated as of July 15, 2002 (the "*Master Indenture*"), by and between the Commission and The Bank of New York Mellon Trust Company, National Association, as trustee, (the "*Trustee*"), as supplemented by the Sixth Supplemental Indenture of Trust, dated as of November 1, 2012 (the *"Sixth Supplemental Indenture,*" and collectively with the Master Indenture, the "*Indenture*"), between the Commission and the Trustee.

Proceeds of the Bonds will be used to refund a portion of the outstanding Series 2002-A Bonds and all of the Series 2009 Bonds, as further identified in Schedule I attached hereto (the "*Refunded Bonds*"), and to pay the costs of issuing the Bonds. The Bonds are special, limited obligations of the Commission payable from and secured by a first lien on, pledge of, and security interest in the Trust Estate granted in the Indenture, on an equal and ratable basis with the remaining outstanding Series 2002-A Bonds, Series 2009 Bonds, and Additional First Tier Obligations issued in the future in accordance with the provisions of the Master Indenture (collectively, the "*First Tier Obligations*"). See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Sources of Payment."

The System currently consists of (i) the "*2002 Project*" which includes the following three elements of the System, each as more fully described in "THE SYSTEM": (a) Segments 1 through 4 of State Highway 130 ("*SH 130*"), from Interstate Highway 35 to United States Highway 183 (the "*SH 130 Element*"); (b) State Highway 45 North (the "*SH 45N Element*"); and (c) the north extension of Loop 1 (the "*Loop 1 Element*"); and (ii) State Highway 45 Southeast (the *"SH 45SE Element"*), financed by the Commission with other lawfully available funds, and added to the System by a minute order of the Commission adopted on August 30, 2012, and effective on September 1, 2012.

The elements of the 2002 Project, together with the SH 45SE Element (collectively, the *"System"*), together with certain other connector and complementary facilities which are not part of the System, are shown on the map on page ii hereof. The SH 130 Element is 49.0 miles long extending from Interstate Highway 35 ("*IH-35*") near State Highway 195 ("*SH195*"), north of Georgetown, Texas, southward to United States Highway 183 ("*US183*"), southeast of Austin, and provides an eastern alternative to IH-35. The SH 45N Element is 12.8 miles long extending from US183 on the west to SH 130 on the east and provides an east-west roadway for the Austin metropolitan area. The Loop 1 Element is 4.0 miles long extending northward from the non-tolled portion of Loop 1 at Parmer Lane to the SH 45N Element and is a major north-south route of the 2002 Project. The SH 45SE Element links IH-35 at FM 1327, north of the City of Buda, to the junction of SH 130 and US 183 near Mustang Ridge. The 7.0 mile long facility is a four-lane roadway with controlled access and a wide center median. See "THE SYSTEM."

All elements of the 2002 Project have been open for traffic as of April 30, 2008. The 2002 Project reached substantial completion under the terms of the Master Indenture (i.e. the date on which portions of the 2002 Project originally projected to produce 80% of the 2002 Project's revenues were open to traffic) on September 27, 2007. The Department has granted final acceptance for the entire 2002 Project, with final acceptance of the last portion of the 2002 Project occurring on January 16, 2009. The SH 45SE Element was financed by the Commission with other lawfully available funds and opened for traffic in May, 2009. See "THE SYSTEM."

In connection with the System, the Commission has, subject to constitutionally dedicated funds appropriated to the Commission in a manner that would allow their use, covenanted to (i) pay all Maintenance Expenses when due; (ii) pay Operating Expenses to the extent of any deficiency in the Operating Account; and (iii)

fund the Reserve Maintenance Account. These commitments and covenants of the Commission are payable from lawfully available funds of the Commission which historically have been funded from the State Highway Fund to the extent the System has not generated sufficient revenue to make such payments. See "FUNDING OF COMMISSION OBLIGATIONS." The ability of the Commission to satisfy such commitments and covenants is dependent upon the continued availability to the Commission of adequate funds for such purposes. See "SYSTEM RELATED FUNDING OBLIGATIONS OF COMMISSION." For Fiscal Year 2013, the Commission has budgeted for the System the amounts of $39,314,824 for operations, $8,187,846 for maintenance expenses, and $5,800,000 for capital maintenance expenses. See "SYSTEM RELATED FUNDING OBLIGATIONS OF COMMISSION – System Operations and Maintenance Expenditures."

After issuance of the Bonds, total Obligations issued to finance or refinance the System are currently outstanding as follows (excludes Refunded Bonds):

Title	**Principal Amount Outstanding**	**Tier**
First Tier Revenue Bonds, Series 2002-A	$439,218,462.80[1]	First Tier
First Tier Revenue Refunding Bonds, Series 2012-A	$585,330,000.00	First Tier
First Tier Revenue Refunding Put Bonds, Series 2012-B	$225,000,000.00	First Tier
TIFIA LOAN Agreement and 2002 TIFIA Bond	$900,000,000.00[2]	Subordinate Lien, with springing First Tier lien upon occurrence of a "Bankruptcy-Related Event"[3]

Pursuant to the Master Indenture, the Commission has reserved the right to expand the System in the future as well as issue additional debt to finance improvements and additions to the System; however, the Commission currently has no plans to expand the System beyond the addition of the SH 45SE Element, or issue any additional debt related to the System other than the Bonds.

Investment in the Bonds involves certain risks, some of which are discussed throughout this Official Statement. The statements contained in this Official Statement, and in other information provided by the Commission or the Department, that are not purely historical, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future of the Commission or the Department. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Commission and the Department on the date hereof, and neither the Commission nor the Department assume any obligation to update any such forward-looking statements. See "RISK FACTORS" for a discussion of risks that should be considered in evaluating an investment in the Bonds.

NONE OF THE STATE, THE COMMISSION, THE DEPARTMENT, OR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT THE COMMISSION SOLELY FROM THE TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE

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[1] The Series 2002-A Bonds are insured by Ambac Assurance Corporation. See "RISK FACTORS – Rating Changes of Ambac Assurance Corporation and Possible Impact of Bankruptcy of Ambac Financial." Reflects principal amount outstanding only and does not include accretion value for the capital appreciation bonds.

[2] The Commission drew $900,000,000 of the $916,760,000 that was available under the TIFIA Loan Agreement. No additional draws on the 2002 TIFIA Bond are permitted. See "THE SYSTEM AND THE 2002 PROJECT – TIFIA Funding."

[3] See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Additional Obligations – *Springing First Tier Obligation*" and "– Default and Remedies – *2002 TIFIA Bond Default Remedy*" and "RISK FACTORS – Dilution of First Tier Security Upon Bankruptcy-Related Event."

STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE COMMISSION NOR THE DEPARTMENT HAS ANY TAXING POWER. THE INDENTURE DOES NOT CREATE A MORTGAGE ON THE SYSTEM.

For purposes of providing additional background information with respect to the 2002 Project, this Official Statement contains references to certain historical documents available online at http://txdot.gov/business/investors.html, including but not limited to the 2002 Traffic and Revenue Report, the 2005 Update, the 2008 Review and the 2010 Update (all as defined herein). Such historical documents and any other documents on such website contain information only as of their respective dates and have not been updated to reflect any subsequent information. THE FOREGOING LINKS ARE NOT INCORPORATED BY REFERENCE, EITHER EXPRESSLY OR BY IMPLICATION, INTO THIS OFFICIAL STATEMENT, NOR ARE ANY MATERIALS ON SUCH WEBSITE. THE INFORMATION CONTAINED AT THE LINK LOCATION IS DATED AS OF THE DATE OF SUCH REPORTS OR DOCUMENTS, AND THERE CAN BE NO ASSURANCE THAT SUCH INFORMATION WILL BE UPDATED IN THE FUTURE. THE COMMISSION, THE DEPARTMENT, ITS FINANCIAL ADVISOR, AND THE UNDERWRITERS DISCLAIM ANY RESPONSIBILITY TO UPDATE SUCH INFORMATION. THE DEPARTMENT, ITS FINANCIAL ADVISOR, AND THE UNDERWRITERS DISCLAIM ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF THE CONTENT OF ANY MATERIAL CONTAINED ON ANY LINKS TO OR CONTENT OR MATERIAL ON OTHER INTERNET SITES OR HYPERLINKS/URL REFERENCES ACCESSED THROUGH SUCH WEBSITE. See "RISK FACTORS - Forward-Looking Statements."

PLAN OF FINANCE

General

The Series 2012-A Bonds are being issued for the purpose of refunding a portion of the outstanding First Tier Obligations as further identified in Schedule I attached hereto (the "*Series 2012-A Refunded Bonds*") to achieve a present value savings, and to pay the costs of issuing the Series 2012-A Bonds.

The Series 2012-B Bonds are being issued for the purpose of refunding a portion of the outstanding First Tier Obligations as further identified in Schedule I attached hereto (the "*Series 2012-B Refunded Bonds*" and together with the Series 2012-A Refunded Bonds, the "*Refunded Bonds*"), and to pay the costs of issuing the Series 2012-B Bonds. See Schedule I hereto for the details of the specific series and maturities of Refunded Bonds to be refunded and their respective redemption dates and redemption prices.

Refunded Bonds

Proceeds from the issuance and sale of the Bonds will be deposited with the Trustee to refund the Refunded Bonds on their respective redemption dates. The Commission will additionally deposit any necessary contribution with the Trustee sufficient, together with such proceeds of the Bonds, to provide for the defeasance, redemption and refunding of the Refunded Bonds in accordance with the terms thereof.

The principal of and interest due on the Refunded Bonds are to be paid on their respective redemption dates from funds to be deposited with the Trustee pursuant to the terms of the Indenture. The Sixth Supplement provides that, from proceeds of the sale of the Bonds, together with amounts contributed to the refunding of the Refunded Bonds by the Commission, there shall be deposited with the Trustee the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on their scheduled redemption dates. Such funds will be held by the Trustee in a special account (the "*Redemption Account*") and are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Refunded Bonds and used to purchase direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States (the "*Defeasance Securities*"). Such account will not be available to pay principal of or interest on the Bonds.

Grant Thornton LLP, a nationally-recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate that the Defeasance Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Redemption Account, will be sufficient to pay, when due, the principal of, premium, if any, and interest on the Refunded Bonds on their scheduled redemption dates. Grant Thornton LLP will also verify the yields relied on by Bond Counsel to support its opinion that none of the Bonds is an arbitrage bond under section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"). Such verification report will be based on information and assumptions supplied by the Commission, its Financial Advisor and the Underwriters, and such verifications, information and assumptions will be relied upon by Bond Counsel in rendering its opinions described herein. See "VERIFICATION OF MATHEMATICAL ACCURACY" and "TAX MATTERS."

Upon such deposit with the Trustee, the Refunded Bonds will cease to bear interest on their respective redemption dates and shall no longer be entitled to the benefits of the Master Indenture and the Supplemental Indenture authorizing their issuance (other than for payment and transfer and exchange) and shall no longer be considered Outstanding.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied approximately as follows:

	Series 2012-A Bonds	Series 2012-B Bonds
Sources		
Par Amount of Bonds	$585,330,000.00	$225,000,000.00
Original Issue Premium	51,417,310.65	
Debt Service Reserve Fund Contribution	4,972,031.90	
Debt Service Fund Contribution	9,488,787.29	2,203,501.04
Total	$651,208,129.84	$227,203,501.04
Uses		
Deposit to Redemption Account	$647,008,366.35	$226,115,826.06
Underwriters' Discount	3,138,220.99	643,827.58
Costs of Issuance	1,061,542.50	443,847.40
Total	$651,208,129.84	$227,203,501.04

THE BONDS

General

The Bonds will be issued as fully registered bonds, without coupons, in denominations of $5,000 or any integral multiple thereof and will be dated November 1, 2012. The Bonds will be issued in book-entry form pursuant to the book-entry-only system described in Appendix C. Beneficial owners of Bonds will not receive physical delivery of the bond certificates.

The Series 2012-A Bonds will bear interest from the date of initial delivery, calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2012-A Bonds will be payable on February 15 and August 15 of each year, commencing February 15, 2013. The Series 2012-A Bonds will mature in the respective principal amounts and on the respective dates shown on page iii of this Official Statement.

Through the period which commences on the date of initial delivery of the Series 2012-B Bonds and ends on the date specified as the last date of the Initial Multiannual Period on page iv hereof (the "*Initial Multiannual Period*"), interest on the Series 2012-B Bonds will accrue, calculated on the basis of a 360-day year composed of twelve 30-day months from their date of initial delivery and will be payable on February 15 and August 15 of each year, commencing February 15, 2013, at a rate of interest equal to the per annum Initial Interest Rate specified on page iv hereof (the "*Initial Multiannual Rate*") until the Mandatory Tender Date for the Series 2012-B Bonds as specified on page iv hereof. Principal on the Series 2012-B Bonds will come due on August 15, 2042, or upon the earlier redemption of the Series 2012-B Bonds.

The Series 2012-B Bonds will be subject to mandatory tender for purchase on the Mandatory Tender Date specified on page iv hereof (the "*Mandatory Tender Date*") subject to the successful remarketing of such Series 2012-B Bonds as described below under "- Optional and Mandatory Tender of Series 2012-B Bonds." At that time, the Commission expects to either redeem or remarket the Series 2012-B Bonds in one of the several interest rate modes authorized by the Sixth Supplemental Indenture, including a Daily, Weekly, Monthly, Flexible, Quarterly, Semiannual, Multiannual, Index Floating Rate or Fixed Rate Mode (as such terms are defined in the Sixth Supplemental Indenture). This Official Statement does not describe the terms and provisions of the Sixth Supplemental Indenture and the Series 2012-B Bonds as they relate to the Series 2012-B Bonds following the Initial Multiannual Period except as described below in connection with the mandatory tender for purchase occurring at the end of the Initial Multiannual Period. Upon mandatory tender for purchase of the Series 2012-B Bonds, such Series 2012-B Bonds are expected to be remarketed. At the time of such remarketing, a new Official Statement or supplement to this Official Statement will be prepared for remarketing such Series 2012-B Bonds.

As of the date of this Official Statement, the Commission has not provided any credit or liquidity facility for the payment of the Purchase Price payable upon the mandatory tender of the Series 2012-B Bonds on the Mandatory Tender Date, nor is there any requirement or expectation that such credit or liquidity facility will be obtained. The principal portion of the Purchase Price for the Series 2012-B Bonds is expected to be obtained from the remarketing thereof. The obligation of the Commission to purchase Series 2012-B Bonds on the Mandatory Tender Date is subject to the successful remarketing of such Series 2012-B Bonds. The Commission has no obligation to purchase Series 2012-B Bonds except from remarketing proceeds. If the Series 2012-B Bonds are not remarketed, the interest rate on the Series 2012-B Bonds will be increased to the Stepped Coupon Rate (defined below under "– Optional and Mandatory Tender of Series 2012-B Bonds – *Effects of a Failed Remarketing*") of 10% per annum.

Redemption

Optional Redemption of Series 2012-A Bonds. The Series 2012-A Bonds are subject to redemption on August 15, 2022 or any day thereafter, in whole or in part, at the option of the Commission, in such manner as the Commission may select, at a redemption price of par plus accrued interest to the date fixed for redemption.

If less than all of the Series 2012-A Bonds of the same maturity are to be optionally redeemed, the particular Series 2012-A Bonds of such maturity to be redeemed will be determined as set forth below under "- *Selection of Bonds to be Redeemed*."

Optional Redemption of Series 2012-B Bonds. The Series 2012-B Bonds may be redeemed at the option of the Commission, with funds derived from any available source, in whole or in part, on February 15, 2015, or on any date thereafter during the initial Multiannual Rate Period in the event the initial Multiannual Rate Period is extended because of a failed conversion and remarketing, at the redemption price equal to the par amount of the Series 2012-B Bonds to be redeemed plus accrued interest to the date of redemption.

Following the Effective Date immediately following the Initial Multiannual Rate Period, the Bonds will be subject to redemption as provided in the Chief Financial Officer's Award Certificate to be executed and delivered in connection with the conversion following the Initial Multiannual Rate Period.

If less than all of the Series 2012-B Bonds of the same maturity are to be optionally redeemed, the particular Series 2012-B Bonds of such maturity to be redeemed will be determined as set forth below under "- *Selection of Series 2012-B Bonds to be Redeemed.*"

Mandatory Redemption of Series 2012-A Bonds. The Series 2012-A Bonds maturing on August 15, 2041 (the "*Term Series 2012-A Bonds*") are subject to mandatory sinking fund redemption prior to maturity in the aggregate principal amounts and on the dates set forth in the following table, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption date, as follows:

Series 2012-A Term Bonds
Maturing August 15, 2041

Redemption Date (August 15)	Principal Amount
2039	$159,415,000
2040	167,385,000
2041*	135,295,000*

*Final Maturity

If less than all of the Series 2012-A Bonds of the same maturity are to be redeemed pursuant to such mandatory sinking fund redemption, the particular Series 2012-A Bonds of such maturity to be redeemed will be determined as set forth below under "- *Selection of Bonds to be Redeemed*."

The principal amount of the Term Series 2012-A Bonds required to be redeemed on any redemption date pursuant to the operation of mandatory sinking fund redemption provisions will be reduced at the option of the Commission, by the principal amount of any Term Series 2012-A Bond scheduled for redemption on such redemption date or dates, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) have been acquired by the Commission and delivered to the Trustee for cancellation, (2) have been acquired and canceled by the Trustee, at the direction of the Commission, at a price not exceeding the principal amount of such Term Series 2012-A Bond plus accrued interest to the date of acquisition thereof, or (3) have been redeemed pursuant to the optional or special redemption provisions and not previously credited to a scheduled mandatory redemption.

Mandatory Redemption of Series 2012-B Bonds. The Series 2012-B Bonds (the "*Term Series 2012-B Bonds*") are subject to mandatory sinking fund redemption prior to maturity in the aggregate principal amounts and on the dates set forth in the following table, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption date, as follows:

Series 2012-B Bonds
Maturing August 15, 2042

Redemption Date (August 15)	Principal Amount
2041	$ 40,460,000
2042*	184,540,000*

*Final Maturity

If less than all of the Series 2012-B Bonds of the same maturity are to be redeemed pursuant to such mandatory sinking fund redemption, the particular Series 2012-B Bonds of such maturity to be redeemed will be determined as set forth below under "- *Selection of Bonds to be Redeemed*."

The principal amount of the Term Series 2012-B Bonds required to be redeemed on any redemption date pursuant to the operation of mandatory sinking fund redemption provisions will be reduced at the option of the Commission, by the principal amount of any Term Series 2012-B Bond scheduled for redemption on such redemption date or dates, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) have been acquired by the Commission and delivered to the Trustee for cancellation, (2) have been acquired and canceled by the Trustee, at the direction of the Commission, at a price not exceeding the principal amount of such Term Series 2012-B Bond plus accrued interest to the date of acquisition thereof, or (3) have been redeemed pursuant to the optional redemption provisions and not previously credited to a scheduled mandatory redemption.

Special Redemption for Series 2012-A Bonds. The Series 2012-A Bonds are subject to special redemption prior to maturity at the option of the Commission, in whole or in part (and if in part, at the option of the Commission as to maturity) at the Unamortized Premium Redemption Price on any date on or after the occurrence of a Transfer Event as certified by the Department Representative to the Trustee. If a Transfer Event occurs with respect to part of the System and less than all of the Series 2012-A Bonds are redeemed, the principal amount to be redeemed shall

be determined by, and in the sole discretion of, the Department Representative applying a reasonable allocation method to the portion of the System transferred taking into account any other Obligations then outstanding in connection with the System. Only that portion of the Series 2012-A Bonds so allocated to the portion of the System transferred are subject to a partial special redemption. If less than all of the Series 2012-A Bonds of the same maturity are to be redeemed pursuant to such special redemption, the particular Series 2012-A Bonds of such maturity to be redeemed will be determined as set forth below under "- *Selection of Bonds to be Redeemed*."

"*Unamortized Premium Redemption Price*" means the unamortized original issue price of the Series 2012-A Bonds to be redeemed, plus accrued interest to, but not including, the redemption date as shown on Schedule III of this Official Statement.

"*Transfer Event*" means the occurrence of (i) the sale, conveyance or other disposition of all or a part of the System, (ii) the transfer of the control of all or a part of the System through a concession or other long-term public private partnership agreement or arrangement or (iii) any combination of (i) and (ii). See "THE SYSTEM - Transfer Event."

Selection of Bonds to be Redeemed. If the Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Bonds, if less than all of the Bonds of a particular Series and maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds will be selected for redemption, in accordance with DTC procedures, by lot or such other method then required by DTC; provided that any such redemption must be performed such that all Bonds remaining outstanding will be in Authorized Denominations.

If a Bond is in a denomination in excess of $5,000, portions of the principal sum in amounts of $5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum is to be redeemed, there will be issued, without charge to the Registered Owner, upon the surrender of the Bond at the designated office of the Trustee, a new Bond or Bonds of like maturity, series, and interest rate in any Authorized Denominations provided by the Indenture for the then unredeemed balance of the principal amount. If a Bond is selected for redemption, in whole or in part, neither the Commission nor the Trustee will be required to transfer such Bond to an assignee of the Registered Owner within 45 days of the redemption date; provided, however, that such limitation on transferability will not be applicable to any exchange by the Registered Owner of the unredeemed balance in the event of its redemption in part.

Notice of Redemption. At least 30 days (two days with respect to any Series 2012-B Bond during a Stepped Rate Period) prior to the date fixed for optional redemption of any Bonds, a written notice is required to be sent by the Trustee by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared in the registration books maintained by the Trustee on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the optional redemption of any such Bond. The mailing of such notice as required above in connection with the redemption of such Bonds prior to maturity at the option of the Commission will be the only notice actually required in connection with or as a prerequisite to such optional redemption of any Bonds or portions thereof. All redemption notices for the Bonds are required to contain a description of the Bonds to be redeemed including such items specified in the Indenture.

In addition to the foregoing notice, in the event the Bonds to be redeemed are not subject to redemption within the next succeeding 60 days, the Trustee must give further notice to the Registered Owners that the deposit required by the Master Indenture has been made and that such Bonds are deemed to have been paid in accordance with the Master Indenture.

So long as a Book-Entry-Only System is used for the Bonds, the Trustee will send any notices with respect to such Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or

indirect participant to notify the beneficial owner, will not affect the validity of the redemption of such Bonds called for redemption or any other action premised on any such notice.

During any period in which ownership of the Bonds is determined by a book-entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity bearing such interest rate will be selected in accordance with the arrangements between the Commission and DTC.

Conditional Notice of Redemption. In the case of an optional redemption of the Bonds, the notice may state (1) that it is conditioned upon the deposit of money with the Trustee, in an amount equal to the amount necessary to effect the redemption, no later than the redemption date or (2) that the Commission retains the right to rescind such notice at any time prior to the scheduled redemption date if the Commission delivers a certificate of a Chief Financial Officer to the Trustee instructing the Trustee to rescind the redemption notice (in either case, a "*Conditional Redemption*"), and such notice and optional redemption shall be of no effect if such money is not so deposited or if the notice is rescinded as described in the paragraph below.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Commission delivers a certificate of a Chief Financial Officer to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee is required to give prompt notice of such rescission or failure to deposit funds to the affected Registered Owners. Any Bonds subject to Conditional Redemption where redemption has been rescinded or funds to effect the redemption have not been deposited will remain outstanding and the rescission or failure to deposit funds will not constitute an event of default.

Effect of Redemption. If due provision has been made with the Trustee for the payment of the required redemption price for the Bonds or portions thereof which are to be redeemed, plus accrued interest thereon to the date fixed for redemption, and notice is duly given as provided above, the Bonds or portions thereof which are to be redeemed will automatically be treated as redeemed prior to their scheduled maturities, and they will not bear interest after the date fixed for redemption, and they will not be regarded as being outstanding except for the right of the Registered Owners to receive the redemption price plus accrued interest from the Trustee out of the funds provided for such payment.

Retention of Rights. To the extent that the Commission has defeased any Outstanding Bonds pursuant to the provisions of the Sixth Supplemental Resolution (the "*Defeased Debt*") to their stated maturity, the Commission retains the right under State law to later call that Defeased Debt for redemption in accordance with the provisions of the Sixth Supplemental Resolution and the Award Certificate relating to the Defeased Debt. The Commission may call such Defeased Debt for redemption upon complying with the provisions of State law and upon the satisfaction of certain provisions of the Sixth Supplemental Resolution with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

Interest Rate Mode for Series 2012-B Bonds

The Series 2012-B Bonds are not convertible into any other interest rate mode during the Initial Multiannual Period. As described above under "THE BONDS – General," after the Initial Multiannual Period, the Commission expects to either redeem or remarket the Series 2012-B Bonds in one of the several interest rate modes authorized by the Sixth Supplemental Indenture.

Optional and Mandatory Tender of Series 2012-B Bonds

Optional Tender. The Series 2012-B Bonds are not subject to optional tender during the Initial Multiannual Period.

Mandatory Tender. The Series 2012-B Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date and must be tendered for purchase to the Trustee by the owners thereof, with no right of retention by such owners. **The obligation of the Commission to purchase Series 2012-B Bonds on the Mandatory Tender Date is subject to the successful remarketing of such Series 2012-B Bonds. The**

Commission has no obligation to purchase Series 2012-B Bonds except from remarketing proceeds. The purchase price (the "*Purchase Price*") on the Mandatory Tender Date is equal to the principal amount of the Series 2012-B Bonds, plus accrued interest, if any, to the Purchase Date (defined herein).

The Commission has agreed to appoint one or more remarketing agents (each a "*Remarketing Agent*"), prior to the Mandatory Tender Date and that it will use its best efforts to have Series 2012-B Bonds remarketed on the Mandatory Tender Date, if the Series 2012-B Bonds are not redeemed on such date. Each Remarketing Agent must have a capitalization of at least $100,000,000 and be authorized by law to perform all the duties imposed upon it by the Sixth Supplemental Indenture. Such future Remarketing Agents may not remarket any Series 2012-B Bonds if a default in the payment of principal of or interest on the Series 2012-B Bonds has occurred and is continuing. The Remarketing Agents to be appointed by a Chief Financial Officer on behalf of the Commission will be required to use their best efforts to remarket the Series 2012-B Bonds on the Mandatory Tender Date. If on the Mandatory Tender Date money sufficient to pay the Purchase Price is on deposit with the Trustee, acting as tender agent, the Series 2012-B Bonds will be deemed to have been tendered on such date for purchase and interest on such tendered Series 2012-B Bonds will cease to accrue. Series 2012-B Bonds that have been deemed tendered, but have not been delivered to the Trustee, will not be considered outstanding under the Indenture on the Purchase Date. See "- *Undelivered Series 2012-B Bonds*" below.

Prior to the initial Mandatory Tender Date or a later Purchase Date in the event of a failed conversion and/or remarketing of the Series 2012-B Bonds on the initial Mandatory Tender Date (in either case a "*Purchase Date*"), a Chief Financial Officer, on behalf of the Commission, will determine the interest rate mode or modes that will be applicable to the Series 2012-B Bonds from and after the Purchase Date. The interest rate or rates to be borne by the Series 2012-B Bonds immediately after the Purchase Date will be determined by the Remarketing Agents and will be equal to the rate or rates that, in the opinion of the Remarketing Agents, will permit the remarketing of such Series 2012-B Bonds at par. In conjunction with such remarketing, the Commission may establish amortization requirements for such Series 2012-B Bonds that will result in the redemption of such Series 2012-B Bonds prior to final maturity.

Payment of the Purchase Price of the Series 2012-B Bonds will be made by the Trustee on the Purchase Date provided that the Series 2012-B Bonds subject to purchase are delivered to the Trustee prior to 11:00 a.m., New York City time, on the Purchase Date, in immediately available funds (or by wire transfer). The principal portion of the Purchase Price of Series 2012-B Bonds tendered for purchase will be paid by the Trustee to the owners solely from the proceeds of the remarketing of the Series 2012-B Bonds.

As of the date of this Official Statement, the Commission has not provided any credit or liquidity facility for the payment of the Purchase Price payable upon the mandatory tender of the Series 2012-B Bonds on the Mandatory Tender Date, nor is there any requirement or expectation that such credit or liquidity facility will be obtained. The principal portion of the Purchase Price for the Series 2012-B Bonds is expected to be obtained from the remarketing thereof.

Effects of a Failed Remarketing. In the event that any Series 2012-B Bonds cannot be remarketed to new purchasers on the initial Mandatory Tender Date, the Commission has no obligation to purchase the Series 2012-B Bonds tendered on the initial Mandatory Tender Date, the failed conversion and remarketing will not constitute an Event of Default under the Indenture, the mandatory tender will be deemed to have been rescinded for that date, and such Series 2012-B Bonds (i) will continue to be outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Series 2012-B Bonds, (iii) will bear interest at the rate of 10% per annum (the "*Stepped Coupon Rate*") from the initial Mandatory Tender Date until purchased upon a subsequent remarketing (the "*Stepped Rate Period*"), (iv) will be subject to optional redemption and mandatory tender for purchase on any date during the Stepped Rate Period and (v) will be deemed to continue in a Multiannual Mode and in the Initial Multiannual Rate Period, though bearing interest at the Stepped Coupon Rate through the day prior to the Effective Date of next Interest Rate Period. In the event of a failed remarketing on the initial Mandatory Tender Date, the Commission has agreed that it will cause the Series 2012-B Bonds to be remarketed on the earliest possible date on which they can be sold at par, in such rate mode or modes as the Commission directs, at a rate not exceeding 10% per annum.

Undelivered Series 2012-B Bonds. If a Book-Entry-Only System is not in effect at the time any Series 2012-B Bond is subject to mandatory tender for purchase, and if the Trustee is in receipt of an amount sufficient to pay the Purchase Price, then such Series 2012-B Bond (or portion) will be deemed purchased on the Purchase Date, and ownership of such Series 2012-B Bond (or portion) shall be transferred to the purchaser thereof. Any registered owner who fails to deliver such Series 2012-B Bond for purchase will not be entitled to any payment other than the Purchase Price for such Series 2012-B Bond upon surrender of such Series 2012-B Bond to the Trustee, and such Series 2012-B Bond will no longer be outstanding and entitled to the benefits of the Indenture, except for the payment of the Purchase Price of such Series 2012-B Bond from money held by the Trustee for such payment upon presentation and surrender of the Series 2012-B Bond. Money which remains unclaimed three years after the due date will, at the request of the Commission, and if the Commission is not, at the time, to the knowledge of the Trustee, in default with respect to any covenant in the Indenture or the Series 2012-B Bonds, be paid to the Commission, and the owners of the Series 2012-B Bonds for which the deposit was made will thereafter be limited to a claim against the Commission.

Trustee

The Commission has covenanted to maintain and provide a Trustee at all times while Obligations are outstanding, and any successor Trustee must be a corporation or banking association, duly organized and doing business under the laws of the United States or of any state, authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state banking authority, of good standing, and having, at the time of its appointment, a combined capital and surplus aggregating not less than $100,000,000, or is an affiliate of, or has a contractual relationship with, a corporation or banking association meeting such capital and surplus requirement which guarantees the obligations and liabilities of the proposed trustee, and which is subject to supervision or examination by federal or state banking authority. In the event that the entity at any time acting as Trustee should resign or otherwise cease to act as such, the Commission will promptly appoint a successor Trustee by written instrument. If an instrument of acceptance has not been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee or any Secured Owner may petition a court of competent jurisdiction for the appointment of a successor Trustee.

Transfer, Exchange and Registration

Beneficial ownership of the Bonds registered in the name of Cede & Co. will initially be transferred as described in "APPENDIX C - BOOK-ENTRY-ONLY SYSTEM."

As Bond Registrar, so long as any Obligations of a series remain outstanding, the Trustee will maintain a Bond Register for the registration and transfer of the Obligations of such series in accordance with the terms of the Indenture.

Upon surrender of any Bond at the designated office of the Trustee, together with an assignment duly executed by the current Registered Owner of such Bond or such Registered Owner's duly authorized representative, such Bond may, at the option of the Registered Owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate and in the same form as the Bond being surrendered for exchange, registered in the name or names designated on the assignment; provided that the Trustee is not required to exchange or register the transfer of Bonds after the giving of notice calling such Bonds for redemption, in whole or in part.

The Trustee may make a charge to any Registered Owner requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto and the Commission may charge such amount as it deems appropriate for each new Bond delivered upon such exchange or transfer, which charge or charges shall be paid before any new Bond shall be delivered.

The Trustee will not be required to transfer or exchange any Bond after the giving of notice calling such Bonds for redemption, in whole or in part.

BOOK-ENTRY-ONLY SYSTEM

In reading this Official Statement it should be understood while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Direct Participant or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Indenture will be given only to DTC. See "APPENDIX C – BOOK-ENTRY-ONLY SYSTEM."

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Sources of Payment

Special, Limited Obligations. The First Tier Obligations, including the Bonds, are special, limited obligations of the Commission and are payable solely from, and secured solely by, a first lien on, pledge of and security interest in the Trust Estate, consisting of (i) all Revenues, and to the extent set forth in a Supplemental Indenture, any Additional Obligation Security; (ii) all money, including investment earnings, deposited into the Revenue Fund, the Construction Fund (except for any amounts held in a subaccount containing money derived from the State Highway Fund or any money received by the Commission that is restricted to another use, such as right-of-way contributions that may be used only for that purpose), the First Tier Debt Service Fund, the First Tier Debt Service Reserve Fund, the Rate Stabilization Fund and the General Reserve Fund, described below; (iii) any insurance proceeds and other money required to be deposited in the pledged funds listed in (ii) above; and (iv) all payments received by the Commission pursuant to Approved Swap Agreements with respect to First Tier Obligations.

The Commission may also issue Second Tier Obligations under the Master Indenture which are special, limited obligations of the Commission payable solely from, and secured solely by, a lien on, pledge of and security interest in the Trust Estate subordinate to the security interest in the Trust Estate pledged for the security and payment of the First Tier Obligations, consisting of (i) all Revenues, and to the extent set forth in a Supplemental Indenture, any Additional Obligation Security; (ii) all money, including investment earnings, deposited into the Revenue Fund, the Construction Fund (except for any amounts held in a subaccount containing money derived from the State Highway Fund or any money received by the Commission that is restricted to another use, such as right-of-way contributions that may be used only for that purpose), the Second Tier Debt Service Fund, the Second Tier Debt Service Reserve Fund, if any, the Rate Stabilization Fund and the General Reserve Fund, described below, but not including any amounts held in the First Tier Debt Service Fund or the First Tier Debt Service Reserve Fund; (iii) any insurance proceeds and other money required to be deposited in the pledged funds listed in (ii) above; and (iv) all payments received by the Commission pursuant to Approved Swap Agreements with respect to Second Tier Obligations. The lien securing the Second Tier Obligations is subordinate and junior to the lien securing the First Tier Obligations. Currently, there are no Second Tier Obligations outstanding.

The Commission may also issue Subordinate Lien Obligations under the Master Indenture which are special, limited obligations of the Commission payable solely from, and secured solely by, a lien on, pledge of and security interest in the Trust Estate subordinate to the security interest in the Trust Estate pledged for the security and payment of the First Tier Obligations and the Second Tier Obligations, consisting of (i) all Revenues, and to the extent set forth in a Supplemental Indenture, any Additional Obligation Security; (ii) all money, including investment earnings, deposited into the Revenue Fund, the Construction Fund (except for any amounts held in a subaccount containing money derived from the State Highway Fund or any money received by the Commission that is restricted to another use, such as right-of-way contributions that may be used only for that purpose), the Subordinate Lien Debt Service Fund, the Subordinate Lien Debt Service Reserve Fund, if any, the Rate Stabilization Fund and the General Reserve Fund, described below, but not including any amounts held in the First Tier Debt Service Fund, the First Tier Debt Service Reserve Fund, the Second Tier Debt Service Fund, and the Second Tier Debt Service Reserve Fund; (iii) any insurance proceeds and other money required to be deposited in the pledged funds listed in (ii) above; and (iv) all payments received by the Commission pursuant to Approved Swap Agreements with respect to Subordinate Lien Obligations. The lien securing the Subordinate Lien Obligations is subordinate and junior to the lien securing the First Tier Obligations and the lien securing any Second Tier Obligations. Currently, the 2002 TIFIA Bond is the only Subordinate Lien Obligation outstanding. See " – Default and Remedies – *2002 TIFIA Bond Default Remedy*" and "THE SYSTEM – TIFIA Funding."

NONE OF THE STATE, THE COMMISSION, THE DEPARTMENT OR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT THE COMMISSION SOLELY FROM THE TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE COMMISSION NOR THE DEPARTMENT HAS ANY TAXING POWER. THE INDENTURE DOES NOT CREATE A MORTGAGE ON THE SYSTEM.

Other than the pledge of the Trust Estate, the Commission has not mortgaged, assigned or pledged any interest in any real or personal property or improvements, including any interest in the System or any expansions or extensions thereto, as security for payment of the Bonds.

Revenues. "*Revenues*" consist of all income and revenues derived from the operation of the System, including (a) all rates, rents, fees, charges, fines and other income derived by the Commission from vehicular usage of the System together with all rights of the Commission to receive the same (collectively, the "*Tolls*") received by or on behalf of the Commission, (b) any other sources of revenues or funds of the Commission derived from or attributable to the System or from the ownership or the holding of certain properties constituting a part of the System, (c) the proceeds of any insurance covering business-interruption loss relating to the System, (d) any other sources of revenues or funds of the Commission that the Commission chooses to designate as Revenues pursuant to a Supplemental Indenture, (e) the interest and income earned on any fund or account in which said interest or income is required to be credited to the Revenue Fund created under the Master Indenture and (f) transfers of excess funds from the Rate Stabilization Fund to the Revenue Fund as described under " – Funds and Accounts – Rate Stabilization Fund." "*Revenues*" expressly does not include Additional Obligation Security.

The Master Indenture contemplates that the Commission may enter into agreements with other turnpike operating entities, whether or not connected to the System, (i) with respect to the establishment of a combined Toll rate schedule and/or (ii) for the collection and application of Tolls charged for trips over all or a portion of both turnpikes combined. Such agreements must result in the receipt by the Commission of its allocable portion of such Tolls (less fees and expenses associated with such arrangement) on the basis of the Revenues to be received under any such agreement. The Commission may also enter into agreements with other entities with respect to the collection of Tolls or advances or prepayment of Tolls charged for trips over all or a portion of the System, provided that such collections will result in the receipt by the Commission of the appropriate Tolls for such trips, on the basis of the Revenues to be received under any such agreement. Amounts received by the Commission from any such entity under such agreements are required to be deposited in the Revenue Fund and will constitute Revenues to the extent the Commission is not required to pay such amounts to another entity in accordance with such agreements. Amounts received by the Commission and deposited in the Revenue Fund that are payable by the Commission to such other entity under such agreements, will be withdrawn by the Trustee from the Revenue Fund and paid by the Trustee pursuant to the terms of such agreements upon written instructions from the Commission to the Trustee.

Additionally, the Master Indenture provides that in the event the Commission receives advances or prepayments of funds prior to the actual usage of the System or otherwise operates or participates in a system in which funds are collected prior to the actual usage of the System, such funds will not be deemed to be Revenues until such actual usage occurs or the funds are earned pursuant to the agreement under which the Commission receives such funds.

Funds and Accounts

The Master Indenture establishes certain special funds of the Commission. They are designated the "Revenue Fund," the "Construction Fund," the "First Tier Debt Service Fund," the "First Tier Debt Service Reserve Fund," the "Rate Stabilization Fund," the "Second Tier Debt Service Fund," the "Second Tier Debt Service Reserve Fund," the "Subordinate Lien Debt Service Fund," the "General Reserve Fund" and the "Rebate Fund," all of which are held by the Trustee. The Master Indenture also establishes the "Operating Account," the "Maintenance Account," and the "Reserve Maintenance Account," each to be held by the Commission outside of the Master Indenture.

Revenue Fund. In the Master Indenture, the Commission has covenanted that all Revenues will be deposited daily, as far as practicable, with the Trustee, or in the name of the Trustee with a depositary, to the credit of the Revenue Fund.

As of September 30, 2012, approximately $51.9 million in cash and investments in market value was on deposit in the Revenue Fund.

Construction Fund. Money held in the Construction Fund has been and will continue to be used to pay the Costs of the 2002 Project. The Master Indenture provides that a special account will be created and identified for each construction project, although the Commission may direct the transfer of funds from one account in the Construction Fund to another account in such Fund. The Master Indenture creates two separate accounts in the Construction Fund designated the "Bond and Replacement Proceeds Account" and the "Capital Contribution Account." The Commission deposited to the Bond and Replacement Proceeds Account the proceeds of the Series 2002 Obligations remaining after making required deposits to the First Tier Debt Service Fund for capitalized interest and to the First Tier Debt Service Reserve Fund to fund the First Tier Debt Service Reserve Requirement (as defined below). All proceeds of the Series 2002 Obligations deposited into the Bond and Replacement Proceeds Account have been spent. As of September 30, 2012, there remains approximately $196.2 million on deposit in the Capital Contribution Account, which is comprised of Department contributions and amounts received from the federal government, local governments and other entities as well as accumulated interest earnings. Approximately $25 million of such amount is being retained to pay for final right-of-way acquisition and utility relocation costs. Approximately $118 million held in the Capital Contribution Account are federal funds which can only be used for major capital maintenance of the System. The remaining approximately $53 million in the Capital Contribution Account represents accumulated interest earnings which are available to the Department for discretionary spending.

First Tier Debt Service Fund. The Master Indenture creates two separate accounts in the First Tier Debt Service Fund designated the "First Tier Interest Account" and the "First Tier Principal Account" and permits the Trustee and the Commission, pursuant to a Supplemental Indenture, to create such additional accounts in the First Tier Debt Service Fund as they deem necessary or appropriate. The Master Indenture requires withdrawal from time to time from the First Tier Interest Account and the First Tier Principal Account for deposit with the Trustee of sufficient money for paying the interest on and the principal of and premium on the First Tier Obligations as the same become due, except to the extent such interest, principal or other amounts are payable from a fund or account other than the First Tier Debt Service Fund as provided in any Supplemental Indenture. If at the time the Trustee is required to make a withdrawal from the First Tier Debt Service Fund the money therein is not sufficient for such purpose, the Trustee will withdraw the amount of such deficiency from the money on deposit in the following funds or accounts and transfer the same to the First Tier Debt Service Fund in the following order: the Revenue Fund, the General Reserve Fund, the Rate Stabilization Fund and the First Tier Debt Service Reserve Fund.

As of September 30, 2012, approximately $9.3 million in cash and investments in market value was on deposit in the First Tier Interest Account of the First Tier Debt Service Fund. A portion of such amount in the First Tier Debt Service Fund will be contributed to the refunding of the Refunded Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

First Tier Debt Service Reserve Fund. Money, investments and First Tier DSRF Security (as defined below) held in the First Tier Debt Service Reserve Fund will be held and used for the purpose of paying interest on, maturing principal of, and mandatory sinking fund redemption price of First Tier Obligations whenever and to the extent that the money held for the credit of the First Tier Debt Service Fund, after making all required transfers from other Funds, is insufficient for such purpose. Notwithstanding the foregoing, the 2002 TIFIA Bond is not secured by the First Tier Debt Service Reserve Fund, and under no circumstances will amounts in the First Tier Debt Service Reserve Fund be used to pay the 2002 TIFIA Bond. See "- Default and Remedies - *2002 TIFIA Bond Default Remedy*."

If at any time the money and the principal amount of any First Tier DSRF Security held in the First Tier Debt Service Reserve Fund exceeds the First Tier Debt Service Reserve Requirement, subject to receipt of an opinion of Bond Counsel to the effect that such transfer and use will not adversely affect the tax treatment of any Outstanding Obligations, the Commission will direct whether such excess money is to be transferred by the Trustee to the credit of the First Tier Debt Service Fund, used to reduce the principal amount of any First Tier DSRF

Security or, to the extent that such excess was derived from Revenues, transferred to the Revenue Fund or the General Reserve Fund. The "*First Tier Debt Service Reserve Requirement*" is an amount equal to the least of (i) the maximum Annual Debt Service of all First Tier Obligations, (ii) 1.25 times the Average Annual Debt Service of all First Tier Obligations, or (iii) 10% of the aggregate amount of the Outstanding First Tier Obligations, as determined on the date each Series of First Tier Obligations is issued (but under no circumstances will the 2002 TIFIA Bond be taken into account in making such calculation). The First Tier Debt Service Reserve Requirement was funded with proceeds of the Series 2002 Obligations.

In lieu of the deposit of money into the First Tier Debt Service Reserve Fund, the Commission may cause to be provided a surety bond, an insurance policy, a letter of credit or similar financial instrument (each, a "*First Tier DSRF Security*") payable to the Trustee for the benefit of the Secured Owners in an amount equal to the difference between the First Tier Debt Service Reserve Requirement and the amounts then on deposit in the First Tier Debt Service Reserve Fund. Each First Tier DSRF Security must be satisfactory to the Rating Agency (as evidenced by a letter from the Rating Agency confirming that the First Tier DSRF Security will not result in the rating on any outstanding First Tier Obligations being downgraded). The First Tier DSRF Security will be payable (upon the giving of required notice) on any Interest Payment Date, principal payment date or redemption date on which money will be required to be withdrawn from the First Tier Debt Service Reserve Fund and applied to the payment of the principal of or interest on any First Tier Obligations to the extent that such withdrawals cannot be made by amounts on deposit in the First Tier Debt Service Reserve Fund. If a disbursement is made pursuant to a First Tier DSRF Security, the Commission will be obligated either (i) to cause the reinstatement to the maximum limits of such First Tier DSRF Security or (ii) to deposit into the First Tier Debt Service Reserve Fund, funds in the amount of the disbursement made under such First Tier DSRF Security, or a combination of such alternatives, as will provide that the amount credited to the First Tier Debt Service Reserve Fund equals the First Tier Debt Service Reserve Requirement within 18 months. If the rating on the First Tier Obligations is downgraded or threatened to be downgraded as a result of the First Tier DSRF Security, the Commission will use reasonable efforts to replace such First Tier DSRF Security with one that would not cause the rating on the First Tier Obligations to be downgraded, but will not be obligated to pay, or commit to pay, increased fees, expenses or interest in connection with such replacement or to deposit Revenues in the First Tier Debt Service Reserve Fund in lieu of replacing such First Tier DSRF Security with another.

As of September 30, 2012, approximately $131.3 million in cash and investments in market value was on deposit in the First Tier Debt Service Reserve Fund. After issuance of the Bonds, the First Tier Debt Service Reserve Fund Requirement will be $124.95 million. The Commission entered into a Master Repurchase Agreement (the "*Master Repurchase Agreement*") with Salomon Brothers Holding Company, now operating as Citigroup Financial Products, Inc. ("*Citigroup*"), with respect to approximately $115 million in the First Tier Debt Service Reserve Fund to provide a fixed rate of return of 5.2% per annum on such amount for a term of 20 years, which runs through August 15, 2022. The First Tier Debt Service Reserve Fund also contains approximately $16.3 million in a J.P. Morgan U.S. government money market fund which invests exclusively in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. A portion ($4.97 million) of such amount in the First Tier Debt Service Reserve Fund invested in such money market fund will be contributed to the refunding of the Refunded Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

As of August 21, 2012, Citigroup's ratings were "A" with a stable outlook by Fitch, "Baa2" with a negative outlook by Moody's and "A" with a negative outlook by S&P. Pursuant to the Master Repurchase Agreement, in the event the long-term senior unsecured debt rating of Citigroup is suspended, withdrawn or graded below "AA-" by S&P's, or below "Aa3" by Moody's, Citigroup will notify the Trustee, the Bond Insurer and the Commission within five business days. Citigroup will, within ten business days of its notice to the Trustee (the "*Cure Period*") and subject to the consent of the Bond Insurer, either (i) provide additional securities sufficient to satisfy S&P's then current "AA-" collateral requirements; or (ii) assign its rights and obligations under the Master Repurchase Agreement to an entity, which entity may be an affiliate, which is rated at least "AA-" by S&P and "Aa3" by Moody's and approved by the Bond Insurer, or (iii) obtain a guarantee of its obligations under the Master Repurchase Agreement from an entity which is rated at least "AA-" by S&P and "Aa3" by Moody's and approved by the Bond Insurer. If Citigroup fails to take such action within the Cure Period, the Trustee will have the option, subject to the consent of the Bond Insurer and exercisable within ten days of the expiration of the Cure Period, to terminate the Master Repurchase Agreement and all outstanding transactions under the Master Repurchase Agreement on two business days prior notice. Citigroup has provided notice of such downgrades to the

Commission, and is currently providing additional securities acceptable to the Department as collateral, in an amount equal to 104% of the par amount of the Master Repurchase Agreement. The Commission has taken no additional action regarding such rating downgrades.

Rate Stabilization Fund. The Commission has covenanted in the Master Indenture to accumulate and maintain the Rate Stabilization Fund Requirement in the Rate Stabilization Fund. Money held in the Rate Stabilization Fund is intended to assure that rates and charges associated with the System remain competitive and reasonable.

Rate Stabilization Fund Requirement. Except as described below in this paragraph where the Rate Stabilization Fund Requirement may be reduced to an amount not less than $10,000,000, for so long as the Series 2002 Obligations, the 2002 TIFIA Bond, and the Series 2009 Bonds remain outstanding, the Rate Stabilization Fund Requirement will be equal to approximately $67.86 million, which represents all Revenues received through August 31, 2008. A Supplemental Indenture may increase the Rate Stabilization Fund Requirement (or, if the Series 2002 Obligations, the 2002 TIFIA Bond and the Series 2009 Bonds are no longer Outstanding, decrease it). Whenever amounts in the Rate Stabilization Fund are used to cure a deficiency in the First Tier Debt Service Fund, the Second Tier Debt Service Fund or the Subordinate Lien Debt Service Fund, the Rate Stabilization Fund Requirement will be reduced by such amount, or to $10,000,000, if such reduction would result in a Rate Stabilization Fund Requirement below $10,000,000.

Funding of Rate Stabilization Fund. In each Fiscal Year, after first having made or provided for all required deposits described in items "First" through "Seventh" of "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Flow of Funds," the Trustee will transfer from the Revenue Fund to the Rate Stabilization Fund each month amounts sufficient to accumulate in the Rate Stabilization Fund an amount equal to the Rate Stabilization Fund Requirement. If at any time the Rate Stabilization Fund is reduced below the Rate Stabilization Fund Requirement, the deficiency will be funded (after making the required deposits described above) in 24 approximately equal monthly deposits from the Revenue Fund.

Uses of Money in the Rate Stabilization Fund. Amounts on deposit in the Rate Stabilization Fund, if any, may be used to cure a deficiency in the First Tier Debt Service Fund, the Second Tier Debt Service Fund or the Subordinate Lien Debt Service Fund (prior to the amounts in the respective reserve funds being used for such purpose). Upon direction of the Commission, amounts held in the Rate Stabilization Fund may be (i) deposited to the Operating Account in any month that Revenues on deposit in the Revenue Fund are less than Projected Operating Expenses Capacity, (ii) used to pay Operating Expenses or Maintenance Expenses for which Revenues or amounts on deposit in the Operating Account or Maintenance Account are insufficient, or (iii) used, to the extent such amounts exceed the Rate Stabilization Fund Requirement, for any other purpose for which Revenues are permitted to be used under applicable law and the Master Indenture. The Master Indenture specifies that the use of the amounts on deposit in the Rate Stabilization Fund for any of the foregoing purposes will not constitute an Event of Default. In the event that the amounts on deposit in the Rate Stabilization Fund exceed the Rate Stabilization Fund Requirement, the Commission may direct the transfer of such excess to the Revenue Fund.

As of September 30, 2012, approximately $67.9 million in cash and investments in market value was on deposit in the Rate Stabilization Fund. The balance in excess of the Rate Stabilization Fund Requirement amount of approximately $67.86 million represents interest earnings which are to be periodically transferred to the Revenue Fund.

Second Tier Debt Service Fund. Money held in the Second Tier Debt Service Fund will be held by the Trustee in trust for the benefit of any Second Tier Obligations, to the extent the foregoing is payable from such Fund, and, to said extent and pending application, will be subject to a lien and charge in favor of the Secured Owners of Second Tier Obligations until paid out or transferred as hereinafter provided. Money held in the Second Tier Debt Service Fund is solely for the benefit of Second Tier Obligations and does not secure payment of the First Tier Obligations, including the Bonds. The Master Indenture requires withdrawal from time to time from the Second Tier Debt Service Fund for deposit with the Trustee of sufficient money for paying the interest on and the principal of and premium on Second Tier Obligations as the same become due, except to the extent such interest, principal or other amounts are payable from a fund or account other than the Second Tier Debt Service Fund as provided in any Supplemental Indenture. If at the time the Trustee is required to make a withdrawal from the Second Tier Debt

Service Fund the money therein is not sufficient for such purpose, subject to the requirements of the Master Indenture, the Trustee will withdraw the amount of such deficiency from the money on deposit in the following funds or accounts and transfer the same to the Second Tier Debt Service Fund in the following order: the Revenue Fund, the General Reserve Fund, the Rate Stabilization Fund and the Second Tier Debt Service Reserve Fund (except to the extent provided below in "- Flow of Funds").

Second Tier Debt Service Reserve Fund. One or more Second Tier Debt Service Reserve Funds may be created with respect to each Series of Additional Second Tier Obligations issued pursuant to any Supplemental Indenture. Currently, there are no Second Tier Obligations outstanding and no Second Tier Debt Service Reserve Funds have been created.

Subordinate Lien Debt Service Fund. Money held in the Subordinate Lien Debt Service Fund will be held by the Trustee in trust for the benefit of the Subordinate Lien Obligations, to the extent the foregoing is payable from such Fund, and, to said extent and pending application, will be subject to a lien and charge in favor of the Owners of the Subordinate Lien Obligations until paid out or transferred as hereinafter provided. Money held in the Subordinate Lien Debt Service Fund is solely for the benefit of the Subordinate Lien Obligations and does not secure payment of the First Tier Obligations, including the Bonds, or any Second Tier Obligations. The Master Indenture requires withdrawal from time to time from the Subordinate Lien Debt Service Fund for deposit with the Trustee of sufficient money for paying the interest on and the principal of and premium on the Subordinate Lien Obligations as the same become due, except to the extent such interest, principal or other amounts are payable from a fund or account other than the Subordinate Lien Debt Service Fund as provided in any Supplemental Indenture. If at the time the Trustee is required to make a withdrawal from the Subordinate Lien Debt Service Fund the money therein is not sufficient for such purpose, subject to the requirements of the Master Indenture, the Trustee will withdraw the amount of such deficiency from the money on deposit in the following funds or accounts and transfer the same to the Subordinate Lien Debt Service Fund in the following order: the Revenue Fund, the General Reserve Fund, the Rate Stabilization Fund and the respective Subordinate Lien Debt Service Reserve Funds for a special series of Subordinate Lien Obligations (except to the extent provided below in "- Flow of Funds").

As of September 30, 2012, no funds were on deposit in the Subordinate Lien Debt Service Fund. Under the Master Indenture, funds are not required to be transferred from the Revenue Fund to the Subordinate Lien Debt Service Fund before the last Business Day preceding each Interest Payment Date or principal payment date for Subordinate Lien Obligations. Currently, the 2002 TIFIA Bond is the only Subordinate Lien Obligation outstanding, and the 2002 TIFIA Bond has payment dates of August 15 and February 15 of each year until its maturity. See "THE SYSTEM - TIFIA Funding."

Subordinate Lien Debt Service Reserve Fund. One or more Subordinate Lien Debt Service Reserve Funds may be created with respect to each Series of Additional Subordinate Lien Obligations issued pursuant to any Supplemental Indenture. The 2002 TIFIA Bond is the only Subordinate Lien Obligation outstanding. No Subordinate Lien Debt Service Reserve Fund is provided with respect to the 2002 TIFIA Bond, and the 2002 TIFIA Bond will have no right to any money held in any Subordinate Lien Debt Service Reserve Fund in connection with any Series of Additional Subordinate Lien Obligations.

General Reserve Fund. Money held in the General Reserve Fund will be used by the Trustee as provided in the Master Indenture and may be expended upon direction of the Commission to restore deficiencies in any funds or accounts created under the Master Indenture. Any money remaining in the General Reserve Fund on the last day of a Fiscal Year, after satisfying the requirements described in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Flow of Funds – Tenth," will first be used to reimburse the Commission for amounts expended by the Commission in that Fiscal Year to pay Maintenance Expenses. See "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION – Covenant to Fund Maintenance Account." After satisfying those requirements, such money may be expended for any of the following purposes, with no one item having priority over any of the others:

(a) to purchase or redeem First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligations;

(b) to pay Maintenance Expenses;

(c) to make payments into the Construction Fund;

(d) to fund improvements, extensions and replacements of the System; or

(e) for any other lawful purpose.

As of September 30, 2012, no funds were on deposit in the General Reserve Fund nor are any such funds required to be on deposit pursuant to the Master Indenture.

Rebate Fund. The Rebate Fund is a trust fund, although the amounts therein do not constitute part of the Trust Estate. Amounts held in the Rebate Fund may be used solely to make payments to the United States of amounts due under section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and to pay costs related to the calculation of such amounts, although the Commission has covenanted in the Master Indenture to calculate and pay directly to the United States all amounts due for payment of "arbitrage rebate" under section 148(a) of the Code. Upon satisfaction of the Commission's covenants relating to payment of such arbitrage rebate, any amounts remaining in the Rebate Fund will be deposited in the Revenue Fund. Money held in the Rebate Fund does not secure the payment of any Obligations, including the Bonds.

Operating Account. As described above, the Master Indenture requires the Commission to establish the Operating Account, which will be held by the Commission in the name of the Commission outside of the Master Indenture until applied as described below. Money held in the Operating Account will be used to pay costs incurred by the Commission in operating the System. In making payments from the Operating Account, the Commission will be deemed to be certifying that obligations in the stated amounts have been incurred by the Commission and that each item thereof was properly incurred in operating the System, and has not been paid previously. Money held in the Operating Account does not secure the payment of any Obligations, including the Bonds. The Commission has covenanted in the Master Indenture, subject to funds being appropriated by the Texas Legislature (the "*Legislature*") for such purposes, to deposit funds to the Operating Account to the extent that Revenues are insufficient to make the required monthly deposits. See "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION – Covenant to Cover Shortfalls in Operating Account."

Maintenance Account. The Master Indenture requires the Commission to establish the Maintenance Account, which will be held by the Commission in the name of the Commission outside of the Master Indenture. Money held in the Maintenance Account will be used to pay costs incurred by the Commission in maintaining and repairing the System. In making payments from the Maintenance Account, the Commission will be deemed to be certifying that obligations in the stated amounts have been incurred by the Commission and that each item thereof was properly incurred in maintaining and repairing the System, and has not been paid previously. Money held in the Maintenance Account does not secure the payment of any Obligations, including the Bonds. The Commission has covenanted in the Master Indenture, subject to funds being appropriated by the Legislature for such purposes, to pay any required Maintenance Expenses to the extent money in the Maintenance Account is insufficient for such purpose. See "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION – Covenant to Fund Maintenance Account."

Reserve Maintenance Account. The Master Indenture requires the Commission to establish the Reserve Maintenance Account, which will be held by the Commission in the name of the Commission outside of the Master Indenture. Money held in the Reserve Maintenance Account will be used to pay current capital expenditures shown in the Annual Capital Budget for the System, plus the cost of unusual or extraordinary maintenance (as determined solely by the Commission) and will be disbursed only for such purposes, except as otherwise provided in the Master Indenture. Such purposes include, but are not limited to, paying the cost of constructing, repairing, replacing, improving, and reconstructing improvements and betterments to all parts of the System at any time open to vehicular traffic, including, without limitation, additional lanes, tunnels, interchanges, toll plazas, bridges, connecting roads, transit interface facilities, safety rails and other safety improvements, illumination, signage, and any equipment and other improvements deemed necessary or desirable by the Commission. Money held in the Reserve Maintenance Account does not secure the payment of any Obligations, including the Bonds. The Commission has covenanted in the Master Indenture, subject to funds being appropriated by the Legislature for such purposes, to pay any required capital expenses to the extent money in the Reserve Maintenance Account is insufficient for such purpose. See

"SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION – Covenant to Fund and Cover Shortfalls in Reserve Maintenance Account."

Flow of Funds

The Master Indenture establishes the Revenue Fund for the application and deposit of all Revenues. As far as practicable, the Commission will deposit all Revenues daily to the credit of the Revenue Fund.

In recognition that Obligations may come due on various dates; that First Tier Obligations have a security interest in the Trust Estate senior to the Second Tier Obligations and the Subordinate Lien Obligations; that the security interest in the Trust Estate securing any Second Tier Obligations is superior to the security interest securing the Subordinate Lien Obligations; and that Second Tier Obligations and Subordinate Lien Obligations, or interest thereon, may become due and payable on a date or dates in a Fiscal Year prior to the date a First Tier Obligation or the interest thereon is due and Subordinate Lien Obligations may come due prior to First Tier Obligations and Second Tier Obligations, the Commission has covenanted that no transfer from the Revenue Fund to any fund, other than the First Tier Debt Service Fund or the First Tier Debt Service Reserve Fund, will be made in any Fiscal Year unless, in the opinion of a Chief Financial Officer set forth in a certificate delivered to the Trustee, the transfer is not anticipated to result in the inability of the Commission to make a later transfer, as required by the Master Indenture, to a fund securing Obligations that have a security interest in the Trust Estate senior to that securing the Obligations that are secured by the fund into which the transfer is scheduled to be made.

Except as provided above, the Trustee will transfer amounts on deposit in the Revenue Fund to the following Funds and in the following order of priority:

(1) **First**, to the Rebate Fund from time to time, money that the Commission determines to deposit to such fund (i) for purposes of compliance with any amendments to section 148(a) of the Code or (ii) as it otherwise deems necessary or appropriate to provide funds for payments to the United States of amounts due under section 148 of the Code and to pay costs related to the calculation of such amounts.

(2) **Second**, to the applicable account of the First Tier Debt Service Fund (or to a fund or account created to pay or repay amounts owed under a Credit Facility entered into in connection with a Series of First Tier Obligations) on or before the last Business Day preceding each Interest Payment Date or principal (or sinking fund redemption) payment date for the First Tier Obligations (or such other day as set forth in a Supplemental Indenture), the amounts due on any First Tier Obligation.

(3) **Third**, to the First Tier Debt Service Reserve Fund on or before the last Business Day of each month, (i) the amount, if any, required to make the amount on deposit in the First Tier Debt Service Reserve Fund equal to the First Tier Debt Service Reserve Requirement, which restoration is intended to occur within 18 months of the occurrence of any deficiency, and (ii) the amount set forth in a Supplemental Indenture if an amount different from the First Tier Debt Service Reserve Requirement is required.

(4) **Fourth**, to the applicable account of the Second Tier Debt Service Fund (or to a fund or account created to pay or repay amounts owed under a Credit Facility entered into in connection with a Series of Second Tier Obligations) on or before the last Business Day preceding each Interest Payment Date or principal (or sinking fund redemption) payment date for the Second Tier Obligations (or such other day as set forth in a Supplemental Indenture), the amounts due on any Second Tier Obligation.

(5) **Fifth**, to the Second Tier Debt Service Reserve Fund on or before the last Business Day of each month the amount set forth in a Supplemental Indenture establishing the Second Tier Debt Service Reserve Requirement is required.

(6) **Sixth**, to the applicable account of the Subordinate Lien Debt Service Fund (or to a fund or account created to pay or repay amounts owed under a Credit Facility entered into in connection with a Series of Subordinate Lien Obligations) on or before the last Business Day preceding each Interest Payment Date or principal (or sinking fund redemption) payment date for the Subordinate Lien Obligations (or such other day as set forth in a Supplemental Indenture), the amounts due on any Subordinate Lien Obligation.

(7) **Seventh**, to any reserve fund or other funds or accounts created under Supplemental Indentures for the security of Subordinate Lien Obligations.

(8) **Eighth**, to the Rate Stabilization Fund on or before the last Business Day of each month, amounts sufficient to accumulate in or restore the balance in such fund, as soon as possible, to an amount equal to the Rate Stabilization Fund Requirement.

(9) **Ninth**, to the Operating Account on or before the last Business Day of each month, an amount sufficient to make the balance in the Operating Account equal to the amount contemplated by (i) the Commission's Annual Operating Budget and (ii) a certificate of a Chief Financial Officer, to be necessary to pay Operating Expenses for the ensuing two months (the "*Operating Account Requirement*"). Notwithstanding the foregoing, in any Fiscal Year in which the portion of Operating Expenses estimated to be paid with Revenues for such period is equal to less than the Projected Operating Expenses, the amount required to be transferred from the Revenue Fund to the Operating Account each month will be limited to the amount set forth in the Annual Operating Budget for that Fiscal Year. The Commission has covenanted in the Master Indenture to cover shortfalls in the Operating Account. See "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION – Covenant to Cover Shortfalls in Operating Account."

(10) **Tenth**, to the General Reserve Fund (after retaining such funds in the Revenue Fund as are required by the Master Indenture and subject to certain conditions as described above in "Funds and Accounts – General Reserve Fund") on or before the last Business Day of each Fiscal Year (or more frequently if every such condition has been satisfied), any Surplus Revenues from the Revenue Fund. "*Surplus Revenues*" are those funds held in the Revenue Fund that a Chief Financial Officer determines, in a certificate (the "*Surplus Revenues Certificate*") delivered to the Trustee, to be in excess of the amount required to be reserved therein for future transfers to the First Tier Debt Service Fund, the Second Tier Debt Service Fund, or any fund or account established for the payment or security of any Obligations. The Surplus Revenues Certificate must also state that as of the date of the transfer (i) no Event of Default has occurred and is continuing and (ii) every Fund and Account contains the amount then required to be on deposit therein.

The Commission has covenanted in the Master Indenture that no transfer from the Revenue Fund to any fund, other than the First Tier Debt Service Fund or the First Tier Debt Service Reserve Fund, will be made in any year if the result of the transfer is anticipated, in the opinion of a Chief Financial Officer, to result in the inability of the Commission to make a later transfer, as required by the Master Indenture, to a fund securing Obligations that have a security interest in the Trust Estate senior to that securing the Obligations that are secured by the Fund into which the transfer is scheduled to be made.

Rate Covenant

Maintenance of Rates. The Commission has covenanted in the Master Indenture that it will (a) adopt and maintain in effect a Toll rate schedule for the System, in substantial conformity with the recommendation of the Traffic Consultant and (b) establish charges for other uses of the property constituting a part of the System, such as real property leases, designed collectively to produce Revenues in each Fiscal Year in an amount at least equal to the sum of (i) and (ii) below as follows:

(i) the amounts required to be deposited in the First Tier Debt Service Reserve Fund, the Second Tier Debt Service Reserve Fund, the Rate Stabilization Fund, and any other fund established by a Supplemental Indenture to be funded by Revenues; and

(ii) the greater of (a), (b) or (c) as follows:

(a) 140% of the Annual Debt Service (as defined below) on all Outstanding First Tier Obligations; or

(b) 110% of the Annual Debt Service on all Outstanding First Tier Obligations, all Outstanding Second Tier Obligations and the 2002 TIFIA Bond; or

(c) 100% of the Annual Debt Service on all Outstanding First Tier Obligations, all Outstanding Second Tier Obligations, and all Outstanding Subordinate Lien Obligations.

In the process of developing and adopting the Toll rate schedule for a period or portion of a period that constitutes a "*Construction and Ramp-Up Period*" (as defined herein), the Traffic Consultant and the Commission will assume that Revenues for such period include the amounts forecasted to be on deposit in the Rate Stabilization Fund and the General Reserve Fund as reflected in the Annual Operating Budget for such period.

In making the calculations in (a), (b) and (c) above, the Commission may take into account any amounts reasonably expected to be received in the Fiscal Year from or as a result of any Additional Obligation Security the Commission has pledged for the benefit of all Obligations or the Obligations of any particular Tier or Series; however, if the pledge is not for the benefit of all Obligations, the amounts reasonably expected to be received may be taken into account only when making the calculation for the affected Obligations.

"*Annual Debt Service*," for any annual period, means with respect to all Outstanding Obligations or to all First Tier Obligations, Second Tier Obligations, or Subordinate Lien Obligations, (i) the amount of principal and interest paid or payable with respect to such Obligations in the annual period, plus (ii) Reimbursement Obligations paid or payable by the Commission in such annual period (but only to the extent they are not duplicative of such principal and interest), plus (iii) the amounts, if any, paid or payable by the Commission in such annual period with respect to Approved Swap Agreements, minus (iv) the amounts, if any, paid or payable to the Commission in such annual period with respect to Approved Swap Agreements, provided that the difference between the amounts described in clauses (iii) and (iv) will be included only to the extent that such difference would not be recognized as a result of the application of the assumptions set forth below, and minus (v) all amounts which are deposited to the credit of a debt service fund or the Construction Fund for the payment of interest on First Tier Obligations, Second Tier Obligations, or Subordinate Lien Obligations, as the case may be, from original proceeds from the sale of such Obligations or from any other lawfully available source (other than the Revenue Fund or any money that would constitute Revenues in the subject annual period), and that are used or scheduled to be used to pay interest on such Obligations during any annual period. The Master Indenture sets forth the following assumptions to be used in calculating Annual Debt Service:

(A) in determining the principal amount paid or payable with respect to Obligations or Reimbursement Obligations in each annual period, payment will be assumed to be made in accordance with any amortization schedule established for such Indebtedness, including amounts paid or payable pursuant to any mandatory redemption schedule for such Indebtedness;

(B) if any of the Indebtedness or proposed Indebtedness constitutes Balloon Indebtedness or Short-Term Indebtedness, then such amounts thereof as constitute Balloon Indebtedness or Short-Term Indebtedness will be treated as if such Indebtedness is to be amortized in substantially equal annual installments of principal and interest over the useful life of the improvements financed with the proceeds of such Balloon Indebtedness as calculated by, and set forth in a certificate of a Chief Financial Officer. Anything to the contrary herein notwithstanding, during the annual period preceding the final maturity date of such Balloon Indebtedness and in every case with respect to Short-Term Indebtedness, all of the principal thereof will be considered to be due on the Maturity or due date of such Balloon Indebtedness or Short-Term Indebtedness through the issuance of Long-Term Indebtedness, unless the Commission provides to the Trustee a certificate of a Financial Consultant certifying that, in its judgment, the Commission will be able to refund such Balloon Indebtedness or Short Term Indebtedness through the issuance of Long-Term Indebtedness, in which event the Balloon Indebtedness or Short-Term Indebtedness will be amortized over the term of such proposed refunding Indebtedness and will bear the interest rate specified in the certificate of the Commission's Financial Consultant;

(C) as to any annual period prior to the date of any calculation, such requirements will be calculated solely on the basis of Obligations that were Outstanding as of the first day of such period; and as to any future annual period such requirements will be calculated solely on the basis of Obligations Outstanding as of the date of calculation plus any Obligations then proposed to be issued;

(D) if any of the Indebtedness or proposed Indebtedness constitutes Variable Rate Indebtedness, then subject to the following proviso, interest in future periods will be based on the Assumed Variable Rate; provided,

however, that if the Commission has entered into an Approved Swap Agreement with respect to a Series of Obligations constituting Variable Rate Indebtedness, the fixed interest rate payable by the Commission under the Approved Swap Agreement will be assumed to be the interest rate on such Obligations if (i) the notional amount under the Approved Swap Agreement is equal to or greater than the Outstanding principal amount of the Obligations and reduces in the amounts and on the dates that the Obligations mature and (ii) the variable interest rate payable by the Commission on the Obligations is determined by the same formula or reference to the same index as the interest rate payable to the Commission under the Approved Swap Agreement, such that the Commission assumes no basis risk under the swap transaction; and

(E) termination or similar payments under an Approved Swap Agreement will not be taken into account in any calculation of Annual Debt Service.

Certification by Traffic Consultant. Prior to adopting any change in the schedule of rates or Tolls for the System, the Commission will obtain and file with the Trustee a certificate by the Traffic Consultant stating either (i) in their opinion, if such proposed Toll rate schedule had been in effect during the preceding annual period, and taking into effect the Revenues anticipated to be received in such annual period as estimated by the Commission, it would not have caused a decrease in the Revenues for said preceding annual period; or (ii) in their opinion, the adoption of such proposed Toll rate schedule will not adversely affect the ability of the Commission to comply with the Rate Covenant.

Any such certificate by the Traffic Consultant will be based on the opinion of the Traffic Consultant as to Revenues to be derived by the Commission from the ownership and operation of the System (which Revenues will be deemed to include all investment income previously described herein as constituting Revenues of the System, as estimated by the Commission), and upon certification by the Commission as to the amount of Operating Expenses paid or accrued during any pertinent annual period, assuming that the proposed Toll rate schedule had been in effect during such pertinent annual period.

Stantec Consulting Services Inc. ("*Stantec*") is now acting as the Traffic Consultant under the Master Indenture. See "THE SYSTEM – Toll Rates" and "APPENDIX D - CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST."

No Immediate Event of Default for Failure to Comply with Rate Covenant. The failure of the System in any Fiscal Year to produce Revenues in the amounts contemplated by the Rate Covenant, which failure may continue during the succeeding Fiscal Year, will not constitute an Event of Default under the Master Indenture if (i) certain other Events of Default (including failure to pay debt service and any defaults under a Supplemental Indenture) have not occurred as a result of such failure, (ii) the Commission, promptly after determining that the requirements of the Rate Covenant were not met, requests that the Traffic Consultant make written recommendations as to appropriate revisions to the Toll rate schedule necessary or appropriate to meet the requirements of the Rate Covenant and furnishes the Trustee with a copy of such request and (iii) the Commission complies with the recommendations of the Traffic Consultant with respect to Tolls. In addition to any other remedies the Trustee may have under the Master Indenture, if the Commission does not comply with the recommendations of the Traffic Consultant in respect of Tolls, the Trustee may, and upon the request of the Secured Owners of not less than 25% in principal amount of the First Tier Obligations then Outstanding and upon being indemnified to its satisfaction, will institute and prosecute in a court of competent jurisdiction in Travis County, Texas, any appropriate action to compel the Commission to revise the Toll rate schedule. The Commission covenants in the Master Indenture that it will adopt and charge Tolls in compliance with any final order or decree entered in any such proceeding.

In preparing its recommendations, the Traffic Consultant may rely upon written estimates of Revenues prepared by the other Consultants of the Commission. Copies of such written estimates signed by such Consultants will be attached to such recommendations. The Commission covenants in the Master Indenture that promptly after receipt of such recommendations and the adoption of any revised Toll rate schedule, certified copies thereof will be filed with the Trustee.

Additional Obligations

Additional First Tier Obligations. The Commission is authorized under the Master Indenture to issue Additional First Tier Obligations constituting Short-Term Indebtedness and Long-Term Indebtedness, subject to certain restrictions and conditions as described below.

Short-Term Indebtedness. The Commission has agreed in the Master Indenture that it will not issue any Additional First Tier Obligations constituting Short-Term Indebtedness unless immediately after the incurrence of such Short-Term Indebtedness the outstanding principal amount of (i) all Short-Term Indebtedness issued as First Tier Obligations or Second Tier Obligations, plus (ii) all First Tier Obligations or Second Tier Obligations Outstanding in the form of Variable Rate Indebtedness that do not constitute Short-Term Indebtedness, will not exceed 20% of the aggregate principal amount of all Outstanding Obligations. Short-Term Indebtedness issued pursuant to the provisions described in this paragraph will be on a parity with other First Tier Obligations.

Long-Term Indebtedness. The Commission has agreed in the Master Indenture that it will not issue any Additional First Tier Obligations constituting Long-Term Indebtedness unless it delivers specified documentation, including certain opinions, certificates, and the following:

(a) a letter from each Rating Agency then maintaining a rating on the Outstanding First Tier Obligations to the effect that the Additional First Tier Obligations have received an investment-grade rating from such Rating Agency, *and*

(b) either:

(i) a report of the Traffic Consultant to the effect that (A) the Revenues during the preceding annual period ending not more than 90 days prior to the date of delivery of the proposed Additional First Tier Obligations were sufficient to satisfy the requirements of the Rate Covenant (which report may assume that a revision of the Tolls that was approved and implemented by the Commission subsequent to the beginning of such annual period had been in effect for the entire annual period), and (B) the Projected Revenues for each Fiscal Year over the term of the proposed Additional First Tier Obligations are expected to produce a Projected Debt Service Coverage Ratio of at least (1) 1.50 with respect to First Tier Obligations, (2) 1.20 with respect to First Tier Obligations and Second Tier Obligations and (3) 1.10 with respect to all Obligations; *or*

(ii) if the Long-Term Indebtedness is being incurred solely for the purposes of refunding, repurchasing or refinancing (whether in advance or otherwise) any Outstanding Long-Term Indebtedness, a certificate of a Chief Financial Officer certifying that the Average Annual Debt Service on all Obligations prior to the issuance of the proposed Long-Term Indebtedness is greater than the Average Annual Debt Service on all Obligations after the issuance of such proposed Long-Term Indebtedness.

Pursuant to the Master Indenture, the Commission has reserved the right to expand the System in the future as well as issue additional debt to finance improvements and additions to the System; however, the Commission currently has no plans to expand the System or issue any additional debt related to the System.

Completion Obligations. To finance the costs of completion of (i) the portion of the System financed with the proceeds of the Series 2002 Obligations or (ii) any improvements, extensions or enlargements to the System financed with the proceeds of Additional First Tier Obligations, the Commission may, without complying with the provisions described above under "- Additional First Tier Obligations – *Long-Term Indebtedness*," issue Additional First Tier Obligations in a principal amount not in excess 10% of the principal amount of the original First Tier Obligations issued to finance such facilities, if prior to the issuance thereof the Commission certifies: (A) that at the time the original First Tier Obligations for the facilities to be completed were issued, the Commission had reason to believe that the proceeds of such First Tier Obligations, together with other money then expected to be available, would provide sufficient money for the completion of such facilities, (B) the amount estimated to be needed to so complete the facilities, and (C) that the proceeds of such First Tier Obligations to be applied to the completion of the facilities, together with (1) reasonably estimated investment income to be earned on such proceeds and available to pay such Cost, (2) the amount of money, if any, committed to such completion from available cash or marketable securities and reasonably estimated earnings thereon, (3) enumerated bank loans (including letters or lines of credit),

and (4) any other money reasonably expected to be available, will be a total amount equal to at least the amount estimated to be required to complete the facilities. The principal amount of the proposed completion Additional First Tier Obligations to be used in applying the test set forth in this paragraph includes the amount required to (a) provide completed and equipped facilities of substantially the same type and scope contemplated at the time such prior First Tier Obligations were originally issued, (b) provide for capitalized interest during the period of construction, (c) provide the required deposit, if any, to cause the balance in the First Tier Debt Service Reserve Fund to equal the First Tier Debt Service Reserve Requirement and (d) pay the costs and expenses of issuing such First Tier Obligations.

Springing First Tier Obligation. Upon the occurrence of a Bankruptcy-Related Event under the TIFIA Loan Agreement and the Master Indenture while the USDOT owns the 2002 TIFIA Bond, the 2002 TIFIA Bond automatically will become a First Tier Obligation for purposes of the Master Indenture, except that it will not be entitled to be paid from amounts in the First Tier Debt Service Reserve Fund. See "- Default and Remedies - *2002 TIFIA Bond Default Remedy*" and "RISK FACTORS - Dilution of First-Tier Security Upon Bankruptcy-Related Event."

Additional Second Tier Obligations. The Master Indenture permits the Commission to issue Additional Second Tier Obligations constituting both Short-Term Indebtedness and Long-Term Indebtedness, subject to certain restrictions and conditions as follow. With respect to Additional Second Tier Obligations constituting Short-Term Indebtedness, the Master Indenture restricts the amount of such Short-Term Indebtedness that can be issued to an amount that, when combined with other Short-Term Indebtedness and any Variable Rate Indebtedness then Outstanding, does not exceed 20% of the aggregate principal amount of all Outstanding Obligations. In addition, the Commission must deliver a letter from each Rating Agency then maintaining a rating on the Outstanding First Tier Obligations or Second Tier Obligations to the effect that the Additional Second Tier Obligations being issued as Short-Term Indebtedness have received an investment-grade rating. With respect to Additional Second Tier Obligations constituting Long-Term Indebtedness, the Master Indenture conditions issuance on delivery of certain documents, opinions, certificates, including a letter from each Rating Agency then maintaining a rating on the Outstanding First Tier Obligations or Second Tier Obligations to the effect that the Additional Second Tier Obligations have received an investment-grade rating from the Rating Agency, and either (i) a report of the Traffic Consultant certifying as to (A) compliance with the Rate Covenant and (B) Projected Revenues for each Fiscal Year during the term of the Additional Second Tier Obligations that produce a Projected Debt Service Coverage Ratio of at least 1.20 with respect to First Tier Obligations and Second Tier Obligations and of at least 1.10 with respect to all Obligations, *or* (ii) if the Long-Term Indebtedness is being issued to refund, refinance or repurchase any Outstanding Long-Term Indebtedness, a Commission certification that Average Annual Debt Service will be reduced by issuance of such refunding Long-Term Indebtedness. The payment of any Second Tier Obligations will at all times be subordinate and junior to the payment of any First Tier Obligations, including Additional First Tier Obligations, then outstanding and any Additional First Tier Obligations thereafter issued. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SIXTH SUPPLEMENTAL INDENTURE – Limitations on Other Indebtedness – *Limitations on Issuance of Additional Second Tier Obligations and Execution of Approved Second Tier Swap Agreements* – Second Tier Approved Swap Agreements."

Additional Subordinate Lien Obligations. The Master Indenture also permits the Commission to issue Additional Subordinate Lien Obligations constituting both Short-Term Indebtedness and Long-Term Indebtedness, subject to certain restrictions and the following conditions. With respect to Additional Subordinate Lien Obligations constituting Short-Term Indebtedness, the Master Indenture restricts the amount of such Short-Term Indebtedness that can be issued to an amount that, when combined with other Short-Term Indebtedness and any Variable Rate Indebtedness then Outstanding, does not exceed 20% of the aggregate principal amount of all Outstanding Obligations. In addition, the Commission must deliver a letter from each Rating Agency then maintaining a rating on any Outstanding Obligations to the effect that the Additional Subordinate Lien Obligations being issued as Short-Term Indebtedness have received an investment-grade rating. With respect to Additional Subordinate Lien Obligations constituting Long-Term Indebtedness, the Master Indenture conditions issuance on delivery of certain documents, opinions and certificates, and either (i) a report of the Traffic Consultant certifying as to (A) compliance with the Rate Covenant and (B) Projected Revenues for each Fiscal Year during the term of the Additional Subordinate Lien Obligations that produce a Projected Debt Service Coverage Ratio of at least 1.10 with respect to all Obligations, or (ii) if the Long-Term Indebtedness is being issued to refund, refinance, or repurchase any Outstanding Long-Term Indebtedness, a Commission certification that Average Annual Debt Service will be

reduced by issuance of such refunding Long-Term Indebtedness. The payment of any Subordinate Lien Obligations will at all times be subordinate and junior to the payment of any First Tier Obligations and Second Tier Obligations, including Additional First Tier Obligations and Additional Second Tier Obligations, then Outstanding and any Additional First Tier Obligations and Additional Second Tier Obligations thereafter issued. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SIXTH SUPPLEMENTAL INDENTURE – Limitations on Other Indebtedness – *Limitations on Issuance of Additional Subordinate Lien Obligations and Execution of Approved Subordinate Lien Swaps* – Subordinate Lien Approved Swap Agreements."

Additional Covenants of the Commission

Covenant Not to Build Competing System. The Commission has agreed in the Master Indenture to use its best efforts to further the economic viability of the System and, except as described below, to refrain from initiating, supporting, or approving any Capital Project (as defined below) on the State Highway System that would have the purpose or reasonably foreseeable effect of materially adversely affecting the ability of the Commission to comply with its covenants in the Master Indenture, particularly the Rate Covenant and its covenant to pay when due the principal of and interest on all Obligations. Additionally, the Commission has covenanted in the Master Indenture not to construct, operate, assist, provide funding for, or support, directly or indirectly, and to exercise all discretionary authority available to it under applicable law to dissuade other governmental, non-profit or private entities, directly or indirectly, from constructing, operating, permitting, assisting or supporting, any State Highway System Capital Projects or improvements, realignments, or enhancements of State Highway System Capital Projects that would have the purpose or reasonably foreseeable effect of materially adversely affecting the ability of the Commission to comply with the covenants in the Master Indenture, particularly those covenants noted in the previous sentence, except for: (i) any State highway improvements necessary for improved safety, maintenance or operational purposes; (ii) any intercity, intra-city, commuter, urban, high speed rail projects or any combination of the foregoing supported by the State and/or others; and (iii) any High-Occupancy-Vehicle exclusive lanes operationally required by environmental regulatory agencies.

"*Capital Projects*" for purposes of this subsection means those projects undertaken to construct a transportation facility for motorized vehicular traffic where no such facility existed previously or to construct a portion of a transportation facility where additional or widened traffic lanes are physically added on to existing traffic lanes on an existing facility, but excluding any projects (i) included in the Capital Area Metropolitan Planning Organization's "CAMPO 2025 Transportation Plan" issued in 2000 (the "*CAMPO 2025 Transportation Plan*"), a planning guide that contains transportation policy and projects to 2025, or (ii) undertaken to increase traffic capacity by modifying existing facilities through the installation of traffic sensors, metering devices, intersection grade separations, and Intelligent Transportation Systems equipment or work involving the re-striping of traffic lanes, medians, and shoulders.

Notwithstanding the provisions summarized above under this subcaption (the "*Non-Compete Provisions*") and without causing the occurrence of an Event of Default under the Master Indenture through violation of the Non-Compete Provisions, the Commission may take any action otherwise not permitted by the Non-Compete Provisions or fail to take any action otherwise required by the Non-Compete Provisions (any such action or inaction, a "*Permitted Breach*"), if

(a) it engages the Traffic Consultant to study and report on the anticipated annual effect on Revenues of the Permitted Breach; and

(b) it deposits with the Trustee the amount, if any, shown by the report of the Traffic Consultant to be the amount by which Revenues will be reduced by the Permitted Breach. In computing the amount of the deposit under this clause (b), the Commission may take into account investment earnings anticipated to be earned by the amount deposited if such amount is invested in Defeasance Securities (as defined in the Master Indenture) and an independent certified public accountant certifies that the amount of the deposit, together with investment earnings on the Defeasance Securities, will produce in each year an amount equal to the amount by which the Traffic Consultant estimates that Revenues will be reduced in each of such years as a result of the Permitted Breach.

Reservation of Right to Transfer System

Under the Master Indenture, the Commission has reserved the right to transfer all or any part of the System to a regional mobility authority, a regional tollway authority or another governmental entity authorized by law to own and operate toll facilities, but only upon satisfaction of the following conditions:

(a) the General Engineering Consultant issues a report in which it estimates the Operating Expenses and Maintenance Expenses for the System following such transfer for each Fiscal Year that any Obligations are scheduled to be Outstanding;

(b) the Traffic Consultant issues a traffic and revenue projection showing the Projected Revenues for the System following such transfer for each Fiscal Year that any Obligations are scheduled to be Outstanding;

(c) based upon the reports of the General Engineering Consultant and the Traffic Consultant described in clauses (a) and (b) above, the Commission certifies that (i) the Projected Debt Service Coverage Ratio would be sufficient to allow each of the then-Outstanding Obligations to be issued in compliance with the terms of the Master Indenture if such Obligations were being issued on the date of such certification and (ii) the Commission is not in default under the Master Indenture;

(d) each Rating Agency then maintaining a rating on the Outstanding Obligations issues a letter to the Commission to the effect that such transfer would not have the effect of causing the Rating Agency to lower such existing rating;

(e) if the 2002 TIFIA Bond is still outstanding, the USDOT consents in writing to such transfer and the additional requirements of the TIFIA Loan Agreement relating to such transfer are satisfied or waived by the USDOT;

(f) any money paid by the Department from the State Highway Fund for the design, construction, operation, and maintenance of the transferred property is repaid to the State Highway Fund;

(g) the Commission delivers an opinion of Counsel to the effect that the transfer is authorized by law; and

(h) the Commission delivers an Opinion of Bond Counsel to the Trustee to the effect that the transfer will not adversely affect the treatment for federal income tax purposes of interest on any Outstanding Obligations.

The Commission's rights under the Master Indenture with respect to the transfer of System assets are subject to any additional constraints imposed on such transfers under State law. See "THE SYSTEM - Transfer Event" for a discussion of current State law applicable to a transfer of all or any part of the System.

Default and Remedies

Events of Default. The occurrence and continuation of any of the following constitutes an "*Event of Default*" under the Master Indenture:

(a) failure by the Commission to pay the principal of and premium, if any, or interest on any of the Obligations or to pay Capital Payments when the same shall become due and payable, either at Stated Maturity, by proceedings for redemption or pursuant to the terms of the Obligation or any failure of the Commission to purchase or cause to be purchased any Tender Indebtedness (the Bonds do not constitute Tender Indebtedness for purposes of the Master Indenture), including any applicable Variable Rate Indebtedness, upon any optional or mandatory tender to the Commission or a tender agent of the Commission; or

(b) an event of default under a Credit Facility, a First Tier DSRF Security, a Second Tier DSRF Security, an Approved Swap Agreement, or a Reimbursement Agreement; or

(c) the Commission unreasonably delays or fails to carry out with reasonable dispatch or discontinue the construction of any portion of the System for which Obligations have been issued and are then Outstanding; or

(d) substantially all or any major portion of the System is destroyed or damaged to the extent of impairing its efficient operation and materially adversely affecting the Revenues and is not promptly repaired, replaced, or reconstructed (whether such failure promptly to repair, replace, or reconstruct the same is due to the impracticability of such repair, replacement, or reconstruction or to lack of funds therefor or for any other reason); or

(e) judgment for the payment of money is rendered against the Commission if such judgment is under any circumstances payable from Revenues and is in an amount such that its payment would, in the opinion of the Trustee, have a materially adverse effect upon the financial condition of the System and any such judgment is not discharged within ninety (90) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment has been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, decree or process or the enforcement thereof, or

(f) a bankruptcy or insolvency event with respect to the Commission has occurred and has not been cured, vacated, discharged, or stayed within sixty (60) days after the occurrence thereof; or

(g) the Commission fails to duly and punctually perform any other covenant, condition, agreement, or provision contained in any Obligations or in the Master Indenture, and, (with the exception of covenants relating to the issuance of Additional Obligations, placing encumbrances upon Revenues, disposing of System property, preserving the tax-exempt status of interest on the Series 2002 Obligations and the Bonds and requiring the System to refrain from funding or approving capital projects on the State Highway System that would materially adversely affect the Commission's ability to comply with the Master Indenture), such failure continues for sixty (60) days after written notice specifying such failure and requiring it to be remedied has been given to the Commission by the Trustee, which may give such notice in its discretion and must give such notice at the written request of the Secured Owners of not less than ten percent (10%) in principal amount of the Obligations then Outstanding; and the Trustee will investigate and consider any allegation of such default or Event of Default of which any Bond Insurer of record notifies the Trustee in writing.

Remedies. Upon the happening and continuance of any Event of Default, the Trustee may proceed, and upon the written request of the Secured Owners of not less than twenty percent (20%) in principal amount of the Obligations then Outstanding must proceed, subject to certain provisions of the Master Indenture governing the rights of the Trustee, to protect and enforce its rights and the rights of the Secured Owners under the Acts and under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In enforcing any remedy under the Indenture, the Trustee is entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Commission for principal, interest, or otherwise under any of the provisions of the Indenture or of the Outstanding Obligations and unpaid, with interest on overdue payments, to the extent permitted by law, at the rate or rates of interest borne by such Obligations, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Obligations, without prejudice, to any other right or remedy of the Trustee or of the Secured Owners, and to recover and enforce judgment or decree against the Commission, but solely as provided in the Indenture and in such Obligations, for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect (but solely from Revenues) in any manner provided by law, the money adjudged or decreed to be payable. See "RISK FACTORS – Limitation and Enforceability of Remedies."

The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Indenture would be successful.

Under current State law, the Commission is prohibited from waiving sovereign immunity from suit or liability with respect to the Bonds, and the owners thereof and the Trustee are prevented from bringing a suit against the Commission to adjudicate a claim to enforce their rights under the Bonds or the Indenture or for damages for breach of the Commission's obligations relating to the Bonds. However, State courts have held that mandamus

proceedings against a governmental unit, such as the Commission, as discussed above, are not prohibited by sovereign immunity. Further, the Commission has agreed to adopt and charge Tolls in compliance with any final order or decree entered in a proceeding to compel the Commission to revise the Toll rate schedule if Revenues are insufficient to comply with the Rate Covenant. See "RISK FACTORS – Limitation and Enforceability of Remedies."

Pro Rata Application of Funds. If at any time the money in the First Tier Debt Service Fund, the Second Tier Debt Service Fund, or the Subordinate Lien Debt Service Fund, along with money in the respective reserve funds and other funds established by the Master Indenture, is not sufficient to pay the principal of or the interest on the First Tier Obligations or the Second Tier Obligations as the same become due and payable, such money, together with any money then or thereafter available for such purpose, whether through the exercise of the remedies provided for in the Master Indenture or otherwise, will be applied (subject to the certain provisions of the Master Indenture governing rights and compensation of the Trustee) as set forth in (a) through (f) below; provided, however, that amounts on deposit in a fund or account (i) dedicated to the payment or security of the First Tier Obligations, the Second Tier Obligations, or the Subordinate Lien Obligations or (ii) constituting Additional Obligation Security for the benefit of one or more specific Series of Obligations will not be applied as provided in (a) through (f) below but will be used only for the purpose for which such deposits were made:

(a) Unless the principal of all First Tier Obligations is due and payable, all such money will be applied **first**: to the payment of all installments of interest then due on the First Tier Obligations, in the order of the Maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, without any discrimination or preference except as to any difference in the respective rates of interest specified in the First Tier Obligations; and **second**: to the payment of the principal of any First Tier Obligations that have matured, and, if the amount available is not sufficient to pay all of such matured First Tier Obligations, then to the payment thereof ratably, according to the amount due, or if no First Tier Obligations have matured, then to the retirement of First Tier Obligations.

(b) If the principal of all First Tier Obligations is then due and payable, all such money will be applied to the payment of the principal and interest then due and unpaid on the First Tier Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any First Tier Obligations over any other First Tier Obligations, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference except as to any difference in the respective rates of interest specified in the First Tier Obligations.

(c) If no default exists in the payment of the principal of, premium, if any, or interest on the First Tier Obligations but the principal of, premium, if any, or interest on Second Tier Obligations has not been paid when due, unless the principal of all Second Tier Obligations is then due and payable, all such money will be applied **first**: to the payment of all installments of interest then due on the Second Tier Obligations, in the order of the Maturity of the installments of such interest, and, if the amounts available are not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Tier Obligations; and **second**: to the payment of the principal of any Second Tier Obligations that have matured, and, if the amount available is not sufficient to pay all of such matured Second Tier Obligations, then to the payment thereof ratably, according to the amount due, or if no Second Tier Obligations have matured, to the retirement of Second Tier Obligations.

(d) If no default exists in the payment of the principal of, premium, if any, or interest on the First Tier Obligations but the principal of all the Second Tier Obligations is then due and payable, all such money will be applied to the payment of the principal and interest then due and unpaid upon the Second Tier Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Second Tier Obligations over any other Second Tier Obligations, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Tier Obligations.

(e) If no default exists in the payment of the principal of, premium, if any, or interest on the First Tier Obligations or the Second Tier Obligations but the principal of, premium, if any, or interest on Subordinate Lien Obligations has not been paid when due, unless the principal of all Subordinate Lien Obligations is then due and payable, all such money will be applied **first**: to the payment of all installments of interest then due on the Subordinate Lien Obligations, in the order of the Maturity of the installments of such interest, and, if the amounts available are not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Lien Obligations; and **second**: to the payment of the principal of any Subordinate Lien Obligations that have matured, and, if the amount available is not sufficient to pay all of such matured Subordinate Lien Obligations, then to the payment thereof ratably, according to the amount due, or if no Subordinate Lien Obligations have matured, to the retirement of Subordinate Lien Obligations.

(f) If no default exists in the payment of the principal of, premium, if any, or interest on the First Tier Obligations or the Second Tier Obligations but the principal of all the Subordinate Lien Obligations is then due and payable, all such money will be applied to the payment of the principal and interest then due and unpaid upon the Subordinate Lien Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Lien Obligations over any other Subordinate Lien Obligations, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Lien Obligations.

Majority of Secured Owners May Control Proceedings. Any other provisions of the Master Indenture notwithstanding, the Secured Owners of not less than a majority in principal amount of First Tier Obligations then Outstanding (or, if no First Tier Obligation is then Outstanding, then the Secured Owners of not less than a majority in principal amount of the Second Tier Obligations and Subordinate Lien Obligations then Outstanding) will have the right, subject to certain provisions of the Master Indenture regarding the Trustee's rights, to direct the method and place of conducting all remedial actions to be taken by the Trustee under the Master Indenture. However, the Trustee will have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Secured Owners that are not parties to such direction.

Restrictions Upon Action by Individual Secured Owner. No Secured Owners of any of the Outstanding Obligations will have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the execution of any trust under the Master Indenture or the protection or enforcement of any right under the Master Indenture or any resolution or minute order of the Commission authorizing the issuance of First Tier Obligations or Second Tier Obligations, or any right under applicable laws of the State (except for an action for the recovery of overdue and unpaid principal, interest or redemption premium) unless (i) such Secured Owner gives the Trustee written notice of the event of default or breach of trust or duty on account of which such suit or action is to be taken, (ii) the Secured Owners of not less than twenty percent (20%) in principal amount of the First Tier Obligations and Second Tier Obligations then Outstanding have (A) made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, (B) afforded the Trustee a reasonable opportunity either to (1) proceed to exercise the powers granted under the Master Indenture or applicable laws of the State or (2) to institute such action, suit or proceeding in its or their name, and (C) offered the Trustee reasonable security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred by it, and (iii) the Trustee has refused or neglected to comply with the request described in clause (ii)(A) within a reasonable time.

2002 TIFIA Bond Default Remedy. Upon the occurrence of a Bankruptcy-Related Event under the TIFIA Loan Agreement and the Master Indenture while the USDOT owns the 2002 TIFIA Bond, the 2002 TIFIA Bond will be deemed to be and will automatically become, as of the date of occurrence of such a Bankruptcy-Related Event, a First Tier Obligation for all purposes of the Master Indenture, and the USDOT, acting through the Federal Highway Administration, will be deemed the Secured Owner of such First Tier Obligation. In the event that occurrence of such a Bankruptcy-Related Event and any then existing defaults under the TIFIA Loan Agreement are cured, the 2002 TIFIA Bond will no longer be treated as a First Tier Obligation and will revert to the status of a Subordinate Lien Obligation. Notwithstanding the other provisions described in this heading, if on the date that such a Bankruptcy-Related Event occurs there are any amounts on deposit in the First Tier Debt Service Fund or the First Tier Debt Service Reserve Fund, such amounts will be used to pay amounts due or to become due on the First Tier Obligations Outstanding immediately prior to the occurrence of such Bankruptcy-Related Event. In the event

the 2002 TIFIA Bond is deemed a First Tier Obligation, the Master Indenture provides that the 2002 TIFIA Bond (i) will not be secured by the First Tier Debt Service Reserve Fund and (ii) will not be taken into account in computing the First Tier Debt Service Reserve Requirement. See "- Funds and Accounts - *First Tier Debt Service Reserve Fund*."

THE COMMISSION AND THE DEPARTMENT

The Commission

The State created the "State Highway Commission" on April 4, 1917, for the purpose of adopting and implementing a comprehensive system of state highways and promoting the construction of a state highway system by cooperation with counties or independently by the State Highway Commission. In 1975, the Legislature changed the name of the State Highway Commission to the "State Highway and Public Transportation Commission." In 1991, the Legislature changed the name again to the "Texas Transportation Commission," as it remains today. The Commission is the Department's policy-making body and is composed of five commissioners appointed by the Governor of the State (the "Governor") with the advice and consent of the State Senate. Commissioners serve overlapping six year terms. One member is designated by the Governor as the Chair and serves as the chief executive officer of the Commission.

The current members of the Commission are listed below.

Ted Houghton, Chairman

Mr. Houghton was appointed to the Commission by Governor Perry in December of 2003, and appointed as Chairman of the Commission in October of 2011. A native of El Paso, Mr. Houghton is self-employed in the fields of financial services, executive benefits, and estate planning. He is the first resident of El Paso to serve on the Commission. Mr. Houghton has served on the State of Texas School Land Board. He also served for eight years on the El Paso Water Utilities Public Service Board and on the board of directors of the El Paso Electric Company and the El Paso Rapid Transit Board, as president of the Sun Bowl Association, and as a member of the 1984 Los Angeles Olympic Committee. Mr. Houghton received his bachelor's degree in finance from The University of Texas at El Paso.

Fred Underwood, Commissioner

Mr. Underwood was appointed to the Commission by Governor Perry in January of 2007. Mr. Underwood is president of the Trinity Company, a cotton bale storage facility. He is both past vice president and past director of the National Cotton Council. He also serves as chairman of the Ways and Means Committee of the Cotton Warehouse Association, where he previously served as president. Mr. Underwood also previously served as chairman of Lubbock International Airport Board and as a board member of the Lubbock Chamber of Commerce. Mr. Underwood received a bachelor's degree in management from Texas Tech University.

William Meadows, Commissioner

Mr. Meadows was appointed to the Commission by Governor Perry in April of 2008. Mr. Meadows is chairman of Hub International Rigg. He also served as vice chairman of the North Texas Tollway Authority. He is a past appointee to the Texas Water Development Board and formerly served as a city council member and mayor pro-tempore for the City of Fort Worth. Mr. Meadows currently serves as a trustee of the Hatton Sumners Foundation and the Southwestern Exposition and Livestock Show. He is a past board member of the Fort Worth Chamber of Commerce, Southwestern University, Fort Worth Country Day School, and Fort Worth Museum of Science and History. Mr. Meadows received a bachelor's degree from Southwestern University and attended the Harlaxton Institute in Grantham, England.

Jeff Austin III, Commissioner

Mr. Austin was appointed to the Commission by Governor Perry in October of 2011, and is Vice Chairman of Austin Bank. He is a board member of First State Bank in Athens, Texas, and of Capital Bank in Houston, Texas, and a past president of First State Bank, Frankston, Texas. He is a board member and past chair of the Texas Bankers Association, a board member of the Bob Bullock Texas History Museum, a member of the American Bankers Association Government Relations Committee and the Bank CEO Network, an executive committee

member and past director of the Texas Lyceum, and a Board member and a Past President and Scoutmaster of the East Texas Area Council of Boy Scouts. He was the presiding officer of the North East Texas Regional Mobility Authority, and board chair of the Tyler Area Chamber of Commerce. He is also a past board member of the Tyler Economic Development Corporation, the Better Business Bureau of East Texas, the University of Texas Tyler Business School Advisory Board, the UT Tyler Health Center Development Board, and the Trinity Mother Frances Hospital Foundation. Mr. Austin received a bachelor's degree and a master's degree in Business Administration from the University of Texas at Tyler, and is a graduate of the Southern Methodist University Southwestern Graduate and Intermediate Schools of Banking, and the Harvard Business School Advanced Management Program.

Jeff Moseley, Commissioner

Mr. Moseley was appointed to the Commission by Governor Perry in June of 2012. Prior to his appointment, Mr. Moseley was chief executive officer of the Greater Houston Partnership. During seven years in this role, he worked on numerous regional transportation policy efforts and partnered with transportation stakeholders such as the Gulf Coast Regional Mobility Partners and the I-69 Corridor Coalition. He previously served as director of the Governor's Office of Economic Development and Tourism. Between 1991 and 1999, Mr. Moseley served as Denton County Judge. During that time, he was a member of the metropolitan planning organization for the North Central Texas Council of Governments, supported the passage of two mobility bond campaigns, organized the IH-35 Corridor Coalition, and was involved in the creation of the North Texas Tollway Authority. Mr. Moseley is currently self-employed and serves as a consultant to Opportunity Houston. Mr. Moseley received the Outstanding Alumnus Award from Southern Nazarene University in Oklahoma.

The Department

The Department is a public authority and body politic and corporate created in 1917 as the "Texas Highway Department" by an act of the Legislature to administer federal funds for highway construction and maintenance. In 1975, the Legislature merged the Texas Highway Department with the "Texas Mass Transportation Commission" to form the "State Department of Highways and Public Transportation," and in 1991, the Legislature combined the State Department of Highways and Public Transportation, the Department of Aviation, and the Texas Motor Vehicle Commission to create the Department. In 2009, the Texas Legislature created the Department of Motor Vehicles as a separate State agency, and moved vehicle title and registration; motor carrier registration and enforcement; licensing of motor vehicle dealers, manufacturers, distributors, and other similar entities; and auto theft reduction efforts from the Department to the Department of Motor Vehicles.

The Department is headquartered in Austin, Texas, with 29 divisions/offices, four regional offices, and 25 district offices located throughout the State. Each district is responsible for the planning, design, construction, maintenance, and operation of its area's transportation systems.

Phil Wilson, Executive Director

Phil Wilson is executive director of the Department. Under the direction of the Commission, he manages, directs and implements Department policies, programs and operating strategies. He also represents the Department before the Legislature and other entities. He is the Department's first executive director since legislation was passed in 2009 removing the requirement that the position be occupied by a professional engineer. The Commission selected Mr. Wilson as the Department's Executive Director, effective October 17, 2011. Mr. Wilson most recently served as Senior Vice President of public affairs for Luminant, an electric generation company headquartered in Dallas, and previously served as Texas Secretary of State. As Texas Secretary of State, Mr. Wilson was responsible for elections, and acted as the Governor's chief liaison on the Texas-Mexico border and issues with Mexico. He has also served as Chairman of the Governor's Competitiveness Council, where he helped identify ways the State could improve its economic position for continued long-term success. Mr. Wilson's public service also includes time as an aide to U.S. Senator Phil Gramm and on the senior staff of Governor Perry. During his time as Texas Secretary of State, Mr. Wilson led a number of transportation-related programs, including the Border Colonia Access Program and the Texas Interagency Work Group on the Texas and Mexico Border Affairs initiative. The Texas Secretary of State also serves as the State's chief economic development officer, and in that role, Wilson worked with Department professionals in bringing new opportunities to the State. As a chair of the Governor's Competitiveness Council, Mr. Wilson and his colleagues on the Council made several transportation recommendations to improve the

State's competitiveness, including proposals to reexamine public-private partnerships, expand inland ports, repair and maintain the State's existing infrastructure, and advancement of rail relocation efforts.

John Barton, Deputy Executive Director and Chief Engineer

As Deputy Executive Director, Mr. Barton is responsible for assisting in all phases of directing, managing, and implementing the Department's policies, programs, and operating strategies. He oversees the management of all transportation systems for which the agency is responsible to ensure that systems are adequate, safe, and constructed and maintained for the traveling public in the most cost-effective manner. Mr. Barton also serves as the Department's Chief Engineer. In this capacity he is responsible for management and control of the Bridge, Construction, Design, Maintenance, Traffic Operations and Right of Way Divisions as well as the Local Government Project Office, and he provides executive oversight of all District Operations. He also assists in directing long- and short-range planning for the agency including the establishment of overall operating objectives and the technical merits of programs and policies. Mr. Barton grew up in Archer City, a small rural town in north central Texas, before attending college at Texas A&M University where he graduated with honors in 1986 with a Bachelor of Science degree in Civil Engineering. He then began working full-time for the Department and now has more than 26 years of service with the Department. Mr. Barton began working for the Department as a summer employee in the Archer City Maintenance Section of the Wichita Falls District while in high school, and then began full-time employment with the Department after graduating from Texas A&M. Like most Department employees, he has worn many hats during his time with the Department, ranging from Construction Project Inspector and Manager to Area Engineer, to District Engineer, Assistant Executive Director for Engineering Operations, and now Deputy Executive Director.

James M. Bass, Chief Financial Officer

As the Department's Chief Financial Officer ("*CFO*"), Mr. Bass has financial oversight responsibility for the Department. Mr. Bass also oversees management of the Department's financial planning operations division (the "*Finance Division*"), which now includes programming and scheduling of all transportation projects and letting management activities associated with project delivery, following the Department's reorganization in November 2007. In addition, recently announced changes in organizational responsibilities and executive administration of the Department gave the CFO oversight of toll operations, innovative finance and debt management (including the State Infrastructure Bank and investment functions), and grant management. Under his direction, the Finance Division develops and implements systems and policies related to accounting, forecasting, budgeting, payment for goods and services, and the processing of receipts and revenues. Mr. Bass began his career with the Department in 1985 in the Fort Worth District where he maintained records and audited field measurements. He also worked part-time as an engineering aide for the Austin District while earning his bachelor's degree in accounting from the University of Texas at Austin. After graduation in 1991, Mr. Bass served as an accounting clerk in the Finance Division. In 1997, Mr. Bass became a manager in the Budget and Forecasting Branch, and in that position was responsible for preparation of the Department's Legislative Appropriations Request and Operating Budget, and working with the Texas Legislative Budget Board, State Auditor's Office, and the Comptroller. He also worked on the Department's Cash Forecasting System for the State Highway Fund. Mr. Bass was named Finance Division Director in 1999 and his title was changed to Chief Financial Officer in 2005.

Brian Ragland, Finance Director

As the Department's Finance Director, Mr. Ragland is responsible for the management and control of budget, revenue, disbursements, and accounting, and debt management for the Department as well as programming and scheduling and letting management of all transportation projects. Mr. Ragland is also currently an elected trustee of the Employees Retirement System, with a term expiring August 31, 2017. Mr. Ragland began his career with the Department as the Director of the Department's Claims Management Section of the Finance Division in 2003. He left the Department in 2005 to pursue an opportunity as Senior Vice President and Chief Financial Officer of Walden Affordable Group, LLC, an affordable housing management firm. He began his career with the University of Texas System Administration as an accountant/auditor in their Oil and Gas department and then became the Financial Manager of their Employee Group Insurance section where he served until 1996. He then became Chief Financial Officer for the State Preservation Board where he oversaw all financial, human resources, enterprise, and information resource functions of that agency until 2003, when he joined the Department. Mr. Ragland received a bachelor's degree in Accounting from the University of Texas at Austin in 1990 and a Masters of Business Administration degree from Southwest Texas State University in 1999. He is a licensed Certified Public Accountant.

Benjamin Asher, Innovative Financing/Debt Management Officer

Mr. Asher assumed the position as the Department's Innovative Financing/Debt Management Officer in June 2012. In this role he oversees the day-to-day activities of the Innovative Finance/Debt Management Office which include managing the Department's various debt programs, the State Infrastructure Bank, toll equity, pass-through financings, and the financial aspects of the Department's public-private partnerships. For the past twenty years Mr. Asher worked for the Public Resources Advisory Group, an independent financial advisory firm, most recently as a Senior Managing Director in New York. Mr. Asher received his Bachelor of Arts in History from Columbia College and an M.B.A. in Finance from the Columbia University Graduate School of Business.

John Muñoz, Deputy Director, Innovative Financing/Debt Management Office

As Deputy Director of the Innovative Financing/Debt Management Office, Mr. Muñoz assists Mr. Asher in planning, organizing and directing all of the debt related and innovative financing activities of the office. Mr. Muñoz' main focus is developing and negotiating the commercial aspects of the Department's comprehensive development agreements for the delivery of transportation infrastructure. During his 24 year tenure with the Department, Mr. Muñoz also served as Deputy Director of the Finance Division, and has also worked in the audit, budgeting, payment processing, and administrative operations of the Department. Prior to his employment with the Department, Mr. Muñoz worked for the predecessor firm to KPMG performing audit and tax work. Mr. Muñoz earned a bachelor's degree in accounting from The University of Texas at Austin in 1986 and is also a Certified Public Accountant and Certified Internal Auditor.

Jeff Graham, General Counsel

Mr. Graham assumed the position of General Counsel on July 16, 2012. Under his direction, the Office of General Counsel renders legal advice to the Commission and the Department. He also drafts Department rules, reviews legislation, and serves as counsel at Commission meetings. Previously, Mr. Graham served as Division Chief for the Financial and Taxation Litigation Division, under Texas Attorney General Greg Abbott. Prior to that, he served as the Division Chief for the Financial Litigation Division of the Office of Attorney General. In 2011, the Taxation Division and the Texas Workforce Commission Section were added to the Financial Litigation Division, resulting in the combined Financial and Taxation Litigation Division. In 2012, the Charitable Trust Section was also added to his portfolio. Jeff began his career at the Office of the Attorney General in 1997, and has lived in Austin since 1986. He is a graduate of Washington University School of Law in St. Louis, Missouri and the University of Texas at Austin.

Doug Woodall, P.E., Director, Toll Operations Division

As Director of the Toll Operations Division, Mr. Woodall is responsible for the management of all activities of the Toll Operations Division. This position reports to the Chief Financial Officer and is required to exercise professional expertise in the operations of tollway projects; to develop and recommend policies and procedures; and to support toll operations of the Department's public/private partnership projects statewide. During his 29 years with the Department, Mr. Woodall has also served as the Director of Turnpike Planning and Development, Director of Design for the Central Texas Turnpike System, and has had previous assignments in design, construction, operations and management within the Department. Mr. Woodall earned a bachelor's degree in civil engineering from Texas Tech University in 1983 and is a licensed professional engineer in Texas.

THE SYSTEM

Description of the System

The System initially consisted of the 2002 Project. State Highway 45SE (the "*SH 45SE Element*") was added to the System pursuant to a minute order adopted by the Commission on August 30, 2012, effective on September 1, 2012. The 2002 Project portion of the System includes three distinct elements: (i) the SH 130 Element; (ii) the SH 45N Element; and (iii) the Loop 1 Element. The Costs of the 2002 Project were financed with (i) proceeds of the Series 2002 Obligations, (ii) funds provided by the Commission, (iii) contributions toward right-of-way acquisition from certain local political subdivisions and (iv) interest earnings on amounts in the Construction

Fund, all as more fully described below. Costs of the SH 45SE Element were financed on a “pay-as-you-go” basis with cash on deposit in the State Highway Fund.

All elements of the System are now open for traffic. Each element was opened to traffic upon substantial completion, which constitutes completion of all construction with the exception of certain then-existing punch-list items, such as project clean-up and landscape establishment. The 2002 Project reached substantial completion under the terms of the Master Indenture on September 27, 2007. The 2002 Project was granted final acceptance by the Department as of January 16, 2009, and the Construction and Ramp-Up Period for the 2002 Project ended November, 2010. The SH 45SE Element was financed on a "pay-as-you-go" basis with other lawfully available funds and was opened to traffic in May, 2009.

A map of the System, together with certain existing and future connector and complementary facilities which are not part of the System, is included on page ii hereof. The System will also include any future Project to expand, enlarge, or extend the System, any future Project pooled with the System pursuant to Texas Transportation Code, Chapter 228, and any other roads, bridges, tunnels, or other toll facilities for which the Commission has operational responsibility and is collecting Tolls, unless the Commission declares in writing, delivered to the Trustee, that such roads, bridges, tunnels, or other toll facilities are not part of the System for the purposes of the Master Indenture.

The four distinct elements of the System (as shown on the map on page ii hereof) are summarized as follows:

***SH 130 Element*:** The SH 130 Element extends from the IH-35/SH195 junction at Georgetown in Williamson County (north of Austin) 49.0 miles southward, on the east side of Austin, to a junction with US183 and SH 45SE in southern Travis County, south of Austin-Bergstrom International Airport. The SH 130 Element is a four-lane limited-access roadway with toll facilities, overpasses, underpasses, discontinuous frontage roads, and direct-connectors at interchanges where warranted, including the interchanges with IH-35 and SH 45 North. The SH 130 Element has been divided into four segments. Segments 1 and 2 were opened to traffic in December 2006 and in October 2006, respectively, and Segments 3 and 4 were opened to traffic in September 2007 and in April 2008, respectively. All construction activities on the SH 130 Element related to the 2002 Project have been completed.

SH 45N Element: The SH 45N Element is a 12.8 mile element located in Travis and Williamson Counties, Texas that extends from US183 on the west to SH 130 on the east, and is an east-west route of the 2002 Project. The SH 45N Element serves as a connector between the Cities of Austin, Round Rock, and Pflugerville, Texas, and consists of six-lane divided limited-access roadways except for one section, which is a four-lane divided limited-access roadway. The first four sections of the SH 45N Element opened to traffic in October 2006, and the remaining two sections opened to traffic in February 2007 and in April 2007, respectively. All construction activities on the SH 45N Element related to the 2002 Project have been completed.

Loop 1 Element: The Loop 1 Element is a 4.0 mile element located in Travis and Williamson Counties, Texas that extends northward from the existing Loop 1 at Parmer Lane to the SH 45N Element and is a major north-south route of the 2002 Project. The SH 45N Element and the Loop 1 Element include discontinuous frontage roads, toll facilities, overpasses, underpasses and direct-connectors at the interchange with the SH 45N Element. The Loop 1 Element opened to traffic in October 2006. All construction activities on the Loop 1 Element related to the 2002 Project have been completed.

SH 45SE Element: The SH 45SE Element links IH-35 at FM 1327, north of the City of Buda, to the junction of SH 130 and US 183 near Mustang Ridge. The 7.0 mile long facility is a four-lane roadway with controlled access and a wide center median. The SH 45SE Element opened to traffic in May, 2009.

As part of an agency-wide restructuring to improve efficiency and service to the public, the toll operations functions for the System that are performed by the Department have been moved to a newly-created Toll Operations Division within the Department. The Toll Operations Division reports to the Department’s Chief Financial Officer. This organizational change is not expected to impact any of the Department’s payment or other obligations relating to the System.

Toll Collection Facilities and Technology

The 2002 Project: Toll collection systems on the 2002 Project include a high level of automation for operational efficiencies and driver convenience. Currently, the mainlane plazas consist of express electronic toll collection ("*ETC*") lanes and a cash plaza. Express ETC lanes allow toll collection from vehicles without slowing from normal highway speeds. The express lanes do not have toll islands or other physical barriers. Toll collection equipment is mounted in the pavement, outside the shoulder area or overhead.

A cash plaza physically separates the express ETC lanes from traditional toll islands. The cash plazas use a mixture of manual collection and automatic coin machines to accommodate vehicles that do not use the ETC lanes. Ramp plazas are equipped similarly to the mainlane plazas except that express ETC lanes are replaced by an ETC-only ramp lane which is physically adjacent to the cash lanes. The number of lanes at ramp plazas varies according to traffic requirements. Most ramps have been constructed with one ETC-only lane plus one or two cash lanes which are equipped for manual payment, automatic coin machine payment or both. The Commission has equipped most manual and automatic coin machines lanes with ETC equipment to encourage ETC as the preferred method of toll payment.

Effective January 1, 2013, cash will no longer be accepted as a method of toll payment for the 2002 Project. The Department has estimated that the elimination of cash will reduce Operating Expenses by $4.2 million in Fiscal Year 2014 and by a total of $223 million through Fiscal Year 2042. In order to implement the elimination of the cash payment method, the Department initially intends to update the applicable signage to provide proper notice to drivers and to erect barricades around all cash lane collection points to divert all traffic to the ETC lanes. At this time the Department has no plans to physically remove the cash plazas. See "-Payment Methods for Tolls" and "RISK FACTORS - Elimination of Payment by Cash" herein.

The SH 45SE Element: The toll collection system for the SH 45SE Element is an ETC only system, allowing toll collection to occur with no physical barriers while vehicles travel at normal highway speeds. There is no ability to pay tolls with cash for use of the SH 45SE Element.

Toll Collection Systems: In order to minimize toll evasion, the Commission has equipped all lanes in the System with an automated violation enforcement and video billing system. Such system records electronic images of non-paying vehicles' license plates for video billing and possible prosecution under State statutes for non-payment of tolls. Such video billing system is utilized in the System's Pay by Mail (as defined below) payment method. See "-Payment Methods for Tolls - *Pay by Mail Payment Method*" below. The toll collection and enforcement and communication systems in the toll plazas were procured from United Toll Systems, to help promote their seamless operation and accuracy. The back office systems, including customer service, violations and video billing were procured from VESystems, LLC. Federal Signals Technologies, formerly VESystems, LLC, is currently providing back office system maintenance. By the end of October 2012, however, the Department expects to issue a request for proposals to procure a new back office system that will: (i) consolidate back office systems and services such as toll collection and violations processing and (ii) more easily allow for the addition of new toll roads and changes in reports generated. The Department anticipates reviewing responses to such proposals and entering into a new agreement with a provider of such services by the end of 2013.

Payment Methods for Tolls

The Department has historically allowed drivers to pay tolls on the 2002 Project in three ways: by transponder, by cash or, by mail. In Fiscal Year 2012, 71.43% of transactions processed for the 2002 Project were attributable to transponder accounts, 8.12% to cash, and 20.45% to Pay by Mail (as defined below). Drivers on the SH 45SE Element may pay tolls by transponder or Pay by Mail. For the SH 45SE Element where drivers have not had the ability to pay tolls by cash, 70% of transactions processed were attributable to transponder accounts and 30% to Pay by Mail for Fiscal Year 2012. For a breakdown of the historic percentages of payment types for each element of the System, see Table 2-5 in the 2012 Traffic and Revenue Report set forth in "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST."

Cash Payment Method. The cash payment method, which will no longer be available as of January 1, 2013, currently requires drivers to pay tolls with cash by using a lane with an attended tollbooth or if they have exact

change, drivers can pay by using the lanes that are equipped with automatic coin machines. Drivers utilizing the cash payment method must pay the full amount of the toll.

The percentage of transactions paid through transponder tags has been higher than originally projected, while the percentage of transactions paid with cash have been lower than predicted. Therefore, pursuant to a minute order adopted by the Commission on August 30, 2012 and effective January 1, 2013, the Department will no longer allow drivers to pay tolls on the 2002 Project with cash. The 2012 Traffic and Revenue Report assumes that the cash payment option is not available to users of the System and forecasts a decrease in operations and maintenance costs of the System as well as a decrease of approximately one percent in the amount of paying traffic and Revenues as a result. This change was implemented by the Commission after the Traffic and Revenue Consultant certified that such change will not adversely affect the ability of the Commission to comply with its rate covenant in the Master Indenture. See "RISK FACTORS – Elimination of Payment by Cash."

Transponder Payment Method. The transponder payment method requires that drivers attach a small sticker to windshields of their vehicles containing a thin electronic transponder chip which sends a signal to the electronic tolling equipment as the vehicle passes under a toll plaza. Such a transponder sticker is referred to by the Department as a TxTag ("*TxTag*"). Each TxTag transponder is tied to an automatic pre-paid customer toll account and funds are withdrawn by the Department as tolls are incurred. A single toll account can have multiple TxTag transponders associated with such account. As of August 31, 2012, there were 577,528 active toll accounts with 1,045,734 active TxTag transponders. In Fiscal Year 2012, the number of active TxTags increased 10% over the prior Fiscal Year. Drivers utilizing a TxTag transponder receive a 10% discount from the cash toll rate.

Additionally, interoperability revenue is generated by vehicles equipped with transponders issued by other Texas tollroad authorities, including "TollTags" issued by the North Texas Tollway Authority and "EZ Tags" issued by the Harris County Toll Road Authority. Interoperability revenue is reconciled and settled monthly between the various toll authorities. Interoperability revenue represented: (i) for the 2002 Project, approximately 6.8%, 6.9%, and 7.3% of toll revenues in Fiscal Years 2010, 2011, and 2012, respectively and (ii) for the SH 45SE Element, approximately 12.6%, 11.9%, and 12.3% of toll revenues in Fiscal Years 2010, 2011, and 2012, respectively. For reporting purposes, interoperability revenue is included with transponder revenue.

Pay by Mail Payment Method. The method of providing for payment of tolls by mail ("*Pay by Mail*") (also referred to as "*video billing*") was first instituted by the Department as a pilot program in January 2007 and was adopted as a permanent payment method effective September 1, 2012. Pay by Mail is utilized when a driver crosses a tolling point without stopping to pay cash (while the cash payment option is available) or when a valid TxTag transponder is not recognized. Since the toll is not being paid at the time it is charged in such cases, an image of the vehicle's license plate is captured, and the Department either posts the toll to an existing customer toll account for that license plate, if one exists, or sends the vehicle owner a bill by mail to pay the toll charges.

Under the Pay by Mail method, a violation does not occur upon nonpayment when crossing a tolling point, but rather when a driver fails to pay a toll after being sent two invoices. Drivers utilizing Pay by Mail are charged a 33% higher toll rate over the transponder rate in order to cover the additional costs to the Department attributable to video transactions allowed under this method plus an additional statement fee of $1.15. Depending on when a transaction occurs, an invoice is first sent to the registered owner of the vehicle between one and fifteen days after such transaction, and they have 30 days to pay the invoice. If that invoice is not paid within 30 days, another invoice is sent plus an additional $1.15 statement fee. If that second invoice is also not paid, a violation occurs and a "Notice of Non Payment Fee" of $5 is also added. When an account stays in violation for at least 30 days and is not paid, it goes to collections with a vendor under contract with the Department. At collections, the $5 fee is removed and replaced with a $25 "Submission to Collection Agency Fee." After 30 days in collections, the account is then eligible for court action, where the $25 fee is removed and replaced with a $100 "Submission to Court Fee." See "- Customer Service Center Revenues - Fees and Charges."

Due to free-passage transactions, unreadable images, or other technical issues, certain Pay by Mail transactions cannot be invoiced. For Fiscal Year 2011, 16.1% of all Pay by Mail transactions could not be invoiced. For Fiscal Year 2011, the collection rate for invoiced transactions for the 2002 Project was 66.4%, and the collection rate for all Pay by Mail transactions (those invoiced and those that cannot be invoiced) for the 2002 Project was

55.7%. From the date tolls began to be collected through May 2012, the collection rate for invoiced transactions for the SH 45SE Element was 72%, and the collection rate for all Pay by Mail transactions (those invoiced and those that cannot be invoiced) was 61%. The 2012 Traffic and Revenue Report assumes a constant 55% collection rate for all Pay by Mail transactions (those invoiced and those that cannot be invoiced) through 2042, which is stated in the report as a 45% toll evasion rate for Pay by Mail transactions. See "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST."

The Commission continues refining its process and procedures related to collection of unpaid tolls, including enforcement through court proceedings. In 2009, the Commission began enforcing unpaid tolls through court proceedings, typically resulting in settlement agreements and payment plans. Currently, prior to filing court action, the Commission sends "last chance letters" to toll violators. To-date, approximately 42% of the toll violators that were sent last chance letters since 2009 have contacted the Commission, entered into payment plans for unpaid tolls, and have become TxTag account holders. The Commission expects to continue filing court actions against unpaid toll accounts. The Commission has been successful, to-date, in court proceedings for collecting unpaid tolls from toll violators; however, due to limitations on the number of complaints that can be filed in the justice of the peace courts, the Department has to prioritize cases based on amounts owed and the age of the unpaid balance. Using current State law, the Commission is in the process of implementing a six month pilot program in one of the justice of the peace courts to determine the benefits of increasing the prosecution of a greater number of cases where the collection status is 90 days or less with smaller amounts owing. If the pilot program proves valuable in more efficiently resolving toll violations for the Department and customers, such program may be implemented more broadly. Although the Commission has been successful in using the courts to collect unpaid tolls, and anticipates continuing such enforcement actions, it is uncertain whether such enforcement will continue being successful or if alternative methods of collection will be considered in the future.

Toll Rates

With the exception of certain expired temporary changes, the reduction of certain truck tolls on SH 130 described below effective March 1, 2011 and prior to an increase in toll rates that will become effective on January 1, 2013, the toll rates charged for the 2002 Project have remained the same as those originally set forth in the 2002 Traffic and Revenue Report originally adopted by the Commission in connection with the issuance of the Series 2002 Obligations. On August 30, 2012, the Commission authorized increases in toll rates for the System which become effective January 1, 2013. For all elements of the System, except the SH 45SE Element, the Commission applies a different toll rate schedule based on the number of axles the particular vehicle has, with differing rates schedules for two to six axle vehicles. For the SH 45SE Element, the Commission determines the applicable toll rate schedule based on the type of vehicle with the categories being (i) passenger cars, light trucks and SUVs, (ii) passenger vehicles with trailers, (iii) commercial vehicles, (iv) commercial vehicles with one trailer and (v) commercial vehicles with two trailers.

The following table sets out the current toll rates for each element of the System through December 31, 2012 and the comparable toll rates after the new rates become effective on January 1, 2013. The rates shown are for two-axle vehicles for all elements of the System except for the SH 45SE Element which is shown using the applicable rates for passenger cars, light trucks and SUVs.

	Full Length Toll Rates		**Per Mile Toll Rates**		
Element	**Current**	**Effective 1/1/13**	**Current**	**Effective 1/1/13**	**% Increase**
SH 45N (12.8 miles)	$1.36	$2.04	$0.11	$0.16	***50%***
Loop 1 (4.0 miles)	$0.68	$1.02	$0.17	$0.26	***50%***
SH 130 (49.0 miles)	$5.40	$6.75	$0.11	$0.14	***25%***
SH 45SE (7.0 miles)	$1.00	$1.00	$0.14	$0.14	***0%***

For a more detailed description of the System's toll rates for each element, vehicle classification and particular tolling points, see the Commission's Minute Order Number 113244 adopted on August 30, 2012 and attached as Appendix C to the 2012 Traffic and Revenue Report set forth in "APPENDIX D - CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST" hereto.

The Commission also adopted a toll escalation policy on August 30, 2012. Subject in all instances to the provisions, requirements and restrictions of the Indenture, beginning on October 1, 2013 and on each October 1 thereafter (the "*Toll Escalation Determination Date*"), a percentage increase in the toll rates charged on all toll facilities in the System will be determined in an amount equal to the Toll Rate Escalation Percentage (as defined below). The Toll Rate Escalation Percentage, as calculated on each Toll Escalation Determination Date, will be reported to the Commission each year at its October meeting. The percentage increase in the toll rates will be effective automatically on January 1 of the next calendar year, and implemented by the Department's Executive Director, unless the Commission affirmatively votes prior to January 1 to modify such Toll Rate Escalation Percentage. If the Commission votes to modify a Toll Rate Escalation Percentage, the toll rate increase, if any, to be effective on January 1 of the next calendar year will be based on the modified Toll Rate Escalation Percentage. The toll escalation policy provides guidelines for future rate increases which will be systematically implemented. The toll escalation policy does not supersede toll rate covenants in the Master Indenture. In the event a conflict exists, the covenants in the Master Indenture will prevail in determining toll rates used on the System.

For purposes of determining the Toll Rate Escalation Percentage, the following capitalized terms have the meanings provided below:

"*Toll Rate Escalation Percentage*" = means a percentage amount equal to $[(CPI^{t} – CPI^{t-12})/CPI^{t-12}]$. In the event the Toll Rate Escalation Percentage is calculated to equal less than 0%, then the Toll Rate Escalation Percentage will be deemed to equal 0%.

"CPI^{t}" = the most recently published non-revised index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment ("*CPI*"), as published by the Bureau of Labor Statistics of the U.S. Department of Labor ("*BLS*") prior to the Toll Escalation Determination Date for which such calculation is being made. The CPI is published monthly, and the CPI for a particular month is generally released and published during the following month. The CPI is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors' and dentists' services, and drugs. In calculating the CPI, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the BLS to take into account changes in consumer expenditure patterns. The CPI is expressed in relative terms in relation to a time base reference period for which the level is set at 100.0. The base reference period for the CPI is the 1982-1984 average.

"CPI^{t-12}" = the CPI published by the BLS in the month that is 12 months prior to the month used to established CPI^{t}.

If the CPI is discontinued or substantially altered, as determined in the sole discretion of the Department, the Department will determine an appropriate substitute index or, if no such substitute index is able to be determined, the Commission reserves the right to modify its obligations under the policy. For more information on these future increases in toll rates, see "– Recent Traffic and Revenue Results" herein and APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST.

In addition to authorizing the new toll rates and the toll rate escalation policy, all as described above, the Commission authorized free passage for both TxTAG and Pay by Mail customers who are disabled veterans, Purple Heart recipients and veterans that have received the Medal of Honor, effective no later than January 1, 2013. To take advantage of this program, eligible veterans will register the license plates of their vehicles with the Department, and the Pay by Mail transactions for these registered license plates will be invoiced to the Department. The Department will pay the System for these toll transactions. The Department will establish a monitoring program, prior to implementation, to identify the number of eligible transactions and associated revenues to be reimbursed, and the Department will then reimburse the appropriate Master Indenture account the cost of tolls not paid by those customers with eligible plates.

For these changes and any future changes to toll rates, any certificate by the Traffic Consultant was or will be based on the opinion of the Traffic Consultant as to Revenues to be derived by the Commission from the ownership and operation of the System (which Revenues will be deemed to include all investment income previously described herein as constituting Revenues of the System, as estimated by the Commission), and upon

certification by the Commission as to the amount of Operating Expenses paid or accrued during any pertinent annual period, assuming that the proposed Toll rate schedule had been in effect during such pertinent annual period. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Rate Covenant – *Certification by Traffic Consultant*."

In compliance with the provisions of the Master Indenture and after receipt of the required certification by the Traffic Consultant, the Commission reduced toll rates effective March 1, 2011 for trucks with five or more axles using SH 130 to the rates for four axle trucks in an effort to increase truck traffic on SH 130. For more information on historical toll rates for the 2002 Project, see the historical traffic and revenue reports available online at http://txdot.gov/business/investors.html, including the 2002 Traffic and Revenue Report, the 2005 Update, the 2008 Review and the 2010 Update (all as defined herein).

Customer Service Center Revenues - Fees and Charges

In addition to the toll rates charged for the System, the Commission charges fees for various customer services fees related to utilizing the various toll facilities of the Department, including:

Standard TxTag Fee -- $13.85
Specialty TxTag Fee (motorcycles and license plates) -- $45.00 (includes $35.00 refundable deposit)
Mailed or Faxed Account Statement Fee -- $1.15 for each five pages or any number of pages less than five
Returned Check Fee -- $25.00 per check
Account Reactivation Fee -- $8.50

The Commission charges administrative fees related to the collection of unpaid tolls which include the following:

Notice of Non Payment Fee -- $5.00[(1)]
Submission to Collection Agency Fee -- $25.00[(1)]
Submission to Court Fee -- $100.00[(1)]

(1) Administrative fees are not cumulative and the total fee assessed for each violation will not exceed $100.00.

The percentage of such customer service and administrative fees collected that constitutes Revenues is determined based on the percentage of revenue generated by the System in relation to the total revenue generated from the various toll roads of the Department. The Commission continually monitors and evaluates its fee structure and may adopt additional fees in the future or revise the existing fee structure as it determines to be appropriate.

The revenue derived from the fees and charges described above are referred to herein as "*customer service center revenues*."

Lockbox and Custodial Agreement

The Department, through the System, owns and operates a customer service center that receives information from various toll road operators in the State, including the Department-owned toll roads such as the System, regarding the use of toll roads in the State. The Department also provides clearinghouse services and back office functions relating to the operation of certain toll roads including call center operations, account management and maintenance, transponder issuance and replacement for toll roads, invoicing, toll collection, violation processing and enforcement, revenue handling, and accounting and customer service support.

In order to properly account for and disburse revenues received as a result of various interoperability agreements with other toll road operators in the State, the Department executed a Master Lockbox and Custodial Account Agreement (the "*Lockbox and Custodial Agreement*") dated as of November 9, 2007 with The Bank of New York Mellon Trust Company, National Association, as custodian (the "*Custodian*") to hold, administer, and disburse funds from certain lockbox and custodial revenue accounts. Funds received from Department TxTag users, Pay by Mail users and transponder users for non-Department owned toll roads are held by the Custodian in segregated lockbox and revenue accounts and are then disbursed on a daily basis to the appropriate beneficiary. The

Custodian which also serves as the Trustee for the System will disburse to the Trustee on a daily basis any Revenues received related to the System. The lock box system is operating as expected since its implementation.

Recent Traffic and Revenue Results

The tables below set forth the unaudited average number of weekday transactions ("*AWT*") per month for (i) the 2002 Project and (ii) the SH 45SE Element, before the SH 45SE Element became part of the System, and before the effective date of the toll rate increases and the free passage for certain veterans authorized on August 30, 2012. Some fluctuations in the average number of weekday transactions for each month are due to differences in the number of working days per month.

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Average Weekday Transactions - 2002 Project

	FY 2012		FY 2011		FY 2010		FY 2009		FY 2008
Month	**AWT**	**% Change Over Prior Year**	**AWT**	**% Change Over Prior Year**	**AWT**	**% Change Over Prior Year**	**AWT**	**% Change Over Prior Year**	**AWT**
September	261,408	4%	250,157	7%	233,830	6%	221,039	20%	183,523
October	259,249	2%	254,654	8%	236,805	6%	222,956	19%	188,127
November	257,444	4%	247,170	4%	236,773	8%	218,405	8%	201,725
December	257,769	7%	241,874	7%	226,399	7%	211,132	9%	194,155
January	255,450	9%	234,887	5%	224,123	8%	208,120	8%	192,029
February	268,053	14%	235,549	3%	228,341	5%	217,445	6%	205,480
March	277,962	8%	258,342	6%	243,105	11%	218,052	7%	203,534
April	285,558	8%	264,005	6%	249,806	11%	225,622	7%	211,058
May	288,507	11%	259,351	3%	251,291	6%	237,618	8%	219,110
June	292,098	13%	258,614	5%	247,363	4%	238,631	11%	214,218
July	282,169	10%	257,186	5%	244,918	4%	235,116	9%	216,035
August	292,598	15%	254,074	2%	248,816	5%	237,088	8%	220,132

Average Weekday Transactions - SH 45SE Element

	FY 2012		FY 2011		FY 2010		FY 2009[(1)]
Month	**AWT**	**% Change Over Prior Year**	**AWT**	**% Change Over Prior Year**	**AWT**	**% Change Over Prior Year**	**AWT**
September	9,879	11%	8,936	18%	7,565	-	N/A
October	9,864	10%	8,932	11%	8,044	-	N/A
November	10,243	8%	9,516	14%	8,322	-	N/A
December	10,554	16%	9,132	20%	7,611	-	N/A
January	9,540	20%	7,966	14%	6,999	-	N/A
February	10,449	25%	8,337	8%	7,730	-	N/A
March	11,891	19%	9,969	14%	8,712	-	N/A
April	11,609	16%	10,002	13%	8,847	-	N/A
May	11,875	22%	9,716	9%	8,927	-	11,056[(2)]
June	13,180	35%	9,759	10%	8,906	5%	8,503[(2)]
July	12,839	27%	10,100	7%	9,416	18%	7,976
August	13,253	43%	9,293	1%	9,226	17%	7,917

[(1)]SH 45SE was opened to traffic in May, 2009.
[(2)]Represents initial start-up period with free toll incentives.

The tables below set forth the unaudited monthly gross toll revenues on a cash basis (rounded to the nearest hundred) of the (i) 2002 Project and (ii) SH 45SE Element, before the SH 45SE Element was added to the System. See " – Toll Rates" above.

Gross Toll Revenues - 2002 Project

	FY 2012		FY 2011		FY 2010		FY 2009		FY 2008
Month	**Revenue [1]**	**% Change Over Prior Year**	**Revenue [1]**	**% Change Over Prior Year**	**Revenue [1]**	**% Change Over Prior Year**	**Revenue [1]**	**% Change Over Prior Year**	**Revenue [1]**
September	$6,069,800	7%	$5,689,500	9%	$5,220,000	12%	$4,671,600	40%	$3,344,100
October	$6,039,700	4%	$5,786,100	8%	$5,359,900	9%	$4,939,300	31%	$3,769,300
November	$5,795,500	4%	$5,546,600	1%	$5,492,400	23%	$4,456,700	23%	$3,611,700
December	$5,995,000	6%	$5,678,100	7%	$5,319,200	17%	$4,563,400	21%	$3,772,900
January	$5,693,700	5%	$5,413,400	8%	$4,994,900	8%	$4,625,600	17%	$3,943,700
February	$5,766,800	20%	$4,819,900	-2%	$4,937,300	9%	$4,545,100	13%	$4,030,500
March	$6,556,300	7%	$6,125,700	5%	$5,834,900	17%	$4,971,700	19%	$4,195,500
April	$6,355,800	4%	$6,131,000	3%	$5,929,000	22%	$4,868,700	14%	$4,253,100
May	$6,651,400	14%	$5,832,100	2%	$5,716,500	12%	$5,109,200	14%	$4,479,800
June	$6,453,800	9%	$5,913,600	3%	$5,723,200	5%	$5,429,600	24%	$4,392,500
July	$6,768,000	17%	$5,808,900	1%	$5,778,200	7%	$5,403,100	21%	$4,458,800
August	$7,548,900	24%	$6,076,900	4%	$5,838,300	10%	$5,329,900	15%	$4,653,900

Gross Toll Revenues - SH 45SE Element

	FY 2012		FY 2011		FY 2010		FY 2009
Month	**Revenue [1]**	**% Change Over Prior Year**	**Revenue [1]**	**% Change Over Prior Year**	**Revenue [1]**	**% Change Over Prior Year**	**Revenue [1][2]**
September	$338,000	13%	$299,800	26%	$238,700	–	N/A
October	$321,200	9%	$296,000	22%	$243,100	–	N/A
November	$310,600	6%	$291,800	19%	$244,600	–	N/A
December	$324,200	9%	$297,700	29%	$242,400	–	N/A
January	$284,700	-1%	$286,900	21%	$237,100	–	N/A
February	$305,900	24%	$245,800	7%	$230,100	–	N/A
March	$367,700	14%	$321,400	15%	$280,500	–	N/A
April	$327,900	-5%	$343,800	18%	$290,900	–	N/A
May	$402,600	34%	$300,500	4%	$289,300	–	N/A
June	$364,700	16%	$314,700	5%	$298,300	–	$ 7,400
July	$416,500	35%	$308,400	2%	$303,400	35%	$224,500
August	$482,500	49%	$324,000	5%	$309,000	27%	$242,900

[1] Calculated on a cash basis. Toll revenues only. Does not include customer service center revenues and administrative fee revenues described in "-Customer Service Center Revenues – Fees and Charges."

[2] SH 45SE was opened to traffic in May 2009; full toll collection began in July 2009.

Table of Revenues, Operations and Maintenance Expenses

Historical Cash Flow and Obligation Debt Service Coverage of the 2002 Project[1] (For Fiscal Years ending August 31)

	2012[2]	2011	2010	2009	2008
Revenues[3]	$92,452,127	$81,441,884	$79,276,729	$76,625,262	$73,690,266
Debt Service					
First Tier Obligation Debt Service	$45,771,901	$42,946,244	$44,625,588	$45,585,358	$43,669,276
2002 TIFIA Bond Debt Service[4]	$31,690,305	$30,082,120	$18,475,012	0	0
Total Debt Service	$77,462,205	$73,028,363	$63,100,600	$45,585,358	$43,669,276
Revenues after Total Debt Service available for O&M of the System	$14,989,922	$ 8,413,521	$16,176,129	$31,039,904	$30,020,990
Operations Expenses paid by the System[5]	$ 516,013	$ 6,869,488	$15,069,184	$30,579,944	$ 5,820,923
Revenues retained for contingencies, etc.	$14,473,909	$ 1,544,033	$ 1,106,945	$ 459,960	$ 0[6]
First Tier Obligation Debt Service Coverage	2.02x	1.90x	1.78x	1.68x	1.69x
Operations Expenses paid by the Commission[5]	$44,614,707	$33,808,179	$27,817,735	$13,666,224	$45,301,777
Major Maintenance Expenses paid by the Commission	$ 2,666,922	$ 1,578,579	0	0	0
Other Maintenance Expenses paid by the Commission	$ 7,960,836	$ 9,966,764	$ 6,972,433	$6,744,102	$5,915,641
Total O&M paid by the Commission[5]	$55,242,465	$45,353,522	$34,790,168	$20,410,326	$51,217,418

Historical Cash Flow of SH 45SE[1] (For Fiscal Years ending August 31)

	2012[2]	2011	2010	2009
Revenues[3]	$4,246,500	$3,630,800	$3,207,400	$474,800
Operations Expenses	$1,044,379	$740,154	$124,169	$32,219
Maintenance Expenses	$769,242	$732,258	$444,045	$12,947
Revenues after O&M	$2,432,879	$2,158,388	$2,639,186	$429,634

[1] The SH 45SE Element was not a part of the System before September 1, 2012, and was financed with cash on hand. Therefore, the SH 45SE Element is not included in the portion of this table which shows debt service coverage.
[2] Unaudited.
[3] As used in this table, Revenues include tolls, "customer service center revenues," "administrative fee revenues" (including video and toll enforcement, collection and administration fees projected by the Department), earnings on the First Tier Debt Service Reserve Fund and earnings on the Rate Stabilization Fund.
[4] Interest payments on the 2002 TIFIA Bond did not begin until Fiscal Year 2010.
[5] In accordance with the Master Indenture, the Commission has covenanted to pay operating expenses, to the extent not covered by available Revenues of the System, and all maintenance expenses of the System.
[6] Pursuant to the Master Indenture, all Revenues, after debt service, through end of Fiscal Year 2008 were used to fund the Rate Stabilization Fund.

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System Estimated Cash Flow and Debt Service Coverage

The table on the following page has been compiled to show estimated Revenues of the System for the Fiscal Years 2013 through 2042 as estimated by the Traffic Consultant based upon their 2012 Traffic and Revenue Report, including investment and other earnings for the same period as estimated by the Commission and Operating and Maintenance Expenses as estimated by the General Engineering Consultant. Based on the projections for estimated Revenues and the Debt Service Requirements for the Outstanding Obligations, estimated debt service coverage for each of the following periods is set forth in the table on the following page. See "SCHEDULE II – DEBT SERVICE REQUIREMENTS" for the debt service requirements with respect to the Outstanding Obligations, including the Bonds and excluding the Refunded Bonds. See "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST."

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System Estimated Cash Flow and Debt Service Coverage
(Dollar Amounts Shown in Millions)

Fiscal Year	Revenues[1]	1st Tier Debt Service[2]	1st Tier Coverage	TIFIA Debt Service	All Debt Service Coverage	Revenues Available for O&M	Total Operations & Maintenance Costs[3]	Reserve Maintenance Costs[4]	Amounts to be funded from other Sources[5]	Surplus Revenues
2013	$ 113.87	$ 29.82	3.82	$ 33.70	1.79	$ 50.36	$ 47.50	$ 5.80	$ 2.95	$ -
2014	132.99	41.00	3.24	35.02	1.75	56.96	45.84	6.10	-	5.02
2015	145.53	47.67	3.05	36.44	1.73	61.41	47.45	3.60	-	10.37
2016	157.96	65.09	2.43	43.19	1.46	49.69	49.11	1.90	1.32	-
2017	171.53	68.94	2.49	45.48	1.50	57.11	50.82	1.70	-	4.59
2018	185.38	72.78	2.55	47.97	1.54	64.63	52.60	57.25	45.22	-
2019	199.53	76.63	2.60	50.26	1.57	72.64	54.44	1.49	-	16.70
2020	214.00	80.48	2.66	52.76	1.61	80.76	56.35	1.54	-	22.86
2021	228.81	86.55	2.64	56.46	1.60	85.79	58.32	1.60	-	25.88
2022	243.98	92.33	2.64	59.55	1.61	92.09	60.36	3.36	-	28.37
2023	254.70	98.12	2.60	62.61	1.58	93.97	62.48	10.00	-	21.49
2024	270.67	103.91	2.60	65.62	1.60	101.14	64.66	2.38	-	34.10
2025	287.08	109.69	2.62	68.68	1.61	108.70	66.93	1.83	-	39.95
2026	305.42	130.99	2.33	80.10	1.45	94.33	69.27	1.89	-	23.17
2027	324.01	136.14	2.38	83.66	1.47	104.20	71.69	38.17	5.66	-
2028	343.03	141.26	2.43	87.27	1.50	114.51	74.20	80.75	40.45	-
2029	362.51	146.32	2.48	90.89	1.53	125.30	76.80	2.10	-	46.40
2030	382.48	151.31	2.53	94.51	1.56	136.66	79.49	2.17	-	55.00
2031	402.95	156.21	2.58	98.12	1.58	148.62	82.27	13.17	-	53.19
2032	423.98	160.99	2.63	101.71	1.61	161.28	85.15	4.74	-	71.39
2033	445.58	165.63	2.69	105.25	1.64	174.69	88.13	2.41	-	84.15
2034	467.79	170.12	2.75	108.76	1.68	188.91	91.21	2.49	-	95.20
2035	490.64	174.63	2.81	112.31	1.71	203.71	94.41	2.58	-	106.72
2036	511.02	186.02	2.75	125.26	1.64	199.74	97.71	2.67	-	99.36
2037	530.76	200.94	2.64	128.78	1.61	201.04	101.13	10.48	-	89.43
2038	550.84	193.77	2.84	132.32	1.69	224.75	104.67	113.91	-	6.17
2039	571.26	193.77	2.95	168.23	1.58	209.27	108.33	17.34	-	83.60
2040	592.05	193.77	3.06	171.82	1.62	226.46	112.12	3.07	-	111.27
2041	613.23	193.77	3.16	175.44	1.66	244.01	116.05	4.27	-	123.70
2042	827.61	193.77	4.27	229.95	1.95	403.89	120.11	7.44	-	276.33
	$10,751.20	$3,862.45		$2,752.12		$4,136.63	$2,289.60	$408.21	$95.59	$1,534.41

NOTE: Totals may not add due to rounding

(1) As used in this table, Revenues include tolls, "service center revenues," "administrative fee revenues" (including video and toll enforcement, collection and administration fees projected by the Department), earnings on the First Tier Debt Service Reserve Fund and earnings on the Rate Stabilization Fund. Earnings on money in the Rate Stabilization Fund are assumed to be 1.0% per annum which produces approximately $0.678 million annually. Earnings on money in the First Tier Debt Service Reserve Fund, which has an approximate balance of $125.0 million, are assumed to be 1.0% per annum on $10.0 million and 5.2% per annum through Fiscal Year 2022 on $115 million invested pursuant to the Citigroup Master Repurchase Agreement and 1.0% per annum thereafter. Such interest rate assumptions on the first tier held in a money market fund and 5.52% per annum through Fiscal Year 2022 on $115 million invested pursuant to the Citigroup Master Repurchase Agreement and 1.0% per annum thereafter. Such interest rate assumptions on the First Tier Debt Service Reserve Fund produce interest earnings of approximately $6.1 million annually from Fiscal Year 2013 through Fiscal Year 2022 and approximately $1.2 million annually from Fiscal Year 2023 through Fiscal Year 2042. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Funds and Accounts - *First Tier Debt Service Reserve Fund*." Fiscal Year 2042 Revenues include the balances of the rate stabilization account and the First Tier Debt Series Reserve Fund. See "RISK FACTORS - Unpredictability of Investment Earnings" and "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Funds and Accounts - Rate Stabilization Fund."

(2) Excludes the Refunded Bonds. Debt service associated with the Series 2012-B Bonds after the end of the Initial Multiannual Period assumes a constant 5% interest rate, with principal of the Series 2012-B Bonds to be paid at maturity.

(3) Operating expenses are net of indirect costs of the Department to be paid from general Department funds. Operating expenses have been estimated by the Department and the GEC.

(4) Increases in reserve maintenance expenditures in fiscal years 2018, 2028 and 2038 reflect major scheduled maintenance such as resurfacing.

(5) Other funding sources to include existing cash reserves and/or Commission support.

Financial Statements

The audited financial statements of the System for Fiscal Year 2011 and the unaudited financial statements of the System for Fiscal Year 2012 are attached hereto as Appendix A-1. See "APPENDIX A-1 - AUDITED FINANCIAL STATEMENTS OF THE SYSTEM FOR THE FISCAL YEAR ENDED AUGUST 31, 2011" and "APPENDIX A-2 - UNAUDITED FINANCIAL STATEMENTS OF THE SYSTEM FOR THE FISCAL YEAR ENDED AUGUST 31, 2012."

The System's financial statements for Fiscal Year 2011 have been audited by the State Auditor's Office. The State Auditor's Office has not been engaged to perform and has not performed, since the date of its report with respect to the System's audited Fiscal Year 2011 financial statements, included herein in Appendix A-1, any procedures on the financial statements addressed in such report, nor any procedures relating to this Official Statement.

The System's unaudited financial statements for Fiscal Year 2012 have been prepared by the Accounting Management staff in the Department's Finance Division, and the State Auditor is currently in the process of preparing audited financial statements for the System for Fiscal Year 2012. The Commission will file such audited financial statements with the MSRB through EMMA when such audited financial statements are available from the State Auditor, which is currently expected to be in December 2012.

TIFIA Funding

Pursuant to the provisions of TIFIA, the USDOT agreed to lend the Commission funds to pay or reimburse a portion of the Costs of the 2002 Project under the TIFIA Loan Agreement between the Commission and the USDOT. To evidence the Commission's obligations under the TIFIA Loan Agreement, the Commission issued the 2002 TIFIA Bond as a Subordinate Lien Obligation. The 2002 TIFIA Bond is outstanding in the aggregate principal amount of $900,000,000. Upon the occurrence of a Bankruptcy-Related Event under the TIFIA Loan Agreement and the Indenture while the USDOT owns the 2002 TIFIA Bond, the 2002 TIFIA Bond will become a First Tier Obligation on a parity with the other First Tier Obligations, except that it will not be entitled to be paid from amounts on deposit in the First Tier Debt Service Reserve Fund. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS- Additional Obligations - *Springing First Tier Obligation*" and "- Default and Remedies - *2002 TIFIA Bond Default Remedy*." The 2002 TIFIA Bond was used to reimburse the Commission for qualifying project Costs. The Commission applied such reimbursements to retire the Series 2002 Second Tier BANS by making the June 1, 2007 and June 1, 2008 principal payments due of $124,930,000 and $775,070,000, respectively.

Interest is payable on the 2002 TIFIA Bond on August 15 and February 15 of each year, and interest payments commenced February 15, 2010, at the rate of 5.51% per annum. Principal under the 2002 TIFIA Bond is payable on August 15 of each year, commencing August 15, 2025, and on the maturity date. The final maturity date of the 2002 TIFIA Bond is August 15, 2042.

The TIFIA Loan Agreement provides that upon the occurrence of an event of default under such agreement, the USDOT may suspend or debar the Department from further participation in any program of the United State of America and its departments and agencies administered by the USDOT. Accordingly, a default under the TIFIA Loan Agreement could adversely impact the Department's receipt of federal revenues, including funds from the Federal Highway Trust Fund. See "FUNDING OF COMMISSION OBLIGATIONS" and "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION."

Inspection of the System

The 2002 Project: Pursuant to the Master Indenture, the Commission is required to cause the General Engineering Consultant to make an inspection of the System at least once in each Fiscal Year. Atkins North America, Inc., the current General Engineering Consultant, submitted to the Commission its Central Texas Turnpike Project Annual Inspection Report dated April 27, 2012 ("*2012 Inspection Report*") for Fiscal Year 2012, which is the fifth annual inspection of the 2002 Project since it opened to traffic. The 2012 Inspection Report covers all elements of the 2002 Project, but does not include the SH 45SE Element of the System, which was not added to the System until September, 2012. Future annual inspection reports will include inspection results for the SH 45SE Element. According to the 2012 Inspection Report, the overall condition of the 2002 Project is excellent and the

2002 Project's primary feature, its 65 miles of roadway, is in like-new condition with only minor deficiencies noted. The 2002 Project roadway achieved an overall score of 95 (with 100 points being the maximum). No single element within the 2002 Project achieved a score less than 80 (the minimum condition score adopted by the Department), with the exception of cracking which rated a score of 79 overall.

Most of the cracking observed was minor, not in excess of what is expected and allowable in the pavement method utilized on these roadways and such cracking is currently not in need of repair. The 2012 Inspection Report did note, however, concerns regarding concrete pavement cracks where the toll collection system is installed. Currently the pavement score does not show a deficiency, but throughout the 2002 Project there are small cracks which have the potential to affect the toll system's collection capabilities. According to the 2012 Inspection Report, these locations require continual monitoring in order to determine the appropriate time for pavement rehabilitation or replacement. The 2012 Inspection Report states that this is not expected to occur during Fiscal Year 2013, but is likely to be needed sometime during the next several years. There have been no times when tolls were not collected due to the pavement cracks noted in the 2012 Inspection Report, and currently such cracks are not affecting the ability to collect tolls. These cracks are continually monitored by the Department and maintenance is performed as necessary through pavement repair or replacement before the pavement cracks are severe enough to adversely affect the toll collection equipment. This maintenance program is intended to ensure that such cracks will not impact the toll collection equipment. Such maintenance is performed using routine maintenance funds. If major repairs are needed, there is sufficient capital maintenance funding available to complete the necessary repairs. The Department expects to pay for any such repairs from available funds on an as needed basis and currently does not expect to issue any additional debt for any maintenance or repair of the 2002 Project.

The 2012 Inspection Report also revealed that 7,125 facility asset items were inspected, 26 of which were rated as being in less than fair condition, for a deficiency rate of 0.36%. This compares favorably to the results from the Fiscal Year 2011 inspection where 1.22% of asset items inspected were rated less than fair. Any remaining deficiencies were found to be aesthetic in nature, and not structural or safety issues. Bridges, which are inspected under the Federal Bridge Inspection Program, were reported in satisfactory condition, with no major deficiencies.

Recommendations in the 2012 Inspection Report state that the Department should (1) address those items identified as sub-standard (26 facility assets noted as deficient) and return them to the proper level; (2) repair the two overhead and cantilever sign elements and the seven high mast light tower elements for Loop 1 and SH 130 that were found to be deficient; and (3) review the overhead and cantilever sign and high mast light tower deficiencies noted in the Fiscal Year 2011 inspection report for SH 45N to ensure those repairs have been made.

The complete 2012 Inspection Report is available online in the Investors Section at http://txdot.gov/business/investors.html. Please note that this website address is included herein as an active textual reference only, and the information contained on (or accessed through) such website is not incorporated herein and should not be construed as part of this Official Statement.

The SH 45SE Element: SH 45 SE is constructed of concrete pavement on the mainlanes and asphalt pavement on the frontage roads. Although the General Engineering Consultant has not prepared an inspection report with respect to SH 45 SE for Fiscal Year 2012, the Department conducts an annual survey on the State's highway system to provide data concerning pavement conditions. Such survey produces a numerical rating that describes the condition of the pavement surface with a score of 100 being the maximum. With respect to SH 45 SE, such survey most recently indicated that the condition of the facility was excellent with an average numerical rating of 99.5 on the east bound section and 100 on the west bound section. Such numbers reflect combined and averaged ratings from a visual evaluation, ride quality survey and other components. The ratings of the roadway are indicative of the age of the project and a proactive maintenance program. The Department also has a statewide program whereby it evaluates a statistical sample of all its roads for pavement condition, traffic operations and roadside features with a score of 100 being the maximum. SH 45 SE achieved an 86.6 rating under such program. Based on such data and daily inspections of SH 45 SE, the Department rates the roadway as in "overall excellent" condition. As a result of its inclusion in the System effective September 1, 2012, SH 45 SE will be included in the General Engineering Consultant's Fiscal Year 2013 inspection report for the System.

Insurance for the 2002 Project/System

With respect to the 2002 Project, the Department previously provided information to, and requested recommendations from, Marsh USA Inc. ("*Marsh*"), in each of the years 2008 through 2011, regarding the amount of possible liability associated with the 2002 Project and self-insurance reserves needed to counter such risks. Marsh determined in each such year that sufficient loss history relating to the 2002 Project was not available and therefore, that they were unable to provide an estimated projection of liability losses based on a loss history specific to the 2002 Project. Based on its experience regarding similar projects however, Marsh recommended and the Department currently maintains a self-insurance program (the "*SIP*") designed to cover (i) a catastrophic property or casualty loss of $25 million to $30 million and (ii) a business interruption claim up to approximately six months of anticipated Revenues, which is currently about $35 million. As of September 30, 2012, the Rate Stabilization Fund contained approximately $67.86 million, and the Department currently intends to use the balance in the Rate Stabilization Fund as such self-insurance reserve.

The adequacy of the SIP is reviewed annually, most recently in 2012 by Madison Consulting Group, Inc. (the "*Insurance Consultant*"). In 2012, the Insurance Consultant concluded that there is no liability for unpaid claims of the SIP as of September 30, 2012 and that the SIP is actuarially sound to prudently provide coverage in the upcoming year.

Before the SH 45SE Element was added to the System, the Department did not engage an insurance consultant to determine possible liability and self-insurance reserves needed to counter such liability for the SH 45SE Element, but had determined to use balances in the State Highway Fund to pay any such liabilities. As the SH 45SE Element is now a part of the System, any future analysis by the Insurance Consultant is required to take into account the loss history of the SH 45SE Element, when possible, and any liability and business interruption coverage purchased by the Department relating to the System would cover the 2002 Project and the SH 45SE Element.

I-35 Advisory Committee Report

In 2008, the Commission appointed an advisory committee comprised of business professionals, environmental planners, rail advocates, professors, local officials, and residents that live and do business in the IH-35 corridor to develop a grassroots planning process for looking at the short-term and long-term needs in the IH-35 corridor. At the January 27, 2011 Commission meeting, the advisory committee presented its report which includes recommendations to the Commission and the Department for projects and policies related to the IH-35 corridor. The report contains a number of recommendations including: (i) converting one general purpose lane on IH-35 in each direction to a minimum of one dynamically priced managed lane and two non-tolled lanes in each direction from SH 195 to SH 45SE and re-designating the facility from an interstate to a non-interstate facility, (ii) widening the SH 130 Element to six lanes, removing the tolls and re-designating a portion of SH 130 from Georgetown to SH 45SE as IH-35, and (iii) widening SH 45SE to six lanes, removing tolls and re-designating SH 45SE to IH-35. The committee noted that because of the complexity of this recommendation, an estimated cost cannot be determined at this time.

The Commission has taken no action related to the report. No assurances are given whether any of the report's recommendations will ever be implemented. The Series 2002-A Bonds, the Series 2009 Bonds, the Bonds, and the TIFIA Loan must be redeemed and/or defeased prior to removing the tolls on any portion of the System including the SH 130 Element and the SH 45SE Element.

Additional information regarding the advisory committee and its report can be found at http://www.my35.org. Please note that this website address is included herein as an active textual reference only, and the information contained on (or accessed through) such website is not incorporated herein and should not be construed as part of this Official Statement.

Transfer Event

Concession or Other Public-Private Partnership Arrangement Considerations. The Commission and the Department do not currently have legislative authority to execute a concession or other public private partnership agreement in connection with the System. The Commission and the Department anticipate a topic of the 83rd Texas

Legislature, which convenes on January 8, 2013, to be the consideration of the enactment of legislation to provide the Department with legal authority to execute concession or other long-term public private partnership agreements with private developers, and if asked for which projects this tool could potentially be of benefit, the Commission and the Department plan to include the System to provide future flexibility.

Should legislation be enacted to authorize additional public private partnerships for the System, an analysis will be undertaken at that time to determine whether such a public private arrangement is feasible for the System considering the factors at that time including the existing contractual commitments the Department has in place with other toll roads in the Central Texas area. Even if such additional legal authority is granted, the Commission is not permitted under the Master Indenture to transfer all or any part of the System in connection with a public-private partnership. Additionally, to ensure compliance with the Commission's covenant to maintain the tax-exempt status of the outstanding First Tier Obligations, the Commission must redeem and/or defease all outstanding First Tier Obligations if the Department implements a public private partnership for the System. The Commission and Department cannot predict whether such legislation, if introduced, would be enacted into law or what impact such legislation would have on the System.

Partial Transfer to Governmental Toll Agency Considerations. In connection with any sale, conveyance or other disposition of a part of the System to certain governmental tolling agencies, the Commission must comply with the transfer requirements in Section 718 of the Master Indenture including confirmation of ratings of outstanding Obligations, consent of USDOT and repayment to the State Highway Fund of moneys paid by the Department for the design, construction, operation and maintenance of the transferred project. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Reservation of Right to Transfer System" for a complete description of all requirements that must be met in connection with such partial transfer.

State Law Requirements to Transfer all or a Part of the System. Sections 228.151-228.154 of the Texas Transportation Code, as outlined below, set forth the statutory requirements that must be met, in addition to any Master Indenture requirements, prior to any sale, conveyance or other disposition of all or any part of the System to a governmental tolling agency: (i) Section 228.151 of the Transportation Code authorizes the Department to lease, sell or transfer a toll project element or system to certain governmental tolling authorities but requires the Commission and the Governor of the State of Texas to approve such actions as being in the best interest of the State and the entity receiving the toll project element or system; (ii) Section 228.152 of the Texas Transportation Code further requires that an agreement to sell or convey a toll project element or system must provide for the discharge and final payment or redemption of outstanding bond indebtedness allocable to such project element or system transferred (after issuance of the Series 2012-A Bonds and the 2012-B Bonds, there will remain $2,177,593,462 aggregate principal amount of debt outstanding in connection with the System); (iii) Section 228.153 of the Texas Transportation Code requires that an agreement to sell or convey a toll project element or system must provide for the repayment of any expenditures of the Department for financing, design, development, construction, operation or maintenance of the portion of a toll project element or system transferred which expenditures have not been reimbursed with the proceeds of bonds originally issued for such toll project element or system unless the Commission waives repayment of all or a portion of the expenditures if it finds that the transfer will result in substantial net benefits to the State, the Department and the public that equal or exceed the amount of repayment waived (as of August 31, 2011, the Department has expended an estimated $722.5 million in connection with the construction, operation and maintenance of the System); and (iv) Section 228.154 of the Texas Transportation Code requires an agreement for the lease, sale or conveyance of a toll project element or system be submitted to the Attorney General of the State of Texas for approval as part of the record of proceedings relating to the issuance of bonds of the governmental entity acquiring such toll project element or system.

SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION

In connection with the System, the Commission has, subject to constitutionally dedicated funds appropriated to the Commission in a manner that would allow their use, covenanted to (i) pay all Maintenance Expenses when due; (ii) pay Operating Expenses to the extent of any deficiency in the Operating Account; and (iii) fund the Reserve Maintenance Account. These commitments and covenants of the Commission are payable from lawfully available funds of the Commission which historically has been funded from the State Highway Fund to the extent the System has not generated sufficient revenue to make such payments. See "FUNDING OF COMMISSION OBLIGATIONS." The ability of the Commission to satisfy such commitments and covenants is dependent upon the continued availability to the Commission of adequate funds for such purposes.

Covenant to Cover Shortfalls in Operating Account

The Commission has covenanted in the Master Indenture, subject to appropriation of funds by the Legislature, to make monthly deposits to the Operating Account in amounts sufficient to keep a balance in the Operating Account equal to the Operating Account Requirement, to the extent that Revenues are insufficient to make the required deposits into the Operating Account in any month. Further, the Commission has covenanted to include in its annual budget 110% of the amount, if any, by which Revenues are projected to be insufficient to pay Operating Expenses for the upcoming year. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Operating Account*" and "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Flow of Funds."

Covenant to Fund Maintenance Account

The Commission has covenanted in the Master Indenture, subject to appropriation of funds by the Legislature, to (1) budget for and make monthly deposits to the Maintenance Account sufficient to keep a balance in the Maintenance Account sufficient to pay the following two months of upcoming Maintenance Expenses and (2) pay all Maintenance Expenses when due if the balance in the Maintenance Account is insufficient to do so. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Maintenance Account*."

Covenant to Fund and Cover Shortfalls in Reserve Maintenance Account

The Commission has covenanted in the Master Indenture, subject to appropriation of funds by the Legislature, to (1) budget for and make monthly deposits to the Reserve Maintenance Account sufficient to keep a balance in the Reserve Maintenance Account equal to the capital expenses projected in the Annual Capital Budget for the ensuing two months and (2) pay all capital expenses when due if the balance in the Reserve Maintenance Account is insufficient to do so. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Reserve Maintenance Account*."

System Operations and Maintenance Expenditures

2002 Project Operations and Maintenance Expenditures. The Fiscal Years 2009, 2010, 2011, and 2012 actual operations and maintenance expenditures, together with the current Fiscal Year 2013 budget for such costs for the 2002 Project are set forth below. The Commission adopted a Fiscal Year 2013 Operations, Maintenance and Five Year Capital Plan Budget for the System (the 2002 Project, together with the newly-added SH 45SE Element) on August 30, 2012 in accordance with the Master Indenture.

	2013 Budget[1]	2012 Actual	2011 Actual	2010 Actual	2009 Actual
Operations[2]	$39,314,824	$44,614,707	$33,808,179	$27,817,735	$13,666,224
Maintenance[3]	$8,187,846	$10,627,758	$11,545,344	$6,972,433	$6,744,102

(1) 2013 budgeted amounts include amounts for both the 2002 Project and the SH 45SE Element.

(2) With respect to the 2002 Project only, of the total amount of actual operations expenses, the Commission paid $13,666,224, $27,817,735, $33,808,179 and $44,614,707 in Fiscal Years 2009, 2010, 2011 and 2012, respectively. See "THE SYSTEM – Table of Revenues, Operations and Maintenance Expenses."

(3) The Commission currently has covenanted to pay maintenance expenses of the System, to the extent not covered by Revenues of the System. The Commission budgets capital improvements comprised of unusual and extraordinary maintenance items for a rolling five-year period which are not included in the budgeted maintenance number shown above. Currently $19.1 million is budgeted for Fiscal Years 2013 through 2017. See "THE SYSTEM - Table of Revenues, Operations and Maintenance Expenses" herein.

SH 45SE Element Operations and Maintenance Expenditures. The Fiscal Years 2009, 2010, 2011, and 2012 actual operations and maintenance expenditures incurred by the Department prior to September 1, 2012 for the SH 45SE Element are set forth below. These amounts were paid by the Department from money on deposit in the State Highway Fund. As the SH 45SE Element was added to the System on August 30, 2012 effective September 1, 2012, the Commission adopted a Fiscal Year 2013 Operations, Maintenance and Five Year Capital Plan Budget for the System (the 2002 Project, together with the SH 45SE Element) on August 30, 2012 in accordance with the Master Indenture. See "*– 2002 Project Operations and Maintenance Expenditures*" above for budgeted amounts for the System as a whole.

	2012 Actual	2011 Actual	2010 Actual	2009 Actual
Operations	$1,044,379	$740,154	$124,169	$33,219
Maintenance	$769,242	$732,258	$444,045	$12,947

The Fiscal Year 2013 budget is subject to amendment and change upon approval by the Commission.

FUNDING OF COMMISSION OBLIGATIONS

State Funds

The System-related funding obligations described above are to be paid, subject to appropriation by the Legislature, from lawfully available funds of the Commission. Generally, all money available to the Commission, including the money necessary to pay such System-related funding obligations, is subject to appropriation by the Legislature before it can be drawn out of the State Treasury. The Legislature meets biennially in each odd numbered year for such purpose, but can appropriate in special session if called by the Governor for such purpose. Legislative appropriations are limited to a period of two years. Generally, appropriations are made by the Legislature separately for each Fiscal Year of the State's biennium, but an appropriation can be made for a full biennium or for a part of the biennium other than a Fiscal Year. Legislative appropriations of funds from the State Highway Fund are the primary source of funding for the construction, maintenance, and operation of the State Highway System, including the System, and are expected to be the primary source of funds for payment of such System-related funding obligations. Set out below are general descriptions of State highway funding and the Commission's budget process.

State Highway Fund

The State Highway Fund is the general source for a substantial portion of funding for the State Highway System, the Department, and the administration of State laws relating to traffic and safety on public roads. The State Highway Fund receives revenue from a variety of sources, including, without limitation, certain federal transportation program funds received from the USDOT, State motor fuels tax funds, State motor vehicle registration funds, and State motor lubricants tax funds.

Pursuant to Article VIII, Section 7-a of the Texas Constitution, (i) 75% of the net revenues generated from the State motor fuels tax (net of enforcement, administrative, and refund charges), (ii) the State tax on motor lubricants, and (iii) the net revenues generated from the State motor vehicle registration fees (net of collection charges and the portion of such fees that is reserved for counties within the State) are dedicated for acquiring rights-of-way; constructing, maintaining, and policing public roadways; and for the administration of laws pertaining to the supervision of traffic and safety on such roads. Also, pursuant to Article VIII, Section 7-b of the Texas Constitution, all revenues received from the federal government as reimbursement for State expenditures of funds that are themselves dedicated pursuant to Article VIII, Section 7-a (as described above) are constitutionally-dedicated and may be used only for those purposes.

The State Highway Fund is the general operating fund of the Department through which, generally, all revenues dedicated or appropriated to the purposes of the Department are deposited and all of the Department’s administration, maintenance, and operating expenses are paid. In addition, certain expenses of the Texas Mobility Fund are processed through the State Highway Fund, whereby the Texas Mobility Fund transfers amounts for such expenses to the State Highway Fund prior to such expenses being paid (except in situations where the Texas Mobility Fund is reimbursing the State Highway Fund for expenses incurred by the State Highway Fund). The Department’s ongoing, “pay as you go” construction program is also paid from the State Highway Fund. Such expenses include payroll, repairs and maintenance, costs of materials and supplies, professional fees or commitments, utilities, rent and lease payments, and intergovernmental payments. To accomplish all of these purposes, money in the State Highway Fund is appropriated by the State Legislature to the Department, the Texas Department of Public Safety, and certain other agencies of the State.

Federal transportation funds are currently made available to the State by the federal government. Briefly, the Federal Aid Highway Program ("*FAHP*") is an "umbrella" term that encompasses most of the federal programs providing highway funds to the states. The Federal Highway Administration ("*FHWA*") is the federal agency within the USDOT responsible for administering the FAHP. The FAHP is financed from the transportation user related

revenues deposited in the Federal Highway Trust Fund ("*HTF*"). Federal government funding for infrastructure projects is usually accomplished through highway authorization bills, which establish funding over a multi-year period. On July 6, 2012, a new transportation authorization bill, "Moving Ahead for Progress in the 21st Century" ("*MAP-21*"), was signed into law. MAP-21 extended the previous highway authorization legislation, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users ("*SAFETEA-LU*"), to September 30, 2012; established a new two-year authorization through September 30, 2014; and extended the taxes dedicated to the HTF at their present rates through September 30, 2016.

The primary source of revenues in the HTF is derived from the federal excise taxes on motor fuels, including certain alternative fuels. The HTF is a dedicated federal fund with revenues dedicated for reimbursement of expenditures by the states, including Texas, for costs of eligible transportation projects, including highway projects and was created as a user-supported fund intended to finance highways with taxes paid by users of highways. State law currently provides that federal funds appropriated for public road construction in the State may only be spent by and under the supervision of the Department. Such funds are deposited to the credit of the State Highway Fund. Federal transportation program funds received and deposited to the State Highway Fund (excluding American Reinvestment and Recovery Act funds) in Fiscal Year 2012 represented approximately $2.48 billion or 38% of State Highway Fund revenue, which was an increase from Fiscal Year 2011 when $2.05 billion or 35% of State Highway Fund revenue was from federal transportation program funds. MAP-21 authorization provides the Department with current funding levels plus inflation, and guarantees that each state (including Texas) will receive 95% of its payments of fuel and excise taxes into the HTF.

Deposits of such taxes into the HTF must periodically be reauthorized by Congress. Historically, the HTF and its constituent taxes have been authorized to operate for limited periods of time. Though MAP-21 has extended this tax authorization through September 30, 2016, there occasionally have been revenue shortfalls and periods in which the previous authorizing legislation had expired and the future legislation had yet to be enacted. In such circumstances, the federal government, including Congress, has found ways to avoid disruptions to state highway programs and have been able to maintain the flow of federal revenues to states in each instance; however no representation can be made regarding the likelihood of extension of such federal funding after September 30, 2016. Failure to replenish the HTF expeditiously may have an adverse impact on the Department and Commission.

Even when federal highway authorization legislation is enacted to provide for federal funding, such funding legislation is subject to possible federal rescission of funds. Federal rescission reduces the amount of federal funds provided by an appropriations or authorization act that has already become law. Similar to an appropriation or authorization act, a rescission must be passed by both chambers of the U.S. Congress and signed into law by the President. In most instances, a rescission is used to provide funding for a new or emergency legislative priority without increasing federal spending government-wide or by a particular agency. Another common scenario is to accommodate for budget shortfalls caused by federal revenue predictions that are discovered to be too high after a spending bill is passed into law. Rescissions are generally targeted at unobligated apportionments. Prior federal highway authorization legislation has been periodically subject to rescission, including reductions to funding under SAFETEA-LU in each of the years 2005 through 2011. There were no rescissions during the Department's fiscal year 2012, and there have been no rescissions to date during the federal government's fiscal year 2012. Any rescission of any future federal highway authorization legislation could reduce federal funds ultimately deposited into the State Highway Fund.

As discussed in "THE SYSTEM - TIFIA Funding," a default under the TIFIA Loan Agreement may adversely impact the Department's receipt of federal revenues, including funds from the HTF.

The following table sets out the amount of total State Highway Fund Revenues, which are derived from each of the following sources for the fiscal years 2007 through 2011: State motor fuels tax, State motor vehicle registration fees, other State revenue sources and reimbursements from federal funds.

State Highway Fund Revenues By Source[1]
(In Millions)

Fiscal Year	State Motor Fuels Tax	State Motor Vehicle Registration Fees	Other State Revenue Sources	Reimbursements from Federal Funds	Total Revenues
2007	$2,238.2	$984.2	$457.2	$2,026.1	$5,705.7
2008	2,275.9	1,024.1	463.9	2,727.6	6,491.5
2009	2,226.6	1,066.2	491.1	2,618.4	6,420.3
2010	2,227.0	1,111.3	511.4	1,872.4	5,722.1
2011	2,275.3	1,139.8	402.6	2,054.6	5,872.4
2012[2]	2,310.9	1,296.1	471.9	2,485.2	6,564.1

(1) Presented using a cash basis of accounting.
(2) Estimated.

For further information regarding the Department and the State Highway Fund, reference is made to the section "THE STATE HIGHWAY FUND" of the $1,500,000,000 Texas Transportation Commission State Highway Fund First Tier Revenue Bonds, Taxable Series 2010 (Build America Bonds – Direct Payment) (the "*State Highway Fund 2010 Official Statement*") and the most recent Continuing Disclosure Annual Report relating to the State Highway Fund, filed with the MSRB on February 27, 2012 (the "*2011 Annual Report*") which are on file with the Municipal Securities Rulemaking Board (the "*MSRB*") through its Electronic Municipal Market Access ("*EMMA*") System. The section "THE STATE HIGHWAY FUND" of the State Highway Fund 2010 Official Statement and the 2011 Annual Report, including unaudited Department financial statements for Fiscal Year 2011, are hereby incorporated by reference and made a part hereof for all purposes.

The State Legislature enacted legislation in 2011 which required the Department's financial statements to be audited by the State Auditor's Office for Fiscal Year 2012. During the preparation of the Department's initial audited financial statements for Fiscal Year 2012, the Department recently became aware of certain adjustments being required by the State Auditor's Office that would have been necessary to report the Department's unaudited financial statements for Fiscal Year 2011 in full compliance with generally accepted accounting principles. The Department's unaudited financial statements for Fiscal Year 2011 are on file with the MSRB through its EMMA system.

None of the adjustments impact the System, the cash position of the State Highway Fund or the ability of the Commission to comply with its System related funding obligations as further described in the Preliminary Official Statement under "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION."

The Department is in the process of preparing the adjustments described below and additional adjustments may be made prior to such filing. These adjustments will be incorporated into the beginning balances of the affected financial statement accounts in the Department's 2012 audited financial statements. The proposed adjustments are currently estimated to have a total impact to fund balance of the State Highway Fund of an additional $383 million and are summarized below. (Please note there is no change in the actual cash balance of the State Highway Fund as the adjustments deal with the recognition of revenue, not the actual receipt of revenue.)

Reporting of Motor Fuels Tax Receivable. An adjustment is necessary to recognize the Department's share of motor fuels taxes earned but not collected until after Aug. 31, 2011 as a receivable of approximately $200 million.

Treatment of Certain Payments in Connection with Nontraditional Agreements. In Fiscal Year 2011, the $458 million up-front payment received by the Department related to the President George Bush Western Extension (SH 161) project was treated as deferred revenue. It was concluded at that time that the legal transfer of those capital assets had not occurred as of August 31, 2011. Further research changed this conclusion and determined that the North Texas Tollway Authority was the owner of the assets upon its decision to proceed with constructing the remainder of the project. Beginning fund balance in 2012 will incorporate an adjustment to decrease this deferred revenue balance resulting in an increase to fund balance.

Additionally, the Department further evaluated the prior accounting for the up-front payment of $250 million received from Harris County in connection with the Katy Managed Lanes project, and it was determined that the revenue should have been deferred instead of being recognized as revenue. The adjustment will increase deferred revenue and decrease fund balance of approximately $239.1 million, which is the $250 million up-front payment net of toll revenue collected in Fiscal Years 2011 and 2010.

Further, an adjustment to decrease fund balance and increase accounts payable of approximately $34.6 million is due to a liability that was not accrued in Fiscal Year 2011 related to the Grand Parkway Project (SH 99). Harris County initially exercised its option to develop the Grand Parkway Project but rescinded its option in Fiscal Year 2011 and such project then reverted to the Department for completion of the development, construction and operation. According to the agreement with Harris County, the Department is required to reimburse Harris County's costs incurred. This liability should have been accrued in Fiscal Year 2011 and therefore the adjustment will record this accounts payable.

Treatment of Commission-Created Conduit Issuer. In December 2008, the Commission created the Texas Private Activity Bond Surface Transportation Corporation ("TxPABST") to assist in connection with certain transportation financing programs. The TxPABST is a blended component unit of the Department. In Fiscal Year 2010, TxPABST issued $400 million of private activity bonds for the North Tarrant Express concession project, which bond proceeds were loaned to NTE Mobility Partners LLC North Tarrant Express Managed Lanes Project ("NTE Partners") to construct such project. NTE Partners is solely responsible for all debt service on such private activity bonds. Also in Fiscal Year 2010, TxPABST issued $615 million of private activity bonds for the IH-635 concession project, which bond proceeds were loaned to LBJ Infrastructure Group LLC IH-635 Managed Lane Project ("LBJ Group") to construct such project. LBJ Group is solely responsible for all debt service on such private activity bonds. An analysis performed in Fiscal Year 2012 determined that all current debt of the TxPABST meets the definition of conduit debt and should not be recorded in the Department's financial statements but instead should be disclosed in the notes. The impact of this adjustment on the line items of the Department's financial statements for Fiscal Year 2011 is a net adjustment of approximately $100 million of assets from the Department's statement of net assets.

Other Capital Assets Adjustments. Various asset adjustments the Department's balance sheet are being made due to several factors including routine adjustments, delay in receipt of an updated inventory list from a Department district office and the removal of certain capital assets that, although funded by the Department primarily through the State Highway Fund, are assets of certain local toll project entities resulting in a net adjustment of approximately $424 million of assets from the Department's statement of net assets.

TRAFFIC AND REVENUE REPORT

Previous Traffic and Revenue Reports/Updates

In connection with the original issuance of the Series 2002 Obligations, URS Corporation and Vollmer Associates, L.L.P. prepared the 2002 Traffic and Revenue Report which is available online in the investors section at http://txdot.gov/business/investors.html as Appendix F to the 2002 Official Statement.

In 2005, in connection with the replacement of the standby bond purchase agreement and remarketing of the Series 2002-B Bonds, URS Corporation and Vollmer Associates, L.L.P. issued a 2005 Update to the original 2002 Traffic and Revenue Report, which 2005 Update is available online in the investors section at http://txdot.gov/business/investors.html as Exhibit H to the Fiscal Year 2007 Continuing Disclosure Annual Report. The 2005 Update addressed: (i) proposed changes to the 2002 Project design elements, (ii) changes in demographic patterns and (iii) changes in background highway network plans. In 2007, Vollmer Associates, L.L.P. was acquired by Stantec Consulting Services Inc. ("*Stantec*").

In connection with the issuance of the Series 2009 Bonds (issued to refund the Series 2002-B Bonds), Stantec delivered a 2008 Review technical memorandum subsequent to the 2005 Update, based primarily on technical work undertaken in 2007, with a brief review of subsequent conditions in 2008. The 2008 Review is available online in the investors section at http://txdot.gov/business/investors.html as Appendix E to the Official Statement for the Bonds dated February 26, 2009.

In 2010, Stantec prepared a Central Texas Turnpike System Traffic and Revenue Forecast 2010 Update in connection with the 2011 remarketing of the Series 2009 Bonds. In the 2010 Update, Stantec reviewed the traffic statistics during the period since the 2002 Project was opened, and compared the actual traffic to expectations set in the 2008 Review. In addition, the travel demand model was updated to integrate the model for the San Antonio/Bexar County Metropolitan Planning Organization ("*SABC*") with the model for the Capital Area Metropolitan Planning Organization ("*CAMPO*") for the System study area. Further, socioeconomic projections were updated for the 2010 Update, both by reviewing current conditions on the ground and providing a new projection of future development. The 2010 Update is available at http://txdot.gov/business/investors.html.

Please note that the website addresses in the preceding four paragraphs are included herein as active textual references only, and the information contained on (or accessed through) such websites are not incorporated herein and should not be construed as part of this Official Statement.

The 2002 Traffic and Revenue Report, the 2005 Update, the 2008 Review and the 2010 Update provide projections as of their respective dates only with respect to the 2002 Project.

2012 Traffic and Revenue Report

Stantec, the current Traffic Consultant for the System, has prepared a Central Texas Turnpike System 2012 Traffic and Revenue Forecast (the "*2012 Traffic and Revenue Report*") in connection with the issuance of the Bonds. The traffic and revenue forecasts in the 2012 Traffic and Revenue Report include the following major changes from prior studies:

(i) The integration of existing SH 45SE toll road into the System beginning September 1, 2012.

(ii) The adoption of new toll rates for the entire System; the new rate schedule will take effect at all existing paypoints on January 1, 2013.

(iii) The conversion of System toll collection to cashless operations beginning January 1, 2013.

(iv) The adoption of annual toll escalation with the first increase based on the consumer price index for all urban consumers ("*CPI-U*") beginning on January 1, 2014.

(v) The conversion of the pilot program known as Pay by Mail to a permanent payment method.

(vi) Provision of free passage on the System for electronic toll collection and Pay by Mail customers in a vehicle registered with the Texas Department of Motor Vehicles and displaying a disabled veteran, Purple Heart or Medal of Honor specialty license plate. The Department will establish a monitoring program, prior to implementation, to identify the number of eligible transactions and associated revenues to be reimbursed, and the Department will then reimburse the appropriate Master Indenture account the cost of tolls not paid by those customers with eligible plates.

The 2012 Traffic and Revenue Report is attached hereto as "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST."

The assumptions for Stantec's revenue estimates and revenue forecasts in the 2012 Traffic and Revenue Report are as follows:

(i) The revised toll rates for the entire System presented in the 2012 Traffic and Revenue Report, including the rate at the ramps at the new SH 45N/O'Connor Drive interchange scheduled for completion in December 2013, will take effect at all existing paypoints on January 1, 2013.

(ii) Toll rates will be escalated on an annual basis with the first increase based on the CPI-U beginning on January 1, 2014. The rate of inflation as indicated by the CPI-U will be at 3.0 percent annually during the forecast period through 2042.

(iii) The System's toll collection will be converted to cashless operations and the pilot program known as Pay-by-Mail will be converted to a permanent payment method effective January 1, 2013.

(iv) Transponder market shares will occur as discussed in Chapter 6 of the 2012 Traffic and Revenue Report.

(v) The traffic mix using the System will result in a toll multiplier (used for revenue estimation purposes) for trucks with 3+ axles as discussed in Chapter 6 of the 2012 Traffic and Revenue Report.

(vi) The socioeconomic growth discussed in the 2012 Traffic and Revenue Report will occur as forecast.

(vii) The highway network improvements will be constructed as planned and in accordance with the schedule discussed in Chapter 5 of the 2012 Traffic and Revenue Report.

(viii) The traffic on SH 130, during the early years of operation, will continue to ramp up as formulated in Chapter 6 of the 2012 Traffic and Revenue Report.

(ix) The System will be efficiently maintained and operated, but even under the most efficient operation, there will be some toll evasion and revenue "leakage" that have been deducted from the model-produced traffic and revenue forecasts (after ramp-up). The 2012 Traffic and Revenue Report assumes a constant 45% toll evasion rate for Pay by Mail transactions through 2042.

(x) Motor fuel will remain in adequate supply during the forecast period, and sustained motor fuel prices (i.e., the average price for regular gasoline) in the foreseeable future will not be more than $4.50 per gallon, adjusted for inflation.

(xi) Federal and State tax increases will not increase to the extent that, together with fuel price increases, sustained motor fuel prices exceed $4.50 per gallon, adjusted for inflation.

(xii) No radical change in travel modes that would drastically curtail motor vehicle use is expected during the forecast period.

(xiii) In the longer term, generally normal economic conditions will prevail in the State and the United States, and there will not occur a major depression, national emergency or prolonged fuel shortage.

(xiv) The Department will reimburse the appropriate Master Indenture account for the cost of tolls not paid by those customers with eligible specialty license plates registered with the Texas Department of Motor Vehicles to disabled veterans, Purple Heart recipients or Medal of Honor recipients.

As for the projections themselves, while they are stated year-by-year, they are intended to show the trends that may reasonably be anticipated on the basis of the above assumptions described herein. **For a discussion of certain factors that may impact the realization of the assumptions described above, see "RISK FACTORS" herein.**

Traffic Consultant

The 2012 Traffic and Revenue Report was performed by Stantec, the acting Traffic Consultant under the Master Indenture.

Stantec, founded in 1954, provides professional consulting services in planning, engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics for infrastructure and facilities projects. Stantec supports public and private sector clients in a diverse range of markets, at every stage, from initial concept and financial feasibility to project completion and beyond.

Stantec services are offered through approximately 10,000 employees operating out of more than 150 locations in North America. Stantec trades on the New York Stock Exchange and on the Toronto Stock Exchange under the symbol STN.

Stantec has prepared traffic and revenue financing studies that have been the basis for the sale of more than $29 billion in revenue bonds. Drawing upon a depth in transportation planning and over 30 years of experience in the toll facility industry, Stantec staff advises clients on establishing screening criteria for potential toll facility corridors, completing traffic and revenue analyses at the investment-grade level, developing financial plans and appropriate toll structures, determining the extent to which a proposed toll facility could provide financing for itself and/or other highway projects, maximizing revenue potential, planning and designing for the future, and solving operational problems.

Peer Review

The Commission engaged Jacobs Engineering Group Inc. ("*Jacobs*") to conduct a peer review to provide an independent assessment of the work conducted on the 2012 Traffic and Revenue Report by the Traffic Consultant. Jacobs specifically was charged with providing a review of the information and developed an assessment of the reasonableness of the methodology utilized and the results obtained. Based upon its review, Jacobs expressed the following conclusions to the Commission in September, 2012:

> The short-term and long-term traffic forecasts for all elements of the System are considered reasonable and attainable.
>
> The short-term toll revenue forecasts for all elements of the System are considered reasonable and attainable.
>
> The long-term toll revenue forecasts for all the elements of the System are considered somewhat aggressive due to the assumption of a constant three percent growth of CPI-U which is at the high end of a reasonable range that serves as the annual toll escalation rate for the long-term forecast.
>
> The impacts on revenues in the immediate term for the sensitivity analyses for the CPI sensitivity and for the reduced growth sensitivity may be overstated, as the Fiscal Year 2013 is already in progress and most likely will not be as affected as the long-term forecasts by these particular tests. The impacts on revenues in the immediate term for the sensitivity analyses for the value of time sensitivity and for the reduced SH 130 truck traffic sensitivity are considered reasonable. The impacts on long-term revenues under all sensitivity analyses are considered reasonable.
>
> The underlying population and employment forecasts are considered reasonable and attainable.
>
> Stantec generally conducted the appropriate data collection effort for the study, but there are some aspects of the development of the calibration dataset that could have consequences on the calibration effort and subsequent forecast of traffic and toll revenue. Overall Jacobs deemed Stantec's data collection program set adequate for an investment grade analysis of existing toll roads.
>
> The methodology for development of the traffic and toll revenue forecasts includes various standards for the industry and is considered reasonable for an existing toll facility.
>
> See "APPENDIX E - PEER REVIEW REPORT."

Anticipated Additional Roadway Facilities

The 2012 Traffic and Revenue Report, including Chapter 5 thereof, assumes the construction and completion of a number of facilities that are expected to add to the System or to have a complementary, competitive, or mixed effect upon the System. If any such additional facilities are completed, they may compete with, complement, or due to their configuration, in some aspects both compete with and complement, the various elements of the System. Segments 5 and 6 of SH 130, 183A Northern Extension (Phase II), United States Highway 290 (Manor Expressway) and the O'Connor Access Ramps, are five of such facilities that are specifically discussed

below due to their expected impact on the System. Segments 5 and 6 of SH 130 are expected to extend SH 130 down to IH-10, creating a corridor that will parallel that of IH-35, potentially attracting more users to the System that are interested in longer north-south trips outside of the IH-35 corridor. As discussed above, some of the additional facilities discussed in "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST" are currently under construction; however, it is possible that some amount of the enumerated facilities are not constructed or are significantly modified (including changes to completion dates) as well as other projects being undertaken that are not currently contemplated. There can be no assurances given on whether and when such additional facilities are completed. For information on all facilities that are expected to impact the System, see Chapter 5 of the 2012 Traffic and Revenue Report.

Segments 5 and 6 of SH 130

On March 22, 2007, the Commission entered into a comprehensive development agreement with the SH 130 Concession Company, LLC ("*SH 130 Concession*"), a company formed by Cintra and Zachry American Infrastructure, giving SH 130 Concession the exclusive right to finance, develop, design, and construct Segments 5 and 6 of SH 130, which total approximately 40 miles. The Commission has also entered into a lease agreement with SH 130 Concession which gives the company the right to operate, manage, maintain, repair, and toll Segments 5 and 6 of SH 130 for a period of 50 years.

Although Segments 5 and 6 of SH 130 are not part of the System, upon completion it is anticipated that such Segments will feed additional traffic to the System by connecting SH 130 to IH-10 northeast of Seguin. Segment 5 of SH 130 will run approximately 11 miles from the southern end of Segment 4 of the SH 130 Element, north of Mustang Ridge, to FM 1185, north of Lockhart, following the current US 183 alignment. Segment 6 of SH 130 will run approximately 29 miles from FM 1185 to IH-10, northeast of Seguin.

Segments 5 and 6 of SH 130 are substantially complete and opened to traffic on October 24, 2012, with toll collection expected to begin in November 2012. The revenue projections for the 2012 Traffic and Revenue Report assume that Segments 5 and 6 of SH 130 will be open for toll collection by 2013. In addition, the Commission authorized a maximum speed limit of 85 mph for Segments 5 and 6 of SH 130, and the impact of such speed limit is expected to be positive for the System. See "- 2012 Traffic and Revenue Report."

183A Northern Extension (Phase II)

The 183A Northern Extension (Phase II) is an approximately five mile limited-access toll road with three lanes in each direction. This project extends from FM 1431 in Cedar Park, Texas to north of RM 2243 in Leander, Texas, and was constructed in the median of the existing frontage roads, which will remain non-tolled.

The 183A Northern Extension (Phase II) was built seven years earlier than originally planned, due to traffic volumes, and was opened to traffic in April, 2012.

***United States Highway 290* (*Manor Expressway/290 East Project*)**

The Central Texas Regional Mobility Authority (the *"CTRMA"*) has initiated construction and intends to develop the 290 East Project (also referred to as the Manor Expressway) in multiple phases. The 290 East Project has been defined to include an approximately 6.2 mile tolled main lanes from east of US 183 to east of FM 734 (Parmer Lane) with three main tolled lanes in each direction; two to three non-tolled frontage roads in each direction; and two proposed interchanges at SH 130 and US 183, with the US 183 interchange including four new direct connectors. The CTRMA began work on the first phase of the 290 East Project which includes acquisition of right-of-way, utility relocation, planning, design, and construction of a 1.4 mile section comprised of direct connectors to US 183 and tolled main lanes and frontage roads. This first phase is being financed using a combination of federal stimulus funding, a State Infrastructure Bank loan and a TIFIA loan. This first phase of the project is currently scheduled for completion in 2013. In June 2011, CTRMA issued approximately $375 million of bonds to finance and refinance the second phase of the 290 East Project, and CTRMA has indicated the full project could be open to traffic by 2014.

O'Connor Access Ramps

The Department took action in September, 2009 towards the construction of a new interchange to the SH 45N Element located extending approximately 600 feet north of the SH 45N Element right-of-way and tying into Williamson County's planned O'Connor Drive extension project. These access ramps will be a part of the System. Entrance and exit ramps will be provided on either side of the planned O'Connor Drive along the SH 45N Element frontage roads.

Construction is in process on retaining walls, bridges, and embankments, and completion is expected in December 2013. The construction of these access ramps is projected to cost approximately $32 million with $7.5 million being paid by Williamson County and $24.5 million being paid by the Department from the State Highway Fund.

RISK FACTORS

The Bonds are special, limited obligations of the Commission, payable solely from and secured exclusively by the Trust Estate. The following is a discussion of certain risk factors that should be considered in evaluating an investment in the Bonds. This discussion does not purport to be either comprehensive or definitive. The order in which risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may well be other risks associated with an investment in the Bonds in addition to those set forth herein.

Traffic and Revenue Report Assumptions

The revenue forecasts in the Traffic and Revenue Reports were based upon certain assumptions. See "TRAFFIC AND REVENUE REPORT – 2012 Traffic and Revenue Report" herein and "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST." With respect to the 2002 Project only, see (i) Appendix F to the 2002 Official Statement, "THE TRAFFIC AND REVENUE REPORT," (ii) Appendix E to the Official Statement dated February 26, 2009 with respect to the Series 2009 Bonds, "CENTRAL TEXAS TURNPIKE SYSTEM 2002 PROJECT TRAFFIC AND REVENUE FORECAST 2008 REVIEW" and (iii) Appendix D to the Remarketing Memorandum dated February 8, 2011 with respect to the Series 2009 Bonds, "CENTRAL TEXAS TURNPIKE SYSTEM 2010 TRAFFIC AND REVENUE FORECAST." Based upon such assumptions, the Traffic Consultants have expressed their opinion that such revenue forecasts are reasonable as of their respective dates and have been prepared in accordance with accepted practice for such studies. However, as provided in the Traffic and Revenue Reports, such reports, as updated, are not a guarantee of any future events or trends, and the forecasts therein are subject to future economic and social conditions and demographic developments that cannot be predicted with certainty. Further, any of the estimates and assumptions in the Traffic and Revenue Reports are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the Commission or the Department. As Jacobs noted in its peer review report, the long-term roll revenue forecast in the 2012 Traffic and Revenue Report may be considered somewhat aggressive due to the assumption of a constant three percent growth of consumer price index which is at the high end of a reasonable range that serves as the annual toll escalation rate for the long-term forecast. Failure to achieve or realize any of the assumptions listed in the Traffic and Revenue Reports may have a materially adverse effect upon the Revenues actually realized. See "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST" and "APPENDIX E - PEER REVIEW REPORT."

Ability of the Commission to Meet System-Related Funding Obligations

As described in "FUNDING OF COMMISSION OBLIGATIONS" herein, the Commission's primary source of funds is the State Highway Fund. The State Highway Fund receives constitutionally dedicated funds from a variety of sources including, without limitation, federal transportation funds from the Federal Highway Trust Fund ("*HTF*") (funded through federal excise taxes), State motor fuels taxes, state motor vehicle registration fees, and State motor lubricants taxes. The level of such taxes and fees, and therefore the level of funds available to the Commission, is subject to fluctuations based on a variety of factors, including general economic conditions, specific economic, competitive, or regulatory conditions affecting commercial enterprises that rely on motor vehicle transportation, and potential redirection of such taxes and fees to other purposes pursuant to changes in State or federal law or regulation. Deposits of such taxes into the HTF must periodically be reauthorized by Congress and failure to replenish the HTF expeditiously may have an adverse impact on the Department and Commission. Even

when federal highway authorization legislation is enacted to provide for federal funding, such funding legislation is subject to possible federal rescission of funds. Any rescission of any future federal highway authorization legislation could reduce federal funds ultimately deposited into the State Highway Fund and as such may have an adverse impact on the Department and Commission. See "FUNDING OF COMMISSION OBLIGATIONS – State Highway Fund." Additionally, a default under the TIFIA Loan Agreement may adversely impact the Department's receipt of federal revenues, including funds from the HTF. See "THE SYSTEM - TIFIA Funding."

Further, though constitutionally dedicated to the construction, maintenance, and operation of the State Highway System, all money available to the Commission to satisfy the commitments and covenants described under the caption "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION" remains subject to appropriation and could be appropriated by the Legislature in a manner that would make them unavailable for support of the System. Any failure of the Legislature to timely appropriate sufficient funds for such purposes, or the imposition by the Legislature of any significant restrictions on the Department's ability to transfer other Department appropriations to such purposes, could result in insufficient funds being available to the Commission for it to satisfy such commitments and covenants.

Operating and Maintenance Expenses

The Operating Expenses and Maintenance Expenses are payable from Revenues and to the extent Revenues are not available to pay the costs of operating and maintaining the System, the Commission has pledged to use its available funds, to the extent appropriated, to operate and maintain the System. Absent future toll rate increases, the Commission does not anticipate that Revenues will be available to fully support the operation and maintenance of the System for the foreseeable future. Bondholders should, accordingly, not expect the System to be self-supporting during the foreseeable future.

Successful operation of the System requires timely and complete maintenance and replacement of components of the System. Although the Master Indenture requires the deposit of budgeted amounts to the Reserve Maintenance Fund, no assurance can be given that sufficient funds will continue to be available to operate and maintain the System adequately over the long term. See "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION." Any significant deterioration in the System may result in increased operating and maintenance costs and in reduced usage (or even in temporary lane closures) and may adversely affect the amount of funds available to pay debt service on the Obligations, including the Bonds.

Additional Roadway Facilities

As described in Chapter 5 of the 2012 Traffic and Revenue Report, the projected revenues for the System have been determined assuming the construction and continued operation of certain complementary and competing roadway facilities. No assurances can be provided that such facilities will actually be constructed and/or remain operational at the assumed traffic levels in accordance with the assumptions made in the 2012 Traffic and Revenue Report. Any such failure to construct or to continue to operate such a facility could have an adverse effect on the Revenues produced by the System. Due to budget shortfalls on the state or federal level, no assurance can be given that additional roadway facilities will be constructed. See "- Ability of the Commission to Meet System-Related Funding Obligations" above.

In addition, there may be additional competing roadway facilities constructed in the future that are not currently contemplated. There have been periodic discussions through the years about potential changes to IH-35 that have contemplated expanding the capacity of IH-35 in the Austin metro area. Any such additional capacity added to IH-35 has the potential to negatively impact the amount of traffic on SH 130. See "THE SYSTEM - I-35 Advisory Committee Report." No assurance can be given regarding any additional roadway facilities or their impact on the Revenues of the System.

Clean Air Act Non-Attainment Risk

The Federal Clean Air Act (*"CAA"*) requires the United States Environmental Protection Agency (the "*EPA*") to adopt and periodically revise national ambient air quality standards ("*NAAQS*") for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant can be designated as nonattainment by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve air quality and "attain" compliance with the

appropriate standard. This so called State Implementation Plan ("*SIP*") entails enforceable control measures and time frames.

Of these pollutants, large urban areas in Texas have had the greatest difficulty achieving the ozone standard. This challenge was compounded in July of 1997, when the EPA adopted a revised and more stringent ozone standard along with a revised standard for fine particulates, often referred to as the 8-hour standard because it is based on an 8-hour average and is intended to protect public health against longer exposure.

Under the 1997 8-hour ozone standard of 0.08 parts per million (ppm), there were three areas in the State classified as nonattainment: Houston/Galveston, Beaumont/Port Arthur, and Dallas/Fort Worth. San Antonio had exceeded the eight-hour standard, but it had received a nonattainment deferred designation because it has voluntarily entered into an Early Action Compact ("*EAC*") with the State's air quality agency, the Texas Commission on Environmental Quality (the "*TCEQ*"). Under an EAC, air quality improvements were accelerated and the nonattainment designation was deferred as long as the voluntary actions were successfully implemented. The Travis, Williamson, Bastrop, Hays and Caldwell County areas (collectively, the "*Austin Area*") also entered into an EAC, even though the area was in compliance with the standard.

On March 12, 2008, the EPA once again tightened the eight-hour ozone standard from 0.08 ppm to 0.075 ppm. Under the revised standard, there was an expectation that San Antonio and Austin area would be determined to be noncompliant or in a nonattainment area. The nonattainment determination was made by the EPA in March of 2010, based on air quality data averaged over the 2007, 2008 and 2009 ozone seasons, and the air quality experience in both Austin and San Antonio during the summer of 2009 was of good enough quality for both of these areas to avoid a nonattainment designation in March 2010.

However, in September 2009, the EPA announced that it would once again reconsider the ozone standard. In January 2010, the EPA proposed a tighter standard in the range of 0.06 ppm to 0.07 ppm. In September 2011, the Office of Management and Budget returned to the EPA, for reconsideration, the EPA’s draft rulemaking to tighten the 2008 NAAQS for ozone. Therefore, the current NAAQS for ozone remains at 0.075 ppm, as established in 2008. On May 21, 2012, the EPA designated areas for the 2008 ozone NAAQS, and the Austin area was designated unclassifiable/attainment.

The Austin Area is not currently designated "nonattainment" for any NAAQS; however, the Austin Area has been informally considered a "near-nonattainment" area by the TCEQ based on air quality monitored data for the 1997 eight-hour ozone standard. Although the Austin Area was in compliance with the 2008 eight-hour ozone standard, it remains close to exceeding such standard. The EPA and President Obama have indicated that additional areas will not be designated nonattainment under the 2008 ozone standard, and currently plan to defer any such designations until after the 2013 - 2014 ozone NAAQS decision is made. However, it cannot be assumed that this policy will remain in place due to the upcoming Presidential election in November. Therefore, the Austin Area remains vulnerable to exceeding the standard and being designated as a nonattainment area. The Austin Area remains proactive by participating in voluntary programs to reduce air emissions and is currently operating under an Ozone Flex Plan through December 2013. On May 16, 2012, the Austin Area submitted its notice to the EPA to participate in the EPA’s newly-developed Ozone Advance Program (for the 2008 ozone standard). The Ozone Advance Program is a collaborative effort between the EPA, states, tribes, and local governments to encourage expeditious emission reductions in ozone attainment areas to help those areas continue to meet the ozone NAAQS.

Should the Austin Area fail to achieve attainment under any future EPA NAAQS, or should the Austin Area fail to satisfy a then effective SIP (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA's implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated non-attainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. Nevertheless, it is possible that all or some of the transportation control measures available as sanctions under the CAA may be imposed. The CAA also provides for mandatory sanctions, including the suspension of highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to

certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area failing to conform to the CAA.

It is possible that nonattainment, a lapse in conformity under the CAA, or other environmental issues may result in litigation involving injunctive or other relief that could give rise to delays in the construction or operation, as applicable, of road facilities in the State, including additional roadway facilities described in Chapter 5 of the 2012 Traffic and Revenue Report anticipated to favorably impact the System. Litigation under the National Environmental Policy Act or other state or federal environmental laws may also result in injunctive or other relief and the possibility of delays in the construction or operation, as applicable, of such complementary facilities.

Motor Fuel Prices and Taxes

Among other assumptions, the revenue forecast in the 2012 Traffic and Revenue Report is based on (i) the assumption that motor fuel will remain in adequate supply and motor fuel prices (in current dollars) will average $4.50 per gallon during the forecast period and (ii) the assumption that federal and State motor fuel taxes will not increase to the extent that, together with price increases, motor fuel pump prices will average $4.50 per gallon during the forecast period. There is no assurance that motor fuel will remain in adequate supply or that motor fuel prices and federal and State motor fuel taxes will not increase to the extent that motor fuel pump prices exceed $4.50 per gallon during the forecast period covered by the revenue forecasts. Motor fuel pump prices, for an extended period of time, in excess of $4.50 per gallon could negatively impact the revenue forecasts in the 2012 Traffic and Revenue Report. See "TRAFFIC AND REVENUE REPORT – 2012 Traffic and Revenue Report" and "APPENDIX D – CENTRAL TEXAS TURNPIKE SYSTEM 2012 TRAFFIC AND REVENUE FORECAST."

Current State of the Economy

The revenue forecast in the 2012 Traffic and Revenue Report is based in part on socioeconomic forecasts that the Traffic Consultant believes are achievable, even under economic conditions as discussed in Chapter 4 of the 2012 Traffic and Revenue Report. However, it is unclear at this time whether the length or breadth of the current recession will affect the economy in Texas in a manner contemplated by the 2012 Traffic and Revenue Report and, therefore, it is unknown if the socioeconomic forecasts will be achievable given the current state of the economy.

Availability of Appropriated Funds to Meet Commission Funding Obligations

The Commission is ultimately responsible for paying the costs of operating and maintaining the System, all of which must be paid from funds appropriated to the Commission by the Legislature which are largely comprised of constitutionally-dedicated revenues deposited into the State Highway Fund. See "FUNDING OF COMMISSION OBLIGATIONS." In its current legislative appropriations request, the Commission has requested appropriation of the funds needed for such costs for the 2014 - 2015 biennium, and the Legislative session will begin on January 8, 2013, during which the Legislature will consider the Commission's legislative appropriations request and those of all State agencies. The State's leadership has required each State agency, including the Department, to submit a budget requesting general revenue appropriations for the 2014 – 2015 biennium at a level no more than that budgeted for the 2012 – 2013 biennium; however, the appropriation of amounts in the State Highway Fund are not included in appropriations of general revenue of the State and therefore, are not subject to this budget limitation. However, in anticipation of the start of the upcoming Legislative session and as required by the Texas Constitution, it is expected that the Texas Comptroller of Public Accounts will release State revenue estimates for the 2014 - 2015 biennium in January, 2013. If those estimates show that there is a shortfall between estimated available general revenue funds and projected State expenditures, the State Legislature will be required, pursuant to the Texas Constitution, to eliminate such a shortfall and pass a balanced budget for the biennium. No assurances can be provided as to how the Legislature will balance the State's budget for the 2014 - 2015 biennium, or whether the Legislature will utilize the State Highway Fund for such purpose in some way. Senate Bill 1, 82nd Legislature, First Called Session (2011), provides for the delay of the distribution from the State’s general revenue fund to the State Highway Fund of the last two months of motor fuels taxes collected at the end of fiscal year 2013 until the beginning of the following fiscal year. The Department expects to address this temporary cash flow shortfall to the State Highway Fund through the issuance of its State Highway Fund Revenue Commercial Paper Notes, Series A or other short term borrowing, if necessary.

Potential Legislative Changes

The Legislature is expected to convene in a regular session which will begin on January 8, 2013 and will end on May 27, 2013, and during such session will consider, among other things, the amount of funds to be appropriated to the Department. It is possible that there may be legislative changes made to the governance and operations of the Department and the Commission. However, it is unknown at this time what changes, if any, will be made, or the impact any such changes may have on the ability of the Department or Commission to meet its obligations with respect to the System. Additionally, the Texas Sunset Act (Chapter 325, Texas Government Code) (the *"Sunset Act"*), provides that virtually all agencies of the State, including the Department, are subject to periodic review by the Legislature, and that each agency subject to sunset review will be abolished unless the Legislature specifically determines to continue its existence. The Department will be subject to its next sunset review in 2015. Pursuant to the Sunset Act, the Legislature specifically recognizes the State's continuing obligation to pay bonded indebtedness and all other obligations incurred by the Department. Accordingly, in the event that a sunset review results in the Department being abolished, the Governor would be required by law to designate an appropriate State agency to carry out covenants and perform the obligations of the Department. The designated agency would provide for payment of the Bonds in accordance with the terms of the Bonds, and would provide for payment and performance of all other obligations in accordance with their terms.

Toll Collection and Enforcement Systems

The System is currently utilizing electronic toll collection systems as well as the Pay by Mail method; the 2002 Project portion of the System also currently accepts cash payment of tolls, but effective January 1, 2013, cash payments will no longer be accepted (see "- Elimination of Payment by Cash" below). As the tolling industry continues to evolve, new tolling collection and enforcement processes may develop and be implemented by the Commission in an effort to produce operational and maintenance efficiencies, but such implementation may result in higher evasion rates. No new toll collection system can be implemented by the Commission unless prior to the adoption thereof, the Traffic and Revenue Consultant can certify to the Commission that such system will not adversely affect the ability of the Commission to comply with its rate covenant in the Master Indenture. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Rate Covenants - *Certification by Traffic Consultant*." However, no assurances can be given regarding the reliability of collection and enforcement of any toll collection and enforcement systems that may be implemented by the Commission in the future.

Elimination of Payment by Cash

On August 30, 2012, the Commission authorized the elimination of the cash payment option, effective January 1, 2013. The 2012 Traffic and Revenue Report assumes that the cash payment option is not available to users of the System, assumes a decrease in operations and maintenance costs of the System based on estimates provided by the General Engineering Consultant and additionally assumes a decrease of approximately one percent in the amount of paying traffic and Revenues as a result. This change was implemented by the Commission after the Traffic and Revenue Consultant certified that such change will not adversely affect the ability of the Commission to comply with its rate covenant in the Master Indenture. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Rate Covenants - *Certification by Traffic Consultant*."

Series 2012-A Bonds Subject to Special Redemption

The Series 2012-ABonds are subject to special redemption prior to maturity at the option of the Commission on or after the occurrence of a Transfer Event. See 'THE BONDS – Redemption" and "THE SYSTEM – Transfer Event." Accordingly, if a Transfer Event occurs the Series 2012-A Bonds may be redeemed prior to their first optional redemption date.

Dilution of First-Tier Security Upon Bankruptcy-Related Event

As detailed under "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Default and Remedies - *2002 TIFIA Bond Default Remedy*," upon the occurrence of a Bankruptcy-Related Event under the TIFIA Loan Agreement and the Indenture while USDOT owns the 2002 TIFIA Bond, the 2002 TIFIA Bond will be deemed to be a First Tier Obligation, and the USDOT will deemed to be the Secured Owner of such First Tier Obligation. In such event, the 2002 TIFIA Bond would be secured by and payable from the Trust Estate (except for

the First Tier Debt Service Reserve Fund) on a basis equal to that of other Outstanding First Tier Obligations, including the Bonds.

Unpredictability of Investment Earnings

In recent years, deteriorating economic conditions and other factors have created volatility in the banking community, in general, as well as with rating agencies. No assurance can be given whether such volatility will increase or decrease or that market conditions will improve. Citigroup's financial strength and claims paying ability under the Master Repurchase Agreement is predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of Citigroup will not be subject to downgrade and such event could adversely affect the Commission.

Additionally, the System Estimated Cash Flow and Debt Service Coverage table herein assumes certain investment earnings on the balance of the Rate Stabilization Fund and on the Debt Service Reserve Fund. There is no guarantee that actual investment earnings on the balance of such funds will not be lower than such assumed earnings. Any such reduction of actual investment earnings below the assumed levels could negatively impact the amount of Revenues of the System.

Generally, a reduction in investment yields could negatively impact the aggregate investment earnings realized. In addition, expenditure of amounts in the First Tier Debt Service Reserve Fund could reduce both the amount of invested funds available for investment and the length of time that such invested funds could be invested. Any such reduction in amounts available for investment could negatively impact the aggregate investment earnings realized. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *First Tier Debt Service Reserve Fund*."

Limitation and Enforceability of Remedies

Limitation of Remedies Under the Indenture. The remedies available to Owners of the Bonds upon an Event of Default under the Indenture are limited to the seeking of specific performance or a writ of mandamus or other suit, action, or proceeding compelling and requiring the Commission and its officers to observe and perform any covenant, condition, or obligation prescribed in the Indenture. ***NO ACCELERATION REMEDY IS AVAILABLE TO OWNERS OF THE BONDS***. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Default and Remedies."

Enforceability of Remedies. The remedies available under the Indenture are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law, such remedies may not be readily available. In addition, enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion, (ii) are subject to the exercise in the future by the State and its agencies and political subdivisions of the police power inherent in the sovereignty of the State, (iii) are subject, in part, to the provisions of the United States Bankruptcy Act and other applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and (iv) are subject to the exercise by the United States of the powers delegated to it by the United States Constitution. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Further, under current State law, the Department is prohibited from waiving sovereign immunity from suit or liability with respect to its obligations relating to the Bonds and therefore, Secured Owners are prevented from bringing a suit against the Department to adjudicate a claim to enforce the Department's obligations under the Indenture or for damages for breach of the Department's obligations under the Indenture. However, State courts have held that mandamus proceedings against a governmental unit, such as the Department, are not prohibited by sovereign immunity. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Default and Remedies."

Exceptions to Non-Compete Covenant in the Master Indenture

In the Master Indenture, the Commission agrees not to construct, operate, assist, provide funding for or support, and to use all its discretionary authority available to it under applicable law to dissuade other public and private entities from, constructing, permitting, assisting or supporting, certain highway projects that would have the purpose or reasonably foreseeable effect of materially adversely affecting the ability of the Commission to comply with its covenants in the Master Indenture. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Additional Covenants of the Commission – *Covenant Not to Build Competing System*." However, the Master Indenture excepts the following types of projects and facilities from this covenant: (i) any State highway improvements necessary for improved safety, maintenance, or operational purposes; (ii) any intercity, intracity, commuter, urban, high speed rail projects or any combination of the foregoing supported by the State and/or others; (iii) any High-Occupancy-Vehicle-exclusive lanes operationally required by environmental regulatory agencies, (iv) any projects included in the CAMPO Transportation Plan to the Year 2025 (which includes proposed light rail and commuter rail facilities) and (v) any project undertaken to increase traffic capacity by modifying already-constituted facilities through the installation of traffic sensors, metering devices, intersection grade separations, and Intelligent Vehicle Highway System equipment or work involving the restriping of traffic lanes, medians and shoulders. The excepted projects may compete, either directly or indirectly, with the System. No assurances can be given that such competing projects will not adversely affect traffic volumes, and therefore Revenues, generated by the System in a manner not contemplated by the 2012 Traffic and Revenue Report.

Rating Changes of Ambac Assurance Corporation and Possible Impact of Bankruptcy of Ambac Financial

Ambac Assurance Corporation ("*Ambac*"), Ambac Financial's principal operating subsidiary, issued a financial guaranty insurance policy (the "*2002-A Insurance Policy*") in connection with the Series 2002-A Bonds, which are secured on a parity basis with the Bonds. At the time of issuance, the Series 2002-A Bonds received ratings of "AAA", "Aaa" and "AAA" from Fitch, Moody's and S&P, respectively, based upon the 2002-A Insurance Policy issued by Ambac. Such ratings assigned to the Series 2002-A Bonds (as enhanced by Ambac) were subsequently withdrawn after Ambac Financial filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court") on November 8, 2010. The Bankruptcy Court entered an order confirming Ambac Financial's plan of reorganization on March 14, 2012. However, Ambac Financial is not currently able to estimate when it will be able to consummate such plan. Until the plan of reorganization is consummated and Ambac Financial emerges from bankruptcy, Ambac Financial will continue to operate in the ordinary course of business as "debtor-in-possession" in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. Pending litigation challenges and other actions could prevent Ambac Financial from completing the bankruptcy reorganization plan, and could potentially adversely affect the solvency of Ambac. As a result, holders of the Bonds and holders of any other Obligations issued to finance or refinance the System should not rely on security to be provided to the Series 2002-A Bonds by the 2002-A Insurance Policy.

Forward-Looking Statements

The statements contained in this Official Statement, and in other information provided by the Commission and the Department, that are not purely historical, are forward-looking statements, including statements regarding the Commission and the Department's expectations, hopes, intentions, or strategies regarding the future and the projections in the 2012 Traffic and Revenue Report. All forward-looking statements included in this Official Statement are based on information available to the Commission and the Department on the date hereof, and the Commission and the Department assume no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates that are inherently subject to numerous risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE COMMISSION

The Commission invests its investable funds (e.g. funds held by the Trustee related to the System) in investments authorized by State law in accordance with investment policies approved by the Commission. Both State law and the Commission's investment policies are subject to change.

Based on the current Investment Policy and current law, funds held by the Trustee related to the System may be invested in the following: (i) direct obligations of the United States or its agencies and instrumentalities (including senior debt obligations of GNMA, FNMA or FHLMC); (ii) direct obligations of the State or its agencies and instrumentalities rated as to investment quality by a nationally-recognized investment firm of not less than "A"; (iii) certain collateralized mortgage obligations that have a stated maturity of ten years or less directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States (such transactions not to exceed ten percent of the total of each investment portfolio under the Investment Policy); (iv) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities; (v) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally-recognized investment rating firm not less than "A" or its equivalent (such transactions not to exceed ten percent of the total of each investment portfolio under the Investment Policy); (vi) financial institution deposits or certificates of deposit and share certificates issued by an institution with a main office or branch in the State that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their successors; (b) secured by obligations described in clauses (i) through (v) above; or (c) secured in any other manner and amount provided by law for deposits of the Commission (investment in certificates of deposit may not exceed 80 percent of the total of each investment portfolio under the Investment Policy); (vii) a fully collateralized repurchase or reverse repurchase agreement that has a defined termination date, is secured by cash and/or obligations described in (i) through (v) above; requires the securities purchased by the Commission to be pledged to the Commission, held in the Commission's name, and deposited at the time the investment is made with the Commission or with a third party selected and/or approved by the Commission; and is placed through a primary government securities dealer or financial institutions doing business in the State (for repurchase agreements that are not settled on a delivery versus payment process or with a term longer than six months, such entity or its parent must meet certain rating requirements); (viii) certain bankers acceptances with a stated maturity of 270 days or fewer from the date of issuance, if liquidated in full at maturity, eligible for collateral for borrowing from a Federal Reserve Bank, and accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank are rated not less than "A-1" or "P-1" or an equivalent rating by at least one nationally-recognized credit rating agency (such transactions not to exceed five percent of the total Commission investment portfolio under the Investment Policy); (ix) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1," or the equivalent, by at least (a) two nationally-recognized rating agencies or (b) one nationally-recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; (x) with certain restrictions, (a) a no-load money market mutual fund that is registered with and regulated by the SEC, provides the Commission with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, has a dollar-weighted average stated maturity of 90 days or fewer, and includes in its investment objectives the maintenance of a stable net asset value of $1.00 for each share; or (b) a no-load mutual fund that is registered with the SEC, has an average weighted maturity of less than two years, is invested exclusively in obligations permitted for investment under the Investment Policy, is continuously rated as to investment quality by at least one nationally-recognized investment rating firm of not less than "AAA" or its equivalent, and conforms to State law relating to the eligibility of investment pools to receive and invest funds of investing entities; (xi) bonds issued, assumed, or guaranteed by the State of Israel; (xii) certain securities lending programs; (xiii) an eligible investment pool that is specifically authorized by the Commission and invests solely in such obligations authorized under State law provided that the pool is rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally-recognized rating service, operates like a money market mutual fund, and meets other requirements; (xiv) certain guaranteed investment contracts in connection with investing bond proceeds if such investment contract is specifically authorized in the bond documents, has a defined termination date, is secured by certain obligations of the United States or its agencies and instrumentalities, is pledged to the Commission and deposited with the Commission or a third party and certain bidding and other procedures are met; and (xv) certain forward purchase agreements in connection with investing bond proceeds if the agreement is specifically authorized in the bond documents, has a defined termination date, the obligations delivered

under the agreement meet the restrictions set forth in the investment policy and certain bidding and other procedures are met.

The Commission may invest in a securities lending program if (i) the securities loaned under the program are 100% collateralized (including accrued income), a loan made under the program allows for termination at any time, and a loan made under the program is secured by either (a) obligations that are described in clauses (i) through (v) and (xi) of the second paragraph under this caption, (b) pledged irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally-recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (i) through (v) and (ix) through (xi) of the second paragraph under this caption; (ii) securities held as collateral under a loan are pledged to the Commission, held in the name of the Commission, and deposited at the time the investment is made with a third party designated by the Commission; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The Commission is specifically prohibited from investing in: (i) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (interest only bond); (ii) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (principal only bond); (iii) collateralized mortgage obligations that have a stated final maturity date of greater than ten years; (iv) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (inverse floaters); or (v) investments of any type that are denominated in a foreign currency. In addition, the Commission is not authorized to invest in the aggregate more than 15% of the monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in clause (x)(b) of the second paragraph under this caption, any portion of bond proceeds, reserves and other funds held for debt service, in mutual funds described in clause (x)(b) of the second paragraph under this caption, or invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in (x) of the second paragraph under this caption in an amount that exceeds ten percent of the total assets of the mutual fund. Further, reverse repurchase agreements must not have a term of more than 90 days, and the investment of reverse repurchase agreement funds must be in obligations with a term no greater than the term of the reverse purchase agreement.

Under State law, the Commission is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Commission funds, the maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All Commission funds must be invested consistent with a formally adopted "Investment Strategy" that specifically addresses each fund's investment. Each Investment Strategy will describe its objectives concerning: (i) suitability of the investment to the financial requirements of the Commission, (ii) preservation and safety of principal, (iii) liquidity, (iv) marketability of each investment if the need arises to liquidate prior to maturity, (v) diversification of the portfolio, and (vi) yield.

Under State law, the Commission's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly, the Commission's investment officers must submit an investment report to the Commission including: (i) the book value and market value for each investment at the beginning and end of the reporting period; (ii) if the funds are pooled and invested, a summary statement, prepared in accordance with generally accepted accounting principles, presenting the beginning market value of the pool portfolio, changes in market value during the reporting periods, the ending market value of the portfolio, and fully accrued interest for the reporting period; (iii) the maturity date of each investment, if applicable; (iv) a statement of intent if some or all securities are intended to be held to maturity; (v) any variations from the investment strategy of the Commission; (vi) recommended amendments to current specific investment strategies; and (vii) an analysis of current market conditions.

Under State law, the Commission is additionally required to: (i) annually review its adopted policies and strategies, (ii) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the

respective rule, order, ordinance or resolution, (iii) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the Commission to disclose the relationship and file a statement with the Texas Ethics Commission and the Commission; (iv) require the qualified representative of firms offering to engage in an investment transaction with the Commission to: (a) receive and review the Commission's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Commission and the business organization that are not authorized by the Commission's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Commission's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Commission and the business organization attesting to these requirements; (v) perform a biennial audit of the management controls on investments and adherence to the Commission's investment policy; (vi) provide specific investment training for the Commissioners, Chief Financial Officer, and investment officers; (vii) require local government investment pools to conform to the disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (viii) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Commission.

The Commission has entered into the Master Repurchase Agreement for the investment of approximately $115 million in the First Tier Debt Service Reserve Fund to establish a fixed rate of return for such amount. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *First Tier Debt Service Reserve Fund*" and "RISK FACTORS - Unpredictability of Investment Earnings."

LITIGATION

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Commission, threatened) that affects the obligation of the Commission to deliver the Bonds or the validity of the Bonds. There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Department threatened) against or affecting the State or any of its agencies or instrumentalities (nor to the best of the knowledge of the Department is there is any basis therefor) that (i) affects the existence of the Commission or the right of the present commissioners and officers of the Department to hold their offices, (ii) affects the validity or enforceability of the provisions pursuant to which the Bonds are being issued, (iii) would have a material adverse effect upon the power of the Commission to issue the Bonds or (iv) if decided adversely to the Commission, could have a material adverse effect on the financial condition of the System.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to approval of legality by the Attorney General of the State and of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel and Disclosure Counsel. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and represents only the Commission in connection with the issuance of the Bonds. Attached hereto as "APPENDIX F – FORMS OF OPINIONS OF BOND COUNSEL" are the forms of opinions that Bond Counsel will render in connection with the issuance of the Bonds. In its capacity as Bond Counsel, such firm has reviewed the information relating to the Bonds under the captions "INTRODUCTION," "PLAN OF FINANCE," "THE BONDS", "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS," "LEGAL MATTERS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for information under the subheading "Compliance with Prior Undertakings"), "LEGAL INVESTMENTS IN TEXAS," "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SIXTH SUPPLEMENTAL INDENTURE," and "APPENDIX F – FORMS OF OPINIONS OF BOND COUNSEL" and such firm is of the opinion that the information contained under such captions and in such appendices is a fair and accurate summary of the information purported to be shown therein and is correct as to matters of law. The payment of a portion of legal fees to Bond Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by Winstead PC, counsel to the Underwriters. The payment of legal fees to Underwriters' Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel to the Commission, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("*Existing Law*"), (i) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX F -- FORMS OF OPINIONS OF BOND COUNSEL."

In rendering its opinion, Bond Counsel will rely upon (i) certain information and representations of the Commission, including information and representations contained in the Commission's federal tax certificate, (ii) covenants of the Commission contained in the Bonds and other documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith and (c) the verification report prepared by Grant Thornton LLP. Failure by the Commission to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the Commission with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Commission with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds or the Refunded Bonds. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Commission as the taxpayer and the Owners may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "*Original Issue Discount Bonds*"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or,

in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

State, Local, and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

CONTINUING DISCLOSURE OF INFORMATION

In the Indenture the Commission has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Commission is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under such agreement, the Commission will be obligated to provide certain updated financial information and operating data to the Municipal Securities Rulemaking Board (the *"MSRB"*), and timely notice of specified events, to the MSRB.

Annual Reports

The Commission will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Commission and the System of the general type included in this Official Statement, under the headings "THE SYSTEM," "SYSTEM-RELATED FUNDING OBLIGATIONS OF COMMISSION" and "FUNDING OF COMMISSION OBLIGATIONS," and in "SCHEDULE II – DEBT SERVICE REQUIREMENTS" and "APPENDIX A-1 – AUDITED FINANCIAL STATEMENTS OF THE SYSTEM FOR THE FISCAL YEAR ENDED AUGUST 31, 2011" and "APPENDIX A-2 – UNAUDITED FINANCIAL STATEMENTS OF THE SYSTEM FOR THE FISCAL YEAR ENDED AUGUST 31, 2012." Included in the annual filing relating to the first full Fiscal Year of operation of the 2002 Project and for each Fiscal Year thereafter, the Commission will furnish (i) a table, based on the actual results for such Fiscal Year, setting forth for such Fiscal Year, but not including any projection for any future period, the information shown in the table titled "System Estimated Cash Flow and Debt Service Coverage Table" herein, (ii) a copy of the General Engineering Consultant's annual report relating to its inspection of the System and (iii) a copy of the Toll rate schedule then in effect.

The Commission will update and provide this information within six months after the end of each Fiscal Year. The Commission will provide the updated information to the MSRB in an electronic format as prescribed by the MSRB.

The Commission may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "*Rule*"). The updated information will include audited financial statements, if the Commission commissions an audit and it is complete by the required time. If audited financial statements are not available by the required time, the Commission will provide unaudited statements by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Commission may be required to employ from time to time pursuant to state law or regulation.

The Commission's current Fiscal Year end is August 31. Accordingly, it must provide updated information by February 28 in each year, unless the Commission changes its Fiscal Year. If the Commission changes its Fiscal Year, it will notify the MSRB of the change.

Notice of Certain Events

The Commission will provide notice to the MSRB of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The Commission will also provide notice to the MSRB of any of the following events with respect to the Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of the Commission (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Commission in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commission).

The Commission will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The Commission will also provide timely notice of any failure by the Commission to provide annual financial information in accordance with its agreement described above under "-- Annual Reports."

Availability of Information from the MSRB

The Commission has agreed to provide the foregoing information only to the MSRB. All documents provided by the Commission to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, and its telephone number is (703) 797-6600. To make such information available to the public free of charge, the MSRB has established the Electronic Municipal Market Access ("*EMMA*") system, which may be accessed over the internet at www.emma.msrb.org.

Should the Rule be amended to obligate the Commission to make filing with or provide notices to entities other than the MSRB, the Commission agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Limitations and Amendments

The Commission has agreed to update information and to provide notices of events only as described above. The Commission has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Commission makes no representation or warranty concerning such

information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Commission disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Commission to comply with its agreement.

The Commission may amend, supplement, or repeal its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Commission, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the agreement or (b) any person unaffiliated with the Commission (such as nationally-recognized bond counsel) determines that the amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The Commission may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the application provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the last five years, the Commission has not failed to comply in any material respect with any continuing disclosure agreement in accordance with the Rule, except as described in the following paragraph.

Due to an administrative oversight, no ratings downgrade notice was filed for the Series 2002-A Bonds resulting from S&P's downgrade of Ambac on November 19, 2008. Ten timely filings were made with respect to the rating on the Series 2002-A Bonds resulting from various downgrades of Ambac between January 2008 and April 2010 including the subsequent downgrade of Ambac on June 24, 2009.

LEGAL INVESTMENTS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, the Bonds may have to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. The Bonds do not currently meet the Public Funds Investment Act rating requirement. See "RATINGS." In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of $1,000,000 or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Commission has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

The Commission makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The Commission has made no investigation of other laws, regulations, or investment criteria that might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

RATINGS

The Bonds have received ratings of "BBB+" from Fitch, "Baa1" from Moody's, and "A-" from S&P. An explanation of the significance of each such rating may be obtained from the company furnishing the rating. The ratings reflect only the views of such companies at the time such ratings are given, and the Commission makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any

given period of time or that they will not be revised downward or withdrawn entirely by such companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Estrada Hinojosa & Company, Inc. is serving as the Financial Advisor to the Commission (the "*Financial Advisor*") in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is not contingent upon the issuance and delivery of the Bonds. The Financial Advisor has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

UNDERWRITERS

J.P. Morgan, as representative of the Underwriters, has agreed, on behalf of the Underwriters, subject to certain conditions, to purchase the Series 2012-A Bonds from the Commission. The purchase price of the Series 2012-A Bonds is $633,609,089.66 (which represents the par amount of the Series 2012-A Bonds, plus an original issue premium of $51,417,310.65 and less an underwriting discount of $3,138,220.99). The Underwriters will be obligated to purchase all of the Series 2012-A Bonds if any Series 2012-A Bonds are purchased. The Series 2012-A Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Series 2012-A Bonds into investment trusts) at prices lower than the public offering prices of the Series 2012-A Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

J.P. Morgan, as representative of the Underwriters, has agreed, on behalf of the Underwriters, subject to certain conditions, to purchase the Series 2012-B Bonds from the Commission. The purchase price of the Series 2012-B Bonds is $224,356,172.42 (which represents the par amount of the Series 2012-B Bonds less an underwriting discount of $643,827.58). The Underwriters will be obligated to purchase all of the Series 2012-B Bonds if any Series 2012-B Bonds are purchased.

Citigroup Global Markets Inc. and its parent company, Citigroup, Inc., have entered into a distribution agreement dated May 31, 2009, as amended, with Morgan Stanley Smith Barney LLC ("*MSSB*") and its parent company, Morgan Stanley Smith Barney Holdings LLC, whereby Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of MSSB. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate MSSB for its selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC ("*JPMS*"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("*UBSFS*") and Charles Schwab & Co., Inc. ("*CS&Co.*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase the Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Piper Jaffray & Co. ("*Piper*") and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "*Agreement*") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper, including the Bonds. Under the Agreement, Piper will share with Pershing LLC a portion of the fee or commission paid to Piper.

On April 2, 2012, Raymond James Financial, Inc. ("*RJF*"), the parent company of Raymond James & Associates, Inc. ("*Raymond James*"), acquired all of the stock of Morgan Keegan & Company, Inc. ("*Morgan Keegan*") from Regions Financial Corporation. Morgan Keegan and Raymond James are each registered broker-dealers. Both Morgan Keegan and Raymond James are wholly owned subsidiaries of RJF and, as such, are affiliated broker-dealer companies under the common control of RJF, utilizing "Raymond James | Morgan Keegan" as their trade name. It is anticipated that the businesses of Raymond James and Morgan Keegan will be combined. Morgan Keegan has entered into a distribution arrangement with Raymond James for the distribution of the Bonds at the original issue prices. Such arrangement generally provides that Morgan Keegan will share a portion of its underwriting compensation or selling concession with Raymond James.

VERIFICATION OF MATHEMATICAL ACCURACY

Grant Thornton LLP (the "*Verification Agent*") will verify from the information provided to them by the Financial Advisor, the mathematical accuracy as of the date of the closing on the Bonds of (i) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the Financial Advisor's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest, and call premium payment requirements, if any, of the Refunded Bonds and (ii) the computations of yield on both the securities and the Bonds contained in the schedules used by Bond Counsel in its determination that the interest on the Bonds is exempt from federal income tax. The Verification Agent will express no opinion on the assumptions provided to them, or as to the exemption from federal taxation of the interest on the Bonds.

OTHER MATTERS

The financial data and other information contained herein have been obtained from the Commission's records, financial statements, and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All summaries of documents do not purport to be complete statements of such documents and reference is made to such documents for further information. Reference is made to original documents in all respects. Copies may be obtained from the Commission.

TEXAS TRANSPORTATION COMMISSION

By: _____
Chief Financial Officer
Texas Department of Transportation

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SCHEDULE I

REFUNDED BONDS

SCHEDULE OF REFUNDED BONDS

Refunded Bonds to be redeemed with proceeds of Series 2012-A Bonds:

Texas Turnpike Authority
Central Texas Turnpike System
First Tier Revenue Bonds, Series 2002-A

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	CUSIP No.*
SERIAL	08/15/2038	5.750%	$134,600,000.00	12/31/2012	100.000	882762AV9
SERIAL	08/15/2039	5.500%	$146,525,000.00	12/31/2012	100.000	882762AW7
SERIAL	08/15/2042	5.250%	$ 10,385,000.00	12/31/2012	100.000	882762AY3
TERM	08/15/2040	5.000%	$158,755,000.00	12/31/2012	100.000	882762AX5
TERM	08/15/2041	5.000%	$170,850,000.00	12/31/2012	100.000	882762AX5
TERM	08/15/2042	5.000%	$ 13,320,000.00	12/31/2012	100.000	882762AX5

Refunded Bonds to be redeemed with proceeds of Series 2012-B Bonds:

Texas Turnpike Authority
Central Texas Turnpike System
First Tier Revenue Bonds, Series 2002-A

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	CUSIP No.*
TERM	08/15/2042	5.000%	$73,440,000.00	12/31/2012	100.000	882762AX5

Texas Transportation Commission
Central Texas Turnpike System
First Tier Revenue Refunding Put Bonds, Series 2009

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	CUSIP No.*
MULTI	08/15/2042	5.000%	$149,275,000.00	02/15/2013	100.000	88283KAA6

* The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The Commission and the Trustee shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein or as printed on any Bond.

SCHEDULE II

DEBT SERVICE REQUIREMENTS

Fiscal Year	First Tier Obligations: Series 2002-A Bonds[1]	First Tier Obligations: The Bonds: Series 2012-A	First Tier Obligations: The Bonds: Series 2012-B[2]	Total First Tier Obligations	Second Tier Obligations[3]	TIFIA Bond[4]	Total Debt Service Requirements
2013	$ 7,710	$ 20,091	$ 2,016	$ 29,817	$ -	$ 33,698	$ 63,515
2014	10,155	28,034	2,813	41,002	-	35,023	76,024
2015	12,605	28,034	7,031	47,670	-	36,443	84,114
2016	25,805	28,034	11,250	65,089	-	43,188	108,277
2017	29,655	28,034	11,250	68,939	-	45,478	114,417
2018	33,500	28,034	11,250	72,784	-	47,969	120,754
2019	37,350	28,034	11,250	76,634	-	50,259	126,894
2020	41,200	28,034	11,250	80,484	-	52,760	133,244
2021	47,265	28,034	11,250	86,549	-	56,463	143,013
2022	53,050	28,034	11,250	92,334	-	59,550	151,884
2023	58,840	28,034	11,250	98,124	-	62,610	160,734
2024	64,625	28,034	11,250	103,909	-	65,622	169,531
2025	70,410	28,034	11,250	109,694	-	68,683	178,377
2026	91,710	28,034	11,250	130,994	-	80,096	211,090
2027	96,860	28,034	11,250	136,144	-	83,663	219,807
2028	101,975	28,034	11,250	141,259	-	87,267	228,526
2029	107,040	28,034	11,250	146,324	-	90,886	237,211
2030	112,025	28,034	11,250	151,309	-	94,511	245,820
2031	116,925	28,034	11,250	156,209	-	98,122	254,331
2032	121,705	28,034	11,250	160,989	-	101,708	262,697
2033	126,350	28,034	11,250	165,634	-	105,252	270,886
2034	130,835	28,034	11,250	170,119	-	108,757	278,876
2035	135,345	28,034	11,250	174,629	-	112,308	286,937
2036	146,740	28,034	11,250	186,024	-	125,256	311,280
2037	161,655	28,034	11,250	200,939	-	128,783	329,722
2038	31,250	151,269	11,250	193,769	-	132,317	326,087
2039	-	182,520	11,250	193,770	-	168,226	361,995
2040	-	182,519	11,250	193,769	-	171,824	365,593
2041	-	142,060	51,710	193,770	-	175,442	369,211
2042	-	-	193,767	193,767	-	229,950	423,717
Total	$ 1,972,585	$ 1,351,278	$ 538,586	$ 3,862,450	$ -	$2,752,115	$ 6,614,565

[1] Excludes Refunded Bonds.

[2] For estimation purposes, debt service associated with the Series 2012-B Bonds after the end of the Multiannual Period assumes a constant 5% interest rate, with principal of the Series 2012-B Bonds to be paid at maturity.

[3] No Second Tier Obligations are currently outstanding under the Master Indenture.

[4] The TIFIA Bond is in the aggregate principal amount of $900,000,000 and is a Subordinate Lien Obligation.

SCHEDULE III

UNAMORTIZED PREMIUM REDEMPTION PRICE OF SERIES 2012-A BONDS*

UNAMORTIZED PREMIUM REDEMPTION PRICE OF SERIES 2012-A BONDS*

Maturity	8/15/2041
Call Date	8/15/2022
Coupon	5.00%
Orig. Issue Yield	3.63%

Redemption Date	Redemption Price
11/27/2012	111.127
2/15/2013	110.925
8/15/2013	110.438
2/15/2014	109.943
8/15/2014	109.438
2/15/2015	108.924
8/15/2015	108.401
2/15/2016	107.869
8/15/2016	107.327
2/15/2017	106.775
8/15/2017	106.213
2/15/2018	105.640
8/15/2018	105.058
2/15/2019	104.465
8/15/2019	103.861
2/15/2020	103.246
8/15/2020	102.620
2/15/2021	101.982
8/15/2021	101.333
2/15/2022	100.672
8/15/2022	100.000

*Such "Unamortized Premium Redemption Price" will be calculated as the principal amount of the Series 2012-A Bonds to be redeemed pursuant to special redemption multiplied by the price of such Series 2012-A Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, the maturity date of such Series 2012-A Bonds, taking into account any optional redemption, and a yield equal to such Series 2012-A Bonds original reoffering yield as set forth in the Official Statement.

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APPENDIX A-1

AUDITED FINANCIAL STATEMENTS OF THE SYSTEM FOR THE FISCAL YEAR ENDED AUGUST 31, 2011

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TEXAS DEPARTMENT OF TRANSPORTATION

Central Texas Turnpike System

(An Enterprise Fund of the Texas Department of Transportation)

Financial Statements - For Fiscal Year Ended August 31, 2011

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CENTRAL TEXAS TURNPIKE SYSTEM

An Enterprise Fund of the Texas Department of Transportation

FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2011

Prepared by:
Finance Division of the Texas Department of Transportation

CENTRAL TEXAS TURNPIKE SYSTEM

Financial Statements
For the Fiscal Year Ended August 31, 2011

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Central Texas Turnpike System
INTRODUCTORY SECTION

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Texas Department of Transportation
DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

December 29, 2011

TO: The Citizens of the State of Texas and the Creditors of the Central Texas Turnpike Project

The audited annual financial statements of the Central Texas Turnpike System (CTTS) for the year ended Aug. 31, 2011, are submitted herewith. The Indenture of Trust, dated July 15, 2002, as supplemented by the first through fifth Supplemental Indentures (Indenture), requires the preparation and submission of audited annual financial statements. This report was prepared by the Accounting Management staff in the Finance Division of the Texas Department of Transportation (TxDOT).

In fiscal 2011, the presentation of net assets was reassessed. These changes have no effect on Assets, Liabilities or total Net Assets. For purposes of comparison and analysis, all prior periods presented in the accompanying financial statements and in the management's discussion and analysis have been updated to reflect the correct net asset allocation of CTTS. See Notes 1 and 11 for additional information.

Management is responsible for the accuracy of the data in this report as well as for the completeness and fairness of the presentation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the financial statements. To the best of my knowledge and belief, the financial statements are accurate in all material respects, are reported in a manner that presents fairly the financial position and results of operations of CTTS and provide disclosures that enable the reader to understand CTTS' financial condition.

The Texas State Auditor's Office performed an independent audit, in accordance with generally accepted auditing standards, of CTTS' basic financial statements for the year ended Aug. 31, 2011. The audit opinion is presented in this report preceding the financial statements.

Profile of the Government

This report includes financial statements for CTTS. CTTS is part of TxDOT's reporting entity. TxDOT is an agency of the state of Texas created to provide safe, effective and efficient movement of people and goods. TxDOT is managed by an Executive Director and is governed by the five-member Texas Transportation Commission (Commission). TxDOT is organized into 25 districts, 29 divisions and offices, four regional offices and currently has an annual budget of approximately $9 billion and a staff of approximately 12,000, which manages approximately $3.5 billion in annual highway contract lettings.

THE TEXAS PLAN
REDUCE CONGESTION • ENHANCE SAFETY • EXPAND ECONOMIC OPPORTUNITY • IMPROVE AIR QUALITY
PRESERVE THE VALUE OF TRANSPORTATION ASSETS

An Equal Opportunity Employer

The Legislature granted the Commission the authority to study, plan, design, construct, finance, operate and maintain turnpikes in all 254 counties of the state as a part of the state's highway system. The Commission can issue turnpike revenue bonds to pay all or a part of the cost of a turnpike project, to enter into comprehensive development agreements to execute projects and to acquire right-of-way through quick-take procedures. Such revenue bonds were issued to fund a portion of the costs of constructing the CTTS roadways.

Accounting System and Budgetary Controls

TxDOT's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

Information Useful in Assessing CTTS' Financial Condition

The Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of CTTS. We encourage readers to consider the information in this letter of transmittal in conjunction with the MD&A.

The following are the active sub-accounts of CTTS, established in accordance with the Indenture:

- Revenue Fund – this account receives toll revenues, totaling $74.9 million for fiscal 2011, sends debt service payments to the debt service fund, funds the rate stabilization fund and pays operating and maintenance expenses of CTTS. The revenue fund funded $6.9 million of fiscal 2011 operating expenses.

- Debt Service Fund – the semi-annual debt service payments are paid out of this account.

- Rate Stabilization Fund – this account may be used to cure deficiencies for debt service payments or to supplement payments for operating and maintenance costs. In accordance with the Indenture, the required balance for this fund is $67.8 million, the accumulated total revenue of CTTS through Aug. 31, 2008.

- Construction Fund, Capital Contribution Account – this account received capital contributions from local governments related to rights-of-way and received equity contributions by TxDOT.

- Debt Service Reserve Fund – this account received a portion of the original bond proceeds. Investments are held to pay interest, principal and mandatory sinking fund redemption whenever there is a deficiency in the First Tier Debt Service Fund.

TxDOT and the Trustee are responsible for ensuring that funds maintain the proper minimum balances as set forth in the Indenture and for investing in securities required to meet liquidity requirements. The criteria for suitable investments for each fund type are detailed in the Commission's investment strategy.

All monies in the revenue fund, debt service fund, rate stabilization fund and construction fund are invested in money market funds that are in compliance with the Commission's investment policy.

The debt service reserve fund is invested in a forward purchase agreement consisting of U.S. Treasury and Agency securities and a repurchase agreement collateralized by U.S. Treasury and Agency Securities.

For more detailed information on investments, please see the latest Texas Transportation Commission Quarterly Investment Report and Investment Policy. Requests for a copy of the Investment Policy should be addressed to the following:

Texas Department of Transportation
Finance Division
125 East 11th Street
Austin, Texas, 78701-2483

Risk Financing & Management

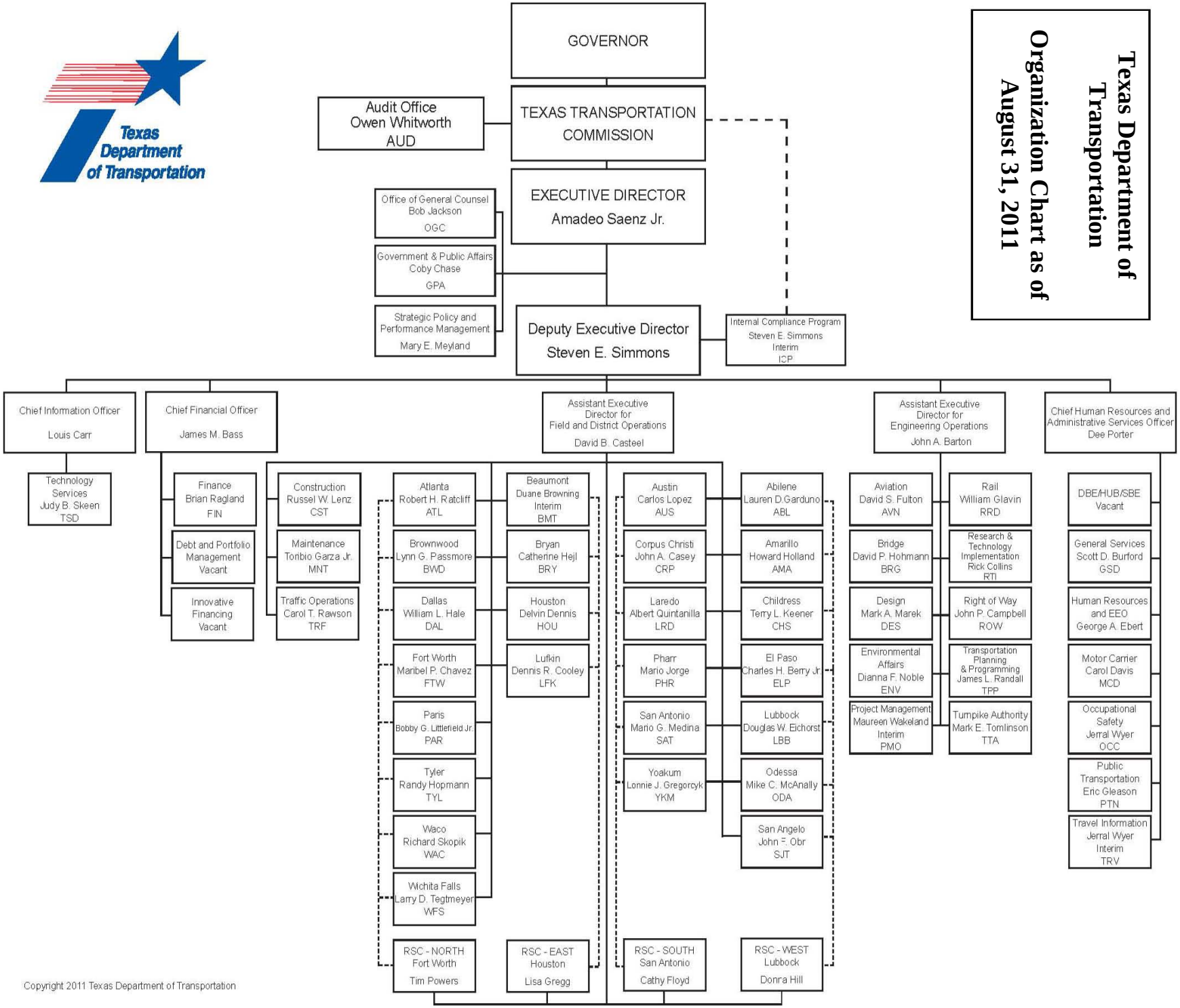
CTTS does not provide financing for any of the risks TxDOT is subject to in the course of its operations. TxDOT provides all accounting, debt financing and administrative services. Salaries and wages of TxDOT employees who are specifically dedicated to managing the operations of CTTS are reported as expenses in this report.

Acknowledgements

Production of this report would not have been possible without the efficient and dedicated staff of TxDOT. We extend special appreciation to the Accounting Management, Debt & Portfolio Management and the rest of the Finance Division for their professionalism and devotion in preparing this complex financial document.

Phil Wilson
Executive Director

Texas Department of Transportation
Organization Chart as of August 31, 2011



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Commission and Key Personnel
As of August 31, 2011

TEXAS TRANSPORTATION COMMISSION

DEIRDRE DELISI.....Chair
Austin

NED S. HOLMES.....Commissioner
Houston

TED HOUGHTON .....Commissioner
El Paso

WILLIAM MEADOWS .....Commissioner
Fort Worth

FRED UNDERWOOD .....Commissioner
Lubbock

TEXAS DEPARTMENT OF TRANSPORTATION

AMADEO SAENZ, Jr., P.E. ……..Executive Director
JAMES M. BASS ……Chief Financial Officer

Texas Turnpike Authority Division

MARK E. TOMLINSON, P.E. ……Director

Austin District

CARLOS A. LOPEZ, P.E. ……District Engineer
GREGORY A. MALATEK, P.E ……..Deputy District Engineer
TIMOTHY J. WEIGHT, P.E. ……Director of Construction

Finance Division

BRIAN RAGLAND, CPA ……...Director

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Central Texas Turnpike System
FINANCIAL SECTION

State Auditor's Office
John Keel, CPA
State Auditor

INDEPENDENT AUDITOR'S REPORT

Members of the Texas Transportation Commission
Mr. Ted Houghton, Chair
Mr. Jeff Austin, III
Mr. Ned S. Holmes
Mr. William Meadows
Mr. Fred Underwood

We have audited the accompanying financial statements of the Central Texas Turnpike System (System) as of and for the year ended August 31, 2011, which collectively comprise the System's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Department of Transportation's (Department) management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the System's fiscal year 2010 financial statements and, in our report dated December 14, 2010, we expressed an unqualified opinion on those financial statements.

As described in Notes 1 and 11, the System corrected a mistake in the application of an accounting principle when reporting its net assets in fiscal year 2011, which resulted in a restatement in the allocation of net assets among the net asset categories reported for fiscal year 2010. These changes have no effect on Assets, Liabilities, Changes in Financial Position, or Cash Flows. The opinions issued on the basic financial statements for the years ended August 31, 2007 through 2010, may be relied upon with the exception of the classification of net assets. This December 29, 2011, opinion applies to the net assets as restated in Note 11 for the years ended August 31, 2007 through 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the System, an enterprise fund of the Department and the State of Texas and do not purport to, and do not, present fairly the financial position of the Department or the State of Texas as of August 31, 2011, the changes in the Department's or the State's financial position, or, where applicable, the Department's or the State's cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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SAO No. 12-308

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System as of August 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and Modified Approach to Reporting Infrastructure Assets, as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The Introductory Section, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2011, on our consideration of the Department's internal control over System financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

John Keel, CPA
State Auditor

December 29, 2011

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Management's Discussion and Analysis

As management of the Texas Department of Transportation (TxDOT) we offer readers of the Central Texas Turnpike System's (CTTS) financial statements this narrative overview and analysis of its financial activities for the years ended Aug. 31, 2011, 2010 and 2009. The information presented should be read in conjunction with our letter of transmittal, the financial statements and the accompanying notes to the financial statements.

Highlights

As discussed more fully in Note 1 and Note 11, certain reporting changes and corrections of prior period errors required the restatement of prior period balances. The major impact of these restatements is in the allocation of net assets. Total net assets for the prior period did not change, but the allocation of net assets between the categories as established in Generally Accepted Accounting Principles was materially impacted. For purposes of comparison and analysis, all prior periods presented in the accompanying financial statements and in this management's discussion and analysis have been updated to reflect the correct net asset allocation of CTTS.

The assets of CTTS exceeded its liabilities by approximately $495.1 million as of Aug. 31, 2011, a decrease of $82 million or 14.2 percent from fiscal 2010. The majority of this decrease is attributable to the recording of interest accretion on the Series 2002-A capital appreciation bonds and the Transportation Innovation Financing Infrastructure Act (TIFIA) note payable. CTTS continues to maintain a fully funded debt service reserve account, which is available for purposes authorized by the Indenture. As of Aug. 31, 2011, the debt service reserve account held $136.7 million of investments at fair value.

During fiscal 2011, CTTS generated more than $68.8 million in toll revenues, an increase of $2.7 million or 4 percent over fiscal 2010. Toll revenues increased due to a 6 percent increase in total toll transactions, with more than 83 million transactions recorded on CTTS roadways in fiscal 2011.

Approximately $46.1 million or 66.3 percent of CTTS operating expenses for fiscal 2011 were funded by the state highway fund. This support is recorded as transfers on the accompanying financial statements.

Overview of the Financial Statements

The annual financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements with the notes to the financial statements and supplementary information.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. TxDOT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activities related to CTTS are accounted for in an enterprise fund. Proprietary funds are used to account for a government's business-type activities. Enterprise funds, a type of proprietary fund, are used to report activities in which a fee is charged to external users for goods and services.

Financial Analysis

The overall financial position and operations of CTTS for the past three years is summarized on the following pages.

Condensed Statement of Net Assets
August 31, 2011, 2010 and 2009

	Business-Type Activities		
	2011	**2010**	**2009**
ASSETS			
Assets Other Than Capital Assets	$477,995,609	$496,487,555	$527,963,437
Capital Assets	2,632,423,987	2,649,686,423	2,648,884,550
Total Assets	3,110,419,596	3,146,173,978	3,176,847,987
LIABILITIES			
Current Liabilities	8,428,865	24,438,959	64,487,850
Non-current Liabilities	2,606,895,989	2,544,514,843	2,471,290,513
Total Liabilities	2,615,324,854	2,568,953,802	2,535,778,363
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	524,979,321	542,015,763	540,842,929
Restricted for Debt Service	37,245,671	34,287,075	30,538,448
Unrestricted	(67,130,250)	917,338	69,688,247
Total Net Assets	$495,094,742	$577,220,176	$641,069,624

Condensed Changes in Net Assets
For the Fiscal Years Ended August 31, 2011, 2010 and 2009

	2011	**2010**	**2009**
REVENUES			
Total Operating Revenues	$74,864,328	$73,298,997	$66,362,310
Total Non-operating Revenues	6,889,042	6,719,250	10,403,929
Total Revenues	81,753,370	80,018,247	76,766,239
EXPENSES			
Total Operating Expenses	(69,450,736)	(67,610,051)	(68,028,784)
Total Non-operating Expenses	(140,429,789)	(139,547,782)	(152,852,876)
Total Expenses	(209,880,525)	(207,157,833)	(220,881,660)
Loss Before Contributions and Transfers	(128,127,155)	(127,139,586)	(144,115,421)
Capital Contributions	29,968	28,499,969	8,433,132
Transfers	46,056,513	34,790,169	19,317,015
Change in Net Assets	(82,040,674)	(63,849,448)	(116,365,274)
Net Assets – Beginning, as Restated	577,135,416	641,069,624	757,434,898
Net Assets – Ending	$495,094,742	$577,220,176	$641,069,624

Net assets may serve over time as a useful indicator of CTTS' financial position. Net assets continue to decline as additional noncurrent liabilities are accrued via principal accretion on outstanding CTTS debt. Ending investment asset balances for fiscal 2011 decreased by approximately $18.8 million. These funds were used to fund CTTS operations and pay debt service costs. Construction is complete on the three roadways that currently comprise CTTS. Additional capital asset activity is projected to be minor, with activity limited to the final settlement of right-of-way cases.

Transfers from the state highway fund for operations and maintenance expenses totaled approximately $46.1 million, net of a $6.9 million reimbursement from toll revenues. The methodology the Commission has adopted to determine the reimbursement to the state highway fund is dependent upon debt service requirements. In fiscal 2011 debt service increased by approximately $11 million from fiscal 2010; this amount directly corresponds to the decrease in the amount of reimbursement to the state highway fund in fiscal 2011. Capital contributions continue to decline as CTTS is no longer receiving funds from local entities to purchase right-of-way land. See Note 8 for more information.

Capital Assets and Debt Administration

Capital Assets

As of Aug. 31, 2011, CTTS had $2.6 billion in net capital assets. No significant changes were recorded to capital assets during fiscal 2011.

Capital Assets - Net of Depreciation and Amortization
August 31, 2011, 2010 and 2009

	2011	2010	2009
Land	$ 631,489,854	$ 631,440,065	$ 638,428,380
Infrastructure - Roadways	1,629,343,549	1,629,428,387	1,621,297,833
Infrastructure - Bridges	348,656,349	365,561,314	382,066,666
Land Use Rights	16,525,986	16,525,986	
Buildings and Building Improvements	6,408,249	6,730,671	7,091,671
Total Capital Assets	$2,632,423,987	$2,649,686,423	$2,648,884,550

TxDOT adopted the modified approach for reporting the CTTS roadways. As required by the modified approach, TxDOT conducts condition assessments on the CTTS roadways through the Texas Maintenance Assessment Program (TxMAP). TxMAP is conducted on a yearly basis and results in an overall condition level for CTTS. In conjunction with TxMAP, the Texas Transportation Commission adopted a minimum acceptable condition level of 80 percent for CTTS. The condition assessment results for fiscal 2011 reflect a condition level of 89.9 percent.

For fiscal 2011, the estimated maintenance expenditures for the CTTS roadways were $11.6 million compared with actual expenditures of $11.4 million. Additional information is presented in the financial section's required supplementary information other than MD&A.

Debt Administration

The Texas Transportation Commission (Commission) has issued revenue bonds backed by the pledged revenues and restricted assets specified in the bond resolutions. As of Aug. 31, 2011, CTTS had approximately $1.6 billion of outstanding revenue bond debt. In addition, CTTS had approximately $1 billion of outstanding debt under the TIFIA secured loan program.

A special mandatory redemption of $2.525 million of Series 2002-B bonds was executed on Feb. 19, 2009. The remaining $147.475 million of the Series 2002-B bonds were refunded with proceeds from the issuance of the First Tier Revenue Refunding Put Bonds, Series 2009, issued March 5, 2009. The Series 2009 put bonds were initially issued in a multiannual mode which terminated on the mandatory tender date of Feb. 15, 2011. The Commission successfully remarketed the bonds into another multiannual mode of 24 months at a 2.75 percent interest rate. The bonds are subject to mandatory tender on Feb. 15, 2013, and are planned to be remarketed again at that time. See Note 4 for more details on CTTS' long-term liabilities activity.

Outstanding Debt Obligations
August 31, 2011, 2010 and 2009

	2011	2010	2009
Revenue Bonds Payable	$ 1,578,429,936	$ 1,537,924,340	$ 1,499,620,484
TIFIA Secured Loan Payable	1,032,548,891	1,007,012,665	972,092,191
Total Outstanding Debt	$ 2,610,978,827	$ 2,544,937,005	$ 2,471,712,675

Bond Credit Ratings

The Series 2002-A and Series 2009 bonds were rated by each of the three major Nationally Recognized Statistical Rating Organizations. As of Aug. 31, 2011, the CTTS bonds carried a long term rating of BBB+, Baa1, and BBB+ by Fitch Ratings, Moody's, and Standard and Poor's (S & P), respectively. An explanation of the significance of each rating may be obtained from the company furnishing the rating. The ratings reflect only the views of such companies at the time such ratings are given, and the Commission makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such companies if, in the judgment of such companies, circumstances so warrant.

Requests for Information

This financial report is designed to provide a general overview of CTTS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the TxDOT Finance Division at the following address:

Texas Department of Transportation
Finance Division - Accounting Management
125 East 11th Street
Austin, Texas 78701-2483

BASIC FINANCIAL STATEMENTS

EXHIBIT I

CENTRAL TEXAS TURNPIKE SYSTEM

STATEMENT OF NET ASSETS

August 31, 2011 (With Comparative Totals for August 31, 2010)

	August 31, 2011	August 31, 2010 (As Restated)
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	$	$
Money Market and Similar Funds	299,596,638	318,382,715
Short-Term Investments (Note 3)	15,039,811	15,029,000
Interest and Dividends Receivable	319,497	300,323
Accounts Receivable	4,408,314	4,386,215
Due from Other Funds	662,787	1,842
Receivables from Local Governments (Note 12)	2,823,210	3,673,594
Prepaid Items	11,994	
Consumable Inventory	365,604	
Total Current Assets	323,227,855	341,773,689
Non-Current Assets:		
Restricted Cash and Cash Equivalents in State Treasury (Note 3)	20,000	32,762
Restricted Investments (Note 3)	114,999,378	114,999,378
Deferred Charges	39,097,993	39,681,726
Receivables from Local Governments (Note 12)	650,383	
Non-Depreciable Capital Assets (Note 2):		
Land	631,489,854	631,440,065
Infrastructure – Roadways	1,629,343,549	1,629,428,387
Land Use Rights	16,525,986	16,525,986
Depreciable Capital Assets (Note 2):		
Buildings	8,360,006	8,360,006
Less Accumulated Depreciation	(1,951,757)	(1,629,335)
Infrastructure - Bridges	422,810,212	422,810,212
Less Accumulated Depreciation	(74,153,863)	(57,248,898)
Total Non-Current Assets	2,787,191,741	2,804,400,289
TOTAL ASSETS	3,110,419,596	3,146,173,978
LIABILITIES		
Current Liabilities:		
Accounts Payable	5,476	20,098,229
Revenue Bonds Payable (Note 4)	4,082,838	422,162
Interest Payable	3,550,810	3,658,083
Unearned Revenues	789,741	260,485
Total Current Liabilities	8,428,865	24,438,959
Non-Current Liabilities:		
Revenue Bonds Payable (Note 4)	1,574,347,098	1,537,502,178
Notes/Loans Payable (Note 4)	1,032,548,891	1,007,012,665
Total Non-Current Liabilities	2,606,895,989	2,544,514,843
TOTAL LIABILITIES	2,615,324,854	2,568,953,802
NET ASSETS*		
Invested in Capital Assets, Net of Related Debt	524,979,321	542,015,763
Restricted for Debt Service	37,245,671	34,287,075
Unrestricted	(67,130,250)	917,338
TOTAL NET ASSETS	$ 495,094,742	$ 577,220,176

* The classification of net assets was changed in fiscal 2011. See Note 1 for more details.
The accompanying notes to the financial statements are an integral part of this financial statement.

EXHIBIT II
CENTRAL TEXAS TURNPIKE SYSTEM

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended August 31, 2011 (With Comparative Totals for August 31, 2010)

	For the year ended August 31, 2011	For the year ended August 31, 2010 (As Restated)
OPERATING REVENUES		
Toll Revenue	$ 68,802,457	$ 66,136,108
Fee Revenue	6,061,871	7,162,889
Total Operating Revenues	74,864,328	73,298,997
OPERATING EXPENSES		
Professional Fees and Services	(10,106,722)	(9,173,343)
Salaries	(1,126,714)	(868,358)
Materials and Supplies	(2,619,983)	(3,782,132)
Communication and Utilities	(1,143,962)	(1,255,124)
Repairs and Maintenance	(15,864,460)	(12,724,599)
Printing and Reproduction	(4,333)	(16,064)
Contracted Services	(17,934,972)	(19,676,194)
Advertising	(334,766)	(183,042)
Depreciation Expense	(17,227,387)	(17,750,167)
Prompt Payment Interest	(339)	(533)
Other Operating Expenses	(3,087,098)	(2,180,495)
Total Operating Expenses	(69,450,736)	(67,610,051)
Operating Income	5,413,592	5,688,946
NON-OPERATING REVENUES (EXPENSES)		
Lease Revenue	12,864	12,864
Interest and Investment Income	6,835,406	6,602,295
Net Increase in Fair Value of Investments	40,772	29,833
Interest and Amortization	(74,782,128)	(66,745,615)
Accretion on Capital Appreciation Bonds and TIFIA Note	(65,619,661)	(72,802,167)
Other Financing Fees	(28,000)	74,180
Other Non-Operating Revenues		78
Total Non-Operating Revenues (Expenses)	(133,540,747)	(132,828,532)
Loss before Capital Contributions and Transfers	(128,127,155)	(127,139,586)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Contributions (Note 8)	29,968	28,499,969
Transfers (Note 8)	46,056,513	34,790,169
Total Capital Contributions and Transfers	46,086,481	63,290,138
Change in Net Assets	(82,040,674)	(63,849,448)
Total Net Assets – Beginning	577,220,176	641,069,624
Restatements (Note 11)	(84,760)	
Total Net Assets – Beginning, As Restated	577,135,416	641,069,624
Total Net Assets – Ending	$ 495,094,742	$ 577,220,176

The accompanying notes to the financial statements are an integral part of this financial statement.

EXHIBIT III

CENTRAL TEXAS TURNPIKE SYSTEM

STATEMENT OF CASH FLOWS

For the year ended August 31, 2011 (With Comparative Totals for August 31, 2010)

	For the year ended August 31, 2011	For the year ended August 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 76,520,426	$ 75,331,264
Payments to Suppliers for Goods and Services	(51,607,214)	(44,222,829)
Payments to Employees	(1,126,714)	(868,358)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,786,498	30,240,077
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Transfers from Other Funds *	46,056,512	
Payments to Local Governments	(20,045,740)	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	26,010,772	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Lease Revenue	12,864	12,864
Proceeds from Capital Contributions	200,779	27,762,446
Payments for Interest on Debt	(74,707,707)	(62,678,437)
Payments for Additions to Land and Roadways	(66,757)	(19,222,932)
Payments of Remarketing Fees and Other Costs	(883,140)	(5,320)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(75,443,961)	(54,131,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	119,995,816	59,997,479
Proceeds from Interest and Investment Income, Net of Fees	6,847,724	7,030,659
Payments to Acquire Investments	(119,995,688)	(59,997,542)
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,847,852	7,030,596
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,798,839)	(16,860,706)
CASH AND CASH EQUIVALENTS - BEGINNING	318,415,477	351,422,672
Restatement to Beginning Cash and Cash Equivalents		(16,146,489)
CASH AND CASH EQUIVALENTS – BEGINNING, as RESTATED	318,415,477	335,276,183
CASH AND CASH EQUIVALENTS – ENDING	$ 299,616,638	$ 318,415,477

* Previously reported as non-cash contributions, see Note 1.

The accompanying notes to the financial statements are an integral part of this financial statement.

EXHIBIT III

CENTRAL TEXAS TURNPIKE SYSTEM

STATEMENT OF CASH FLOWS (Concluded)

For the year ended August 31, 2011 (With Comparative Totals for August 31, 2010)

	For the year ended August 31, 2011	For the year ended August 31, 2010
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 5,413,592	$ 5,688,946
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	17,227,387	17,750,167
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable	1,523,117	2,032,265
(Increase) in Inventories	(377,598)	
Increase in Accounts Payable		4,768,699
Total Adjustments	18,372,906	24,551,131
Net Cash Provided by Operating Activities	$ 23,786,498	$ 30,240,077
NONCASH TRANSACTIONS:		
Net Change in Fair Market Value of Investments	40,772	29,833
	$ 40,772	$ 29,833
Reconciliation of Cash and Cash Equivalents		
Money Market and Similar Funds	$ 299,596,638	$ 318,382,715
Restricted Cash and Cash Equivalents in State Treasury	20,000	32,762
Cash and Cash Equivalents	$ 299,616,638	$ 318,415,477

The accompanying notes to the financial statements are an integral part of this financial statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements reflect the financial position of the Central Texas Turnpike System (CTTS). CTTS is an enterprise fund of the Texas Department of Transportation (TxDOT), an agency of the state of Texas. Also, the Texas Transportation Commission (Commission), the governing body of TxDOT, has the authority to commit CTTS to various legal agreements.

CTTS does not have any employees, although labor costs are included in the cost of constructing, operating and maintaining CTTS. When TxDOT staff performs work on behalf of CTTS, the proportionate cost of that labor is reported as an expense of CTTS. TxDOT's risk financing and insurance programs apply to CTTS.

CTTS currently consists of the 2002 Project. The 2002 Project includes three distinct elements: State Highway 130, State Highway 45 North and Loop 1. The Commission issued revenue bonds to finance a portion of the costs of planning, designing, engineering, developing and constructing the 2002 Project. In the future, at the Commission's discretion, additional projects may be added to CTTS with separate financing.

The records of CTTS are maintained in accordance with the practices set forth in the provisions of the Indenture for the 2002 Project revenue bonds. These practices are modeled after generally accepted accounting principles that are similar to private business enterprises.

Basis of Presentation

The accompanying financial statements present only the financial position, changes in financial position and cash flows of CTTS. They are not intended to, and do not, present fairly the financial position, changes in financial position or cash flows of TxDOT. The reporting period is for the state fiscal year ended Aug. 31, 2011. The fiscal 2010 columns are presented to facilitate financial analysis.

The prior year financial data presented on the accompanying financial statements was updated due to reporting changes and corrections of prior period errors. The prior year allocation of net assets was restated to properly classify the impact of unspent bond proceeds, deferred bond issuance costs and accumulated accretion. The prior year statement of net assets was also revised to record the portion of bonds payable comprised of the current portions of unamortized premiums, discounts and deferred loss on refunding as a current liability. Prior year balances on the statement of revenues, expenses and changes in net assets were also revised to separately report fee revenue and salaries and to correct the balances in the change in fair market value of investments and investment income. The prior year statement of cash flows was updated to include the net change in fair market value of investments in the noncash transactions section. See Note 11 for more details on these corrections and reporting changes.

Financial reporting of CTTS is based on all GASB pronouncements, as well as Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions and Accounting Research Bulletins issued on or before Nov. 30, 1989, that does not conflict with or contradict GASB pronouncements. FASB pronouncements issued after Nov. 30, 1989, are not followed in the preparation of the accompanying financial statements.

Fund Structure and Basis of Accounting

The activity of CTTS is reported in a proprietary fund. Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

A proprietary fund distinguishes operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for an enterprise fund include cost of sales and services, administrative expenses and depreciation on capital assets.

Assets, Liabilities and Net Assets

Assets:

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. On the statement of cash flows, cash and cash equivalents are considered to be cash on hand, cash in bank, cash in state treasury and money market funds with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable reflects toll revenue earned but not yet received as of Aug. 31, 2011. Accounts receivable represents amounts due to CTTS from the custodian of the Master Lockbox and Custodial Accounts. Master Custodial Accounts serve as a clearinghouse for payments to CTTS, TxDOT and other toll operators including the Central Texas Regional Mobility Authority, Harris County Toll Road Authority and North Texas Tollway Authority for tolls earned.

Investments

Investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties. All investment income, including changes in the fair value of investments, is recognized as non-operating revenue in the operating statement.

Receivables

Receivables from local governments reflect the asset for amounts due from local entities for CTTS expenses not yet received as of August 31, 2011. The disaggregation of these receivables as reported in the financial statements is shown in Note 12, "Disaggregation of Receivables".

Inventory and Prepaid Items

Inventory and prepaid items include toll tags and postage. The consumption method of accounting is used to account for inventory and prepaid items. The costs of these items are expensed when the items are consumed.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund notes/loans, revenue bonds and revenues set aside for statutory or contractual requirements. CTTS may receive funding whose related expenditure is restricted to certain activities. In situations where both restricted and unrestricted net assets are available to cover expenses, CTTS will first expend the restricted net assets and cover additional costs with unrestricted net assets. CTTS reserves the right to selectively defer the use of restricted assets.

Capital Assets

Capital assets, which include buildings, infrastructure, land and permanent land-use rights are capitalized and reported in the financial statements.

Capital assets are assets with a cost above a set minimum capitalization threshold that, when acquired, have an estimated useful life of more than one year. Land, permanent land-use rights, non-depreciable infrastructure and construction in progress do not have a capitalization threshold and are not depreciated. The capitalization thresholds and useful lives of CTTS' depreciable capital assets are as follows:

Classification	Capitalization Threshold	Estimated Useful Life
Buildings and Building Improvements	$ 100,000	22 years
Infrastructure - Bridges, Depreciable	500,000	25 years

All capital assets are capitalized at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. Costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's useful life are not capitalized.

CTTS reports its highway infrastructure assets using the modified approach. This approach reflects a reasonable value of the asset and cost required to maintain the service potential at established minimum standards in lieu of depreciation. TxDOT developed and implemented an asset management system that establishes minimum standards and makes a yearly determination as to whether the minimum standards are being met. Disclosures of the minimum standards and the current status of CTTS assets are included in the required supplementary information section of this report.

All other capital assets with determinable useful lives, including bridges, are depreciated on the straight-line basis over their estimated lives.

Deferred Charges

Bond issuance costs are not reported as an expense of the period in which they were incurred, but instead are amortized using the straight-line basis and reported as an adjustment to interest expense throughout the period during which the related debt is outstanding.

Liabilities:

Accounts Payable

Accounts payable represents the liability for the value of assets or services received during the reporting period for which payment is pending.

Unearned Revenues

CTTS, through its toll road operations, has entered into agreements with local governments whereby the local governments transfer funds to CTTS to fund purchases of right-of-way land and related costs. In some instances, the funds are paid for in advance by the local governments. CTTS' policy is to defer recognition of this revenue until the right-of-way parcels are purchased. Recognition of these monies paid in advance by local governments is contingent upon TxDOT purchasing the parcels for the stated purpose in the agreement. Right-of-way audits were performed in fiscal 2010 and refunds due to the respective local governments were calculated. Refunds not processed during fiscal 2010 were reflected in accounts payable.

Revenue Bonds Payable

Revenue bonds payable is reported at par less unamortized discount or plus unamortized premium. Payables are reported separately as either current or non-current in the statement of net assets. See Note 4 for more information.

Net Assets:

Proprietary funds report net assets as the residual amount in a statement of net assets. The categories of net assets reported in this report include:

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted for Debt Service

Restricted net assets result when constraints placed on net assets' use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation. The restricted component of net assets represents restricted assets reduced by liabilities related to those assets.

Unrestricted

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but which can be removed or modified.

Revenues, Expenses, Contributions and Transfers

Operating Revenues

Operating revenues consists of toll and fee revenue collected by CTTS.

Operating Expenses

Operating expenses include expenses incurred in operating the toll roads and the customer service center and depreciation on capital assets. CTTS has contracted with the Washington Division of the URS Corp. to manage the daily toll collection operations.

Non-Operating Revenues/Expenses

Non-operating revenues include all other revenues that are not toll and fee revenues. Interest and investment income, increase in the fair value of investments and lease revenue make up non-operating revenues. Non-operating expenses include those expenses not classified as operating. These expenses include bond interest expense (net of amortization of bond issue costs), accretion on capital appreciation bonds and Transportation Innovation Financing Infrastructure Act (TIFIA) note payable.

Capital Contributions and Transfers

CTTS has capital contributions from local governments and the state highway fund. CTTS operating and maintenance expenses paid by the state highway fund on behalf of CTTS are recorded as transfers. See Note 8 for additional information. These transfers were previously reported as non-cash activity on the statement of cash flows.

NOTE 2 – CAPITAL ASSETS

A summary of capital asset activity for the year ended Aug. 31, 2011 is presented below.

	Balance 08/31/2010	Adjustments	Increases	Decreases	Balance 08/31/2011
Non-Depreciable Capital Assets					
Land	$ 631,440,065	$8,290	$41,499	$	$ 631,489,854
Infrastructure - Roadways	1,629,428,387	(93,050)	8,212		1,629,343,549
Land Use Rights	16,525,986				16,525,986
Depreciable Capital Assets					
Buildings	8,360,006				8,360,006
Infrastructure - Bridges	422,810,212				422,810,212
Less Accumulated Depreciation for:					
Buildings	(1,629,335)		(322,422)		(1,951,757)
Infrastructure - Bridges	(57,248,898)		(16,904,965)		(74,153,863)
Total Capital Assets	$ 2,649,686,423	$ (84,760)	$(17,177,676)	$ 0	$ 2,632,423,987

NOTE 3 - DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

TxDOT is authorized by statute to make investments following the "prudent person rule". TxDOT has complied, in all material respects, with statutory authorization, bond documents, constraints and commission policies during the period.

Treasury Pool Deposits

As of Aug. 31, 2011, CTTS had $20,000 of cash in the state treasury pool. All monies in the treasury pool are pooled with other state funds and invested under the direction of the Comptroller of Public Accounts Treasury Operations Division (Treasury). The Treasury obtains direct access to the services of the Federal Reserve System through the Texas Treasury Safekeeping Trust Company (Trust Company). The Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account during and at the end of the day. The Trust Company met those requirements throughout fiscal 2011. The Comptroller has delegated investment authority to the Trust Company and utilizes the Trust Company to manage and invest funds in the Treasury Pool.

State statutes authorize the Treasury to invest state funds in fully collateralized time deposits; direct security repurchase agreements; reverse repurchase agreements; obligations of the United States and its agencies and instrumentalities; banker's acceptances; commercial paper; and contracts written by the Comptroller, which are commonly known as covered call options.

Investments

As of Aug. 31, 2011, the fair value of investments and maturities are as presented below:

	Maturities (in Years)		Fair Value
Investment Type	**Less than 1**	**More than 5**	**Total**
Money Market Mutual Funds	$299,596,638		$299,596,638
U.S. Government Agency Obligations	15,039,811		15,039,811
Repurchase Agreement		$114,999,378	114,999,378
Total	$314,636,449	$114,999,378	$429,635,827

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy states that all securities purchased by the Commission shall be designated as assets of the Commission and shall be protected through the use of a third-party custody/safekeeping agent, which may be a Trustee.

As of Aug. 31, 2011, the Commission's investments in U.S. Government agency obligations were held in the Commission's name. The repurchase agreement is collateralized with U.S. Government and agency securities. Collateral for the repurchase agreement is held by the Bank of New York Mellon Trust Company with the underlying securities being the property of the Citigroup, Inc., (the direct counterparty), held in trust for the Commission. Bank of New York Mellon Trust Company is rated Aaa, AA and AA- by Moody's, Standard and Poor's (S & P) and Fitch Ratings respectively.

Credit Risk

Direct credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy prohibits the Commission from entering into long-term investment agreements or other ongoing investment transactions with a final maturity or termination date of longer than six months with any financial institution that initially has a long-term rating category of less than "A" and that does not have at least one long-term rating of at least "AA" by a nationally recognized statistical rating organization (NRSRO). All investments made by the Commission have been made through a firm on the then-current list of qualified financial institutions approved by the Commission.

The Commission's policy does not limit the amount of investment in obligations of the United States or its agencies. The repurchase agreement is a guaranteed investment contract (GIC) with Citigroup, Inc. as the counterparty. Citigroup, Inc. is rated A3, A and A+ by Moody's, S & P and Fitch Ratings respectively. In addition, Citigroup, Inc. has collateralized the GIC with U.S. Government and Agency securities. As of Aug. 31, 2011, CTTS' investments had the following ratings.

Investment Type	Fair Value	Moody's	S & P	Fitch
Money Market Mutual Funds				
Dreyfus Institutional Cash Adv 99	$22,915,912	Aaa-mf	AAAm	AAAmmf
JPMorgan US Government MMKT Cap 3164	276,680,726	Aaa-mf	AAAm	NR
U.S. Government Agency Obligations	15,039,811	Aaa	AA+	NR
Repurchase Agreement	114,999,378	A3	A	A+
Total	$429,635,827			

NR = not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The only investment that the Commission holds that exceeds 5 percent of the total investments is the repurchase agreement. This investment is held primarily for the CTTS debt service reserve fund, which has a long term duration and a specific purpose.

The Commission addresses diversification in the Commission's Investment Policy. Assets held in particular funds shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the investment officer for all funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission has addressed interest rate risk in its various accounts by matching as closely as possible anticipated cash flows with income and return of principal on investments. In general, all securities held by the Commission are anticipated to be held to maturity, thereby avoiding interest rate risk due to an early redemption. Investment maturities are noted in the investment fair value table.

NOTE 4 - SUMMARY OF LONG-TERM LIABILITIES

As of Aug. 31, 2011, CTTS had two bond issues outstanding and one long-term loan payable. Additional detail is provided in the sections that follow. As detailed below, the following changes occurred in long-term liabilities during the year ended Aug. 31, 2011.

Long-Term Liabilities Activity

For the Fiscal Year Ended August 31, 2011

	Beginning Balance 09/01/2010	Additions	Reductions	Ending Balance 08/31/2011	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	$1,537,924,340	$40,820,363	$314,767	$1,578,429,936	$4,082,838	$1,574,347,098
Loans Payable	1,007,012,665	25,536,226		1,032,548,891		1,032,548,891
Total	$2,544,937,005	$66,356,589	$314,767	$2,610,978,827	$4,082,838	$2,606,895,989

Revenue Bonds

Miscellaneous Bond Information							
Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates		First Year Maturity	Last Year Maturity	First Call Date
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds *	$468,000,674	08/29/2002	4.47%	5.75%	2012	2030	n/a
Callable Capital Appreciation Bonds *	265,119,938	08/29/2002	6.00%	6.10%	2025	2038	08/15/2012
Current Interest Bonds	707,875,000	08/29/2002	5.00%	5.75%	2038	2042	08/15/2012
First Tier Revenue Bonds Series 2009							
Refunding Put Bonds	149,275,000	03/05/2009	2.75% **		2042	2042	02/15/2013
Total Bonds Issued	$1,590,270,612						

* Bonds issued to date include interest accreted to principal through Aug. 31, 2011.

** Bonds pay interest at 2.75 percent through the 24-month multi-annual period ending Feb. 15, 2013.

Transportation Code, Section 228.102 authorized the Commission to issue revenue bonds to pay a portion of the costs of planning, designing, engineering, developing and constructing the initial phase of CTTS. The bond obligations are payable from and secured solely by a first lien on and pledge of the trust estate consisting of all project revenues and all project earnings including investment earnings deposited into the revenue fund, construction fund (except for any amounts held in a sub-account containing monies derived from the state highway fund or any monies received by the Commission that are restricted to another use), the debt service fund, the debt service reserve fund, the rate stabilization fund, and the general reserve fund.

Neither the state, Commission, TxDOT or any other agency or political subdivision of the state is obligated to pay the principal, premium, discount or interest on the CTTS revenue bond obligations except from the trust estate. The bond indenture does not create a mortgage on the CTTS.

Debt service for the First Tier Revenue Bonds is detailed in the table below:

Debt Service Requirements – Revenue Bonds			
Year	Principal	Interest	Total
2012	$4,505,000	$41,266,900	$45,771,900
2013	7,710,000	41,266,900	48,976,900
2014	10,155,000	41,266,900	51,421,900
2015	12,605,000	41,266,900	53,871,900
2016	25,805,000	41,266,900	67,071,900
2017-2021	188,970,000	206,334,500	395,304,500
2022-2026	338,635,000	206,334,500	544,969,500
2027-2031	534,825,000	206,334,500	741,159,500
2032-2036	660,975,000	206,334,500	867,309,500
2037-2041	803,635,000	159,060,500	962,695,500
2042	246,420,000	8,988,275	255,408,275
	2,834,240,000	1,199,721,275	4,033,961,275
Unamortized Accretion	(1,243,969,388)		(1,243,969,388)
Unamortized Premium	8,387,875		8,387,875
Unamortized Discount	(16,019,159)		(16,019,159)
Unamortized Loss on Refunding	(4,209,392)		(4,209,392)
Total	$1,578,429,936	$1,199,721,275	$2,778,151,211

The CTTS Series 2009 put bonds were initially issued in a multiannual mode which terminated on the mandatory tender date of Feb. 15, 2011. The Commission successfully remarketed the bonds into another multiannual mode of 24 months at a 2.75 percent interest rate. The bonds are subject to mandatory tender on Feb. 15, 2013, subject to the successful remarketing of the bonds. The Commission has not provided any credit or liquidity facility for the payment of the purchase price of bonds payable upon the mandatory tender date. The principal portion of the purchase price for the bonds is expected to be obtained from the remarketing proceeds. The obligation of the Commission to purchase the bonds on the mandatory tender date is subject to the successful remarketing of such bonds. The Commission has no obligation to purchase bonds except from remarketing proceeds. If the bonds are not remarketed, the interest rate on the bonds will be increased to the stepped coupon rate of 12 percent per annum. The impact of such a rate change to the debt service payments on the bonds is disclosed below.

Put Bonds – Debt Service Comparison

	Interest Rate	Interest Payment
Multiannual Mode ending Feb. 15, 2013	2.75 % per annum	$ 4,105,063
Stepped coupon rate/period if bonds cannot be remarketed	12 % per annum	$ 17,913,000

Loans Payable

The loans payable balance represents secured loans made to the Commission by the United States Department of Transportation (USDOT) under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). USDOT has agreed to lend the Commission up to $916.76 million to pay or reimburse a portion of CTTS' costs. As of Aug. 31, 2011, the Commission has drawn down $900 million under the secured loan agreement.

The loan will be paid from revenues of CTTS as they are sufficient to pay (a) all interest, which will become due and payable on each such date, and (b) the principal, if any, of the secured loan which will become due and payable on each such date. For these reasons the debt service requirements are subject to change each year as actual non-revenues are received. Per the agreement, principal and interest can be deferred (negatively amortized) due to availability of revenues. The principal amount of the loan may increase over time as deferrals are made. As of Aug. 31, 2011, the secured loan agreement's debt service requirements are as follows.

Debt Service Requirements – TIFIA Loan

Year	Principal	Interest*	Total
2012	$	$ 31,690,305	$ 31,690,305
2013		33,698,174	33,698,174
2014		35,022,513	35,022,513
2015		36,443,186	36,443,186
2016		43,188,071	43,188,071
2017-2021		252,930,169	252,930,169
2022-2026	12,186,868	324,373,490	336,560,358
2027-2031	127,651,331	326,797,966	454,449,297
2032-2036	276,208,377	277,072,968	553,281,345
2037-2041	605,692,092	170,899,732	776,591,824
2042	217,941,604	12,008,582	229,950,186
Total	1,239,680,272	1,544,125,156	$ 2,783,805,428
Unamortized Accretion	(207,131,381)		(207,131,381)
Total Requirements	$ 1,032,548,891	$ 1,544,125,156	$ 2,576,674,047

* 5.510 percent

NOTE 5 - EMPLOYEES' RETIREMENT PLANS

CTTS does not have any employees and does not make contributions to any retirement plans. TxDOT employees provide all accounting and administrative services for CTTS. Those employees are members of the Employee Retirement System of Texas defined benefit pension plan (ERS Plan). CTTS is not obligated in any form for the funding of the pension benefits provided by the ERS Plan.

NOTE 6 – COMMITMENTS & CONTINGENCIES

Arbitrage

Arbitrage earnings, defined as earnings on tax exempt bond proceeds in excess of the yield on the bonds, must be repaid to the federal government per Internal Revenue Code Section 148(f) (IRC §148). Pursuant to the Indenture of Trust, a Rebate Fund will be established under the Indenture to which deposits will be made upon the determination by a verification agent that a rebate payment may be due pursuant to IRC §148.

Per IRC §148, the amount of rebate due the federal government is determined and payable at the end of each five-year computation period and upon final payment of the tax exempt bonds. For Series 2002-A and Series 2002 BANs, an interim determination was made in 2007 that no arbitrage rebate was then due to the federal government. Further analysis and determination of rebate payments due, if any, will be made on the next scheduled computation date for each series of bonds under the Indenture.

Lawsuits and Claims

CTTS is contingently liable in respect to lawsuits and claims in the ordinary course of business which, in the opinion of TxDOT's management, will not have a material adverse effect on the financial statements.

NOTE 7 – SUBSEQUENT EVENTS

John A. Barton was named interim executive director of TxDOT upon the retirement of Amadeo Sanchez Jr., effective Aug. 31, 2011. On Sept. 29, 2011, the Commission named Phil Wilson as the new executive director of TxDOT effective Oct. 17, 2011. Commission chair Deirdre Delisi resigned from her position on Oct. 6, 2011. The Governor appointed Commissioner Ted Houghton as chair on Oct. 7, 2011. On Oct. 10, 2011, the Governor appointed Jeff Austin III to the Commission.

On Aug. 25, 2011, the Commission accepted a TxDOT recommendation that a new back office toll operations contract be awarded to Federal Signals Technologies (FSTech). The work will consolidate with one vendor operations presently spread between FSTech (back office), lane work (URS) and violations processing (ETCC). However, as of Aug. 31, 2011 the contract was still under negotiation.

NOTE 8 – CAPITAL CONTRIBUTIONS AND TRANSFERS

Contributions from the state highway fund for capital assets totaled $29,968 for the fiscal year. Contributions from the state highway fund for operations and maintenance expenses are recorded as transfers. For fiscal year 2011, the state highway fund contributed approximately $46.1 million, net of a reimbursement of approximately $6.9 million from toll revenues. The methodology the Commission has adopted to determine the reimbursement to the state highway fund is dependent upon debt service requirements.

NOTE 9 – CONTINUANCE SUBJECT TO REVIEW

TxDOT is currently subject to a continuance review. Under the Texas Sunset Act, TxDOT will be abolished effective Sept. 1, 2015, unless continued in existence by the 84th Legislature as provided by the Act. If abolished, TxDOT may continue until Sept. 1, 2016 to close out its operations. In the event that TxDOT is abolished pursuant to the Texas Sunset Act or other law, Texas Government Code, Section 325.017(f), acknowledges that such action will not alter the obligation of the state to pay bonded indebtedness and all other obligations of the abolished agency.

NOTE 10 - RISK FINANCING & RELATED INSURANCE

CTTS does not have any employees. TxDOT provides all accounting, debt financing and administrative services. In addition, TxDOT's risk financing and insurance programs apply to CTTS.

TxDOT is exposed to a wide range of risks due to the size, scope and nature of its activities. Some of these risks include, but are not limited to, property and casualty losses, workers' compensation and health benefit claims, theft, damage of assets, etc.

The state highway fund retains these risks and manages them through self-insurance and safety programs, which are the responsibility of TxDOT's occupational safety division.

NOTE 11 – RESTATEMENTS AND ADJUSTMENTS

During fiscal 2011, certain accounting changes and adjustments were made that required updates to prior periods presented and the restatement of net assets. The impact of these adjustments is summarized as follows:

Restatement of Net Assets

During preparation and review of the fiscal 2011 financial statements, TxDOT's accounting staff identified that the allocation of total nets assets was incorrect. As a result of this analysis the presentation of net assets was changed to be in conformance with Generally Accepted Accounting Principles. For purposes of comparison and analysis, all prior period information presented in the accompanying financial statements and in the management's discussion and analysis has been restated to reflect the corrected net asset allocation for CTTS. For all prior years, total net assets were accurately reported.

Due to the restatement of the net asset amounts, our external auditor has included an explanatory paragraph in the opinion letter accompanying this report. With the adjustments to the net assets amounts, the auditor concluded that the financial statements present fairly, in all material respects, the respective financial position of CTTS as of Aug. 31, for the years ended 2007 through 2010. A comprehensive policy on the recording of CTTS net assets was established as a result of this analysis.

The presentation of net assets for fiscal years 2007 through 2010 was determined to be incorrect. The original presentation and corrected presentation of net assets for each of those years is summarized on the following page. Detailed explanations of the cause and correction needed for each line item of net assets are included as footnotes to the table.

Historical Analysis of Net Assets Allocation	As Previously Reported	Restatements		As Restated
August 31, 2010				
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 104,749,419	$ 437,266,344	(A)	$ 542,015,763
Restricted for Debt Service	164,286,453	(129,999,378)	(C)	34,287,075
Unrestricted	308,184,304	(307,266,966)	(D)	917,338
Total	$ 577,220,176	$ 0		$ 577,220,176
August 31, 2009				
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 177,171,875	$ 363,671,054	(A)	$ 540,842,929
Restricted for Debt Service	160,537,959	(129,999,511)	(C)	30,538,448
Unrestricted	303,359,790	(233,671,543)	(D)	69,688,247
Total	$ 641,069,624	$ 0		$ 641,069,624
August 31, 2008				
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 262,240,450	$ 238,916,050	(A)	$ 501,156,500
Restricted for Debt Service	173,244,455	(130,839,631)	(C)	42,404,824
Unrestricted	321,949,993	(108,076,419)	(D)	213,873,574
Total	$ 757,434,898	$ 0		$ 757,434,898
August 31, 2007				
Net Assets				
Invested in Capital Assets, Net of Related Debt	$ 805,451,590	$ (409,074,254)	(A)	$ 396,377,336
Restricted for Capital Assets		316,018,921	(B)	316,018,921
Restricted for Debt Service		115,446,696	(C)	115,446,696
Unrestricted		(22,391,363)	(D)	(22,391,363)
Total	$ 805,451,590	$ 0		$ 805,451,590

(A) Capital assets net of related debt was understated due to misallocation of certain bond related balances.

(B) Unspent capital contributions received from TxDOT that were restricted for capital projects during the construction period of the 2002 project.

(C) The portion of bonds payable associated with bond proceeds used to fund the debt service reserve fund is not capital related and was moved from capital assets net of related debt to restricted for debt service.

(D) The portions of bonds payable associated with accretion not accumulated during the construction period, amortized original issue discounts and deferred bond issuance costs are not capital related and were moved from capital assets net of related debt to unrestricted.

Additional Restatements

The prior year financial data presented on the accompanying financial statements was also updated due to reporting changes made in fiscal 2011. The reclassifications on the statement of net assets and statement of revenues, expenses and changes in net assets are detailed in the following tables.

Restatement of Prior Year Statement of Net Assets	Sept. 1, 2010, As Previously Reported	Restatements	Sept. 1, 2010, As Restated
Current Liabilities			
Revenue Bonds Payable	$	$ 422,162	$ 422,162
Non-Current Liabilities			
Revenue Bonds Payable	$ 1,537,924,340	(422,162)	1,537,502,178
Total	$ 1,537,924,340	$ 0	$ 1,537,924,340

Restatement of Prior Year Statement of Revenues, Expenses, and Changes in Net Assets

	Sept. 1, 2010, As Previously Reported	Restatements	Sept. 1, 2010, As Restated
Toll Revenue	$ 73,298,997	$ (7,162,889)	$ 66,136,108
Fee Revenue		7,162,889	7,162,889
Contracted Services	(20,489,879)	813,685	(19,676,194)
Repairs and Maintenance	(12,779,272)	54,673	(12,724,599)
Salaries		(868,358)	(868,358)
Interest and Investment Income	6,251,339	350,956	6,602,295
Net Increase in Fair Value of Investments	380,789	(350,956)	29,833
Total	$ 46,661,974	$ 0	$ 46,661,974

The statement of cash flows did not include the net change in fair market value of investments in the noncash transactions section. The following value should have been disclosed.

Restatement of Prior Year Statement of Cash Flows

NONCASH TRANSACTIONS	Sept. 1, 2010, As Previously Reported	Restatements	Sept. 1, 2010, As Restated
Net Change in Fair Market Value of Investments	$ 0	$ 29,833	$ 29,833
Total	$ 0	$ 29,833	$ 29,833

The final cost of right-of-way assets are not determined until pending right-of-way cases are resolved. The settlement of certain right-of-way cases required the restatement of capital assets in the accompanying financial statements. An additional restatement was needed to adjust for a correction to an outstanding retainage balance on a closed project.

Restatements to Net Assets

	Sept. 1, 2010, As Previously Reported	Restatements	Sept. 1, 2010, As Restated
Net Assets	$ 577,220,176	$ (84,760)	$ 577,135,416
Total	$ 577,220,176	$ (84,760)	$ 577,135,416

During fiscal 2010 TxDOT implemented a Master Lockbox and Custodial Account Agreement (Agreement) between TxDOT, the State Highway 130 Concession Company and the Bank of New York Mellon Trust Company. In compliance with the Agreement, all previously held TxTag deposits for prepaid tolls were removed from CTTS bank accounts and transferred to the Master Custodial Accounts. The implementation of the Agreement resulted in a restatement to beginning cash and cash equivalents of $16,146,489 in the fiscal 2010 statement of cash flows.

NOTE 12 –DISAGGREGATION OF RECEIVABLES BALANCES

The balance of receivables from local governments as of Aug. 31, 2011 is detailed as follows:

Receivables from Local Governments

	Current Receivable	Non-current Receivable	Total
City of Pflugerville	$ 200,000	$ 650,383	$ 850,383
Travis County	2,623,210		2,623,210
Total	$ 2,823,210	$ 650,383	$ 3,473,593

Central Texas Turnpike System
REQUIRED SUPPLEMENTARY INFORMATION

MODIFIED APPROACH TO REPORTING INFRASTRUCTURE ASSETS

TxDOT adopted the modified approach for reporting the roadways associated with the Central Texas Turnpike System (CTTS). Under the modified approach, depreciation is not reported and all preservation and maintenance costs are expensed.

The modified approach requires that TxDOT:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets,

- Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level established and disclosed by the government, and

- Estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Although bridges are an integral part of CTTS, TxDOT has elected to depreciate bridges. Therefore, they are not reported using the modified approach.

Condition Assessments

TxDOT performs yearly condition assessments through the Texas Maintenance Assessment Program (TxMAP). Under this program, visual inspections are conducted on approximately 20 percent of toll roads. For each section of highway observed, 21 elements separated into three highway components are assessed scores from 0 to 5 (0 = N/A, 1 = Failed, 2 = Poor, 3 = Fair, 4 = Good, 5 = Excellent) in order to determine the condition of the highways. Each element within a component is weighted according to importance and each component is weighted according to importance to determine the overall condition of CTTS roadways. The overall score is converted to a percentage measurement for reporting (1 = 20 percent, 2 = 40 percent, 3 = 60 percent, 4 = 80 percent, 5 = 100 percent).

Assessed Conditions

CTTS' roadways are intended to be maintained at or above the minimum condition level of 80 percent. This condition level was established by the Commission and is determined based on TxMAP assessments. The results of the condition assessments for fiscal years 2008 through 2011 are disclosed below. Condition assessments of CTTS began in fiscal 2008.

TxMAP Condition Assessments for CTTS	
Fiscal Year	(Minimum 80%)
2011	89.9%
2010	87.9%
2009	90.5%
2008	91.7%

Estimated and Actual Costs for Maintenance

The table below provides a comparison between TxDOT's estimate of maintenance expenditures required to maintain CTTS' roadways at or above the adopted condition level and the actual expenditures.

CTTS	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Estimate	$11,577,672	$11,371,334	$9,178,651	$6,909,785
Actual	$11,438,932	$6,972,452	$7,261,987	$5,411,318

Factors Affecting Condition Assessments

In comparing actual expenditures to estimated expenditures, factors such as increases in traffic, legislative mandates, budgetary constraints and environmental effects (rainfall, drought, hurricane, freeze thaw, etc) should be considered as they may have a major impact on needed funds and the condition of Texas roads.

Other Condition Assessments

A separate annual inspection report is performed on the Central Texas Turnpike System (CTTS) in accordance with Section 707 of the Indenture of Trust. Those inspections are performed by the general engineering consultant (GEC) of CTTS. The fiscal 2011 inspection noted that the CTTS roadways were in an overall excellent condition, achieving an overall score of 96 percent. While the GEC inspection uses the same general criteria as TxMAP, both parties have different areas of focus when performing their evaluations resulting in slight differences. In addition, there are other differences in evaluation timing and methodology which may contribute to the difference in scores; it is performed at a different time of the year, covers all 65 miles of the system instead of using a random sample of 20 percent, and uses a more detailed breakdown of each criteria.

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Texas Department of Transportation

125 East 11th Street, Austin, TX 78701
www.txdot.gov

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Texas Department of Transportation
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APPENDIX A-2

UNAUDITED FINANCIAL STATEMENTS OF THE SYSTEM FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

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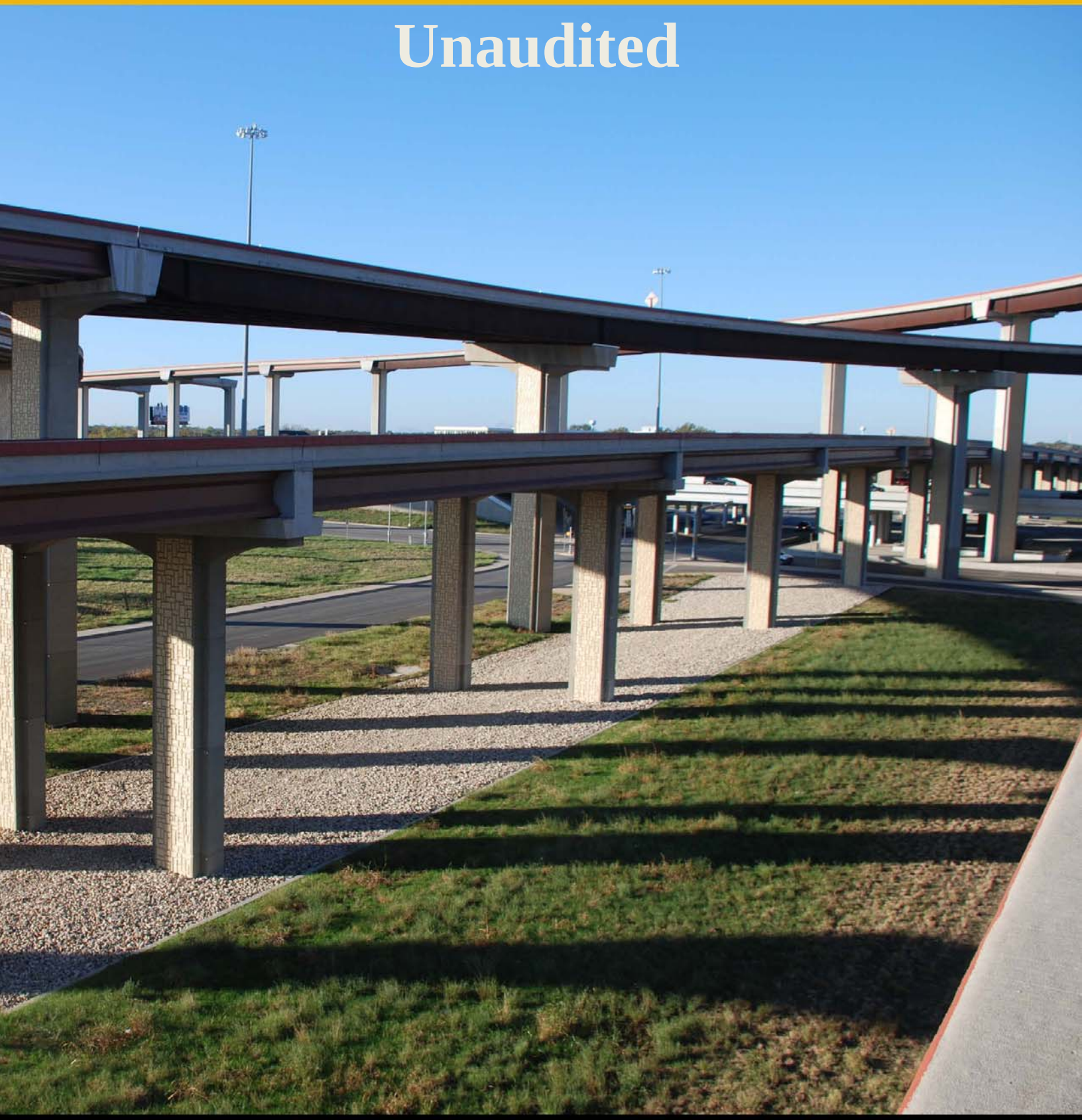
TEXAS DEPARTMENT OF TRANSPORTATION

Central Texas Turnpike System

(An Enterprise Fund of the Texas Department of Transportation)

Unaudited



Financial Statements - For Fiscal Year Ended August 31, 2012

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CENTRAL TEXAS TURNPIKE SYSTEM

An Enterprise Fund of the Texas Department of Transportation
Unaudited

FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2012

Unaudited

Prepared by:
Finance Division of the Texas Department of Transportation

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CENTRAL TEXAS TURNPIKE SYSTEM
UNAUDITED

Financial Statements
For the Fiscal Year Ended August 31, 2012

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Central Texas Turnpike System
INTRODUCTORY SECTION

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Unaudited

December 14, 2012

TO: The Citizens of the State of Texas and the Creditors of the Central Texas Turnpike Project

The audited annual financial statements of the Central Texas Turnpike System (CTTS) for the year ended Aug. 31, 2012, are submitted herewith. The Indenture of Trust, dated July 15, 2002, as supplemented by the first through sixth Supplemental Indentures (Indenture), requires the preparation and submission of audited annual financial statements. This report was prepared by the Accounting Management staff in the Finance Division of the Texas Department of Transportation (TxDOT).

Management is responsible for the accuracy of the data in this report as well as for the completeness and fairness of the presentation. Consequently, management assumes full responsibility for the completeness and fairness of all of the information presented in the financial statements. To the best of my knowledge and belief, the financial statements are accurate in all material respects, are reported in a manner that presents fairly the financial position and results of operations of CTTS and provide disclosures that enable the reader to understand CTTS' financial condition.

The Texas State Auditor's Office performed an independent audit, in accordance with generally accepted auditing standards, of CTTS' basic financial statements for the year ended Aug. 31, 2012. The audit opinion is presented in this report preceding the financial statements.

Profile of the Government

This report includes financial statements for CTTS. CTTS is part of TxDOT's reporting entity. TxDOT is an agency of the state of Texas. The functions of TxDOT have evolved over time due to statutory changes, with the most recent being the creation of the Texas Department of Motor Vehicles in 2009. Headquartered in Austin, TxDOT is currently comprised of 19 divisions and 12 offices. Four regional support centers provide operational and project delivery support for the agency's 25 geographical districts. TxDOT also maintains a comprehensive public interest website that outlines the agency's policies, plans, projects status and major initiatives at www.txdot.gov.

TxDOT is managed by an executive director and is governed by the five-member Texas Transportation Commission. All members of the Commission are appointed by the governor.

The Legislature granted the Commission the authority to study, plan, design, construct, finance, operate and maintain turnpikes in all 254 counties of the state as a part of the state's highway system. The Commission can issue turnpike revenue bonds to pay all or a part of the cost of a turnpike project, to enter into comprehensive development agreements to execute projects and to

Unaudited

acquire right-of-way through quick-take procedures. Such revenue bonds were issued to fund a portion of the costs of constructing the CTTS roadways.

Accounting System and Budgetary Controls

TxDOT's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

Information Useful in Assessing CTTS' Financial Condition

The Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of CTTS. We encourage readers to consider the information in this letter of transmittal in conjunction with the MD&A.
The following are the active sub-accounts of CTTS, established in accordance with the Indenture:

- Revenue Fund – this account receives toll revenues and fees, totaling $85.8 million for fiscal 2012, sends debt service payments to the debt service fund, funds the rate stabilization fund and pays operating expenses of CTTS. The revenue fund funded $516 thousand of fiscal 2012 operating expenses.

- Debt Service Fund – the semi-annual debt service payments are paid out of this account.

- Rate Stabilization Fund – this account may be used to cure deficiencies for debt service payments. In accordance with the Indenture, the required balance for this fund is $67.8 million, the accumulated total revenue of CTTS through Aug. 31, 2008.

- Construction Fund – Construction Account– this account received a portion of the original bond proceeds which are fully expended as of Aug. 31, 2012.

- Construction Fund – Capital Contributions Account – this account received capital contributions from local governments related to right-of-way acquisitions and received equity contributions by TxDOT.

- Debt Service Reserve Fund – this account received a portion of the original bond proceeds. Investments are held to pay interest, principal and mandatory sinking fund redemption whenever there is a deficiency in the First Tier Debt Service Fund.

TxDOT and the Trustee are responsible for ensuring that funds maintain the proper minimum balances as set forth in the Indenture and for investing in securities required to meet liquidity requirements. The criteria for suitable investments for each fund type are detailed in the Commission's investment strategy.

Unaudited

All monies in the revenue fund, debt service fund, rate stabilization fund and construction fund – capital contributions account are invested in money market funds and investment pools that are in compliance with the Commission's investment policy.

The debt service reserve fund is invested in a money market fund and a repurchase agreement collateralized by U.S. Treasury and Agency Securities.

For more detailed information on investments, please see the latest Texas Transportation Commission Quarterly Investment Report and Investment Policy. Requests for a copy of the Investment Policy should be addressed to the following:

Texas Department of Transportation
Finance Division
125 East 11th Street
Austin, Texas, 78701-2483

Risk Financing & Management

CTTS does not provide financing for any of the risks TxDOT is subject to in the course of its operations. TxDOT provides all accounting, debt financing and administrative services. Salaries and wages of TxDOT employees who are specifically dedicated to managing the operations of CTTS are reported as expenses in this report.

Acknowledgements

The preparation of the report requires the efforts of individuals throughout TxDOT, including the dedicated efforts of the management and staff of the TxDOT Financial Reports Section and Finance Division, the Innovative Financing/Debt Management Office and the management and staff of the State Auditor's Office. I sincerely appreciate the efforts of all these individuals who continue to strive for improvements that will make TxDOT a national leader in quality financial reporting.

Sincerely,

Phil Wilson
Executive Director

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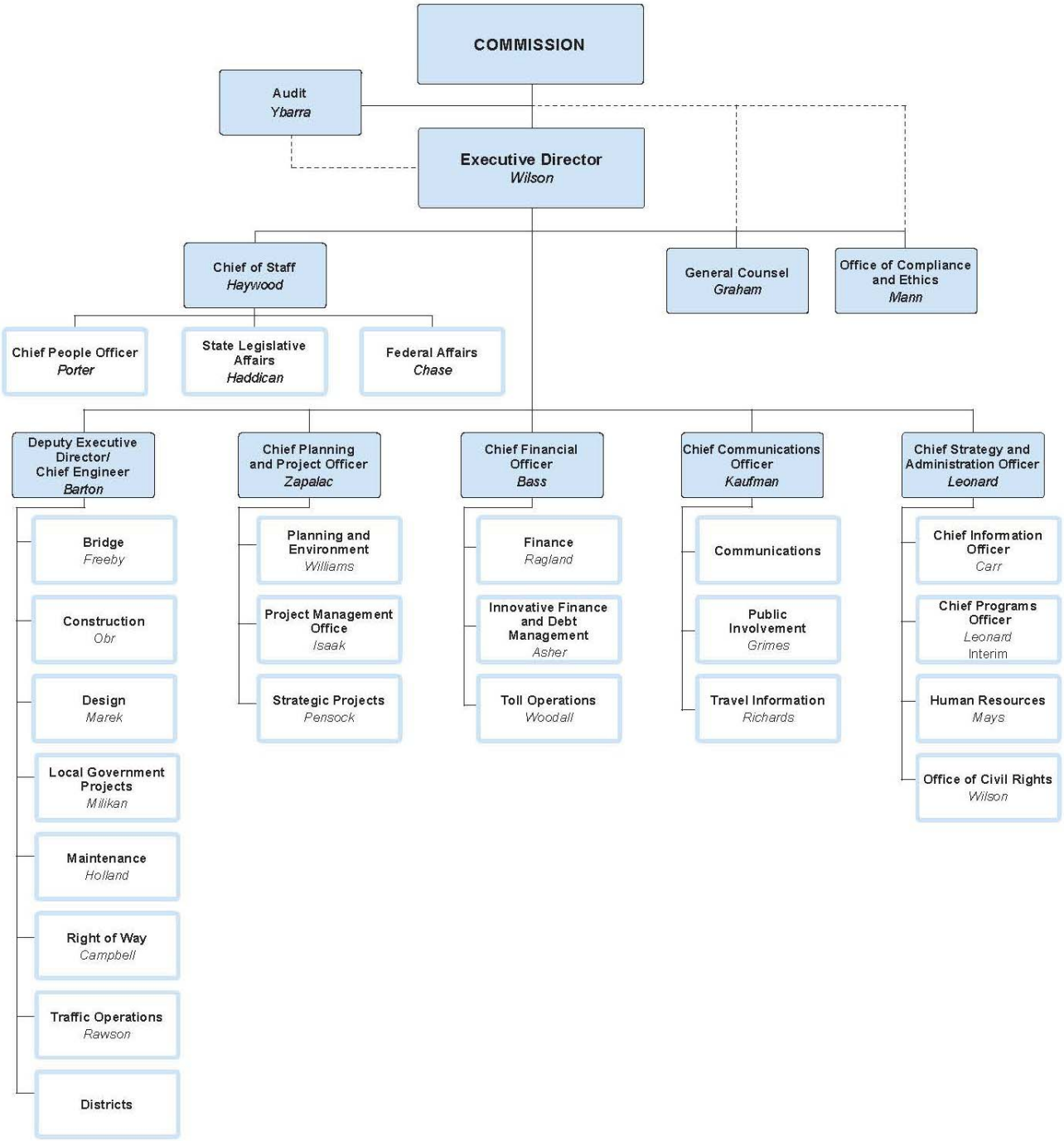
Texas Department of Transportation
Organization Chart as of August 31, 2012



Commission and Key Personnel
As of August 31, 2012

TEXAS TRANSPORTATION COMMISSION

TED HOUGHTON
Chair

JEFF AUSTIN III
Commissioner

WILLIAM MEADOWS
Commissioner

JEFF MOSELEY
Commissioner

FRED UNDERWOOD
Commissioner

TEXAS DEPARTMENT OF TRANSPORTATION

PHIL WILSON
Executive Director

JAMES M. BASS
Chief Financial Officer

Toll Operations Division

DOUG WOODALL
Director

Finance Division

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Director

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Central Texas Turnpike System
FINANCIAL SECTION

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Management's Discussion and Analysis

As management of the Texas Department of Transportation (TxDOT) we offer readers of the Central Texas Turnpike System's (CTTS) financial statements this narrative overview and analysis of its financial activities for the years ended Aug. 31, 2012, 2011 and 2010. The information presented should be read in conjunction with our letter of transmittal, the financial statements and the accompanying notes to the financial statements.

Highlights

The assets of CTTS exceeded its liabilities by approximately $427 million as of Aug. 31, 2012, a decrease of $68 million or 14 percent from fiscal 2011. The majority of this decrease is attributable to the recording of interest accretion on the Series 2002-A capital appreciation bonds and the Transportation Innovation Financing Infrastructure Act (TIFIA) note payable.

During fiscal 2012, CTTS generated $75.7 million in toll revenues, an increase of $6.9 million or 10 percent over fiscal 2011. Toll revenues increased due to a 10 percent increase in total toll transactions with more than 90 million transactions recorded on CTTS roadways in fiscal 2012.

Approximately $55.2 million or 99 percent of CTTS operating and maintenance expenses for fiscal 2012 were funded by the state highway fund. This support is recorded as transfers on the accompanying financial statements.

Overview of the Financial Statements

The annual financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements with the notes to the financial statements and supplementary information.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. TxDOT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activities related to CTTS are accounted for in an enterprise fund. Proprietary funds are used to account for a government's business-type activities. Enterprise funds are a type of proprietary fund that are used to report activities in which a fee is charged to external users for goods and services.

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Financial Analysis

The overall financial position and operations of CTTS for the past three years is summarized on the following pages.

Condensed Statement of Net Assets
August 31, 2012, 2011 and 2010

	2012	2011	2010
ASSETS			
Assets Other Than Capital Assets	$ 492,219,101	$ 477,995,609	$ 496,487,555
Capital Assets	2,614,812,579	2,632,423,987	2,649,686,423
Total Assets	3,107,031,680	3,110,419,596	3,146,173,978
LIABILITIES			
Current Liabilities	12,524,502	8,428,865	24,438,959
Non-current Liabilities	2,667,338,627	2,606,895,989	2,544,514,843
Total Liabilities	2,679,863,129	2,615,324,854	2,568,953,802
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	512,057,369	636,094,431	653,732,016
Restricted for Debt Service	7,247,155	37,245,671	34,287,075
Unrestricted	(92,135,973)	(178,245,360)	(110,798,915)
Total Net Assets	$ 427,168,551	$ 495,094,742	$ 577,220,176

Condensed Changes in Net Assets
For the Fiscal Years Ended August 31, 2012, 2011 and 2010

	2012	2011	2010
REVENUES			
Total Operating Revenues	$ 85,806,180	$ 74,864,328	$ 73,298,997
Total Non-operating Revenues	7,245,915	6,889,042	6,719,250
Total Revenues	93,052,095	81,753,370	80,018,247
EXPENSES			
Total Operating Expenses	(73,139,164)	(69,450,736)	(67,610,051)
Total Non-operating Expenses	(142,706,219)	(140,429,789)	(139,547,782)
Total Expenses	(215,845,383)	(209,880,525)	(207,157,833)
Loss Before Contributions and Transfers	(122,793,288)	(128,127,155)	(127,139,586)
Capital Contributions	14,808	29,968	28,499,969
Transfers	55,242,465	46,056,513	34,790,169
Change in Net Assets	(67,536,015)	(82,040,674)	(63,849,448)
Net Assets – Beginning, as Restated	494,704,566	577,135,416	641,069,624
Net Assets – Ending	$ 427,168,551	$ 495,094,742	$ 577,220,176

Net assets may serve over time as a useful indicator of CTTS' financial position. Net assets continue to decline as additional noncurrent liabilities are accrued via principal accretion on outstanding CTTS debt. Investment ending asset balances for fiscal 2012 increased by approximately $19 million. The increase is attributable to increased revenues and management's decision to retain additional reserves within the trust in light of anticipated changes in the operation of CTTS. See Note 7 for more information. Construction is complete on the three roadways that currently comprise CTTS.

Transfers from the state highway fund for operations and maintenance expenses totaled approximately $55.2 million, net of a $516 thousand reimbursement from toll revenues. The methodology the Commission has adopted to determine the reimbursement to the state highway fund is dependent upon debt service requirements. In fiscal 2013 debt service is scheduled to increase approximately $5.2 million. Total operating and maintenance expenses are expected to increase $3.1 million from fiscal 2012. Capital contributions continue to decline as CTTS is no longer receiving funds from local entities to purchase right-of-way land. See Note 8 for more information.

Capital Assets and Debt Administration

Capital Assets

As of Aug. 31, 2012, CTTS had $2.6 billion in net capital assets. No significant changes were recorded to capital assets during fiscal 2012.

Capital Assets - Net of Depreciation and Amortization
August 31, 2012, 2011 and 2010

	2012	2011	2010
Land	$ 631,109,240	$ 631,489,854	$ 631,440,065
Infrastructure - Roadways	1,629,378,720	1,629,343,549	1,629,428,387
Infrastructure - Bridges	331,751,384	348,656,349	365,561,314
Land Use Rights	16,525,986	16,525,986	16,525,986
Buildings and Building Improvements	6,047,249	6,408,249	6,730,671
Total Capital Assets	$2,614,812,579	$2,632,423,987	$2,649,686,423

TxDOT adopted the modified approach for reporting the CTTS roadways. As required by the modified approach, TxDOT conducts condition assessments on the CTTS roadways through the Texas Maintenance Assessment Program (TxMAP). TxMAP is conducted on a yearly basis and results in an overall condition level for CTTS. In conjunction with TxMAP, the Texas Transportation Commission adopted a minimum acceptable condition level of 80 percent for CTTS. The condition assessment results for fiscal 2012 reflect a condition level of 86.2 percent.

For fiscal 2012, the estimated maintenance expenditures for the CTTS roadways were $10.1 million compared with actual expenditures of $10.6 million. Additional information is presented in the financial section's required supplementary information other than MD&A.

Debt Administration

The Texas Transportation Commission (Commission) has issued revenue bonds backed by the pledged revenues and restricted assets specified in the bond resolutions. As of Aug. 31, 2012, CTTS had approximately $1.6 billion of outstanding revenue bond debt. In addition, CTTS had approximately $1.1 billion of outstanding debt under the TIFIA secured loan program.

A special mandatory redemption of $2.525 million of Series 2002-B bonds was executed on Feb. 19, 2009. The remaining $147.475 million of the Series 2002-B bonds were refunded with proceeds from the issuance of the First Tier Revenue Refunding Put Bonds, Series 2009, issued March 5, 2009. The Series 2009 put bonds were initially issued in a multiannual mode which terminated on the mandatory tender date of Feb. 15, 2011. The Commission successfully remarketed the bonds into another multiannual mode of 24 months at a 2.75 percent interest rate. In November 2012, the Commission plans to refund a portion of the Series 2002-A bonds and the Series 2009 bonds in entirety. See Notes 4 and 7 for more details on CTTS' long-term liabilities activity.

Outstanding Debt Obligations
August 31, 2012, 2011 and 2010

	2012	2011	2010
Revenue Bonds Payable	$1,616,749,809	$1,578,429,936	$1,537,924,340
TIFIA Secured Loan Payable	1,057,876,656	1,032,548,891	1,007,012,665
Total Outstanding Debt	$2,674,626,465	$2,610,978,827	$2,544,937,005

Bond Credit Ratings

The Series 2002-A and Series 2009 bonds were rated by each of the three major Nationally Recognized Statistical Rating Organizations. As of Aug. 31, 2012, the CTTS bonds carried a long term rating of BBB+, Baa1, and BBB+ by Fitch Ratings, Moody's, and Standard and Poor's, respectively. An explanation of the significance of each rating may be obtained from the company furnishing the rating. The ratings reflect only the views of such companies at the time such ratings are given, and the Commission makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such companies if, in the judgment of such companies, circumstances so warrant.

Requests for Information

This financial report is designed to provide a general overview of CTTS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the TxDOT Finance Division at the following address:

Texas Department of Transportation
Finance Division - Accounting Section
125 East 11th Street
Austin, Texas 78701-2483

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BASIC FINANCIAL STATEMENTS

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EXHIBIT I
CENTRAL TEXAS TURNPIKE SYSTEM
STATEMENT OF NET ASSETS
August 31, 2012 (With Comparative Totals for August 31, 2011)

	August 31, 2012	August 31, 2011
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)		
Money Market and Similar Funds	$ 8,007,046	$ 260,835,574
Cash in State Treasury	20,000	20,000
Restricted Cash and Cash Equivalents (Note 3)		
Money Market and Similar Funds	19,302,959	38,761,064
Short-Term Investments (Note 3)	300,253,715	
Restricted Short-Term Investments (Note 3)	6,326,084	15,039,811
Interest & Dividends Receivable	283,313	319,497
Accounts Receivable	3,996,393	4,408,314
Due from Other Funds	501,750	662,787
Receivables from Local Governments	200,000	2,823,210
Prepaid Items	8,267	11,994
Consumable Inventory	223,137	365,604
Total Current Assets	339,122,664	323,247,855
Non-Current Assets:		
Restricted Investments (Note 3)	114,999,378	114,999,378
Deferred Charges	37,646,676	39,097,993
Receivables from Local Governments	450,383	650,383
Non-Depreciable Capital Assets (Note 2)	2,277,013,946	2,277,359,389
Depreciable Capital Assets, Net (Note 2)	337,798,633	355,064,598
Total Non-Current Assets	2,767,909,016	2,787,171,741
TOTAL ASSETS	3,107,031,680	3,110,419,596
LIABILITIES		
Current Liabilities:		
Accounts Payable		5,476
Due to Other Funds	516,013	
Revenue Bonds Payable (Note 4)	7,287,838	4,082,838
Interest Payable	3,664,370	3,550,810
Unearned Revenues	1,056,281	789,741
Total Current Liabilities	12,524,502	8,428,865
Non-Current Liabilities:		
Revenue Bonds Payable (Note 4)	1,609,461,971	1,574,347,098
Notes/Loans Payable (Note 4)	1,057,876,656	1,032,548,891
Total Non-Current Liabilities	2,667,338,627	2,606,895,989
TOTAL LIABILITIES	2,679,863,129	2,615,324,854
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	512,057,369	524,979,321
Restricted for Debt Service	7,247,155	37,245,671
Unrestricted	(92,135,973)	(67,130,250)
TOTAL NET ASSETS	$ 427,168,551	$ 495,094,742

The accompanying notes to the financial statements are an integral part of this financial statement.

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EXHIBIT II
CENTRAL TEXAS TURNPIKE SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended August 31, 2012 (With Comparative Totals for August 31, 2011)

	For the year ended August 31, 2012	For the year ended August 31, 2011
OPERATING REVENUES		
Toll Revenue	$ 75,694,687	$ 68,802,457
Fee Revenue	10,111,493	6,061,871
Total Operating Revenues	85,806,180	74,864,328
OPERATING EXPENSES		
Professional Fees and Services	9,312,772	10,106,722
Salaries	1,198,516	1,126,714
Materials and Supplies	4,323,199	2,619,983
Communication and Utilities	1,059,537	1,143,962
Repairs and Maintenance	15,155,416	15,864,460
Printing and Reproduction	20,203	4,333
Contracted Services	20,889,596	17,934,972
Advertising	628,273	334,766
Depreciation Expense	17,265,965	17,227,387
Prompt Payment Interest	27	339
Other Operating Expenses	3,285,660	3,087,098
Total Operating Expenses	73,139,164	69,450,736
Operating Income/(Loss)	12,667,016	5,413,592
NON-OPERATING REVENUES (EXPENSES)		
Lease Revenue	12,864	12,864
Interest and Investment Income	6,855,288	6,835,406
Net Increase in Fair Value of Investments		40,772
Interest and Amortization	(74,944,243)	(74,782,128)
Accretion on Capital Appreciation Bonds and TIFIA Note	(67,730,476)	(65,619,661)
Other Financing Fees	(31,500)	(28,000)
Other Non-Operating Revenues	377,763	
Total Non-Operating Revenues (Expenses)	(135,460,304)	(133,540,747)
Loss before Capital Contributions and Transfers	(122,793,288)	(128,127,155)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital Contributions (Note 8)	14,808	29,968
Transfers (Note 8)	55,242,465	46,056,513
Total Capital Contributions and Transfers	55,257,273	46,086,481
Change in Net Assets	(67,536,015)	(82,040,674)
Total Net Assets – Beginning	495,094,742	577,220,176
Restatements (Note 11)	(390,176)	(84,760)
Total Net Assets – Beginning, As Restated	494,704,566	577,135,416
Total Net Assets – Ending	$ 427,168,551	$ 495,094,742

The accompanying notes to the financial statements are an integral part of this financial statement.

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EXHIBIT III

CENTRAL TEXAS TURNPIKE SYSTEM

STATEMENT OF CASH FLOWS

For the year ended August 31, 2012 (With Comparative Totals for August 31, 2011)

	For the year ended August 31, 2012	For the year ended August 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 84,683,758	$ 76,520,426
Payments to Suppliers for Goods and Services	(54,395,508)	(51,607,214)
Payments to Employees	(1,198,516)	(1,126,714)
NET CASH PROVIDED BY OPERATING ACTIVITIES	29,089,734	23,786,498
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Transfers from Other Funds	55,758,478	46,056,512
Payments to Local Governments		(20,045,740)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	55,758,478	26,010,772
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Lease Revenue	12,864	12,864
Proceeds from Capital Contributions	3,117,250	200,779
Payments for Interest on Debt	(71,277,861)	(74,707,707)
Payments for Additions to Land and Roadways	(180,400)	(66,757)
Payments for Principal on Debt	(4,505,000)	
Payments of Remarketing Fees and Other Costs	(31,500)	(883,140)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(72,864,647)	(75,443,961)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	75,926,051	119,995,816
Proceeds from Interest and Investment Income, Net of Fees	7,003,838	6,847,724
Proceeds from Judgments and Settlements	377,763	
Payments to Acquire Investments	(367,577,850)	(119,995,688)
NET CASH (USED IN)/ PROVIDED BY INVESTING ACTIVITIES	(284,270,198)	6,847,852
NET DECREASE IN CASH AND CASH EQUIVALENTS	(272,286,633)	(18,798,839)
CASH AND CASH EQUIVALENTS - BEGINNING	299,616,638	318,415,477
CASH AND CASH EQUIVALENTS – ENDING	$ 27,330,005	$ 299,616,638

The accompanying notes to the financial statements are an integral part of this financial statement.

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EXHIBIT III

CENTRAL TEXAS TURNPIKE SYSTEM

STATEMENT OF CASH FLOWS (Concluded)

For the year ended August 31, 2012 (With Comparative Totals for August 31, 2011)

	For the year ended August 31, 2012	For the year ended August 31, 2011
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 12,667,016	$ 5,413,592
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	17,265,965	17,227,387
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(989,441)	1,523,117
Decrease (Increase) in Prepaid Expenses	146,194	(377,598)
Total Adjustments	16,422,718	18,372,906
Net Cash Provided by Operating Activities	$ 29,089,734	$ 23,786,498
NONCASH TRANSACTIONS:		
Net Change in Fair Market Value of Investments		40,772
	$ 0	$ 40,772
Reconciliation of Cash and Cash Equivalents		
Money Market and Similar Funds	$ 27,310,005	$ 299,596,638
Restricted Cash and Cash Equivalents in State Treasury	20,000	20,000
Cash and Cash Equivalents	$ 27,330,005	$ 299,616,638

The accompanying notes to the financial statements are an integral part of this financial statement.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements reflect the financial position of the Central Texas Turnpike System (CTTS). CTTS is an enterprise fund of the Texas Department of Transportation (TxDOT), an agency of the state of Texas. Also, the Texas Transportation Commission (Commission), the governing body of TxDOT, has the authority to commit CTTS to various legal agreements.

CTTS does not have any employees, although labor costs are included in the cost of constructing, operating and maintaining CTTS. When TxDOT staff performs work on behalf of CTTS, the proportionate cost of that labor is reported as an expense of CTTS. TxDOT's risk financing and insurance programs apply to CTTS.

As of Aug. 31, 2012, CTTS consists of the 2002 Project. The 2002 Project includes three distinct elements: State Highway 130, State Highway 45 North and Loop 1. The Commission issued revenue bonds to finance a portion of the costs of planning, designing, engineering, developing and constructing the 2002 Project. In the future, at the Commission's discretion, additional projects may be added to CTTS with separate financing.

The records of CTTS are maintained in accordance with the practices set forth in the provisions of the Indenture for the 2002 Project revenue bonds. These practices are modeled after generally accepted accounting principles that are similar to private business enterprises.

Basis of Presentation

The accompanying financial statements present only the financial position, changes in financial position and cash flows of CTTS. They are not intended to, and do not, present fairly the financial position, changes in financial position or cash flows of TxDOT. The reporting period is for the state fiscal year ended Aug. 31, 2012. The fiscal 2011 columns are presented to facilitate financial analysis.

The prior year financial data presented on the accompanying financial statements was updated to separately report the balances of money market investments associated with the CTTS debt service reserve fund and interest accounts as restricted and to report the balance of cash in state treasury as current and unrestricted. See Note 11 for more details on these reporting changes.

Financial reporting of CTTS is based on all GASB pronouncements, as well as Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions and Accounting Research Bulletins issued on or before Nov. 30, 1989, that does not conflict with or contradict GASB pronouncements. FASB pronouncements issued after Nov. 30, 1989, are not followed in the preparation of the accompanying financial statements.

Fund Structure and Basis of Accounting

The activity of CTTS is reported in a proprietary fund. Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

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A proprietary fund distinguishes operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for an enterprise fund include cost of sales and services, administrative expenses and depreciation on capital assets.

Assets, Liabilities and Net Assets

Assets:

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. On the statement of cash flows, cash and cash equivalents are considered to be cash on hand, cash in bank, cash in state treasury and money market funds with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable reflects toll revenue earned but not yet received as of Aug. 31, 2012. Accounts receivable represents amounts due to CTTS from the custodian of the Master Lockbox and Custodial Accounts. Master Custodial Accounts serve as a clearinghouse for payments to CTTS, TxDOT and other toll operators including the Central Texas Regional Mobility Authority, Harris County Toll Road Authority and North Texas Tollway Authority for tolls earned. Accounts Receivable also includes a refund due to CTTS as a result of right-of-way mediation.

Investments

Investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties. All investment income, including changes in the fair value of investments, is recognized as non-operating revenue in the operating statement.

Receivables from Local Governments

Receivables from local governments reflect the asset for amounts due from local entities for CTTS expenses not yet received as of August 31, 2012. The entire receivables balance as of Aug. 31, 2012 is a receivable from the City of Pflugerville.

Inventory and Prepaid Items

Inventory and prepaid items include toll tags and postage. The consumption method of accounting is used to account for inventory and prepaid items. The costs of these items are expensed when the items are consumed.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund notes/loans, revenue bonds and revenues set aside for statutory or contractual requirements. CTTS may receive funding whose related expenditure is restricted to certain activities. In situations where both restricted and unrestricted net assets are available to cover expenses, CTTS will first expend the restricted net assets and cover additional costs with unrestricted net assets. CTTS reserves the right to selectively defer the use of restricted assets.

Capital Assets

Capital assets, which include buildings, infrastructure, land and permanent land-use rights are capitalized and reported in the financial statements.

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Capital assets are assets with a cost above a set minimum capitalization threshold that, when acquired, have an estimated useful life of more than one year. Land, permanent land-use rights, non-depreciable infrastructure and construction in progress do not have a capitalization threshold and are not depreciated. The capitalization thresholds and useful lives of CTTS' depreciable capital assets are as follows:

Capitalization of Assets		
Type	**Capitalization Threshold**	**Estimated Useful Life**
Buildings and Building Improvements	$100,000	22 years
Infrastructure - Bridges, Depreciable	$500,000	25 years

All capital assets are capitalized at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. Costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's useful life are not capitalized.

CTTS reports its highway infrastructure assets using the modified approach. This approach reflects a reasonable value of the asset and cost required to maintain the service potential at established minimum standards in lieu of depreciation. TxDOT developed and implemented an asset management system that establishes minimum standards and makes a yearly determination as to whether the minimum standards are being met. Disclosures of the minimum standards and the current status of CTTS assets are included in the required supplementary information section of this report.

All other capital assets with determinable useful lives, including bridges, are depreciated on the straight-line basis over their estimated lives.

Deferred Charges

Bond issuance costs are not reported as an expense of the period in which they were incurred, but instead are amortized using the straight-line basis and reported as an adjustment to interest expense throughout the period during which the related debt is outstanding.

Liabilities:

Accounts Payable

Accounts payable represents the liability for the value of assets or services received during the reporting period for which payment is pending.

Due to Other Funds

Due to other funds represents the reimbursement to the state highway fund for operating and maintenance expenses not paid as of Aug. 31, 2012.

Unearned Revenues

CTTS, through its toll road operations, has entered into agreements with local governments whereby the local governments transfer funds to CTTS to fund purchases of right-of-way land and related costs. In some instances, the funds are paid for in advance by the local governments. CTTS' policy is to defer recognition of this revenue until the right-of-way parcels are purchased. Recognition of these monies paid in advance by local governments is contingent upon TxDOT purchasing the parcels for the stated purpose in the agreement.

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Revenue Bonds Payable

Revenue bonds payable is reported at par less unamortized discount or plus unamortized premium. Payables are reported separately as either current or non-current in the statement of net assets. See Note 4 for more information.

Net Assets:

Proprietary funds report net assets as the residual amount in a statement of net assets. The categories of net assets reported in this report include:

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted for Debt Service

Restricted net assets result when constraints placed on net assets' use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but which can be removed or modified.

Revenues, Expenses, Contributions and Transfers

Operating Revenues

Operating revenues consists of toll and fee revenue collected by CTTS.

Operating Expenses

Operating expenses include expenses incurred in operating the toll roads and the customer service center and depreciation on capital assets. CTTS has contracted with the Washington Division of the URS Corp. to manage the daily toll collection operations.

Non-Operating Revenues/Expenses

Non-operating revenues include all other revenues that are not toll and fee revenues. Interest and investment income, increase in the fair value of investments and lease revenue make up non-operating revenues. Non-operating expenses include those expenses not classified as operating. These expenses include bond interest expense (net of amortization of bond issue costs), accretion on capital appreciation bonds and Transportation Innovation Financing Infrastructure Act (TIFIA) note payable.

Capital Contributions and Transfers

CTTS has capital contributions from local governments and the state highway fund. CTTS operating and maintenance expenses paid by the state highway fund on behalf of CTTS are recorded as transfers. See Note 8 for additional information.

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NOTE 2 – CAPITAL ASSETS

The table below presents the composition of CTTS' capital assets, adjustments, additions and deletions during fiscal 2012.

Capital Asset Activity
For the Fiscal Year Ended August 31, 2012

	Balance 09/01/2011	Adjustments*	Additions	Deletions	Balance 08/31/2012
Non-Depreciable Capital Assets					
Land	$ 631,489,854	$(411,539)	$30,925		$ 631,109,240
Infrastructure - Roadways	1,629,343,549	21,363	13,808		1,629,378,720
Land Use Rights	16,525,986				16,525,986
Depreciable Capital Assets					
Buildings	8,360,006				8,360,006
Infrastructure - Bridges	422,810,212				422,810,212
Less Accumulated Depreciation for:					
Buildings	(1,951,757)			(361,000)	(2,312,757)
Infrastructure - Bridge	(74,153,863)			(16,904,965)	(91,058,828)
Total Capital Assets	$2,632,423,987	$(390,176)	$44,733	$(17,265,965)	$2,614,812,579

* See Note 11

NOTE 3 - DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

TxDOT is authorized by statute to make investments following the "prudent person rule". TxDOT has complied, in all material respects, with statutory authorization, bond documents, constraints and commission policies during the period.

Treasury Pool Deposits

As of Aug. 31, 2012, CTTS had $20,000 of cash in the state treasury pool. All monies in the treasury pool are pooled with other state funds and invested under the direction of the Comptroller of Public Accounts Treasury Operations Division (Treasury). The Treasury obtains direct access to the services of the Federal Reserve System through the Texas Treasury Safekeeping Trust Company (Trust Company). The Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account during and at the end of the day. The Trust Company met those requirements throughout fiscal 2012. The Comptroller has delegated investment authority to the Trust Company and utilizes the Trust Company to manage and invest funds in the Treasury Pool.

State statutes authorize the Treasury to invest state funds in fully collateralized time deposits; direct security repurchase agreements; reverse repurchase agreements; obligations of the United States and its agencies and instrumentalities; banker's acceptances; commercial paper; and contracts written by the Comptroller, which are commonly known as covered call options.

Investments

As of Aug. 31, 2012, the fair value of investments and maturities are as presented below:

Investment Fair Value and Maturities
August 31, 2012

	Maturities (in Years)		Fair Value
Investment Type	**Less than 1**	**More than 5**	**Total**
Money Market Mutual Funds	$ 27,310,005		$ 27,310,005
Investment Pools	306,579,799		306,579,799
Repurchase Agreement		$114,999,378	114,999,378
Total	$333,889,804	$114,999,378	$448,889,182

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy states that all securities purchased by the Commission shall be designated as assets of the Commission and shall be protected through the use of a third-party custody/safekeeping agent, which may be a Trustee.

The repurchase agreement is collateralized with U.S. Government and agency securities. Collateral for the repurchase agreement is held by the Bank of New York Mellon Trust Company with the underlying securities being the property of the Citigroup Global Markets Inc. (the direct counterparty), held in trust for the Commission. Bank of New York Mellon Trust Company is rated Aa1, AA- and AA- by Moody's, Standard and Poor's (S & P) and Fitch Ratings respectively.

Credit Risk

Direct credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy prohibits the Commission from entering into long-term investment agreements or other ongoing investment transactions with a final maturity or termination date of longer than six months with any financial institution that initially has a long-term rating category of less than "A" and that does not have at least one long-term rating of at least "AA" by a nationally recognized statistical rating organization (NRSRO). All investments made by the Commission have been made through a firm on the then-current list of qualified financial institutions approved by the Commission.

The Commission's policy does not limit the amount of investment in obligations of the United States or its agencies. The repurchase agreement is a guaranteed investment contract (GIC) with Citigroup Global Markets Inc. as the counterparty. In addition, Citigroup Global Markets Inc. has collateralized the GIC with U.S. Government and Agency securities. As of Aug. 31, 2012, CTTS' investments had the following ratings.

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Investments Exposed to Credit Risk
August 31, 2012

Investment Type	Fair Value	Credit Ratings Moody's	S & P	Fitch
Money Market Mutual Funds				
JPMorgan US Government MMKT Cap 3164	$ 27,310,005	Aaa-mf	AAAm	NR
Investment Pools				
TexPool	107,078,132	NR	AAAm	NR
TexPool Prime	112,449,238	NR	AAAm	NR
Lone Star	87,052,429	NR	AAAm	NR
Repurchase Agreement	114,999,378	Baa2	A	A
Total	$448,889,182			

NR = not rated

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The only investment that the Commission has in a single issuer is the repurchase agreement. This investment constitutes 25.6 percent of the total investment portfolio as of Aug. 31, 2012, and is held for the CTTS debt service reserve fund, which has a long-term duration and a specific purpose.

The Commission addresses diversification in the Commission's Investment Policy. Assets held in particular funds shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the investment officer for all funds.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission has addressed interest rate risk in its various accounts by matching as closely as possible anticipated cash flows with income and return of principal on investments. In general, all securities held by the Commission are anticipated to be held to maturity, thereby avoiding interest rate risk due to an early redemption. Investment maturities are noted in the investment fair value table.

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NOTE 4 - SUMMARY OF LONG-TERM LIABILITIES

As of Aug. 31, 2012, CTTS had two bond issues outstanding and one long-term loan payable. Additional detail is provided in the sections that follow. As detailed below, the following changes occurred in long-term liabilities during the year ended Aug. 31, 2012.

Long-Term Liabilities Activity
For the Fiscal Year Ended August 31, 2012

	Beginning Balance 09/01/2011	Additions	Reductions	Ending Balance 08/31/2012	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	$1,578,429,936	$42,402,710	$4,082,837	$1,616,749,809	$7,287,838	$1,609,461,971
Loans Payable	1,032,548,891	25,327,765		1,057,876,656		1,057,876,656
Total	$2,610,978,827	$67,730,475	$4,082,837	$2,674,626,465	$7,287,838	$2,667,338,627

Revenue Bonds

Transportation Code, Section 228.102 authorized the Commission to issue revenue bonds to pay a portion of the costs of planning, designing, engineering, developing and constructing the initial phase of CTTS. The bond obligations are payable from and secured solely by a first lien on and pledge of the trust estate consisting of all project revenues and all project earnings including investment earnings deposited into the revenue fund, construction fund (except for any amounts held in a sub-account containing monies derived from the state highway fund or any monies received by the Commission that are restricted to another use), the debt service fund, the debt service reserve fund, the rate stabilization fund, and the general reserve fund.

Miscellaneous Bond Information

Description of Issue	Bonds Issued to Date	Date Issued	Range of Interest Rates		First Year Maturity	Last Year Maturity	First Call Date
First Tier Revenue Bonds Series 2002-A							
Non-Callable Capital Appreciation Bonds*	$ 494,049,170	08/29/2002	4.47%	5.75%	2012	2030	n/a
Callable Capital Appreciation Bonds*	281,474,152	08/29/2002	6.00%	6.10%	2025	2038	08/15/2012
Current Interest Bonds	707,875,000	08/29/2002	5.00%	5.75%	2038	2042	08/15/2012
First Tier Revenue Bonds Series 2009							
Refunding Put Bonds	149,275,000	03/05/2009	2.75% **		2042	2042	02/15/2013
Total Bonds Issued	$1,632,673,322						

* Bonds issued to date include interest accreted to principal through Aug. 31, 2012.

** Bonds pay interest at 2.75 percent through the 24-month multi-annual period ending Feb. 15, 2013.

Neither the state, Commission, TxDOT or any other agency or political subdivision of the state is obligated to pay the principal, premium, discount or interest on the CTTS revenue bond obligations except from the trust estate. The bond indenture does not create a mortgage on the CTTS. Debt service requirements for the First Tier Revenue Bonds as of Aug. 31, 2012, are detailed in the following table.

Debt Service Requirements – Revenue Bonds

Year	Principal	Interest*	Total
2013	$ 7,710,000	$ 41,266,900	$ 48,976,900
2014	10,155,000	41,266,900	51,421,900
2015	12,605,000	41,266,900	53,871,900
2016	25,805,000	41,266,900	67,071,900
2017	29,655,000	41,266,900	70,921,900
2018-2022	212,365,000	206,334,500	418,699,500
2023-2027	382,445,000	206,334,500	588,779,500
2028-2032	559,670,000	206,334,500	766,004,500
2033-2037	700,925,000	206,334,500	907,259,500
2038-2042	888,400,000	126,781,875	1,015,181,875
	2,829,735,000	1,158,454,375	3,988,189,375
Unamortized Accretion	(1,201,566,678)		(1,201,566,678)
Unamortized Premium	8,073,108		8,073,108
Unamortized Discount	(15,418,016)		(15,418,016)
Unamortized Loss on Refunding	(4,073,605)		(4,073,605)
Total	$1,616,749,809	$1,158,454,375	$2,775,204,184

* Assumes interest at 2.75 percent for Series 2009 put bonds. See Note 7 for more details.

The CTTS Series 2009 put bonds were initially issued in a multiannual mode which terminated on the mandatory tender date of Feb. 15, 2011. The Commission successfully remarketed the bonds into another multiannual mode of 24 months at a 2.75 percent interest rate. The bonds are subject to mandatory tender on Feb. 15, 2013, and subject to the successful remarketing of the bonds. The Commission has not provided any credit or liquidity facility for the payment of the purchase price of bonds payable upon the mandatory tender date. The principal portion of the purchase price for the bonds is expected to be obtained from the remarketing proceeds. The obligation of the Commission to purchase the bonds on the mandatory tender date is subject to the successful remarketing of such bonds. The Commission has no obligation to purchase bonds except from remarketing proceeds. If the bonds are not remarketed, the interest rate on the bonds will be increased to the stepped coupon rate of 12 percent per annum. The impact of such a rate change to the debt service payments on the bonds is disclosed below.

Put Bonds – Debt Service Comparison

	Interest Rate	Interest Payment
Multiannual Mode ending Feb. 15, 2013	2.75 % per annum	$ 4,105,062
Stepped coupon rate period if bonds cannot be remarketed	12 % per annum	$ 17,913,000

Loans Payable

The loans payable balance represents secured loans made to the Commission by the United States Department of Transportation (USDOT) under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). USDOT agreed to lend the Commission $900 million to pay or reimburse a portion of CTTS' costs.

The loan will be paid from revenues of CTTS as they are sufficient to pay (a) all interest, which will become due and payable on each such date, and (b) the principal, if any, of the secured loan which will become due and payable on each such date. For these reasons the debt service requirements are subject to change each year as actual revenues are received. Per the agreement, principal and interest can be deferred (negatively amortized) due to availability of revenues. The principal amount of the loan may increase over time as deferrals are made. As of Aug. 31, 2012, the secured loan agreement's debt service requirements are as follows.

Debt Service Requirements – TIFIA Loan			
Year	**Principal**	**Interest***	**Total**
2013	$	$ 33,698,174	$ 33,698,174
2014		35,022,513	35,022,513
2015		36,443,186	36,443,186
2016		43,188,071	43,188,071
2017		45,478,072	45,478,072
2018-2022		267,001,821	267,001,821
2023-2027	28,214,717	332,458,653	360,673,370
2028-2032	152,730,416	319,764,377	472,494,793
2033-2037	318,502,390	261,853,887	580,356,277
2038-2042	740,232,749	137,526,097	877,758,846
Total	1,239,680,272	1,512,434,851	2,752,115,123
Unamortized Accretion	(181,803,616)		(181,803,616)
Total Requirements	$1,057,876,656	$1,512,434,851	$2,570,311,507

* 5.510 percent

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NOTE 5 - EMPLOYEES' RETIREMENT PLANS

CTTS does not have any employees and does not make contributions to any retirement plans. TxDOT employees provide all accounting and administrative services for CTTS. Those employees are members of the Employee Retirement System of Texas defined benefit pension plan (ERS Plan). CTTS is not obligated in any form for the funding of the pension benefits provided by the ERS Plan.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Arbitrage

Arbitrage earnings, defined as earnings on tax exempt bond proceeds in excess of the yield on the bonds, must be repaid to the federal government per Internal Revenue Code Section 148(f) (IRC §148). Pursuant to the Indenture of Trust, a Rebate Fund will be established under the Indenture to which deposits will be made upon the determination by a verification agent that a rebate payment may be due pursuant to IRC §148.

Per IRC §148, the amount of rebate due the federal government is determined and payable at the end of each five-year computation period and upon final payment of the tax exempt bonds. For Series 2002-A and Series 2002 BANs, an interim determination was made in 2007 that no arbitrage rebate was then due to the federal government. Further analysis and determination of rebate payments due, if any, will be made on the next scheduled computation date for each series of bonds under the Indenture.

Lawsuits and Claims

CTTS is contingently liable in respect to lawsuits and claims in the ordinary course of business which, in the opinion of TxDOT's management, will not have a material adverse effect on the financial statements.

NOTE 7 – SUBSEQUENT EVENTS

Addition to CTTS

In August 2012 the Commission approved the incorporation of State Highway 45 Southeast (SH 45 SE) into CTTS to more efficiently and economically meet the mobility needs of the Central Texas region by operating the system and SH 45 SE as one operational and financial enterprise. The change was subject to the approval of the U.S. Department of Transportation which was granted on Oct. 23, 2012. The addition of SH 45 SE to the CTTS is considered effective as of Sept. 1, 2012.

Bond Issuances

The Commission plans to issue CTTS First Tier Revenue Refunding Bonds Series 2012A and 2012B in November 2012. Detail of these planned issuances is provided below.

Bond Issuance	Series	Estimated Par Amount	Estimated Date of Issuance	Purpose
CTTS First Tier Revenue Refunding Bonds	2012A	$ 687,230,000	11/29/2012	Refund Series 2002A for savings
CTTS First Tier Revenue Refunding Put Bonds	2012B	$ 151,145,000	11/29/2012	Refund Series 2009 for savings

Toll Rates, Cash Toll Elimination and Permanent Adoption of "Pay-By-Mail" Program

In August 2012 the Commission approved an increase in CTTS toll rates and elimination of cash collection of tolls, effective Jan. 1, 2013, and permanent adoption of the video billing ("pay-by-mail") program, all subject to approval of the U.S. Department of Transportation. In addition, the Commission adopted an annual toll rate escalation policy for CTTS.

Veterans Program

In August 2012 the Commission amended the free passage policy to provide free passage on CTTS roads for vehicles registered to disabled veterans, Purple Heart recipients and Medal of Honor recipients as defined under state and federal statutes. The state highway fund will reimburse CTTS for the costs of tolls not paid by persons operating vehicles qualifying under the free passage policy.

NOTE 8 – CAPITAL CONTRIBUTIONS AND TRANSFERS

Contributions from the state highway fund for capital assets totaled $14,808 for the fiscal year. Contributions from the state highway fund for operations and maintenance expenses are recorded as transfers. For fiscal year 2012, the state highway fund contributed approximately $55.2 million, net of a reimbursement of approximately $516 thousand from toll revenues. The methodology the Commission has adopted to determine the reimbursement to the state highway fund is dependent upon debt service requirements.

NOTE 9 – CONTINUANCE SUBJECT TO REVIEW

TxDOT is currently subject to a continuance review. Under the Texas Sunset Act, TxDOT will be abolished effective Sept. 1, 2015, unless continued in existence by the 84th Legislature as provided by the Act. If abolished, TxDOT may continue until Sept. 1, 2016 to close out its operations. In the event that TxDOT is abolished pursuant to the Texas Sunset Act or other law, Texas Government Code, Section 325.017(f), acknowledges that such action

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will not alter the obligation of the state to pay bonded indebtedness and all other obligations of the abolished agency.

NOTE 10 - RISK FINANCING AND RELATED INSURANCE

CTTS does not have any employees. TxDOT provides all accounting, debt financing and administrative services. In addition, TxDOT's risk financing and insurance programs apply to CTTS.

TxDOT is exposed to a wide range of risks due to the size, scope and nature of its activities. Some of these risks include, but are not limited to, property and casualty losses, workers' compensation and health benefit claims, theft, damage of assets, etc.

The state highway fund retains these risks and manages them through self-insurance and safety programs, which are the responsibility of TxDOT's occupational safety division.

NOTE 11 – RESTATEMENTS AND ADJUSTMENTS

The final cost of right-of-way assets are not determined until pending right-of-way cases are resolved The settlement of certain right-of-way cases required the restatement of capital assets in the accompanying financial statements. An additional restatement was needed to adjust for a correction to prior year roadway costs. The impact of these adjustments is summarized as follows.

Restatements to Net Assets	Sept, 1, 2011 As Previously Reported	Restatements	Sept. 1, 2011, As Restated
Net Assets	$495,094,742	$(390,176)	$494,704,566
Total	$495,094,742	$(390,176)	$494,704,566

The prior year financial data on the accompanying financial statements was reclassified due to reporting changes made in fiscal 2012. The reclassification on the statement of net assets is detailed in the following table.

Prior Year Reclassifications	Sept, 1, 2011 As Previously Reported	Reclassifications	Sept. 1, 2011, as Reclassified
Current Assets:			
Cash and Cash Equivalents			
Money Market and Similar Funds	$299,596,638	$(38,761,065)	$260,835,573
Cash in State Treasury		20,000	20,000
Restricted Cash and Cash Equivalents			
Money Market and Similar Funds		38,761,065	38,761,065
Short Term Investments	15,039,811	(15,039,811)	0
Restricted Short Term Investments		15,039,811	15,039,811
Non-Current Assets:			
Restricted Cash and Cash Equivalents			
Cash in State Treasury	20,000	(20,000)	0

Total	$314,656,449	$ 0	$314,656,449

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Central Texas Turnpike System
REQUIRED SUPPLEMENTARY INFORMATION

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MODIFIED APPROACH TO REPORTING INFRASTRUCTURE ASSETS

TxDOT adopted the modified approach for reporting the roadways associated with the Central Texas Turnpike System (CTTS). Under the modified approach, depreciation is not reported and all preservation and maintenance costs are expensed.

The modified approach requires that TxDOT:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets,
- Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level established and disclosed by the government, and
- Estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Although bridges are an integral part of CTTS, TxDOT has elected to depreciate bridges. Therefore, they are not reported using the modified approach.

Condition Assessments

TxDOT performs yearly condition assessments through the Texas Maintenance Assessment Program (TxMAP). Under this program, visual inspections are conducted on approximately 20 percent of toll roads. For each section of highway observed, 21 elements separated into three highway components are assessed scores from 0 to 5 (0 = N/A, 1 = Failed, 2 = Poor, 3 = Fair, 4 = Good, 5 = Excellent) in order to determine the condition of the highways. Each element within a component is weighted according to importance and each component is weighted according to importance to determine the overall condition of CTTS roadways. The overall score is converted to a percentage measurement for reporting (1 = 20 percent, 2 = 40 percent, 3 = 60 percent, 4 = 80 percent, 5 = 100 percent).

Assessed Conditions

CTTS' roadways are intended to be maintained at or above the minimum condition level of 80 percent. This condition level was established by the Commission and is determined based on TxMAP assessments. The results of the condition assessments for fiscal years 2009 through 2012 are disclosed below.

TxMAP Condition Assessments for CTTS	
Fiscal Year	(Minimum 80%)
2012	86.2%
2011	89.9%
2010	87.9%
2009	90.5%

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Estimated and Actual Costs for Maintenance

The table below provides a comparison between TxDOT's estimate of maintenance expenditures required to maintain CTTS' roadways at or above the adopted condition level and the actual expenditures.

CTTS	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Estimate	$ 10,050,181	$11,577,672	$11,371,334	$9,178,651
Actual	$10,627,758	$11,438,932	$6,972,452	$7,261,987

Factors Affecting Condition Assessments

In comparing actual expenditures to estimated expenditures, factors such as increases in traffic, legislative mandates, budgetary constraints and environmental effects (rainfall, drought, hurricane, freeze thaw, etc) should be considered as they may have a major impact on needed funds and the condition of Texas roads.

Other Condition Assessments

A separate annual inspection report is performed on the Central Texas Turnpike System (CTTS) in accordance with Section 707 of the Indenture of Trust. Those inspections are performed by the general engineering consultant (GEC) of CTTS. The fiscal 2012 inspection noted that the CTTS roadways were in an overall excellent condition, achieving an overall score of 95 percent. While the GEC inspection uses the same general criteria as TxMAP, both parties have different areas of focus when performing their evaluations resulting in slight differences. In addition, there are other differences in evaluation timing and methodology which may contribute to the difference in scores; it is performed at a different time of the year, covers all 65 miles of the system instead of using a random sample of 20 percent, and uses a more detailed breakdown of each criteria.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE SIXTH SUPPLEMENTAL INDENTURE

The following statements summarize certain provisions of the Master Indenture and the Sixth Supplemental Indenture. These statements do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Master Indenture and the Sixth Supplemental Indenture, respectively. Copies of the Master Indenture and the Sixth Supplemental Indenture are available for examination at the offices of the Commission.

Definitions

"*Accounting Principles*" – "Generally Accepted Accounting Principles" for governmental entities in the United States, which are promulgated by the Governmental Accounting Standards Board ("*GASB*"), the Financial Accounting Standards Board ("*FASB*") and, when applicable, such other accounting principles as the Commission or the State, as applicable, may be required to employ from time to time, in order to comply with the terms of the Indenture, or pursuant to State law or regulation or as the Commission or the State, as applicable, may otherwise elect, provided such election does not cause a violation of the Rule.

"*Acts*" – Chapters 1207 and 1371, Texas Government Code, as amended and Subchapter C of Chapter 228, Texas Transportation Code, as amended.

"*Additional First Tier Obligations*" – First Tier Obligations, in addition to the Series 2002 First Tier Obligations, the Series 2009 Bonds and the Bonds, authorized to be issued or incurred under the Master Indenture and secured by a first lien on, pledge of and security interest in the Trust Estate.

"*Additional Obligation Security*" – any credit enhancement for specified Obligations and any funds received or obligations payable to the Commission, other than Revenues, which the Commission chooses to include as security for specified First Tier Obligations, Second Tier Obligations and/or Subordinate Lien Obligations pursuant to a Supplemental Indenture.

"*Additional Second Tier Obligations*" – Second Tier Obligations authorized to be issued or incurred under the Master Indenture and secured by a lien on, pledge of and security interest in the Trust Estate, subject to the lien on, pledge of and security interest in the Trust Estate established for the benefit and security of the First Tier Obligations.

"*Additional Subordinate Lien Obligations*" – Subordinate Lien Obligations, in addition to the 2002 TIFIA Bond, authorized to be issued or incurred under the Master Indenture and secured by a lien on, pledge of and security interest in the Trust Estate, subject and subordinate to the lien on, pledge of and security interest in the Trust Estate established for the benefit and security of the First Tier Obligations and the Second Tier Obligations, respectively.

"*Alternate Credit Facility*" - Any substitute or replacement irrevocable letter of credit, surety bond, insurance policy or similar instrument securing the payment of the principal of, premium, if any, and interest on, and the Purchase Price of, a Series of Variable Rate Bonds, delivered in accordance with the provisions of the Sixth Supplemental Indenture in substitution and replacement for the existing System Credit Facility for such Series.

"*Alternate Liquidity Agreement*" – any substitute or replacement liquidity agreement securing the payment of the Purchase Price of Variable Rate Bonds, delivered in accordance with the provisions of the Sixth Supplemental Indenture in substitution and replacement for the existing Liquidity Agreement for such bonds, if any.

"*Annual Capital Budget*" – the capital budget adopted by the Commission for the System as described under the caption "Particular Covenants – Annual Operating Budget; Annual Maintenance Budget; Annual Capital Budget" of this Appendix B.

"*Annual Debt Service*" – for any annual period with respect to all Outstanding Obligations or to all First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligations, (a) the amount of principal and interest paid or payable with respect to such Obligations in the annual period, plus (b) Reimbursement Obligations paid or

payable by the Commission in such annual period (but only to the extent not duplicative of such principal and interest), plus (c) the amounts, if any, paid or payable by the Commission in such annual period with respect to Approved Swap Agreements, minus (d) the amounts, if any, paid or payable to the Commission in such annual period with respect to Approved Swap Agreements, provided that the difference between the amounts described in clauses (c) and (d) shall be included only to the extent that such difference would not be recognized as a result of the application of the assumptions set forth in clauses (1) through (5) below, and minus (e) all amounts that are deposited to the credit of a debt service fund or the Construction Fund for the payment of interest on First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligations, as the case may be, from original proceeds from the sale of such Obligations or from any other lawfully available source (other than the Revenue Fund or any money that would constitute Revenues in the subject annual period), and that are used or scheduled to be used to pay interest on such Obligations during any annual period. The following assumptions shall be used to determine the Annual Debt Service becoming due in any annual period:

(1) in determining the principal amount paid or payable with respect to Obligations or Reimbursement Obligations in each annual period, payment shall be assumed to be made in accordance with any amortization schedule established for such Indebtedness, including amounts paid or payable pursuant to any mandatory redemption schedule for such Indebtedness;

(2) if any of the Indebtedness or proposed Indebtedness constitutes Balloon Indebtedness or Short-Term Indebtedness, then such amounts thereof as constitute Balloon Indebtedness or Short-Term Indebtedness shall be treated as if such Indebtedness is to be amortized in substantially equal annual installments of principal and interest over the useful life of the improvements financed with the proceeds of such Balloon Indebtedness as calculated by, and set forth in a certificate of a Chief Financial Officer. Anything to the contrary in the Master Indenture notwithstanding, during the annual period preceding the final maturity date of such Balloon Indebtedness and, in the case of Short-Term Indebtedness in each annual period, all of the principal thereof shall be considered to be due on Maturity or due date of such Balloon Indebtedness or Short-Term Indebtedness unless the Commission provides to the Trustee, prior to the beginning of such annual period, a certificate of a Financial Consultant certifying that, in its judgment, the Commission will be able to refund such Balloon Indebtedness or Short-Term Indebtedness through the issuance of Long Term Indebtedness, in which event the Balloon Indebtedness or Short-Term Indebtedness shall be amortized over the term of such proposed refunding Indebtedness and shall be deemed to bear the interest rate specified in the certificate of the Financial Consultant;

(3) as to any annual period prior to the date of any calculation, such requirements shall be calculated solely on the basis of Obligations which were Outstanding as of the first day of such period; and as to any future annual period such requirements shall be calculated solely on the basis of Obligations Outstanding as of the date of calculation plus any Obligations then proposed to be issued;

(4) if any of the Indebtedness or proposed Indebtedness constitutes Variable Rate Indebtedness, then, subject to the following proviso, interest in future periods shall be based on the Assumed Variable Rate; provided, however, if the Commission has entered into an Approved Swap Agreement with respect to a Series of Obligations constituting Variable Rate Indebtedness, the fixed interest rate payable by the Commission under the Approved Swap Agreement shall be assumed to be the interest rate on such Obligations if (i) the notional amount under the Approved Swap Agreement is equal to or greater than the Outstanding principal amount of the Obligations and reduces in the amounts and on the dates that the Obligations mature and (ii) the variable interest rate payable by the Commission on the Obligations is determined by the same formula or reference to the same index and computed on the same date as the interest rate payable to the Commission under the Approved Swap Agreement, such that the Commission assumes no basis risk under the swap transaction; and

(5) termination or similar payments under an Approved Swap Agreement shall not be taken into account in any calculation of Annual Debt Service.

"*Annual Maintenance Budget*" – the budget of maintenance expenditures adopted by the Commission for the System described under the caption "Particular Covenants – Annual Operating Budget; Annual Maintenance Budget; Annual Capital Budget" in this Appendix B.

"*Annual Operating Budget*" – the operating budget adopted by the Commission for the System described under the caption "Particular Covenants – Annual Operating Budget; Annual Maintenance Budget; Annual Capital Budget" in this Appendix B.

"*Annual Period*" – the Fiscal Year or any consecutive twelve-month period.

"*Applicable Spread"* - with respect to Index Floating Rate Bonds, (i) during an Initial Index Floating Rate Period, the Initial Index Floating Rate Spread, and (ii) in the case of a Conversion to an Index Floating Rate Mode, the spread determined by the Remarketing Agent pursuant to the Sixth Supplemental Indenture to be added to or subtracted from the Index.

"*Approved Swap Agreement*" – a Swap Agreement secured by or payable from Revenues for which the Commission has filed the with the Trustee the items described in subsection (e) under the caption "Limitations on Other Indebtedness – *Limitations on Issuance of Additional First Tier Obligations and Execution of First Tier Approved Swap Agreements*" in this Appendix B.

"*Assumed Variable Rate*" – in the case of:

(a) Outstanding Obligations in the form of Variable Rate Indebtedness, the greater of (1) the average interest rate on such Indebtedness for the most recently completed sixty (60) month period or the period such Variable Rate Indebtedness has been Outstanding if it is less than sixty (60) months, or (2) the rate to be determined pursuant to clause (b) below assuming the Outstanding Variable Rate Indebtedness were being issued on the date of calculation; and

(b) proposed Obligations in the form of Variable Rate Indebtedness either

(1) to be issued on the basis that, in the opinion of Bond Counsel to be delivered at the time of the issuance thereof, interest on such Variable Rate Indebtedness would be excluded from gross income for federal income tax purposes, the greater of the (i) the average of the Bond Market Association Swap Index ("*BMA Index*") for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) the average of the BMA Index for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or

(2) to be issued as Variable Rate Indebtedness not described in clause (1), the greater of the (i) average of the London Interbank Offered Rate ("*LIBOR*") for the time period most closely resembling the reset period for the Variable Rate Indebtedness for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) average of LIBOR for the time period most closely resembling the reset period for the Variable Rate Indebtedness for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points; and provided that if the BMA Index or LIBOR shall cease to be published, the index to be used in its place shall be that index which the Commission in consultation with the Financial Consultant determines most closely replicates such index, as set forth in a certificate of a Chief Financial Officer filed with the Trustee. Notwithstanding the foregoing, in no event shall the Assumed Variable Rate be in excess of the maximum interest rate allowed by law on obligations of the Commission.

"*Authority*" – the Texas Turnpike Authority.

"*Authorized Denominations*" – with respect to any Obligations, those denominations specified in the Master Indenture or a Supplemental Indenture. With respect to Bonds in the Fixed Rate Mode or the Multiannual Mode, $5,000 in principal amount, or any integral multiple thereof.

"*Average Annual Debt Service*" – with respect to First Tier Obligations, Second Tier Obligations, Subordinate Lien Obligations or all Obligations, at any point in time the average amount of Annual Debt Service paid or payable in each annual period to the Stated Maturity of the respective Outstanding Obligations.

"*Award Certificate*" – means (i) in connection with the Bonds each Certificate by a Chief Financial Officer to be executed and delivered pursuant to the Sixth Supplement and in connection with any Mode as provided in the Sixth Supplemental Indenture or (ii) in connection with any other Series of Obligations, the certificate executed by the TTA Representative authorized by the Commission in a manner that delegates the establishment of the terms of such Obligations and the acquisition of a DSRF Security in connection with the issuance of such Obligations to a TTA Representative.

"*Balloon Indebtedness*" – Long-Term Indebtedness of a particular issue or Series of Obligations of which 25% or more of the principal matures in the same annual period and is not required by the documents pursuant to which such Indebtedness was issued to be amortized by payment or redemption prior to that annual period, provided that such Indebtedness will not constitute Balloon Indebtedness and will be assumed to amortize in accordance with its stated terms if the Trustee is provided a certificate of a TTA Representative certifying that such Indebtedness is not to be treated as Balloon Indebtedness.

"*Bank*" or "*Banks*" – as to any particular Series of Obligations, each Person (other than a Bond Insurer) providing a Credit Facility as designated in the Supplemental Indenture providing for the issuance of such Obligations.

"*Bank Fee*" – any commission, fee or expense payable to a Bank pursuant to a Reimbursement Agreement (but not amounts payable as reimbursement for amounts drawn under a Credit Facility or interest on such amounts).

"*Bankruptcy Law*" – Title 9 of the United States Code, as amended from time to time, and any successor to or replacement of such Title and any other applicable federal or state bankruptcy, insolvency or similar law.

"*Bankruptcy-Related Event*" – the occurrence of any of the following: (a) the application by or consent of the Commission to the appointment of a receiver, trustee, liquidator or custodian or the like is appointed for the Commission; or (b) the Commission becomes unable to pay its debts generally as they become due; or (c) the Commission is adjudicated a bankrupt or insolvent; or (d) the Commission commences a voluntary proceeding under the Bankruptcy Law, or files a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or admits the material allegations of a petition filed against the Commission in any state or federal bankruptcy, reorganization or insolvency proceeding or takes corporate action for the purpose of effecting any of the foregoing.

"*Beneficial Owner*," "*Beneficial owner*" or "*beneficial owner*" – any person who acquires a beneficial ownership interest in a Bond held by DTC. In determining the Beneficial Owner of any Bond, the Trustee and the Commission may rely conclusively upon representations made and written information given to the Trustee or the Commission by DTC or a DTC Participant with respect to any Bond held by DTC in which a beneficial interest is claimed.

"*Bond Counsel*" – any attorney or firm of attorneys engaged by the Department whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally-recognized.

"*Bond Insurer*" – Ambac Assurance with respect to the Series 2002-A Bonds and, with respect to other Obligations, as to any particular maturity or any particular Series of Obligations, the Person undertaking to insure such Obligations as designated in an Award Certificate, the authorizing minute order or in a Supplemental Indenture providing for the issuance of such Obligations.

"*Bond Purchase Fund*" – a fund established with the Trustee pursuant to the provisions of a Supplemental Indenture to be used in connection with the tender and purchase of Tender Indebtedness.

"*Bond Register*" – the register maintained pursuant to the Indenture by the Bond Registrar.

"*Bond Registrar*" – with respect to any Series of Obligations, that Person which maintains the Bond Register or such other entity designated by the Bond Registrar to serve such function and, initially, the Trustee.

"*Bonds*" – collectively, the Series 2012-A Bonds and the Series 2012-B Bonds.

"*Book-Entry Obligations*" or "*Book-Entry [First Tier] [Second Tier] or [Subordinate Lien] Obligations*" – all of the Obligations or those Obligations of a particular lien subject to the Book-Entry-Only System.

"*Book-Entry-Only System*" – a system similar to the system described in the Indenture pursuant to which Obligations are registered in book-entry form.

"*Business Day*" – any day other than a Saturday, a Sunday or a day on which banking institutions are required or authorized by law or executive order to remain closed in the State or the City of New York or in the city in which the designated office of the Trustee or the Securities Depository is located; provided, however, such term may have a different meaning for purposes of a Credit Facility.

"*Calculation Agent*" - The person appointed by a Chief Financial Officer to perform the duties of Calculation Agent in connection with the Index Floating Rate Bonds.

"*Capital Payments*" – payments under Approved Swap Agreements and Reimbursement Obligations other than Operating Expenses.

"*Central Texas Turnpike System*" – see definition of System.

"*Chief Financial Officer*" – the Chief Financial Officer of the Department, the Director of the Finance Division of the Department, the Innovative Financing/Debt Management Officer of the Department, the Deputy Director, Innovative Financing/Debt Management Office, or such other officer or employee of the Department or such other individual so designated by the Commission to perform the duties of Chief Financial Officer under the Sixth Supplemental Indenture.

"*Code*" – the Internal Revenue Code of 1986, as amended, and the regulations proposed or adopted from time to time with respect thereto.

"*Commission*" – the Texas Transportation Commission and its successors and assigns.

"*Commission Official*" – any member of the Commission or any director, officer or employee of the Department authorized to perform specific acts or duties by minute order duly adopted by the Commission.

"*Construction and Ramp-Up Period*" – the period commencing with the delivery of Obligations to finance the Costs of the 2002 Project or the costs of expanding, enlarging or extending the System and ending forty-eight (48) months after Substantial Completion of (i) the 2002 Project or (ii) the improvements financed with the proceeds of other Obligations in the case of Obligations issued subsequent to the issuance of the 2002 Obligations; provided, however, when such term is used in determining (A) anticipated Revenues for purposes of applying the Rate Covenant to the requirements relating to the 2002 TIFIA Bond or (B) Projected Revenues for purposes of determining the Projected Debt Service Coverage Ratio for the 2002 TIFIA Bond, the end of the period shall be forty-eight (48) months after the commencement of the amortization of the 2002 TIFIA Bond.

"*Construction Fund*" – the Construction Fund established pursuant to the Master Indenture and described in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – Construction Fund" and "– Flow of Funds."

"*Consultant*" – a Person who shall be independent, employed by the Department as needed, being qualified and having a nationwide and favorable reputation for skill and experience in such work for which the Consultant was appointed. In those situations in which a Consultant is appointed to survey risks and to recommend insurance coverage, such Consultant may be a broker or agent with whom the Department transacts business.

"*Conversion*" or "*conversion*" – a change from one Mode to another with respect to a Series 2012-B Bond, and (i) with respect to a Series 2012-B Bond in the Multiannual Mode, a change from one Interest Rate Period to another or (ii) with respect to a Series 2012-B Bond in the Index Floating Rate Mode, a change from one Index Floating Rate Period to another.

"*Cost*" or "*Costs*" – with respect to the System, all or any part of:

(a) the cost of study, design, construction, expansion, enlargement, extension, reconstruction, restoration, repair and rehabilitation of the System or portion thereof (including, but not limited to, indemnity and surety bonds, permits, taxes, licenses, insurance premiums, or other municipal or governmental charges lawfully levied or assessed during construction);

(b) the cost of acquisition of all real or personal property, rights, right-of-way, franchises, easements and interests acquired or used for the System or portion thereof;

(c) the cost of demolishing or removing any structures on land so acquired, including the cost of acquiring any land to which the structures may be removed;

(d) any cost of borings and other preliminary investigations necessary or incident to determining the feasibility or practicability of constructing the System or portion thereof and any cost necessary or desirable to satisfy conditions associated with the issuance of any permit for the construction thereof (including the costs of environmental related mitigation required in connection therewith);

(e) the cost of all machinery and equipment, vehicles, materials and rolling stock;

(f) Issuance Costs;

(g) provisions for working capital and interest on Obligations and on any Reimbursement Obligation for the period prior to, during and for a period of up to one year after acquisition or completion of construction as determined by the Commission, and reserves for principal and interest for extensions, enlargements, additions, replacements, renovations and improvements to the System;

(h) the cost of architectural, engineering, environmental feasibility, traffic and revenue, economic and demographic, appraisal, financial, and legal services;

(i) planning, investigations, studies, evaluations, plans, specifications, estimates, and administrative and other expenses that are necessary or incidental to the determination of the feasibility of constructing the System or portion thereof or incidental to the obtaining of construction contracts or to the construction (including construction administration and inspection), acquisition or financing thereof and that constitute capital costs;

(j) Operating Expenses and Maintenance Expenses occurring during and for a period of up to one year after acquisition or completion of construction, as determined by the Commission, provided that, if applicable, the Trustee has received an opinion of Bond Counsel (which opinion may address either specific Operating Expenses or Maintenance Expenses or categories of Operating Expenses or Maintenance Expenses) to the effect that the treatment of such Operating Expenses or Maintenance Expenses as a Cost will not adversely affect the exclusion of interest on any Obligations from gross income for federal income tax purposes;

(k) the repayment or reimbursement of any Obligation, loan or advance for any of the foregoing; and

(l) with respect to the use of proceeds of Obligations, such other costs and expenses as are permitted by the Enabling Acts at the time such Obligations are issued.

"*Counsel*" – an attorney or law firm (who may be counsel to the Commission) satisfactory to the Trustee.

"*Credit Facility*" – any letter of credit, line of credit, standby letter of credit, indemnity or surety insurance policy or agreement to purchase a debt obligation or any similar extension of credit, credit enhancement or liquidity support obtained by the Commission from a responsible financial or insurance institution, to provide for or to secure payment of principal and purchase price of, and/or interest on Obligations pursuant to the provisions of a Supplemental Indenture under which such Obligations are issued. The use of such definition is not intended to preclude the Commission from providing the credit or liquidity support with respect to one or more Series of Obligations directly rather than through a financial or insurance institution. Under the Sixth Supplemental Indenture, the term Credit Facility also includes a System Credit Facility and a Liquidity Agreement.

"*Daily Mode*" – the Mode in which the interest rate on any Bonds is set at the Daily Rate pursuant to the Sixth Supplemental Indenture.

"*Daily Rate*" – the rate of interest that is set on any Bonds by the Remarketing Agent while they are in the Daily Mode.

"*Defeasance Securities*" – (a) Government Obligations, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally-recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Commission adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally-recognized investment rating firm not less than AAA or its equivalent.

"*Defeased Obligation*" – Obligations deemed to be paid, retired and no longer Outstanding pursuant to the provisions of the Master Indenture.

"*Department*" or "*TxDOT*" – the Texas Department of Transportation or its successors.

"*Depository Participant*" – any Person for which the Securities Depository holds Obligations as securities depository.

"*DSRF Security*"– a First Tier DSRF Security or a Second Tier DSRF Security.

"*DTC*" – The Depository Trust Company and it successors and assigns.

"*Enabling Acts*" – the Turnpike Act, Chapter 222, Texas Transportation Code, as amended, and Chapter 1371, Texas Government Code, as amended.

"*Event of Default*" – those events specified under the caption "Events of Default and Remedies – *Events of Default*" in this Appendix B, and such other events specified in any Supplemental Indentures.

"*Financial Consultant*" – any financial advisor or firm of financial advisors of favorable national reputation for skill and experience in performing the duties for which a Financial Consultant is required to be employed pursuant to the provisions of the Master Indenture and who is retained by the Department as a Financial Consultant for the purposes of the Master Indenture.

"*First Tier Approved Swap Agreement*" – an Approved Swap Agreement entered into as a First Tier Obligation.

"First Tier Debt Service Fund" – the fund created by the Master Indenture to secure payment of First Tier Obligations and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts."

"*First Tier Debt Service Reserve Fund*" – the fund created by the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts."

"*First Tier Debt Service Reserve Requirement*" – the lesser of (i) the maximum Annual Debt Service of all the First Tier Obligations, (ii) 1.25 times the Average Annual Debt Service of all First Tier Obligations or (iii) ten percent (10%) of the aggregate principal amount of the Outstanding First Tier Obligations, as determined on the date each Series of First Tier Obligations is issued and delivered. Under no circumstances shall the 2002 TIFIA Loan be taken into account in computing the First Tier Debt Service Reserve Requirement.

"*First Tier DSRF Security*" – a surety bond, an insurance policy, a letter of credit or similar financial instrument satisfactory to the Rating Agency (as evidenced by a letter from the Rating Agency confirming that the First Tier DSRF Security will not result in the rating on any outstanding First Tier Obligations being downgraded).

"*First Tier Interest Account*" – the account of that name created pursuant to the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *First Tier Debt Service Fund*."

"*First Tier Obligations*" – the Bonds, the Series 2009 Bonds, the Series 2002 First Tier Obligations, and all Indebtedness of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, issued or incurred as Additional First Tier Obligations under the Master Indenture and includes all obligations of the Commission owed to Secured Owners of (i) First Tier Obligations, (ii) Reimbursement Obligations secured by the Trust Estate on a parity with First Tier Obligations and (iii) obligations of the Commission under First Tier Approved Swap Agreements.

"*First Tier Principal Account*" – the account of that name created pursuant to the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Flow of Funds – First Tier Debt Service Fund."

"*First Tier Swap Agreement Counterparty*" – the counterparty to a First Tier Approved Swap Agreement with the Commission or with the Trustee.

"Fiscal Year" – the fiscal year of the Department, currently the period commencing on the first day of September and ending on the last day of August of the following year.

"*Fitch*" – Fitch, Inc., its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally-recognized rating agency designated by the Commission.

"*Fixed Rate*" – a rate of interest on a Bond that is fixed for the remaining term of the Bond pursuant the Sixth Supplemental Indenture.

"*Fixed Rate Conversion Date*" – with respect to a Series 2012-B Bond, the date upon which the Fixed Rate first becomes effective for the Series 2012-B Bond.

"*Fixed Rate Mode*" – the Mode in which the interest rate on any Series 2012-B Bonds is fixed from the Fixed Rate Conversion Date until the Maturity Date.

"*Flexible Mode*" – the Mode in which the interest rate on any Series 2012-B Bonds is set at the Flexible Rate.

"*Flexible Rate*" – a rate of interest on any Series 2012-B Bonds in the Flexible Mode set by the Remarketing Agent pursuant to the Sixth Supplemental Indenture for periods from 1 to 270 days.

"*General Engineering Consultant*" or "*GEC*" – an engineer or firm of engineers of favorable reputation for skill and experience in performing the duties for which a General Engineering Consultant is required to be employed pursuant to the provisions of the Master Indenture and who is retained by the Department as the General Engineering Consultant for purposes of the Master Indenture.

"*General Reserve Fund*" – the fund of such name created by the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts."

"*Government Obligations*" – direct obligations of, or obligations the principal or interest on which are unconditionally guaranteed by, the United States (including interest strips of the Resolution Funding Corporation).

"*Highest Lawful Rate*" - The maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Commission in the exercise of its borrowing powers (prescribed by Chapter 1204, Texas Government Code, or any successor provisions).

"*IH-35*" – Interstate Highway 35.

"*Indebtedness*" – all indebtedness of the Commission payable from Revenues incurred or assumed by the Commission for borrowed money (including indebtedness arising under Credit Facilities) and all other financing obligations of the Commission related to the System that, in accordance with Accounting Principles, are included as

a liability on a balance sheet for the System books and records, but excluding noncash accounting adjustments. For the purpose of determining the "Indebtedness" payable from the Revenues, any Defeased Obligation shall be excluded.

"*Indenture*" – collectively, the Master Indenture and the Sixth Supplemental Indenture.

"*Index*" - With respect to Index Floating Rate Bonds (i) on any date, the SIFMA Index, or, in the event that Municipal Market Data no longer provides an index satisfying the requirements of the SIFMA Index, the Index shall be the J.J. Kenny Index, or (ii) such other interest rate index designated in the Award Certificate for the Series 2012-B Bonds.

"*Index Floating Rate*" - The rate of interest that is set on any Series 2012-B Bonds while they are in the Index Floating Rate Mode pursuant to the Sixth Supplemental Indenture.

"*Index Floating Rate Bonds*" - Any Series 2012-B Bonds bearing interest at an Index Floating Rate.

"*Index Floating Rate Held Bond*" - An Index Floating Rate Bond held by or for the account of its Registered Owner or Beneficial Owner after a Mandatory Tender Date in a situation in which the Purchase Price of such bond has not been paid to the Registered Owner or Beneficial Owner thereof on the Mandatory Tender Date.

"*Index Floating Rate Held Bond Rate*" - The rate at which an Index Floating Rate Held Bond bears interest during the period from and including the Mandatory Tender Date on which such bond has not been remarketed until the earlier of its date of maturity and the date it is so remarketed, which rate shall be established in each Award Certificate for such bond.

"*Index Floating Rate Mode*" - A Mode in which a Series 2012-B Bond bears interest at an Index Floating Rate.

"*Index Floating Rate Period*" - Each period during which an Index Floating Rate is in effect for a Series 2012-B Bond.

"*Initial Index Floating Rate*" - The Index for the applicable calculation period plus the Initial Index Floating Rate Spread, which shall be in effect for the Initial Index Floating Rate Period.

"*Initial Index Floating Rate Period*" - For any Series 2012-B Bonds initially issued in the Index Floating Rate Mode, the period set forth in the Award Certificate with respect to the applicable Index Floating Rate Bonds. The Initial Index Floating Rate Period may extend to the maturity of the Series 2012-B Bonds.

"*Initial Index Floating Rate Spread*" - With respect to Series 2012-B Bonds initially issued in the Index Floating Rate Mode, the spread (expressed in basis points) to be added or subtracted from the Index as set forth in the Award Certificate delivered in connection with such Series 2012-B Bonds.

"*Interest Accrual Date*" shall mean the first day of any Interest Rate Period and thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date.

"*Interest Payment Date*" – with respect to each Series of Obligations, the dates that are defined as such in the Master Indenture or in a Supplemental Indenture under which First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligations are issued or in Award Certificate relating to any such Obligations. However, in each case, if the date specified above is not a Business Day then the Interest Payment Date shall be the Business Day next succeeding the date specified above. With respect to the Series 2012-B Bonds during the Initial Multiannual Rate Period described in this Official Statement, (i) February 15, 2013, and each August 15 and February 15 thereafter; and (ii) the Maturity Date.

"*Interest Rate Period*," "*Rate Period*," or "*Period*" – when used with respect to any particular rate of interest for a Bond, the period during which such rate of interest determined for such Bond will remain in effect as described in the Sixth Supplemental Indenture.

"*Investment Policy*" – the investment policy of the Commission relating to the funds of the System adopted pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

"*Issuance Costs*" – costs incurred by or on behalf of the Commission in connection with the issuance of Obligations including, without limitation, the following: payment of financial, rating agency, legal, accounting and appraisal fees and expenses; the Commission's fees and expenses attributable to the issuance of the Obligations; the cost of printing, engraving and reproduction services; fees and expenses incurred in connection with any Credit Facility and any Approved Swap Agreement; legal fees and expenses of Bond Counsel, Commission's counsel, Trustee's counsel and Remarketing Agent's counsel relating to the issuance of the Obligations; the initial or acceptance fee of the Trustee; and all other fees, charges and expenses incurred in connection with the issuance of the Obligations and the preparation of the Master Indenture and any Supplemental Indentures entered into in connection with the issuance of Obligations.

"*J.J. Kenny Index*" - With respect to Index Floating Rate Bonds, the index generally made available on any date by Kenny Information Systems or any successor indexing agent acceptable to the Registered Owners or Beneficial Owners of more than fifty percent (50%) of the principal amount of the Index Floating Rate Bonds (the "Successor Indexing Agent"). The J.J. Kenny Index is announced by Kenny Information Systems at the beginning of business on Tuesday, and shall be effective as of the same day, or if Tuesday is not a Business Day in the Borough of Manhattan, City and State of New York, the J.J. Kenny Index is announced on the next succeeding such Business Day and shall be effective as of the same day. The J.J. Kenny Index shall be based upon 30-day yield evaluations at par of bonds, the interest on which is excludable from gross income for federal income tax purposes under the Code, of not less than five "high grade" component issuers selected by Kenny Information Systems or any Successor Indexing Agent which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by Kenny Information Systems or any Successor Indexing Agent in its discretion. The bonds on which the J.J. Kenny Index is based shall not include any bonds the interest on which is subject to an "alternate minimum tax" or similar tax under the Code, unless all tax-exempt bonds are subject to such tax.

"*Legislature*" – the Legislature of the State.

"*Letter of Representations*" – the letter of representations or similar document executed by the Commission and delivered to the Securities Depository (and any amendments thereto or successor agreements) for one or more Series of Book-Entry Obligations.

"*Liquidity Agreement*" – each standby bond purchase agreement, irrevocable letter of credit, surety bond, insurance policy or similar instrument securing the payment of the Purchase Price of Variable Rate Bonds as originally executed with the original issuance of Variable Rate Bonds and any extensions thereof, as from time to time amended and supplemented, and any Alternate Liquidity Agreement, as originally executed and as such agreement may from time to time be amended and supplemented. A Liquidity Agreement is not a "Credit Facility" within the meaning of the Sixth Supplemental Indenture.

"*Liquidity Provider*" – the bank or other financial institution designated a Chief Financial Officer pursuant to the Sixth Supplemental Indenture, acting in its capacity as issuer of the initial Liquidity Agreement with respect to Variable Rate Bonds, and its successors and assigns, and if an Alternate Liquidity Agreement is issued, the issuer of such Alternate Liquidity Agreement, and its successors and assigns.

"*Liquidity Provider Bonds*" – Variable Rate Bonds purchased with money drawn on a Liquidity Agreement and held for the benefit of a Liquidity Provider pursuant to the Sixth Supplemental Indenture.

"*Long-Term Indebtedness*" – all Indebtedness that is not Short-Term Indebtedness.

"*Loop 1*" – an approximately four-mile highway extending northward from the existing Loop 1 as of the date of the Master Indenture, from FM 734 to State Highway 45 North in Williamson and Travis Counties, Texas. The northern 3-mile east-west segment of Loop 1 shares a dual designation with State Highway 45 North.

"*Maintenance Account*" – the Central Texas Turnpike System Maintenance Account created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Flow of Funds – Maintenance Account."

"*Maintenance Expenses*" – the Commission's reasonable and necessary expenses of repair and maintenance of the System, including, without limiting the generality of the foregoing, periodic roadway resurfacing and repair, replacement of toll collection, vehicle identification, toll integration and video enforcement equipment and all administrative and engineering expenses relating to repair and maintenance of the System and any other expenses required to be paid by the Commission as shown in the Annual Maintenance Budget for the System.

"*Master Indenture*" – the Indenture of Trust, dated July 15, 2002 by and between the Commission and the Trustee, as supplemented and amended from time to time.

"*Maturity*" – the date on which the principal of an Obligation becomes due and payable as provided therein and as provided in the Master Indenture, whether at Stated Maturity, by redemption, or otherwise.

"*Maturity Date*" – the final maturity date of the Bonds.

"*Maximum Rate*" – For Series 2012-B Bonds other than Liquidity Provider Bonds, Credit Provider Bonds or Index Floating Rate Held Bonds, the greater of (i) 8% per annum and (ii) the interest rate for which the Liquidity Agreement or Credit Facility related to the Series 2012-B Bonds, if any, provides coverage, but in no event to exceed the lesser of (a) 15% per annum or (b) the Highest Lawful Rate. When the term "Maximum Rate" relates to (i) Liquidity Provider Bonds it shall have the meaning given in the Liquidity Agreement but in no event shall the Maximum Rate under the Liquidity Agreement exceed the Highest Lawful Rate, (ii) Credit Provider Bonds it shall have the meaning given in the Reimbursement Agreement but in no event shall the Maximum Rate under the Reimbursement Agreement exceed the Highest Lawful Rate, or (iii) Index Floating Rate Held Bonds it shall have the meaning given in the Award Certificate relating to such Series 2012-B Bonds but in no event shall the Maximum Rate exceed the Highest Lawful Rate.

"*Mode*" – the period for and the manner in which the interest rates on the Bonds, or any portion of the Bonds, are set and includes the Daily Mode, the Flexible Mode, the Weekly Mode, the Monthly Mode, the Quarterly Mode, the Semiannual Mode, the Multiannual Mode, Index Floating Rate Mode and the Fixed Rate Mode.

"*Monthly Mode*" – the Mode in which the interest rate on any Bonds is set at the Monthly Rate.

"*Monthly Rate*" – the rate of interest that is set on any Bonds while they are in the Monthly Mode pursuant to the Sixth Supplemental Indenture.

"*Moody's*" – Moody's Investors Service, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally-recognized rating agency designated by the Commission.

"*MSRB*" – the Municipal Securities Rulemaking Board or its successor or assignee.

"*Multiannual Mode*" – the Mode in which the interest rate on any Series 2012-B Bonds is fixed for periods of one year more as designated by a Chief Financial Officer.

"*Multiannual Rate*" – the rate of interest that is set on any Series 2012-B Bonds while they are in the Multiannual Mode pursuant to the Sixth Supplemental Indenture.

"*Obligations*" – Indebtedness issued or incurred as First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligations.

"*183A*" – an approximately 11-mile highway intersecting US Highway 183 between Lakeline Boulevard and Lakeline Mall Drive and extending north, parallel and east of existing US Highway 183. 183A reconnects with US Highway 183 north of the City of Leander, Texas at the South Fork of the San Gabriel River.

"*Operating Account*" – the Central Texas Turnpike System Operating Account created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Operating Account*."

"*Operating Account Requirement*" – an amount sufficient to bring the balance in the Operating Account to the amount contemplated by the Annual Operating Budget and a certificate of a TTA Representative, dated no later than five days prior to the last Business Day of the month, to be necessary to pay Operating Expenses for the ensuing two months.

"*Operating Expenses*" – the Commission's reasonable and necessary expenses of operation of the System, including, without limiting the generality of the foregoing, expenses for toll collection, all premiums for insurance and payments into any self-insurance reserve fund, all administrative and engineering expenses relating to operation of the System, fees and expenses of the Traffic Consultant, the General Engineering Consultant, the Trustee and of the Paying Agents, Policy Costs, legal expenses, expenses for Public Safety Officers and any other expenses required to be paid by the Commission as shown in the Annual Operating Budget for the System.

"*Outstanding*" or "*outstanding*" in connection with Obligations – all Obligations that have been authenticated and delivered under the Master Indenture, except:

(a) Obligations theretofore canceled or delivered to the Trustee for cancellation under the Master Indenture;

(b) Obligations that are deemed to be no longer Outstanding in accordance with the Master Indenture; and

(c) Obligations in substitution for which other Obligations have been authenticated and delivered pursuant to the Master Indenture.

In determining whether the Secured Owners of a requisite aggregate principal amount of Obligations Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Master Indenture, Obligations that are held by or on behalf of the Commission (unless all of the Outstanding Obligations are then owned by the Commission) shall be disregarded for the purpose of any such determination.

"*Paying Agent*" – with respect to any Series of Obligations, that Person appointed pursuant to the Master Indenture to make payments to Registered Owners of interest and/or principal pursuant to the terms of the Master Indenture or any Supplemental Indenture, which initially shall be the Trustee.

"*Person*" – an individual, public body, corporation, partnership, association, joint stock company, trust and any unincorporated organization.

"*Policy Costs*" – a periodic fee or charge required to be paid to maintain a DSRF Security.

"*Project*" – the 2002 Project and any improvements to the System to be financed or refinanced with the proceeds of Obligations, including refundings authorized by law.

"*Projected Annual Debt Service*" – when applied to First Tier Obligations, Second Tier Obligations, Subordinate Lien Obligations or all Obligations, for each annual period, shall equal the sum of (a) the amount of Annual Debt Service on all such First Tier Obligations, Second Tier Obligations, Subordinate Lien Obligations or all Obligations, as the case may be, then Outstanding, plus (b) the Annual Debt Service on any Obligations of such character then proposed to be issued.

"*Projected Debt Service Coverage Ratio*" – when applied to First Tier Obligations, Second Tier Obligations, Subordinate Lien Obligations or a combination of the foregoing, for each of the Fiscal Years commencing with the Fiscal Year following the end of any period during which interest was fully capitalized on the Obligations proposed to be issued and ending with the latest Fiscal Year in which any Obligation is scheduled to mature or for any other annual period, the ratio determined by dividing Projected Revenues for such annual period by the Projected Annual Debt Service for each such annual period.

"*Projected Operating Expenses*" – the Operating Expenses for each monthly period or the entire Fiscal Year as shown in the Annual Operating Budget to be adopted each Fiscal Year by the Commission pursuant to the Master Indenture.

"*Projected Operating Expenses Capacity*" – for any Fiscal Year, the portion of Operating Expenses estimated to be paid with Revenues, as reflected in the Annual Operating Budget.

"*Projected Revenues*" – Revenues projected by the Traffic Consultant to be received in the annual period in question, taking into account (i) any revisions of the Tolls that have been approved by the Commission and that will be effective during such annual period, (ii) any additional Tolls that the Traffic Consultant estimates will be received by the Commission following the completion of any Project then being constructed or proposed to be constructed, (iii) any revisions of the Tolls expected to be implemented by the Commission, as evidenced by a certificate of a TTA Representative delivered to the Trustee, and included as assumptions in a traffic and revenue report of the Traffic Consultant and (iv) for each Fiscal Year in any Construction and Ramp-Up Period, the amounts projected by a TTA Representative or the Traffic Consultant to be on deposit in the Rate Stabilization Fund and the General Reserve Fund.

"*Public Safety Officers*" – licensed public safety officers in the employment of or under contract to the Department for the purpose of performing public safety duties in connection with the System.

"*Purchase Date*" - the date upon which Series 2012-B Bonds are required to be purchased pursuant to a mandatory or optional tender, in accordance with the provisions of the Sixth Supplemental Indenture.

"*Purchase Price*" – The purchase price of the Series 2012-B Bonds pursuant to mandatory or optional tender as set forth in the Sixth Supplemental Indenture.

"*Quarterly Mode*" – the Mode in which the interest rate on any Bonds is set at the Quarterly Rate.

"*Quarterly Rate*" – the rate of interest that is set on any Bonds while they are in the Quarterly Mode pursuant to the Sixth Supplemental Indenture.

"*Rate Covenant*" – means the rate covenants of the Commission set for in the first paragraph under "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Rate Covenant."

"*Rate Stabilization Fund*" – the fund of that name created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Rate Stabilization Fund*."

"*Rate Stabilization Fund Requirement*" – (i) an amount equal to the greater of (A) all Revenues received, less the required deposits, if any, into the First Tier Debt Service Fund and the First Tier Debt Service Reserve Fund, through August 31, 2008, or (B) $10,000,000, or (ii) such other amount as set forth in a Supplemental Indenture, which amount may be less than the amount established in (i) above if the 2002 Obligations and the Bonds are no longer Outstanding. Provided, however, to the extent that amounts on deposit in the Rate Stabilization Fund are transferred to the First Tier Debt Service Fund, the Second Tier Debt Service Fund or the Subordinate Lien Debt Service Fund to cure a deficiency, the Rate Stabilization Fund Requirement shall be reduced to the greater of (i) the resulting balance in the Rate Stabilization Fund after such transfer or (ii) $10,000,000.

"*Rating Agency*" – Fitch, Moody's or S&P or such other nationally-recognized securities rating agency as may be so designated in writing to the Trustee by a TTA Representative.

"*Rating Category*" – each major rating classification established by the Rating Agency, determined without regard to gradations such as "1," "2" and "3" or "plus" (+) and "minus" (-).

"*Rebate Fund*" – the fund of that name created under the Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Rebate Fund*."

"*Record Date*" – with respect to the Series 2012-A Bonds and with respect to the Series 2012-B Bonds during the Initial Multiannual Period, the close of business on the 15th day of the calendar month immediately preceding any Interest Payment Date, regardless of whether such day is a Business Day.

"*Redemption Date*" – the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Sixth Supplemental Indenture.

"*Refunded Bonds*" – All or any portion of the Commission's Outstanding Series 2002-A Bonds and Series 2009 Bonds actually refunded as provided in each Award Certificate.

"*Regional Tollway Authority*" – a regional tollway authority established under Chapter 366, Texas Transportation Code.

"*Registered Owner*" or "*Owner*" (or the lower case version of the same) – the Person in whose name any Obligations are registered on the Bond Register maintained by the Bond Registrar.

"*Reimbursement Agreement*" – an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issue a Credit Facility with respect to Obligations of one or more Series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder.

"*Reimbursement Obligation*" or "*Reimbursement Obligations*" – the obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility and to pay interest on such drawn amounts pursuant to such Reimbursement Agreement, which Reimbursement Obligation is secured by the Trust Estate on a parity with the First Tier Obligations, the Second Tier Obligations or Subordinate Lien Obligations, as appropriate.

"*Remarketing Agent*" – the Remarketing Agent or Remarketing Agents designated by a Chief Financial Officer pursuant to the Sixth Supplemental Indenture, and any successor remarketing agent appointed in accordance therewith.

"*Remarketing Agreement*" – any remarketing agreement executed by the Commission and the Remarketing Agent pursuant to the Sixth Supplemental Indenture.

"*Reserve Maintenance Account*" – the fund of that name created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Reserve Maintenance Account*."

"*Revenue Fund*" – the fund of that name created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Revenue Fund*."

"*Revenues*" – all income and revenues derived from the operation of the System, including (a) all Tolls received by or on behalf of the Commission, (b) any other sources of revenues or funds of the Commission derived from or attributable to the System or from the ownership or the holding of certain properties constituting a part of the System, (c) the proceeds of any insurance covering business interruption loss relating to the System, (d) any other sources of revenues or funds of the Commission that the Commission chooses to designate as "Revenues" pursuant to a Supplemental Indenture, (e) the interest and income earned on any fund or account where said interest or income is required to be credited to the Revenue Fund pursuant to the Master Indenture and (f) transfers of excess funds from the Rate Stabilization Fund to the Revenue Fund pursuant to the Master Indenture. As more fully set forth in the caption "Agreement With Other Turnpikes" in the Appendix B, in the event the Commission receives advances or prepayments or otherwise operates or participates in a system in which funds are collected prior to the actual usage of the System, such funds shall not be deemed to be Revenues until the usage occurs or the funds are earned pursuant to the agreement under which the Commission receives such funds. Revenues does not include Additional Obligation Security.

"*Rule*" – Rule 15c2-12 of the SEC under the Securities Exchange Act of 1934, as amended from time to time.

"*SEC*" – the United States Securities and Exchange Commission or its successors.

"*Second Tier Approved Swap Agreement*" – an Approved Swap Agreement entered into as a Second Tier Obligation.

"*Second Tier Debt Service Fund*" – the fund of that name created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Second Tier Debt Service Fund*."

"*Second Tier Debt Service Reserve Fund*" – the fund created by the Master Indenture to secure the payment of Additional Second Tier Obligations and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – *Second Tier Debt Service Reserve Fund*."

"*Second Tier Debt Service Reserve Requirement*" – the amount set forth in the Supplemental Indentures authorizing the Additional Second Tier Obligations.

"*Second Tier DSRF Security*" – a surety bond, an insurance policy, a letter of credit or similar financial instrument satisfactory to the Rating Agency (as evidenced by a letter from the Rating Agency confirming that the Second Tier DSRF Security will not result in the rating on any outstanding Second Tier Obligations being downgraded) payable to the Trustee for the benefit of the Secured Owners in an amount equal to the difference between the Second Tier Debt Service Reserve Requirement and the amounts then on deposit in the Second Tier Debt Service Reserve Fund.

"*Second Tier Interest Account*" – the account of that name created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Flow of Funds – *Second Tier Debt Service Fund*."

"*Second Tier Obligations*" – all Indebtedness of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations issued or incurred as Additional Second Tier Obligations and includes all obligations of the Commission owed to Secured Owners of Second Tier Obligations, Reimbursement Obligations secured by the Trust Estate on a parity with Second Tier Obligations and obligations of the Commission under Second Tier Swap Agreements.

"*Second Tier Principal Account*" – the account of that name created under the Master Indenture and set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Flow of Funds – *Second Tier Debt Service Fund*."

"*Second Tier Swap Agreement Counterparty*" – the counterparty to a Second Tier Approved Swap Agreement with the Commission or with the Trustee.

"*Secured Owner*" or "*Secured Owners*" – (a) with respect to First Tier Obligations, each Person who is a Registered Owner of any First Tier Obligations, each First Tier Swap Agreement Counterparty providing a First Tier Swap Agreement, each Bank providing a Credit Facility secured on a parity with the First Tier Obligations and each Bond Insurer providing a bond insurance policy with respect to a First Tier Obligation (b) with respect to Second Tier Obligations, each Person who is a Registered Owner of any Second Tier Obligations, each Second Tier Swap Agreement Counterparty providing a Second Tier Swap Agreement, each Bank providing a Credit Facility secured on a parity with the Second Tier Obligations and each Bond Insurer providing a bond insurance policy with respect to a Second Tier Obligation and (c) with respect to Subordinate Lien Obligations, each Person who is a Registered Owner of any Subordinate Lien Obligations, each Second Tier Swap Agreement Counterparty providing a Second Tier Swap Agreement, each Bank providing a Credit Facility secured on a parity with the Subordinate Lien Obligations and each Bond Insurer providing a bond insurance policy with respect to a Subordinate Lien Obligation.

"*Securities Depository*" – a Person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such act for the purposes of Section 17A thereof.

"*Semiannual Mode*" – the Mode in which the interest rate on any Bonds is set at the Semiannual Rate.

"*Semiannual Rate*" – the rate of interest that is set on any Bonds while they are in the Semiannual Mode pursuant to the Sixth Supplemental Indenture.

"*Series*" – one or more Obligations issued at the same time, or sharing some other common term or characteristic, and designated as a separate Series of Obligations.

"*Series 2002 Bonds*" – collectively, the Series 2002-A Bonds and the Series 2002-B Bonds.

"*Series 2002 First Tier Obligations*" – the Series 2002 Bonds.

"*Series 2002 Second Tier BANS*" – the Texas Turnpike Authority Central Texas Turnpike System Bond Anticipation Notes, Series.

"*Series 2002-A Bonds*" – the Texas Turnpike Authority Central Texas Turnpike System First Tier Revenue Bonds, Series 2002-A.

"*Series 2002-B Bonds*" – the Texas Turnpike Authority Central Texas Turnpike System First Tier Revenue Bonds, Series 2002-B (Weekly Rate Demand Bonds).

"*Series 2009 Bonds*" – the Texas Transportation Commission Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Series 2009.

"*Series 2012-A Bonds*" – the Texas Transportation Commission Central Texas Turnpike System First Tier Revenue Refunding Bonds, Series 2012-A authorized by the Sixth Supplemental Indenture.

"*Series 2012-B Bonds*" – the Texas Transportation Commission Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Series 2012-B authorized by the Sixth Supplemental Indenture.

"*SH 45SE*" – an approximately 7-mile highway in Travis County, Texas that extends westward from the junction of SH 130 and US 183 to IH-35 at FM 1327.

"*Short-Term Indebtedness*" – all Indebtedness that matures in less than 365 days and are issued as Short-Term Indebtedness pursuant to the Master Indenture. In the event a Bank has extended a line of credit or the Commission has undertaken a commercial paper or similar program, only amounts actually borrowed under such line of credit or program and repayable in less than 365 days shall be considered Short-Term Indebtedness and the full amount of such commitment or program shall not be treated as Short-Term Indebtedness to the extent that such facility remains available but undrawn.

"*SIFMA*" - The Securities Industry and Financial Markets Association, or any successor thereto.

"*SIFMA Index*" or "*SIFMA Municipal Swap Index*" - The "Securities Industry and Financial Markets Association Municipal Swap Index" announced weekly by Municipal Market Data and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specified criteria established by the SIFMA. The SIFMA Index shall be based upon current yields of high-quality, weekly adjustable variable rate demand bonds which are subject to tender upon seven days notice, the interest on which is tax-exempt and not subject to any personal "alternative minimum tax" or similar tax under the Code, unless all tax-exempt securities are subject to such tax.

"*Standard & Poor's*" or "*S&P*" – Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Commission.

"*State*" – the State of Texas.

"*State Highway 45 North*" – an approximately 13-mile highway located in Travis and Williamson Counties, Texas. The State Highway 45 element extends westward from FM 685 and State Highway 130 to IH-35 at existing FM 1325, and then continues westward to and over United States Highway 183 to a western terminus at Ridgeline Boulevard.

"*State Highway Fund*" – the fund established by the laws of the State known as State Highway Fund (006) held in the State Treasury by the Texas Comptroller of Public Accounts.

"*State Highway 130*" – an approximately 49-mile highway extending from State Highway 130 at State Highway 195, north of Georgetown, Texas to an interim southern terminus with United States Highway 183 at the location where the proposed State Highway 45 South turnpike ("*State Highway 45 South Turnpike*") will connect to United States Highway 183. State Highway 130 is located generally parallel to, and east of IH-35 and through the Counties of Williamson and Travis, Texas.

"*State Highway System*" – the system of highways referred to in the Texas Transportation Code as the State Highway System.

"*Stated Maturity*" – when used with respect to any Obligations, the scheduled maturity or mandatory sinking fund redemption of such Obligations.

"*Subordinate Lien Approved Swap Agreements*" – an Approved Swap Agreement entered into as a Subordinate Lien Obligation.

"*Subordinate Lien Debt Service Fund*" – the fund created under the Master Indenture to secure payment of the Subordinate Lien Obligations.

"*Subordinate Lien Obligations*" – the 2002 TIFIA Loan and all Indebtedness of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations issued or incurred as Additional Subordinate Lien Obligations under the Master Indenture and includes all obligations of the Commission owed to Secured Owners of Subordinate Lien Obligations, Reimbursement Obligations secured by the Trust Estate on a parity with Subordinate Lien Obligations and obligations of the Commission under Subordinate Lien Approved Swap Agreements.

"*Subordinate Lien Swap Agreement Counterparty*" – a counterparty to a Subordinate Lien Approved Swap Agreement.

"*Substantial Completion*" – as evidenced by the certificate of a TTA Representative pursuant to the Master Indenture, the point in time when the 2002 Project or any additional Project has been partially opened to traffic to the extent that the portions of such Project open to traffic were projected to produce 80% of the Revenues of such Project in the Traffic and Revenue Report issued at the time of the issuance of Obligations to finance the cost of such Project.

"*Supplemental Indenture*" or "*Supplement*" – any supplemental indenture to the Master Indenture, now or hereafter duly authorized and entered into in accordance with the provisions of the Master Indenture.

"*Swap Agreement*" – a contract having an interest rate, currency, cash-flow, or other basis desired by the Commission.

"*System*" – the Central Texas Turnpike System, the 2002 Project, SH 45SE and any Project to expand, enlarge or extend the Central Texas Turnpike System, any Project pooled with the Central Texas Turnpike System pursuant to the Turnpike Act and any other roads, bridges, tunnels or other toll facilities for which the Commission has operational responsibility and is collecting Tolls, unless the Commission identifies, in writing delivered to the Trustee, such roads, bridges, tunnels or other toll facilities as not being part of the System for the purposes of the Master Indenture.

"*System Credit Facility*" - The irrevocable letter of credit, surety bond, insurance policy or similar instrument securing the payment of the principal of, premium, if any, and interest on, and the Purchase Price of, a

Series of Variable Rate Bonds, designated in each Award Certificate for such Series, until such time as an Alternate Credit Facility has been issued in substitution and replacement for such System Credit Facility and thereafter "Credit Facility" shall mean such Alternate Credit Facility. A Credit Facility is not a "Liquidity Agreement" within the meaning hereof.

"*Tender Indebtedness*" – any Obligations (the Bonds do not constitute Tender Indebtedness):

(a) the terms of which include (i) an option or an obligation on the part of the Secured Owner to tender all or a portion of such Obligation to the Commission, the Trustee, the Paying Agent or another fiduciary or agent for payment or purchase and (ii) a requirement on the part of the Commission to purchase or cause to be purchased such Obligation or portion thereof if properly presented; and

(b) that are rated in either (i) one of the two highest long-term Rating Categories by a Rating Agency or (ii) the highest short-term, note or commercial paper Rating Category by a Rating Agency.

"*Tier*" – the designation of the lien status of the Obligations, and includes First Tier Obligations, Second Tier Obligations and Subordinate Lien Obligations.

"*TIFIA Loan Agreement*" – the Master Secured Loan Agreement dated as of July 15, 2002, as supplemented and amended, between the Commission and the USDOT, acting by and through the Federal Highway Administrator, relating to the 2002 TIFIA Loan.

"*Toll*" or "*Tolls*" – all rates, rents, fees, charges, fines or other income derived by the Commission from vehicular usage of the System, and all rights of the Commission to receive the same.

"*Traffic and Revenue Report*" – a report of the Traffic Consultant setting forth the estimated traffic and revenue for the System or a Project.

"*Traffic Consultant*" – any traffic and revenue consultant or firm or firms of traffic and revenue consultants of favorable national reputation for skill and experience in performing the duties for which a Traffic Consultant is required to be employed pursuant to the provisions of the Master Indenture and who are retained by the Department as a Traffic Consultant for the purposes of the Master Indenture.

"*Trust Estate*" – shall have the respective meanings set forth in "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Sources of Payment – *Special, Limited Obligations*" with respect to the First Tier Obligations, Second Tier Obligations and Subordinate Lien Obligations, respectively.

"*Trustee*" – The Bank of New York Mellon Trust Company, National Association, as successor in interest to Bank One, National Association.

"*TTA Representative* " – the Executive Director, each Deputy Executive Director and each Assistant Executive Director of the Department or such other individuals so designated by the Commission to perform the duties of the TTA Representative under the Master Indenture.

"*Turnpike Act*" – Chapter 228 of the Transportation Code, as amended.

"*2002 Obligations*" – the Series 2002 First Tier Obligations, the Series 2002 Second Tier BANS and the 2002 TIFIA Bond.

"*2002 Project*" – the initial project to be financed with the proceeds of the Obligations, designated as the Central Texas Turnpike Project, a turnpike project composed of three elements, Loop 1, State Highway 45 North and State Highway 130, as further described in the GEC's 2002 Project Report.

"*2002 TIFIA Bond*" – the bond entitled "Texas Turnpike Authority, a division of the Texas Department of Transportation, TIFIA – No. 2001-001, Central Texas Turnpike Authority Subordinate Lien Bond, Series 2002" issued as a Subordinate Lien Obligation to evidence the 2002 TIFIA Loan.

"*2002 TIFIA Loan*" – the loan from the USDOT to the Commission made pursuant to the TIFIA Loan Agreement and evidenced by the 2002 TIFIA Bond, to finance a portion of the Costs of the 2002 Project.

"*Undelivered Bonds*" – Bonds which are deemed to have been tendered as provided in the Sixth Supplemental Indenture.

"*U.S.*" – United States of America.

"*USDOT*" – United States Department of Transportation.

"*Variable Rate Bonds*" – Series 2012-B Bonds in the Daily Mode, the Flexible Mode, the Weekly Mode, the Monthly Mode, the Quarterly Mode, the Semiannual Mode, the Multiannual Mode, the Index Floating Rate Mode or such other mode, interest rate or other provisions and terms as set forth in an Award Certificate.

"*Variable Rate Indebtedness*" – any Obligation the interest rate on which fluctuates from time to time subsequent to the time of incurrence. Variable Rate Indebtedness may include, without limitation, (a) "auction rate" Obligations (i) the interest rate applicable to which (after an initial period following the issuance thereof or the conversion thereof to such an interest rate mode) is reset from time to time through an auction or bidding system and (ii) which the Commission has no obligation to repurchase in connection with the resetting of the interest rate applicable thereto except to the extent proceeds are available for such purpose either from the remarketing of such Obligations or from such other sources as identified in the Supplemental Indenture pursuant to which such Obligations were issued; (b) Tender Indebtedness (specifically excluding the Bonds); (c) commercial paper Obligations which are intended to be reissued and refinanced periodically; or (d) other forms of Obligations on which the interest fluctuates or is subject to being set or reset from time to time, not more frequently than annually.

"*Weekly Mode*" – the Mode in which the interest rate on any Bonds is set at the Weekly Rate.

"*Weekly Rate*" – the rate of interest that is set on any Bonds while they are in the Weekly Mode pursuant to the Sixth Supplemental Indenture.

SUMMARIES OF MASTER INDENTURE PROVISIONS

Limitations on Other Indebtedness

Limitations on Issuance of Additional First Tier Obligations and Execution of First Tier Approved Swap Agreements.

(a) Short-Term Indebtedness. The Commission agrees that it will not issue any Additional First Tier Obligations constituting Short-Term Indebtedness unless immediately after the incurrence of such Short-Term Indebtedness, the outstanding principal amount of all Obligations Outstanding in the form of Short-Term Indebtedness plus all Obligations Outstanding in the form of Variable Rate Indebtedness that does not constitute Short-Term Indebtedness, will not exceed twenty percent (20%) of the aggregate principal amount of all Outstanding Obligations. Short-Term Indebtedness issued in accordance with the limitations set forth in this paragraph will be on a parity with other First Tier Obligations.

(b) Long-Term Indebtedness. The Commission agrees that it will not issue any Additional First Tier Obligations constituting Long-Term Indebtedness unless prior to or contemporaneously with the incurrence thereof, the following items are delivered to the Trustee:

(i) a letter from each Rating Agency then maintaining a rating on the Outstanding First Tier Obligations to the effect that the Additional First Tier Obligations have received an investment grade rating from such Rating Agency; and either

(ii) a report of the Traffic Consultant to the effect that (A) the Revenues during the preceding annual period ending not more than ninety (90) days prior to the date of delivery of the proposed Additional First Tier Obligations were sufficient to satisfy the requirements of the Rate Covenant (which report may assume that a revision of the Tolls that was approved and implemented by the Commission

subsequent to the beginning of such annual period had been in effect for the entire annual period), and (B) the Projected Revenues for each Fiscal Year over the term of the proposed Additional First Tier Obligations is expected to produce a Projected Debt Service Coverage Ratio of at least (1) 1.50 with respect to First Tier Obligations, (2) 1.20 with respect to First Tier Obligations and Second Tier Obligations and (3) 1.10 with respect to all Obligations; or:

(iii) if the Long-Term Indebtedness is being incurred solely for the purposes of refunding, repurchasing or refinancing (whether in advance or otherwise) any Outstanding Long-Term Indebtedness, a certificate of a TTA Representative certifying the Average Annual Debt Service on all Obligations prior to the issuance of the proposed Long-Term Indebtedness is greater than the Average Annual Debt Service on all Obligations after the issuance of such proposed Long-Term Indebtedness.

(c) Completion Obligations. To finance the costs of completion of (i) the 2002 Project or (ii) any improvements, extensions or enlargements to the Central Texas Turnpike System financed with the proceeds of Additional First Tier Obligations, the Commission may, without complying with any other provisions of paragraph (b) above, issue Additional First Tier Obligations in a principal amount not in excess of 10% of the principal amount of the original First Tier Obligations issued to finance such facilities, if prior to the issuance thereof there is delivered to the Trustee a certificate of a TTA Representative stating: (i) that at the time the original First Tier Obligations for the facilities to be completed were issued, the Commission had reason to believe that the proceeds of such First Tier Obligations together with other money then expected to be available would provide sufficient money for the completion of such facilities; (ii) the amount estimated to be needed to so complete the facilities; and (iii) that the proceeds of such First Tier Obligations to be applied to the completion of the facilities, together with a reasonable estimate of investment income to be earned on such proceeds and available to pay such Costs, the amount of money, if any, committed to such completion from available cash or marketable securities and reasonably estimated earnings thereon, enumerated bank loans (including letters or lines of credit), and any other money reasonably expected to be available, will be in an amount not less than the estimated amount needed to complete the facilities set forth in such certificate of a TTA Representative. The principal amount of the completion Obligations to be used in assessing whether the test set forth in this paragraph has been met shall include the amount required to (i) provide completed and equipped facilities of substantially the same type and scope contemplated at the time such prior First Tier Obligations were originally issued, (ii) provide for capitalized interest during the period of construction, (iii) provide the required deposit, if any, to cause the balance in the First Tier Debt Service Reserve Fund to equal the First Tier Debt Service Reserve Requirement, and (iv) pay the costs and expenses of issuing such First Tier Obligations.

(d) Additional Items Required for Trustee. In conjunction with the issuance of Additional First Tier Obligations (other than First Tier Approved Swap Agreements), Commission shall also file the following with the Trustee:

(i) A certified copy of the Commission's minute order(s) authorizing (1) the execution and delivery of a Supplemental Indenture establishing or providing for the establishment of, among other things, the date, rate or rates of interest on, interest payment dates, Stated Maturity dates and redemption provisions of such Additional First Tier Obligations, and (2) the issuance, sale, execution and delivery of the Additional First Tier Obligations;

(ii) An original executed Supplemental Indenture and Award Certificate, if authorized by the Supplement;

(iii) An opinion(s) of Bond Counsel to the effect that (1) issuance of the Additional First Tier Obligations is permitted under the Master Indenture, (2) each of the Supplemental Indenture and the Additional First Tier Obligations has been duly authorized, executed and delivered and is a valid, binding and enforceable obligation of the Commission, subject to bankruptcy, equitable principles and other standard legal opinion exceptions and (3) if applicable, interest on the Additional First Tier Obligations is not included in gross income for federal income tax purposes under the Code;

(iv) A signed request from the Commission to authenticate and deliver the Additional First Tier Obligations to such Person named therein upon such conditions as are set forth in the request and authorization, including, if applicable, confirmation of payment to the Trustee for the account of the

Commission of a specified sum (which may include directions as to the disposition of such of such sum of money);

(v) A certificate of the Commission that the Commission is not in default under the Master Indenture or, upon the issuance of such Additional First Tier Obligations, any existing default will be cured, and evidence satisfactory to the Trustee that, upon issuance of the Additional First Tier Obligations, amounts will be deposited in the funds under the Master Indenture adequate for the necessary balances therein after issuance of the Additional First Tier Obligations (including any amount necessary to satisfy the First Tier Debt Service Reserve Requirement);

(vi) A certificate of the Commission identifying the Additional First Tier Obligations as Short-Term Indebtedness or Long-Term Indebtedness and demonstrating with reasonable detail that the applicable provisions described in subsections (a), (b) and (c) of this caption entitled "*Limitations on Issuance of Additional First Tier Obligations and Execution of First Tier Approved Swap Agreements*" have been met for the issuance of such Additional First Tier Obligations; and

(vii) Such further documents, money and securities as are required by the provisions of the Supplemental Indenture.

(e) First Tier Approved Swap Agreements. The Commission agrees that it will not enter into any First Tier Approved Swap Agreement as a First Tier Obligation unless prior to or contemporaneously with the incurrence thereof, there are delivered to the Trustee the certificates or reports required in paragraph (b)(iii) above, which certificates or reports take into account, in calculating Annual Debt Service, the expected payments to be made by and to the Commission pursuant to such First Tier Approved Swap Agreement, and the following items:

(i) A certified copy of the Commission's minute order(s) authorizing the execution and delivery of the Swap Agreement (no Supplemental Indenture is required unless the Commission determines it to be necessary) and specifying therein that payments owed by the Commission shall be secured by a pledge of and lien on the Trust Estate on a parity with other First Tier Obligations;

(ii) An original executed counterpart of the Swap Agreement;

(iii) An opinion of Bond Counsel addressed to the Commission and to the Trustee, to the effect that execution of the Swap Agreement is permitted under the laws of the State and will not adversely affect the exclusion from gross income of interest on any Outstanding First Tier Obligations for federal income tax purposes, including any Additional First Tier Obligations issued simultaneously with the delivery of the Swap Agreement;

(iii) A certificate of the Commission, signed by a TTA Representative, that the Commission is not under default under the Master Indenture;

(iv) Evidence that the execution of the Swap Agreement will not result in a reduction or withdrawal of the rating then assigned to any First Tier Obligations by the Rating Agency;

(v) Evidence that the other provisions of this subsection (e) entitled "First Tier Approved Swap Agreements" have been met; and

(vi) Such further documents as are required by the Swap Agreement or Bond Counsel, including evidence that all required legal approvals have been obtained.

In the event the Commission wishes to enter into an Approved Swap Agreement and to have its obligations thereunder be on parity with the First Tier Obligations, it shall file with the Trustee the items set forth above, together with, if deemed necessary by the Commission, a Supplemental Indenture granting such parity position (in which event, such Swap Agreement shall constitute a "*First Tier Swap Agreement*"). Upon entering into a First Tier Swap Agreement, unless otherwise provided in the Supplemental Indenture, the Commission shall pay to the Trustee for deposit into the First Tier Interest Account the net amount payable, if any, to the First Tier Swap Agreement Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the

Commission to the First Tier Swap Agreement Counterparty, to the extent required under the First Tier Swap Agreement, the amounts deposited in the First Tier Interest Account. Net amounts received by the Commission or the Trustee from the counterparty pursuant to a First Tier Swap Agreement shall be deposited to the credit of the First Tier Interest Account or to such other account as designated by a TTA Representative.

Limitations on Issuance of Additional Second Tier Obligations and Execution of Approved Second Tier Swap Agreements.

(a) Short-Term Indebtedness. The Commission agrees that it will not issue any Additional Second Tier Obligations constituting Short-Term Indebtedness unless (i) immediately after the incurrence of such Short-Term Indebtedness, the outstanding principal amount of all Obligations Outstanding in the form of Short-Term Indebtedness plus all Obligations Outstanding in the form of Variable Rate Indebtedness that does not constitute Short-Term Indebtedness, will not exceed twenty percent (20%) of the aggregate principal amount of all Outstanding Obligations and (ii) and the Commission delivers to the Trustee a letter from each Rating Agency then maintaining a rating on the Outstanding First Tier Obligations or Second Tier Obligations to the effect that the Additional Second Tier Obligations being issued as Short-Term Indebtedness are rated no lower than the lowest short-term investment grade rating of such Rating Agency. Short-Term Indebtedness issued in accordance with the limitations set forth in this paragraph will be on a parity with other Second Tier Obligations.

(b) Long-Term Indebtedness. The Commission agrees that it will not issue any Additional Second Tier Obligations constituting Long-Term Indebtedness unless prior to or contemporaneously with the incurrence thereof, there is delivered to the Trustee:

(i) a letter from each Rating Agency then maintaining a rating on the Outstanding First Tier Obligations or Second Tier Obligations to the effect that the Additional Second Tier Obligations have received an investment grade rating from such Rating Agency; and either

(ii) a report of the Traffic Consultant to the effect that (A) the Revenues during the preceding annual period ending not more than ninety (90) days prior to the date of delivery of the proposed Additional Second Tier Obligations were sufficient to satisfy the requirements of the Rate Covenant (which report may assume that a revision of the Tolls that was approved and implemented by the Commission subsequent to the beginning of such annual period had been in effect for the entire annual period), and (B) the Projected Revenues for each Fiscal Year over the term of the proposed Additional Second Tier Obligations is expected to produce a Projected Debt Service Coverage Ratio of at least (1) 1.20 with respect to First Tier Obligations and Second Tier Obligations and (2) 1.10 with respect to all Obligations; or

(iii) if the Long-Term Indebtedness is being incurred solely for the purposes of refunding, repurchasing or refinancing (whether in advance or otherwise) any outstanding Long-Term Indebtedness, a certificate of a TTA Representative certifying the Average Annual Debt Service on all Obligations prior to the issuance of the proposed Long-Term Indebtedness is greater than the Average Annual Debt Service on all Obligations after the issuance of such proposed Long-Term Indebtedness.

(c) Additional Items Required for Trustee. In conjunction with the issuance of Additional Second Tier Obligations (other than Second Tier Approved Swap Agreements), Commission shall also file with the Trustee those items described above under "Limitations on Other Indebtedness – *Limitations on Issuance of Additional First Tier Obligations and Execution of First Tier Approved Swap Agreements*- Additional Items Required for Trustee" are met (with the exception that wherever the term "First Tier" appears it shall be read as "Second Tier").

(d) Second Tier Approved Swap Agreements. The Commission agrees that it will not enter into any Second Tier Approved Swap Agreement as a Second Tier Obligation unless prior to or contemporaneously with the incurrence thereof, the provisions described above under "Limitations on Other Indebtedness – *Limitations on Issuance of Additional First Tier Obligations and Execution of First Tier Approved Swap Agreements*" are met (with the exception that wherever the term "First Tier" appears it shall be read as "Second Tier") and there are delivered to the Trustee the certificates or reports required in paragraph (b)(ii) above, which certificates or reports take into account, in calculating Annual Debt Service, the expected payments to be made by and to the Commission pursuant to such Second Tier Approved Swap Agreement.

Limitations on Issuance of Additional Subordinate Lien Obligations and Execution of Approved Subordinate Lien Swaps.

(a) Short-Term Indebtedness. The Commission agrees that it will not issue any Additional Subordinate Lien Obligations constituting Short-Term Indebtedness unless (i) immediately after the incurrence of such Short-Term Indebtedness, the outstanding principal amount of all Obligations Outstanding in the form of Short-Term Indebtedness plus all Obligations Outstanding in the form of Variable Rate Indebtedness that does not constitute Short-Term Indebtedness, will not exceed twenty percent (20%) of the aggregate principal amount of all Outstanding Obligations and (ii) the Commission delivers to the Trustee a letter from each Rating Agency then maintaining a rating on any Outstanding Obligations to the effect that the Additional Subordinate Lien Obligations being issued as Short-Term Indebtedness are rated no lower than the lowest short-term investment grade rating of such Rating Agency. Short-Term Indebtedness issued in accordance with the limitations set forth in this paragraph will be on a parity with other Subordinate Lien Obligations.

(b) Long-Term Indebtedness. The Commission agrees that it will not issue any Additional Subordinate Lien Obligations constituting Long-Term Indebtedness unless prior to or contemporaneously with the incurrence thereof, there is delivered to the Trustee:

(i) a report of the Traffic Consultant to the effect that (A) the Revenues during the preceding annual period ending not more than ninety (90) days prior to the date of delivery of the proposed Additional Subordinate Lien Obligations were sufficient to satisfy the requirements of the Rate Covenant (which report may assume that a revision of the Tolls that was approved and implemented by the Commission subsequent to the beginning of such annual period had been in effect for the entire annual period), and (B) the Projected Revenues for each Fiscal Year over the term of the proposed Additional Subordinate Lien Obligations is expected to produce a Projected Debt Service Coverage Ratio of at least 1.10 with respect to all Obligations or

(ii) if the Long-Term Indebtedness is being incurred solely for the purposes of refunding, repurchasing or refinancing (whether in advance or otherwise) any outstanding Long-Term Indebtedness, a certificate of a TTA Representative certifying the Average Annual Debt Service on all Obligations prior to the issuance of the proposed Long-Term Indebtedness is greater than the Average Annual Debt Service on all Obligations after the issuance of such proposed Long-Term Indebtedness.

(c) Additional Items Required for Trustee. In conjunction with the issuance of Additional Subordinate Lien Obligations (other than Subordinate Lien Approved Swap Agreements), the Commission shall also file with the Trustee those items described above under "Limitations on Other Indebtedness – *Limitations on Issuance of Additional First Tier Obligations and Execution of First Tier Approved Swap Agreements*- Additional Items Required for Trustee" are met (with the exception that wherever the term "First Tier" appears it shall be read as " Subordinate Lien ").

(d) Subordinate Lien Approved Swap Agreements. The Commission agrees that it will not enter into any Approved Swap Agreement as a Subordinate Lien Obligation unless prior to or contemporaneously with the incurrence thereof, the provisions described above under "Limitations on Other Indebtedness – *Limitations on Issuance of Additional First Tier Obligations and Execution of First Tier Approved Swap Agreements*" are met (with the exception that wherever the term "First Tier" appears it shall be read as "Subordinate Lien") and there are delivered to the Trustee the certificates or reports required in paragraph (b)(ii) above, which certificates or reports take into account, in calculating Annual Debt Service, the expected payments to be made by and to the Commission pursuant to such Subordinate Lien Approved Swap Agreement.

Particular Covenants

Annual Operating Budget; Annual Maintenance Budget; Annual Capital Budget.

(a) Annual Operating Budget. The Commission covenants that on or before August 31 in each Fiscal Year (or such other date as is consistent with the Commission's policies then in effect) it will adopt an Annual Operating Budget for the System for the ensuing Fiscal Year. Prior to adopting the Operating Budget, the Commission shall provide a draft of such budget to the General Engineering Consultant sufficiently in advance of the adoption of such Annual Operating Budget in order for the General Engineering Consultant to provide

comments before such adoption. The Commission further covenants that it will prepare each such Annual Operating Budget on the basis of monthly requirements, so that it will be possible to determine the estimated Operating Expenses for each month during the following Fiscal Year.

If for any reason the Commission shall not have adopted the Annual Operating Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year shall, until the adoption of the new Annual Operating Budget, be deemed to be in force and shall be treated as the Annual Operating Budget.

Subject to the review and comment of the General Engineering Consultant, the Commission may adopt an amended or supplemental Annual Operating Budget at any time for the remainder of the then current Fiscal Year, which must be provided to the Trustee.

If the estimate of Revenues and Commission payments for Operating Expenses to be received in the Fiscal Year, as reflected in the Annual Operating Budget, shows that such amounts are expected to be insufficient to allow the Commission to pay all Operating Expenses, the Commission shall take the actions provided under "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Rate Covenant" as though the projected shortfall in Revenues has been experienced so that Revenues can be increased to an amount sufficient to provide for the payment of Operating Expenses. However, the Commission will not be required to take such actions if the Commission includes in an amended general budget for the Commission for such Fiscal Year an amount sufficient to pay the Operating Expenses.

In recognition that Revenues are not expected to be sufficient to pay all Operating Expenses for a number of years and that the Commission has covenanted to pay the Operating Expenses to the extent Revenues are not sufficient for such purpose, but solely from lawfully available funds, the Commission covenants to include in its general budget for such Fiscal Year one hundred and ten percent (110%) of the difference between the projected Operating Expenses and the Projected Operating Expenses Capacity.

(b) Annual Maintenance Budget. The Commission covenants that on or before August 31 in each Fiscal Year (or such other date as is consistent with the Commission's policies then in effect) it will adopt an Annual Maintenance Budget for the System for the ensuing Fiscal Year, which must be provided to the Trustee. Prior to adopting the Maintenance Budget, the Commission shall provide a draft of such budget to the General Engineering Consultant sufficiently in advance of the adoption of such Annual Maintenance Budget in order for the General Engineering Consultant to provide comments before such adoption. The Commission further covenants that it will prepare each such Annual Maintenance Budget on the basis of monthly requirements, so that it will be possible to determine the estimated Maintenance Expenses for each month during the following Fiscal Year.

If for any reason the Commission shall not have adopted the Annual Maintenance Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year, shall, until the adoption of the new Annual Maintenance Budget, be deemed to be in force and shall be treated as the Annual Maintenance Budget.

Subject to the review and comment of the General Engineering Consultant, the Commission may adopt an amended or supplemental Annual Maintenance Budget at any time for the remainder of the then current Fiscal Year, which must be provided to the Trustee.

If the estimate of Commission payments for Maintenance Expenses in the Fiscal Year, as reflected in the Annual Maintenance Budget, shows that Commission's payments for Maintenance Expenses are expected to be insufficient to pay all Maintenance Expenses, the Commission shall take the actions set forth under "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Rate Covenant" as though a projected shortfall in Revenues has been experienced so that Revenues can be increased to an amount sufficient to provide for the payment of Maintenance Expenses. However, the Commission will not be required to take such actions if the Commission includes in an amended general budget for the Commission for such Fiscal Year an amount sufficient to pay the Maintenance Expenses.

(c) Annual Capital Budget. The Commission further covenants that it will adopt an Annual Capital Budget for the System on or before August 31 of each Fiscal Year (or such other date as is consistent with the Commission's policies then in effect). The Annual Capital Budget will detail the Commission's planned capital expenditures over a period of at least five (5) years and the portion of capital expenditures expected to be funded from the Reserve Maintenance Account. The Annual Capital Budget for each Fiscal Year shall include the expected

beginning balance in the Reserve Maintenance Account, the amounts to be transferred by the Trustee to the Reserve Maintenance Account from the General Reserve Fund, the amount of proceeds of Indebtedness expected to become available during the Fiscal Year, the amounts expected to be transferred monthly by the Commission to the Reserve Maintenance Account, and the desired year-end balance in the Reserve Maintenance Account. Prior to adopting the Annual Capital Budget, the Commission shall provide a draft of the capital budget to the General Engineering Consultant sufficiently in advance of the Commission's adoption of the Annual Capital Budget in order for the General Engineering Consultant to provide comments before the date of such adoption. The Commission may adopt amendments or supplements to the Annual Capital Budget at any time, which must be provided to the Trustee.

Use and Operation of System. The Commission covenants that

(a) it will maintain and operate the System in an efficient and economical manner,

(b) it will maintain the System in good repair and will make all necessary repairs, renewals and replacements, to the extent funds are available therefor; and

(c) it will comply with laws and all rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to such System, subject to the right of the Commission to contest the same in good faith and by appropriate legal proceedings.

Inspection of the System and Duties of General Engineering Consultant. The Commission shall cause the General Engineering Consultant to make an inspection of the System at least once in the Fiscal Year following the Substantial Completion of the 2002 Project and in each Fiscal Year thereafter; provided, however, with the advice and consent of the Commission the obligations of the GEC required by this paragraph may be modified or lessened to the extent that the obligations of the GEC have been performed by other parties otherwise retained by the Commission to carry out inspections in accordance with the National Bridge Inspection Program. Following each inspection and on or before the 90th day prior to the end of each Fiscal Year, the General Engineering Consultant shall submit to the Commission a report setting forth (a) their findings as to whether the System has been maintained in good repair, working order and condition and (b) their advice and recommendations as to the proper maintenance, repair and operation of the System during the ensuing Fiscal Year and (c) an estimate of the amount of money necessary for such purposes, including their recommendations as to the total amounts and classifications of items and amounts that should be provided for in the Annual Operating Budget, the Annual Maintenance Budget and Annual Capital Budget for the next ensuing Fiscal Year. Copies of such reports shall be provided to the Trustee, and to USDOT so long as the 2002 TIFIA Loan is Outstanding, except, with the advice and consent of the Commission, the obligations of the GEC, as described in this paragraph, may be modified and lessened by the performance of the National Bridge Inspection Program (NBI), in accordance with applicable Federal law, by parties otherwise retained by the Commission to perform NBIs in the geographic region of the 2002 Project.

Construction of Projects. The Commission covenants that:

(a) it will proceed with diligence to construct any Projects in conformity with law; all requirements of all governmental authorities having jurisdiction; and the policies, rules and regulations of the Commission.

(b) the Commission shall involve the General Engineering Consultant or another Consultant to assist in quality assurance matters in connection with design, construction or both of any Project or portion thereof to the extent the Commission determines necessary or appropriate.

Employment of General Engineering Consultant and Traffic Consultant. The Commission covenants to employ an independent engineer or engineering firm or corporation having a national reputation for skill and experience in such work to perform any functions of the General Engineering Consultant and the Traffic Consultant under the Master Indenture. The General Engineering Consultant and the Traffic Consultant shall be independent of one another.

Insurance. The Commission covenants that it will keep the System and its use and operation thereof insured (including through self-insurance) at all times in such amounts, subject to such exceptions and deductibles and against such risks, as are customary for similar organizations, including business interruption insurance. All insurance policies shall be carried with a responsible insurance company or companies authorized to do business in

the State or shall be provided under a self-insurance program; any self-insurance program shall be actuarially sound in the written opinion of an accredited actuary, which opinion shall be filed with the Trustee at least annually. At any time and from time to time, the Commission may elect to terminate self-insurance of a given type. Upon making such election, the Commission shall, to the extent then deemed necessary by a Consultant, obtain and maintain comparable commercial insurance.

On the July 1 following the Substantial Completion of the 2002 Project and every three years thereafter (except with respect to self-insurance, which shall be annually), the Commission shall cause the Consultant referred to in the preceding paragraph to certify to the Trustee that (a) it has reviewed the adequacy of the Commission's insurance, listing the types and amounts of insurance, and (b) it finds such coverage to be reasonable and customary for similar organizations. If the Consultant concludes that coverage other than that currently carried by the Commission should be carried, the Commission shall obtain such insurance coverage unless it determines in good faith that it is unreasonable or uneconomical to obtain such coverage and TTA Representative certifies the same in writing to the Trustee.

The Commission covenants that it will take actions as it deems necessary to demand, collect and sue for any proceeds that may become due and payable to it under any policy. To the extent that the Commission receives insurance payments under a business interruption insurance policy or liquidated damages for delayed completion under a construction contract relating to the acquisition or construction of a Project, such amounts shall be deposited into the First Tier Debt Service Fund.

Damage or Destruction. Immediately after any damage to or destruction of any part of the System that materially adversely affects the Revenues, the Commission will promptly take action to repair, reconstruct or replace the damaged or destroyed property or to otherwise ameliorate the adverse impact on Revenues.

Encumbrance of Revenues; Sale, Lease or Other Disposition of Property. The Commission covenants that so long as any Obligations are Outstanding under the Master Indenture,

(a) (1) it will not create or suffer to be created any lien or charge upon any Revenues, except the lien and charge of the First Tier Obligations, the Second Tier Obligations and the Subordinate Lien Obligations secured hereby; and (2) from such Revenues or other funds available under the Master Indenture, it will pay or cause to be discharged, or will make adequate provision to pay or discharge, within ninety (90) days after the same shall accrue, all lawful claims and demands for labor, materials or supplies that, if unpaid, might by law become a lien upon any Revenues; provided, however, that the Commission shall not be required to pay or discharge, or make provision for such payment or discharge of, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings; provided further, that in recognition that amounts on deposit in the General Reserve Fund may be used for any lawful purpose, the Commission retains the right to issue bonds or notes or otherwise incur debt secured by and payable from amounts to be deposited in the General Reserve Fund. Any encumbrance of amounts on deposit in the General Reserve Fund in addition to that created by the other provisions of the Master Indenture, shall be subject and subordinate to the security interest in, pledge of and lien on the Trust Estate established for the benefit of the Obligations and to the other provisions of the Master Indenture relating to the use of Revenues and the amounts on deposit in the General Reserve Fund.

(b) subject to the provisions of the Indenture described under "TAX MATTERS" and "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Reservation of Right to Transfer System" of this Official Statement, it will not sell or otherwise dispose of any real estate or personal property comprising a portion of the System unless the TTA Representative determines in the case of property with a value of $1 million or less or the Commission determines in the case of property with a value in excess of $1 million that

(1) such property (i) has become obsolete or worn out or is reasonably expected to become so within one year after the date of such disposition, (ii) is no longer used or useful in the operation of the System or in the generation of Revenues or (iii) is to be or has been replaced by other property; or

(2) by minute order that such action will not materially adversely affect the Projected Revenues.

The Commission shall have the discretion to deposit the proceeds of such sale or disposition in a fund or account held under the Master Indenture or a Commission account held outside the Master Indenture, as it deems appropriate. In the event the Commission did not meet the Rate Covenant during the preceding Fiscal Year, however, then the Commission shall notify the Trustee of the sale or disposition of any property that generated

Revenues in excess of one percent of the Commission's Revenues during the prior Fiscal Year, and all proceeds from such sale or disposition shall be deposited in the Revenue Fund.

(c) subject to the provisions of the Indenture described under "TAX MATTERS" and "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Reservation of Right to Transfer System" of this Official Statement, it will not lease any real estate or personal property comprising a portion of the System unless the Commission determines by minute order that such action will not materially adversely affect the Revenues.

Without intending to limit the foregoing, the Commission also may enter into contracts or other forms of agreement for the use of any real estate comprising a portion of the System including, but not limited to, rights of way for telephone, telegraph, optic fiber and other forms of communication, electric, gas transmission and other lines, towers, or facilities for utilities, and other uses that do not materially adversely affect the operation of the System and the payments received in connection with the same shall, to the extent permitted by law, constitute Revenues. The Commission also covenants to ensure that all necessary real property filings are made in connection with any such lease or other agreement relating to the use of real estate comprising a portion of the System to protect the interest of the Commission in such property.

Reservation of Right to Transfer System

Under the Master Indenture, the Commission reserves the right to transfer all or any part of the System to a Regional Mobility Authority established under the Texas Transportation Code, a Regional Tollway Authority or another governmental entity authorized by law to own and operate toll facilities, but only upon satisfaction of the following conditions:

(a) the General Engineering Consultant issues a report in which it estimates the Operating Expenses and Maintenance Expenses for the System following such transfer for each Fiscal Year that any Obligations are scheduled to be Outstanding;

(b) the Traffic Consultant issues a traffic and revenue projection showing the Projected Revenues for the System following such transfer for each Fiscal Year that any Obligations are scheduled to be Outstanding;

(c) a TTA Representative delivers a certificate, based upon the reports of the General Engineering Consultant and the Traffic Consultant required by (a) and (b), to the effect that (i) the Projected Debt Service Coverage Ratio would be sufficient on that day to allow each of the then-Outstanding Obligations to be issued in compliance with the terms of the Master Indenture if such Obligations were being issued on the date of such certificate and (ii) the Commission is not in default under any of the provisions of the Master Indenture;

(d) each Rating Agency then maintaining a rating on the Outstanding Obligations issues a letter to the Commission to the effect that such transfer would not have the effect of causing the Rating Agency to lower the existing rating;

(e) if the 2002 TIFIA Loan is still outstanding, the USDOT consents in writing to such transfer and the additional requirements in the TIFIA Loan Agreement relating to such transfer are satisfied or waived by the USDOT;

(f) any money paid by the Department for the design, construction, operation and maintenance of the transferred property is repaid to the State Highway Fund;

(g) the Commission delivers an opinion of Counsel to the Trustee to the effect that the transfer is authorized by law; and

(h) the Commission delivers an Opinion of Bond Counsel to the Trustee to the effect that the transfer will not adversely affect the treatment for federal income tax purposes of interest on any Outstanding Obligations.

Agreement with Other Turnpikes

To the extent now or hereafter authorized by law, the Commission may enter into agreements with any commission, authority or other similar legal body operating a turnpike, whether or not connected to the System, (i) with respect to the establishment of a combined Toll rate schedule and/or (ii) for the collection and application of

Tolls charged for trips over all or a portion of both turnpikes combined, which, in either case, on the basis of the Revenues to be received by any such agreement, will result in the receipt by the Commission of its allocable portion of such Tolls (less fees and expenses associated with such arrangement). To the extent now or hereafter authorized by law, the Commission also may enter into agreements with other Persons with respect to the collection of Tolls or advances or prepayment of Tolls charged for trips over all or a portion of the System, which collections, on the basis of the Revenues to be received from any such agreement, will result in the receipt by the Commission of the appropriate Tolls for such trips. Unless approved by a Traffic Consultant, no agreement establishing a combined Toll rate schedule shall restrict the ability of the Commission to implement an increase in its Tolls at least once in each Fiscal Year.

Amounts received by the Commission from such other commission, authority or other similar legal body or Person, in accordance with such agreements, shall be deposited in the Revenue Fund and shall constitute Revenues to the extent the Commission will not be required to pay such amounts to the other party in accordance with the agreement. Such amounts may be held with one of the Depositaries until they constitute Revenues. Amounts received by the Commission and deposited in the Revenue Fund that are payable by the Commission to such other commission, authority or other similar legal body or Person, in accordance with any such agreements, shall be withdrawn by the Trustee from the Revenue Fund upon delivery to the Trustee of a certificate of a TTA Representative that such withdrawal is required pursuant to the terms of an agreement entered into pursuant to this Section and shall be paid by the Trustee in accordance with directions contained in such certificate. Any agreement entered into pursuant to this Section shall be made available to the Trustee upon its request.

Events of Default and Remedies

Events of Default. The occurrence and continuation of the following events shall constitute an Event of Default under the Master Indenture:

(a) failure by the Commission to pay the principal of and premium, if any, or interest on any of the Obligations or to pay Capital Payments when the same shall become due and payable, either at Stated Maturity, by proceedings for redemption or pursuant to the terms of the Obligation or any failure of the Commission to purchase or cause to be purchased any Tender Indebtedness, including any applicable Variable Rate Indebtedness, upon any optional or mandatory tender to the Commission or a tender agent of the Commission; or

(b) the occurrence and continuance of an event of default under a Credit Facility, First Tier DSRF Security, Second Tier DSRF Security, Approved Swap Agreement or Reimbursement Agreement; or

(c) unreasonable delay or failure of the Commission to carry on with reasonable dispatch or discontinues the construction of any portion of the System for which Obligations have been issued and are then outstanding; or

(d) destruction or damage of substantially all or any major portion of the System to the extent of impairing its efficient operation and materially adversely affecting the Revenues that shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction or to lack of funds therefor or for any other reason); or

(e) judgment for the payment of money rendered against the Commission if such judgment is under any circumstances payable from Revenues and is in an amount that its payment would, in the opinion of the Trustee, have a materially adverse effect upon the financial condition of the System and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, decree or process or the enforcement thereof, or

(f) the occurrence of a Bankruptcy-Related Event that shall not have been cured, vacated, discharged or stayed within sixty (60) days after the occurrence thereof; or

(g) failure of the Commission to duly and punctually perform any other of the covenants, conditions, agreements and provisions contained in any Obligations or in the Master Indenture on the part of the Commission to be performed, and (with the exception of covenants, conditions, agreements and provisions set forth under "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Additional Obligations," "Limitations on

Other Indebtedness" in this Appendix B, "Particular Covenants – Encumbrance of Revenues, Sale, Lease, or Other Disposition of Property" in this Appendix B, "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Additional Covenants of the Commission – *Covenant Not to Build Competing System*," and Commission's covenants regarding tax exemption, a failure to perform with respect to which is not stayed) the continuation of such failure for sixty (60) days after written notice specifying such failure and requiring same to be remedied shall have been given to the Commission by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Secured Owners of not less than ten per centum (10%) in principal amount of the Obligations then Outstanding; and the Trustee shall investigate and consider any allegation of such default or Event of Default of which any Bond Insurer of record notifies the Trustee in writing.

Remedies Applicable. The Secured Owners shall be entitled to the remedies set forth under the caption "*Events of Default and Remedies*" of this Appendix B. To the extent that a Series of Obligations is secured by a Credit Facility, a First Tier DSRF Security or a Second Tier DSRF Security, the Bank or the Bond Insurer shall be considered the Secured Owner of such Obligation for all purposes of exercising any remedy or giving any directions to the Trustee.

Enforcement of Remedies. Upon the occurrence of any Event of Default set forth under the caption "Event of Default and Remedies – Events of Default" of this Appendix B, then and in every such case the Trustee may proceed, and upon the written request of the Secured Owners of not less than twenty percent (20%) in principal amount of the Obligations then Outstanding shall proceed, subject to certain provisions of the Master Indenture, to protect and enforce its rights and the rights of the Secured Owners under the Enabling Acts and under the Master Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained in the Master Indenture or in aid or execution of any power in the Master Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by Counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Master Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default becoming, and at any time remaining, due from the Commission for principal, interest or otherwise under any of the provisions of the Master Indenture or of the Outstanding Obligations and unpaid, with interest on overdue payments, to the extent permitted by law, at the rate or rates of interest borne by such Obligations, together with any and all costs and expenses of collection and of all proceedings under the Master Indenture and under such Obligations, without prejudice, to any other right or remedy of the Trustee or of the Secured Owners, and to recover and enforce judgment or decree against the Commission, but solely as provided in the Master Indenture and in such Obligations, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from Revenues) in any manner provided by law, the money adjudged or decreed to be payable.

Pro Rata Application of Funds. If at any time the money in the First Tier Debt Service Fund, the Second Tier Debt Service Fund or the Subordinate Lien Debt Service Fund, and the respective reserve funds and other funds established by the Master Indenture shall not be sufficient to pay the principal of or the interest on any Obligations as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided by the Master Indenture or otherwise, shall be applied (subject to the provisions of the Master Indenture relating to the payment of fees and expenses of the Trustee on other costs of the Trustee) as set forth in (a) through (f) below; provided, however, amounts on deposit in a fund or account (i) dedicated to the payment or security of the First Tier Obligations, the Second Tier Obligations, or the Subordinate Lien Obligations or (ii) constituting Additional Obligation Security for the benefit of one or more specific Series of Obligations shall not be applied as provided in (a) through (f) below but shall be used only for the purpose for which such deposits were made:

(a) Unless the principal of all the First Tier Obligations shall then be due and payable, all such money shall be applied first: to the payment to the persons entitled thereto of all installments of interest then due on the First Tier Obligations, in the order of the Maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the First Tier Obligations; and second: to the payment of the principal of any First Tier Obligations which have matured, and, if the amount available shall not be sufficient to pay all of such matured First Tier Obligations, then to the payment thereof ratably, according to the amount due: or if no First Tier Obligations have matured, to the retirement of First Tier Obligations.

(b) If the principal of all the First Tier Obligations shall then be due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the First Tier Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any First Tier Obligations over any other First Tier Obligations, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the First Tier Obligations.

(c) If there is no default existing in the payment of the principal of, premium, if any, or interest on the First Tier Obligations but the principal of, premium, if any, or interest on Second Tier Obligations has not been paid when due, unless the principal of all the Second Tier Obligations shall then be due and payable, all such money shall be applied first: to the payment to the persons entitled thereto of all installments of interest then due on the Second Tier Obligations, in the order of the Maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Tier Obligations; and second: to the payment of the principal of any Second Tier Obligations which have matured, and, if the amount available shall not be sufficient to pay all of such matured Second Tier Obligations, then to the payment thereof ratably, according to the amount due: or if no Second Tier Obligations have matured, to the retirement of Second Tier Obligations.

(d) If there is no Event of Default existing in the payment of the principal of, premium, if any, or interest on the First Tier Obligations but the principal of all the Second Tier Obligations shall then be due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Second Tier Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Second Tier Obligations over any other Second Tier Obligations, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Tier Obligations.

(e) If there is no Event of Default existing in the payment of the principal of, premium, if any, or interest on the First Tier Obligations or the Second Tier Obligations but the principal of, premium, if any, or interest on Subordinate Lien Obligations has not been paid when due, unless the principal of all the Subordinate Lien Obligations shall then be due and payable, all such money shall be applied first: to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Lien Obligations, in the order of the Maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Lien Obligations; and second: to the payment of the principal of any Subordinate Lien Obligations that have matured, and, if the amount available shall not be sufficient to pay all of such matured Subordinate Lien Obligations, then to the payment thereof ratably, according to the amount due: or if no Subordinate Lien Obligations have matured, to the retirement of Subordinate Lien Obligations.

(f) If there is no Event of Default existing in the payment of the principal of, premium, if any, or interest on the First Tier Obligations or Second Tier Obligations but the principal of all the Subordinate Lien Obligations shall then be due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Subordinate Lien Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Lien Obligations over any other Subordinate Lien Obligations, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinate Lien Obligations.

Whenever money is to be applied by the Trustee as described under the caption "Events of Default and Remedies – *Pro Rata Application of Funds*" of this Appendix B, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such money with the Trustee, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Commission, to any Secured Owner or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Master Indenture as may be applicable at the time of application by

the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid to such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the Secured Owner of any unpaid Obligation or the interest thereon unless such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Effect of Discontinuance of Proceedings. In case any action taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case the Commission, the Trustee, any Bond Insurer of record, and the Secured Owners shall be restored to their former respective positions and rights under the Master Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as though no such action had been taken.

Majority of Secured Owners May Control Proceedings. Anything in the Master Indenture to the contrary notwithstanding, the Secured Owners of not less than a majority in principal amount of the First Tier Obligations then Outstanding (or, if no First Tier Obligations are then Outstanding, then the Secured Owners of not less than a majority in principal amount of the Second Tier Obligations and Subordinate Lien Obligations then Outstanding) shall have the right, subject to certain rights of the Trustee and the Bond Insurer set forth in the Master Indenture, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial actions to be taken by the Trustee under the Master Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Master Indenture, and that the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Secured Owners not parties to such direction.

Restrictions Upon Action by Individual Secured Owner. No Secured Owners of any of the Outstanding Obligations shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the execution of any trust under the Master Indenture or the protection or enforcement of any right under the Master Indenture or any resolution or minute order of the Commission authorizing the issuance of Obligations, or any right under the Enabling Acts or other laws of the State, excepting only an action for the recovery of overdue and unpaid principal, interest or redemption premium, unless such Secured Owner previously shall have given to the Trustee written notice of the Event of Default or breach of trust or duty on account of which such suit or action is to be taken, and unless the Secured Owners of not less than twenty percent (20%) in principal amount of the Obligations then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the Master Indenture granted or granted by the Enabling Acts or by the other laws of the State, or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Master Indenture or for any other remedy under the Master Indenture or under the Enabling Acts or by the other laws of the State. It is understood and intended that no one or more Secured Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Master Indenture, or to enforce any right under the Master Indenture or under the Enabling Acts or by the other laws of the State with respect to the Obligations or the Master Indenture, except in the manner provided in the Master Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in the Master Indenture provided and for the benefit of all Secured Owners of the Outstanding Obligations, except as otherwise permitted in the Master Indenture with reference to over-due and unpaid principal, interest or redemption premium.

Actions by Trustee. All rights of action under the Master Indenture or under any of the Obligations, enforceable by the Trustee, may be enforced by it without the possession of any of the Obligations or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Obligations, subject to the provisions of the Master Indenture.

No Remedy Exclusive. No remedy conferred upon or reserved to the Trustee, any Bond Insurer, or to the Secured Owners of the Obligations is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Indenture or now or hereafter existing at law or in equity or by statute.

No Delay or Omission Construed to be a Waiver; Repeated Exercise of Powers and Remedies; Waiver of Default. No delay or omission of the Trustee or of any Secured Owner of the Obligations to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by the Master Indenture to the Trustee and the Secured Owners of the Obligations may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Secured Owners of not less than a majority in principal amount of the Outstanding Obligations shall waive any default which in its opinion shall have been remedied before the completion of the enforcement of any remedy under the Master Indenture, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Notice of Default. The Trustee shall mail to each Bond Insurer, and each Secured Owner written notice of the occurrence of any Event of Default, within thirty (30) days after the Trustee has knowledge of any such Event of Default. If in any Fiscal Year the total amount of deposits to a debt service fund shall be less than the amounts required so to be deposited under the provisions of the Master Indenture, the Trustee, on or before the first day of the second month of the next succeeding Fiscal Year, shall mail to each Bond Insurer and all Secured Owners written notice of the failure to make such deposits.

2002 TIFIA Loan Default Remedy. Upon the occurrence of an Event of Default described in (f) under the caption "Events of Default and Remedies - Events of Default" of this Appendix B, the 2002 TIFIA Loan will be deemed to be and will automatically become a First Tier Obligation for all purposes of the Master Indenture, including particularly the provisions of set forth under this caption "Events of Default and Remedies" of this Appendix B but excluding the provisions with respect to the First Tier Debt Service Reserve Fund, and the USDOT, acting through the Federal Highway Administration will be deemed the Secured Owner of such First Tier Obligation. In the event that such Event of Default is cured, on the date that such Event of Default is deemed to be cured, the status of the 2002 TIFIA Loan as a First Tier Obligation will cease and the 2002 TIFIA Loan will revert to the status of a Subordinate Lien Obligation and will no longer be entitled to any rights as a First Tier Obligation. Notwithstanding the other provisions set forth in this paragraph, if on the date that such Event of Default occurs any amounts are on deposit in the First Tier Debt Service Fund, such amounts shall be used to pay amounts due or to become due on the First Tier Obligations Outstanding immediately prior to the occurrence of such Event of Default.

Bond Insurer's Rights. Notwithstanding any other provisions described under the caption "Events of Default and Remedies – *Events of Default*" of this Appendix B, if there has been filed with the Trustee a bond insurance policy, or a certified copy thereof, with respect to any Obligation, all enforcement remedies and rights to waive defaults with respect to such Obligation may be exercised by the Secured Owners only with the written consent of such Bond Insurer, and, in the alternative, at the option of the Bond Insurer, such Bond Insurer may enforce any such remedies or waive any default with respect to such Obligation without the consent of the Secured Owners, and in such event such Bond Insurer shall be deemed to be the Secured Owner for such purpose. Any Bond Insurer under a bond insurance policy, or certified copy thereof, that has been filed with the Trustee shall, for all purposes of the Master Indenture, constitute and may be called a Bond Insurer.

Discharge and Defeasance

Discharge. If:

(a) the principal of any Obligations and the interest due or to become due thereon, together with any redemption premium required by redemption of any such Obligations prior to Maturity, shall be paid, or is caused to be paid, or is provided for under the caption "Discharge and Defeasance – *Defeasance*" of this Appendix B, at the times and in the manner to which reference is made in the Obligations, as the case may be, according to the true intent and meaning thereof, or the outstanding Obligations shall have been paid and discharged in accordance with the Master Indenture, and

(b) all of the covenants, agreements, obligations, terms and conditions of the Commission under the Master Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions of the Master Indenture, then the right, title and interest of the Trustee in the Trust Estate shall thereupon cease and the Trustee, on request of the Commission and at the expense of the Commission, shall release

the Master Indenture and the Trust Estate and shall execute such documents to evidence such release as may be reasonably required by the Commission and shall turn over to the Commission, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds under the Master Indenture except for amounts required to pay such Obligations or held pursuant to the Commission's obligation to pay rebate to the United States as prescribed under the Code.

Defeasance

(a) Defeased Obligations. Any Obligations and the interest thereon shall be deemed to be paid, retired and no longer outstanding (each a "*Defeased Obligation*") within the meaning of the Master Indenture, except to the extent provided in subsection (c) under this section entitled "*Defeasance*", when payment of the principal of such Defeased Obligation, plus interest thereon to the due date (whether such due date be by reason of Maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Trustee (or other bank or similar institution with trust powers meeting the qualifications of a trustee under the Master Indenture) as escrow agent (the "*Escrow Agent*") in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Commission with the Escrow Agent for the payment of its services and those of the Trustee relating to such Defeased Obligations until such Defeased Obligations shall have become due and payable; provided, however, a Credit Facility shall not be deemed to have been paid and no longer Outstanding until all amounts due thereunder have been paid and the Credit Facility has been terminated in accordance with its terms. At such time as an Obligation shall be deemed to be a Defeased Obligation under the Master Indenture, as aforesaid, such Defeased Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Trust Estate pledged as provided in the Master Indenture, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of the Master Indenture to the contrary, it is provided that any determination not to redeem Defeased Obligations that is made in conjunction with the payment arrangements specified in clauses (i) or (ii) immediately above shall not be irrevocable, provided that, in the proceedings providing for such payment arrangements, the Commission (A) expressly reserves the right to call the Defeased Obligations for redemption; (B) gives notice of the reservation of that right to the owners of the Defeased Obligations immediately following the making of the payment arrangements; and (C) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Investment in Defeasance Securities. Any money so deposited with the Escrow Agent may at the written direction of the Commission be invested in Defeasance Securities, maturing in the amounts and times as set forth, and all income from such Defeasance Securities received by the Escrow Agent that is not required for the payment of the Defeased Obligations and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Commission, or deposited as directed in writing by the Commission. Any Future Escrow Agreement pursuant to which the money, Defeasance Securities or a combination of the foregoing are held for the payment of Defeased Obligations may contain provisions permitting the investment or reinvestment of such money in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in clauses (i) or (ii) of subsection (a) immediately above. All income from such Defeasance Securities received that is not required for the payment of the Defeased Obligations, with respect to which such money has been so deposited, shall be remitted to the Commission or deposited as directed in writing by the Commission.

(c) Paying Agent/Registrar Services. Until all Defeased Obligations shall have become due and payable, the Trustee shall perform the services of Paying Agent for such Defeased Obligations the same as if they had not been defeased, and the Commission shall make proper arrangements to provide and pay for such services as required by the Master Indenture.

(d) Selection of Obligations for Defeasance. In the event that the Commission elects to defease less than all of the principal amount of a Series of Obligations of a Maturity, the Trustee, or the Securities Depository if such Obligations are in book-entry-only form, shall select, or cause to be selected, such amount of such obligations by such random method as it deems fair and appropriate.

Supplemental Indentures

Supplemental Indentures Without Secured Owners' Consent. The Commission and the Trustee may from time to time and at any time enter into Supplemental Indentures, without the consent of or notice to any Secured Owner, to effect any one or more of the following:

(a) cure any ambiguity, defect or omission or correct or supplement any provision in the Master Indenture or in any Supplemental Indenture;

(b) grant to or confer upon the Trustee for the benefit of the Secured Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Secured Owners or the Trustee which are not contrary to or inconsistent with the Master Indenture as then in effect or to subject to the pledge and lien of the Master Indenture additional revenues, properties or collateral, including Defeasance Securities;

(c) add to the covenants and agreements of the Commission in the Master Indenture other covenants and agreements thereafter to be observed by the Commission or to surrender any right or power in the Master Indenture reserved to or conferred upon the Commission which are not contrary to or inconsistent with the Master Indenture as then in effect;

(d) permit the appointment of a co-trustee under the Master Indenture;

(e) modify, alter, supplement or amend the Master Indenture in such manner as shall permit the qualification of the Master Indenture, if required, under the Trust Indenture Act of 1939, the Securities Act of 1933 or any similar federal statute hereafter in effect;

(f) make any other change in the Master Indenture that is determined by the Commission not to be materially adverse to the interests of the Secured Owners, including changes or amendments requested by any Rating Agency as a condition to the issuance or maintenance of a rating or requested by the Texas Attorney General's office as a condition to the approval of any Additional First Tier Obligation, Additional Second Tier Obligation or Subordinate Lien Obligation;

(g) implement the issuance of Additional First Tier Obligations, Additional Second Tier Obligations or Additional Subordinate Lien Obligations permitted under the Master Indenture; or

(h) if all First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligations in a Series are Book-Entry Obligations, amend, modify, alter or replace any Letter of Representations or other provisions relating to Book-Entry Obligations.

The Trustee shall not be obligated to enter into any such Supplemental Indenture that adversely affects the Trustee's own rights, duties or immunities under the Master Indenture.

Supplemental Indentures Requiring Secured Owners' Consent. The Commission and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Master Indenture, but only with the written consent, given as provided under the caption "Supplemental Indentures – *Consents of Secured Owners and Opinions*" of this Appendix B, of the Secured Owners of at least a majority in aggregate principal amount of the Obligations Outstanding at the time such consent is given, and in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Secured Owners of at least a majority in aggregate principal amount of the Obligations so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Obligations so affected remain Outstanding, the consent of the Secured Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this paragraph. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture shall permit any of the following, without the consent of each Secured Owner whose rights are affected thereby:

(a) a change in the terms of stated Maturity or redemption of any Obligation or of any installment of interest thereon;

(b) a reduction in the principal amount of or redemption premium on any Obligation or in the rate of interest thereon or a change in the coin or currency in which such Obligation is payable;

(c) the creation of a lien on or a pledge of any part of the Trust Estate which has priority over or parity with (to the extent not permitted under the Master Indenture) the lien or pledge granted to the Secured Owners under the Master Indenture (but this provision shall not apply to the release of any part of the Trust Estate as opposed to the creation of a prior or parity lien or pledge);

(d) the granting of a preference or priority of any First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligation, as the case may be, over any other First Tier Obligations, Second Tier Obligations or Subordinate Lien Obligations, except to the extent permitted in the Master Indenture;

(e) a reduction in the aggregate principal amount of Obligations of which the consent of the Secured Owners is required to effect any such modification or amendment; or

(f) a change in the provisions of this paragraph.

Notwithstanding the foregoing, the Secured Owner of any Obligation may extend the time for payment of the principal of or interest on such Obligation; provided, however, that upon the occurrence of an Event of Default, funds available under the Master Indenture for the payment of the principal of and interest on such Obligations shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full. Notice of any Supplemental Indenture executed pursuant to this paragraph shall be given to the affected Secured Owners promptly following the execution thereof.

Consents of Secured Owners and Opinions. Each Supplemental Indenture executed and delivered pursuant to the provisions described under the caption "Supplemental Indentures – *Supplemental Indentures Requiring Secured Owner's Consent*" of this Appendix B shall take effect only when and as provided in this section entitled "*Consents of Secured Owners and Opinions*." A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Secured Owners for their consent thereto in form satisfactory to the Trustee, shall be sent by the Trustee to Secured Owners, at the expense of the Commission, by first class mail, postage prepaid, provided that a failure to mail such request shall not affect the validity of the Supplemental Indenture when consented to as provided. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Secured Owners of the percentage of Obligations specified under the caption "Supplemental Indentures – *Supplemental Indentures Requiring Secured Owner's Consent*" of this Appendix B given as provided in the Master Indenture, and (b) the opinion of Counsel described under the caption "Supplemental Indentures – *Delivery of Counsel's Opinion with Respect to Supplemental Indentures*" of this Appendix B. Any such consent shall be binding upon the Secured Owner giving such consent and upon any subsequent Secured Owner of such Obligations and of any Obligations issued in exchange therefor or in lieu thereof (whether or not such subsequent Secured Owner has notice thereof), unless such consent is revoked in writing by the Secured Owner giving such consent or a subsequent Secured Owner of such Obligations by filing such revocation with the Trustee prior to the date the Trustee receives the material required in subsections (a) and (b) of this section entitled "*Consents of Secured Owners and Opinions*."

Notwithstanding anything else in the Master Indenture, if a Supplemental Indenture is to become effective as described under the caption "Supplemental Indentures – *Supplemental Indentures Requiring Secured Owners' Consent*" of this Appendix B on the same date as the date of issuance of Additional First Tier Obligations, Additional Second Tier Obligations or Subordinate Lien Obligation, the consents of the underwriters or purchasers of such Additional First Tier Obligations, Additional Second Tier Obligations or Subordinate Lien Obligation, as the case may be, shall be counted for purposes described under the caption "Supplemental Indentures – *Supplemental Indentures Requiring Secured Owners' Consent*" of this Appendix B and this section entitled "*Consents of Secured Owners and Opinions*."

Exclusion of Certain Obligations for the Purpose of Consent, etc. Obligations that are to be disregarded under the last sentence of the definition of "Outstanding" shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Obligations provided for under the caption "Supplemental

Indentures" of this Appendix B. At the time of any consent or other action taken as described under the caption "Supplemental Indentures" of this Appendix B or elsewhere in the Master Indenture, the Commission shall furnish the Trustee a certificate of a Commission Official or TTA Representative, upon which the Trustee may rely, describing all Obligations so to be excluded.

Delivery of Counsel's Opinion with Respect to Supplemental Indentures. Subject to certain rights and obligations of the Trustee set forth in the Master Indenture, the Trustee in executing a supplemental indenture may rely, and shall be fully protected in relying, on (a) an opinion of Counsel acceptable to it stating that (1) the execution of such Supplemental Indenture is authorized or permitted by the Master Indenture and (2) all conditions precedent to the execution and delivery of such Supplemental Indenture have been complied with, and (b) an opinion of Bond Counsel that the execution and performance of such Supplemental Indenture shall not, in and of itself, adversely affect the federal income tax status of any Obligations, the interest on which is not included in gross income for federal income tax purposes.

Effect of Supplemental Indentures. Upon the execution and delivery of any Supplemental Indenture as described under the caption "Supplemental Indentures" of this Appendix B, the Master Indenture shall be modified in accordance therewith, and such Supplemental Indenture shall form a part of the Master Indenture for all purposes; and every Secured Owner of any Obligation theretofore or thereafter authenticated and delivered under the Master Indenture shall be bound thereby.

SUMMARIES OF SIXTH SUPPLEMENTAL INDENTURE PROVISIONS

Limited Obligations

The Bonds are limited obligations of the Commission constituting a Series of First Tier Obligations, payable solely from a first lien on, pledge of and security interest in the Trust Estate. The Bonds, as a series of First Tier Obligations, shall constitute a valid claim of the respective Secured Owners thereof against the Trust Estate, which is pledged to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds, and which shall be utilized for no other purpose, except as expressly authorized in the Master Indenture and the Sixth Supplemental Indenture. The Bonds shall not constitute general obligations of the Commission or the State and under no circumstances shall the Bonds be payable from, nor shall the Secured Owners thereof have any rightful claim to, any income, revenues, funds or assets of the Commission other than those pledged under the Sixth Supplemental Indenture as security for the payment of the First Tier Obligations. Neither the full faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

Bond Purchase Fund for Series 2012-B Bonds

The Sixth Supplemental Indenture creates and establishes with the Tender Agent a separate "Texas Transportation Commission Central Texas Turnpike System Bond Purchase Fund" (the "Bond Purchase Fund") with respect to the Series 2012-B Bonds, to be held as a separate escrow fund, in trust and administered and distributed by the Tender Agent. All moneys deposited into the Bond Purchase Fund shall be used solely for the purposes set forth in the Sixth Supplemental Indenture and such moneys shall not constitute a part of the trust security under the Indenture. The Bond Purchase Fund shall secure and be used solely for the Series 2012-B Bonds.

The Remarketing Agent shall pay or cause to be paid to the Tender Agent, in immediately available funds, by the time indicated in the Sixth Supplemental Indenture on the Purchase Date of tendered Series 2012-B Bonds, all amounts representing Remarketing Proceeds of such Series 2012-B Bonds, and all such Remarketing Proceeds shall be deposited by the Tender Agent directly into the Bond Purchase Fund. All moneys received by the Tender Agent as Remarketing Proceeds shall be deposited by the Tender Agent in the Bond Purchase Fund as provided in the Sixth Supplemental Indenture and shall be used solely for the payment of the Purchase Price of tendered Series 2012-B Bonds and shall not be commingled with other funds held by the Tender Agent.

The Tender Agent shall deposit or cause to be deposited into the Bond Purchase Fund, when and as received, all moneys delivered to the Tender Agent as and for the Purchase Price of remarketed Seris 2012-B Bonds by or on behalf of the Remarketing Agent. The Tender Agent shall disburse moneys from the Bond Purchase Fund to pay the Purchase Price of the related Series 2012-B Bonds properly tendered for purchase upon surrender of such Series 2012-B Bonds in immediately available moneys by close of business on the Purchase Date.

THE COMMISSION RESERVES THE RIGHT, BUT DOES NOT HAVE THE OBLIGATION, TO PURCHASE SERIES 2012-B BONDS TENDERED FOR PURCHASE. No purchase of Series 2012-B Bonds by the Tender Agent or the Commission or advance use of any funds to effectuate any such purchase shall be deemed to be a payment or redemption of such Series 2012-B Bonds or any portion thereof, and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Series 2012-B Bonds unless it is expressly stated in a certificate of a Chief Financial Officer delivered to the Tender Agent that the Purchase Price paid by the Commission shall be deemed the payment and discharge of the purchased Series 2012-B Bonds and directs the Tender Agent to cancel such Series 2012-B Bonds.

The moneys in the Bond Purchase Funds shall not be part of the security under the Indenture, but shall be used solely to pay the Purchase Price of the related Series 2012-B Bonds as aforesaid and may not be used for any other purposes. The Tender Agent shall hold the moneys in the Bond Purchase Fund for the benefit of the Registered Owners of the related Series 2012-B Bonds which have been properly tendered for purchase or deemed tendered on the Purchase Date. If sufficient funds to pay the Purchase Price for the Series 2012-B Bonds shall be held by the Tender Agent in the Bond Purchase Fund for the benefit of the Registered Owners thereof, each such Registered Owner shall thereafter be restricted exclusively to that Bond Purchase Fund for any claim of whatever nature on such Registered Owner's part under the Sixth Supplemental Indenture or on, or with respect to, such tendered Series 2012-B Bonds. Tendered Series 2012-B in the Multiannual Mode which are not supported by a Liquidity Agreement or Credit Facility and that are not remarketed or purchased on a Purchase Date shall bear interest at 10% until purchased or redeemed. The Commission will use its best efforts to have such Series 2012-B Bonds remarketed or purchased as soon as reasonably possible and until such time each Business Day will constitute a Purchase Date for such Series 2012-B Bonds that have not been remarketed or purchased.

Moneys held in the Bond Purchase Fund for the benefit of Registered Owners of the related untendered Series 2012-B Bonds shall be held in trust and shall be invested overnight at the direction of the Commission in any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including Treasury Receipts evidencing ownership of future interest and principal payments due on direct obligations of the United States of America. Moneys in the Bond Purchase Fund which remain unclaimed three (3) years after the applicable Purchase Date shall, at the request of the Commission, and if the Commission is not at the time, to the knowledge of the Tender Agent, in default with respect to any material covenant in the Sixth Supplemental Indenture, be paid to the Commission, and the Registered Owners of the Series 2012-B Bonds for which the deposit was made shall thereafter be limited to a claim against the Commission.

Remarketing Agent for Series 2012-B Bonds

Each Remarketing Agent shall act as remarketing agent as provided in the Sixth Supplemental Indenture, and, in accordance with the Remarketing Agreement between the Remarketing Agent and the Commission, shall use its best efforts to remarket Series 2012-B Bonds required to be purchased pursuant to the Sixth Supplemental Indenture. A Chief Financial Officer shall appoint any successor Remarketing Agent for the Series 2012-B Bonds, subject to the conditions set forth in the Sixth Supplemental Indenture and the approval of each Credit Provider or Liquidity Provider for such Series 2012-B Bonds. Each Remarketing Agent shall designate its principal office to the Tender Agent and signify its acceptance of the duties and obligations imposed upon it under Sixth Supplemental Indenture by a written instrument of acceptance delivered to the Commission and the Tender Agent under which the Remarketing Agent will agree, particularly, to:

(a) determine the Flexible Rates, Daily Rates, Weekly Rates, Monthly Rates, Quarterly Rates, Semiannual Rates, Multiannual Rates, Index Floating Rates and Fixed Rates and give notice of such rates in accordance with the Sixth Supplemental Indenture;

(b) keep such books and records with respect to its duties as Remarketing Agent as shall be consistent with prudent industry practice; and

(c) remarket Series 2012-B Bonds in accordance with the Sixth Supplemental Indenture and the Remarketing Agreement.

Each Remarketing Agent shall have a capitalization of at least $100,000,000 and be authorized by law to perform all the duties imposed upon it by the Sixth Supplemental Indenture. A Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Sixth Supplemental Indenture by giving at least ten (10) days' written notice to the Commission and the Tender Agent. A Remarketing Agent may be removed at

any time by the Commission, upon at least seven (7) days' notice by an instrument filed with the Remarketing Agent, the Tender Agent, each Liquidity Provider and/or Credit Provider of record for the related Series 2012-B Bonds, and the Rating Agencies.

In the event of the resignation or removal of a Remarketing Agent, such Remarketing Agent shall pay over, assign, and deliver any moneys and Series 2012-B Bonds held by it in such capacity to its successor or, if there is no successor, to the Tender Agent.

In the event that a Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of a Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency or for any other reason, and the Commission shall not have appointed its successor as Remarketing Agent, the Tender Agent shall ipso facto be deemed to be the Remarketing Agent for the related Series 2012-B Bonds for the sole and limited purpose of setting the default interest rate pursuant to the Sixth Supplemental Indenture until the appointment by the Commission of a Remarketing Agent or a successor Remarketing Agent, as the case may be.

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APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

This Appendix C describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this Appendix C concerning DTC and the book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The Commission believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Commission cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct Participants (defined herein), (ii) Direct Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (iii) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the SEC, and the current procedures of DTC to be followed in dealing with Direct Participants are on file with DTC.

DTC is acting as securities depository for the Bonds. The Bonds were initially issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate was issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and was deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, and Fixed Income Clearing Corporation, (NSCC and FICC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+" (credit watch negative). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds

are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed, unless a pro rata pass-through distribution of principal basis is selected in accordance with DTC procedures.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Commission or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

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APPENDIX D

CENTRAL TEXAS TURNPIKE SYSTEM
2012 TRAFFIC AND REVENUE FORECAST

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CENTRAL TEXAS TURNPIKE SYSTEM
2012 TRAFFIC AND REVENUE FORECAST

October 23, 2012

Prepared by:
Stantec Consulting Services Inc.

Executive Summary

PROJECT (Chapter 1)

The Texas Department of Transportation (TxDOT) constructed three elements of the Central Texas Turnpike System Project (CTTS) which opened in phases between 2006 and 2008: SH 45 N, Loop 1, and SH 130 (Segments 1-4). An additional project, SH 45 SE, has been added to the CTTS effective September 1, 2012. The previous investment grade studies included the three original projects elements. This 2012 Update includes all four elements (i.e., SH 45 N, Loop 1, SH 130, and SH 45 SE). It should be noted that since SH 45 SE was added to the CTTS effective September 2012, toll revenues from the SH 45 SE did not become pledged to the CTTS until such effective date.

As part of the 2012 Update, TxDOT requested that Stantec analyze an alternative toll schedule for the CTTS and the resulting impact on traffic and revenue. This alternative sought to balance the goal of increasing revenue to the level sufficient to pay debt service and the operation of the System while maintaining toll rates close to other comparable roads.

Stantec has prepared this 2012 Update, based upon an updated travel demand model, updated socioeconomic projections, and the following modifications to TxDOT's current toll policy:

- The integration of existing SH 45 SE toll road to the CTTS elements beginning September 1, 2012[1];
- The adoption of new toll rates for the entire system including ramps at the new SH 45 N / O'Connor Drive interchange scheduled for completion in December 2013; the new rate schedule will take effect at all existing paypoints on January 1, 2013[2];
- The conversion of CTTS toll collection to cashless operations beginning on January 1, 2013[2];
- The adoption of an annual toll escalation policy with the first increase based on the CPI-U value beginning on January 1, 2014[2];
- The conversion of the pilot program known as pay by mail (PBM) to a permanent payment method[3]; and
- Provision of free passage on the CTTS for electronic toll collection (ETC) and pay by mail (PBM) customers in a vehicle registered with the Texas Department of Motor Vehicles (TxDMV) and displaying a disabled veteran, Purple Heart of Medal of Honor specialty license plate[4].

[1] Minute Order No. 113243 (Appendix B)
[2] Minute Order No. 113244 (Appendix C)
[3] Minute Order No. 113246 (Appendix D)
[4] Minute Order No. 113247 (Appendix E)

The 2012 CTTS Update is the latest study in a series of traffic and revenue studies that date back to the project's inception. The initial investment-grade study of traffic and toll revenues completed for the SH 45 N, Loop 1, and SH 130 elements of the CTTS, hereinafter referred to as the "2002 Report," was updated due to project design changes in 2005, hereinafter referred to as the "2005 Report". As portions of the toll facility opened in phases beginning November 2006, a subsequent "2008 Review" was prepared to analyze the existing traffic and toll revenue and changing socioeconomic conditions in the Greater Austin Area. The "2010 Update", with a review of the current roadway conditions, an update of the travel demand model, and an update of the socioeconomic projection was completed in December 2010.

The 2010 Update, referred to herein, is entitled, Central Texas Turnpike System 2010 Project Traffic and Revenue Forecast, dated December 20, 2010;

The 2008 Review, referred to herein, is presented in a memo entitled Central Turnpike System 2008 Project Review, dated February 11, 2009;

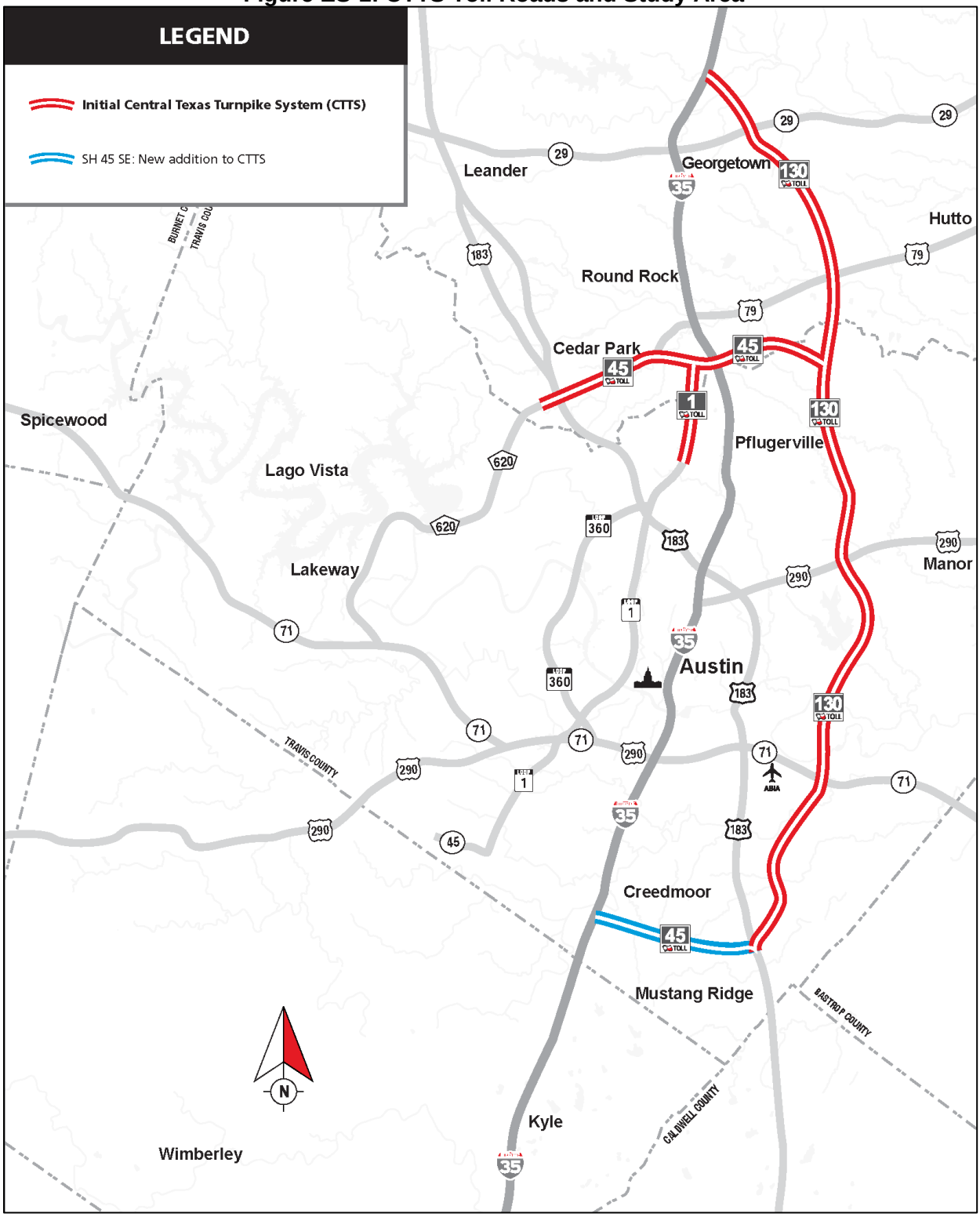
The 2005 Report, referred to herein, is entitled, Central Texas Turnpike System 2002 Project Traffic and Revenue Forecast, 2005 Update, dated December 8, 2005; and

The 2002 Report, referred to herein, is entitled, Central Texas Turnpike System 2002 Project Traffic and Revenue Forecast, dated July 22, 2002.

As described and shown in Figure ES-1, the project consists of three existing CTTS elements (SH 45 N, Loop 1, and SH 130) and the new addition of SH 45 Southeast (SH 45 SE):

- SH 45 N, extending from US 183 to SH 130;
- Loop 1, extending SH 45 N southward to Parmer Lane;
- SH 130, extending from IH 35 in Georgetown in the north to US 183 south of the Austin-Bergstrom International Airport; and
- SH 45 SE, extending from US 183 / SH 130 to IH-35.

Figure ES-1: CTTS Toll Roads and Study Area



Source: TxDOT

EXISTING TRAFFIC AND TOLL REVENUE (Chapter 2)

A data collection program conducted by *Alliance Transportation Group, Inc.* (ATG) was designed to provide information on travel within the study area and support the recalibration of travel demand model described in Chapter 3. The data were gathered by the Consultant team in September 2010; supplemented by new field data gathered in March 2011 for this 2012 Update. Travel data compiled for the study consisted of traffic counts at 60 locations recorded by Automatic Traffic Recorders (ATRs) presented in Chapter 2.

Most of the ATRs were placed at defined screenline locations which are used to better understand traffic demand within the CTTS corridor. Screenlines 1 through 4 represent the four east-west screenlines along the north-south toll road SH 130. Screenlines A and B represent the two north-south screenlines along the east-west toll road SH 45 N and Screenline C represents the east-west screenline intercepting toll road Loop 1 and the adjacent parallel roads. One north-south screenline was chosen for SH 45 SE intersecting this toll road at its mainline plaza location.

A travel time data collection program was conducted by *Brown & Gay Engineers, Inc*. For this study, travel time runs were measured along IH 35, Loop 1, SH 130, SH 45 N, US 183, SH 21, SH 360, US 79, US 973, FM 685, RM 620, Gattis School Rd., Parmer Lane, IH 10, and SH 123. On each road, travel time runs were conducted for the AM Peak, PM Peak, and the Off Peak periods. Details in Chapter 2 and Appendix A compare the speeds on these routes on a typical weekday for the length of the entire route.

Table ES-1 shows the actual monthly average weekday transactions for SH 45 N, Loop 1, and SH 130. SH 45 N average weekday transactions have been steadily increasing with 5.5 percent increase in FY 2009, 2.5 percent increase in FY 2010 and 4.0 percent increase in FY 2011. Growth on Loop 1 was virtually flat through FY 2009, increasing 3.3 percent in FY 2010 and 3.9 percent in FY 2011. SH 130 transactions have experienced double digit growth through 2010, and an increase of 7.0 percent in FY 2011.

For FY 2012, transactions on SH 45 N are 6.7 percent greater than FY 2011 and currently reaching 115,000. Loop 1 transactions increased 5.2 percent over FY 2011 with current average weekday transactions recently reaching 64,000. SH 130 transactions increased 13.3 percent and weekday volumes exceeding 113,000.

Table ES-1: Average Weekday Transactions

Toll Road	Not Open		Toll-Free		Discounted Tolls		Full Toll Rate					
	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
SH 45 N	-	-	NA	NA	38,312	41,409	39,714	41,034	42,995	42,725	42,800	45,757
Loop 1	-	-	NA	NA	49,752	53,821	51,682	52,583	53,633	53,116	52,887	55,342
SH 130	-	-	NA	NA	29,789	33,417	32,314	32,803	33,052	32,164	31,467	34,334
TOTAL	-	-	NA	NA	117,853	128,647	123,710	126,420	129,680	128,005	127,154	135,433

Toll Road	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	FY 08
SH 45 N	88,697	90,181	88,485	86,574	86,363	91,601	90,064	94,469	96,942	93,482	91,771	94,053	**91,057**
Loop 1	55,085	54,726	53,929	52,263	53,074	55,639	54,645	56,356	56,452	55,378	54,594	55,104	**54,770**
SH 130	39,741	43,220	59,311	55,318	52,592	58,240	58,825	60,233	65,716	65,358	69,670	70,975	**58,267**
TOTAL	183,523	188,127	201,725	194,155	192,029	205,480	203,534	211,058	219,110	214,218	216,035	220,132	**204,094**

Toll Road	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	FY 09
SH 45 N	95,283	96,496	93,982	91,614	91,260	94,583	93,629	97,972	101,507	99,779	97,701	99,042	**96,071**
Loop 1	55,757	55,696	54,455	52,955	53,181	54,923	54,039	55,839	56,380	56,189	55,362	56,491	**55,106**
SH 130	69,999	70,765	69,968	66,563	63,679	67,940	70,384	71,812	79,731	82,663	82,054	81,555	**73,093**
TOTAL	221,039	222,957	218,405	211,132	208,120	217,446	218,052	225,623	237,618	238,631	235,117	237,088	**224,269**

Toll Road	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	FY 10
SH 45 N	98,080	98,938	97,511	94,200	94,291	94,273	98,760	102,392	103,115	100,502	98,416	100,872	**98,446**
Loop 1	56,006	56,575	55,652	54,125	55,399	55,244	57,475	58,845	58,951	58,324	57,487	58,716	**56,900**
SH 130	79,743	81,292	83,610	78,074	74,433	78,824	86,870	88,569	89,225	88,537	89,015	89,228	**83,952**
TOTAL	233,829	236,805	236,773	226,399	224,123	228,341	243,105	249,806	251,291	247,363	244,918	248,816	**239,297**

Toll Road	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	FY 11
SH 45 N	102,121	103,245	99,788	98,567	98,128	97,075	103,981	107,057	105,683	104,858	103,182	104,438	**102,344**
Loop 1	58,488	59,657	57,660	57,069	57,122	56,419	60,205	61,384	60,464	60,659	60,044	60,410	**59,132**
SH 130	89,548	91,752	89,722	86,238	79,637	82,055	94,156	95,564	93,204	93,097	93,960	89,226	**89,847**
TOTAL	250,157	254,654	247,170	241,874	234,887	235,549	258,342	264,005	259,351	258,614	257,186	254,074	**251,322**

Toll Road	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	FY 12
SH 45 N	106,361	105,510	102,992	103,344	104,679	108,776	110,219	113,995	114,877	114,075	110,445	115,074	**109,196**
Loop 1	61,561	60,826	59,442	59,446	60,529	62,481	62,675	64,502	64,265	64,168	62,396	64,177	**62,206**
SH 130	93,486	92,913	95,009	94,979	90,242	96,796	105,068	107,061	109,365	113,855	109,328	113,347	**101,787**
TOTAL	261,408	259,249	257,443	257,769	255,450	268,053	277,962	285,558	288,507	292,098	282,169	292,598	**273,189**

Notes:
(1) Values for SH 130 include only the two northern segments (Segments 1 & 2) in operation as of October 2007.
(2) Values for SH 130 include only the three northern segments (Segments 1,2, and 3) in operation between November 2007 and June 2008.
(3) Values for SH 130 include all four segments in operation starting in July 2008.
Source: CTTS Annual Reports (FY 07, FY 08, FY 09, FY 10, FY 11) and quarterly FY 12 reports

Table ES-2 shows the historical trends in toll revenue for SH 45 N, Loop 1 and SH 130 since the toll road system began collecting revenue in January 2007. CTTS total revenue growth for these facilities has been significant and steady since the start-up of this toll facility with toll revenue of $48.9 million in FY 2008, $58.9 million in FY 2009, $66.2 million in FY 2010, $68.8 million in FY 2011, and $75.7million in FY 2012. .

It should be noted that the revenue shown in Table 2-8 for FY 2007 through FY 2009 does not include pay by mail revenue for the individual facilities; rather, it is included in total system-wide revenue. Accordingly, the results for the individual facilities for FY 2010 and later years are not comparable to the results for FY 2009 and earlier years. Total revenue on SH 45 N increased 2.4 percent in FY 2011; on Loop 1, 3.2 percent and on SH 130, 5.8 percent. In FY 2012 total revenue has increased 8.3 percent on SH 45 N, 5.7 percent on Loop 1, and 12.4 percent on SH 130.

Table ES-2: SH 45 N, Loop 1, and SH 130 Actual Monthly Fiscal Year Toll Revenues

Toll Road	Not Open		Toll-Free		Discounted Tolls		Full Toll Rate					
	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
SH 45 N	$ -	$ -	$ -	$ -	$ 53,900	$ 363,500	$ 625,400	$ 614,200	$ 682,800	$ 661,700	$ 661,000	$ 887,600
Loop 1	$ -	$ -	$ -	$ -	$ 116,300	$ 539,200	$ 900,100	$ 866,600	$ 936,800	$ 900,000	$ 894,600	$ 981,100
SH 130	$ -	$ -	$ -	$ -	$ 108,400	$ 465,200	$ 820,000	$ 795,800	$ 858,200	$ 841,200	$ 817,300	$ 927,800
TOTAL	$ -	$ -	$ -	$ -	$ 278,900	$1,386,100	$2,388,400	$2,328,400	$2,553,000	$2,473,600	$2,448,800	$ 2,886,700

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	FY 08
SH 45 N	$1,328,600	$1,466,800	$1,342,400	$1,353,600	$1,370,300	$1,393,800	$1,435,100	$1,469,200	$1,517,700	$1,425,600	$1,420,300	$ 1,459,100	**$ 16,982,500**
Loop 1	$ 883,100	$ 961,200	$ 883,700	$ 874,100	$ 902,200	$ 896,700	$ 915,000	$ 925,400	$ 923,900	$ 879,200	$ 885,700	$ 892,400	**$ 10,822,600**
SH 130	$1,045,900	$1,215,800	$1,247,000	$1,359,700	$1,429,400	$1,538,200	$1,652,900	$1,636,700	$1,781,700	$1,775,400	$1,777,700	$ 1,909,600	**$ 18,370,000**
TOTAL	$3,344,100	$3,769,300	$3,611,700	$3,772,900	$3,943,700	$4,030,500	$4,195,500	$4,253,100	$4,479,800	$4,392,500	$4,458,800	$ 4,653,900	**$ 48,905,800**

	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	FY 09
SH 45 N	$1,482,700	$1,551,500	$1,389,700	$1,456,800	$1,471,800	$1,420,900	$1,533,200	$1,546,500	$1,582,900	$1,565,700	$1,529,100	$ 1,506,100	**$ 18,036,900**
Loop 1	$ 902,300	$ 942,000	$ 836,300	$ 880,000	$ 894,500	$ 865,700	$ 929,300	$ 929,700	$ 914,400	$ 919,200	$ 904,700	$ 893,600	**$ 10,811,700**
SH 130	$1,946,600	$2,021,100	$1,825,400	$1,831,500	$1,782,700	$1,795,500	$2,066,200	$1,981,600	$2,211,800	$2,433,400	$2,412,300	$ 2,289,800	**$ 24,597,900**
TOTAL	$4,671,600	$4,939,300	$4,456,700	$4,563,400	$4,625,600	$4,545,100	$4,971,700	$4,868,700	$5,109,200	$5,429,700	$5,403,100	$ 5,329,900	**$ 58,914,000**

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	FY 10
SH 45 N	$1,591,700	$1,647,500	$1,662,100	$1,621,600	$1,572,700	$1,515,100	$1,722,000	$1,709,700	$1,705,200	$1,681,800	$1,665,500	$ 1,703,700	**$ 19,798,600**
Loop 1	$ 954,200	$ 985,400	$ 980,500	$ 968,500	$ 948,700	$ 920,800	$1,051,100	$1,039,000	$1,019,800	$1,019,300	$1,016,500	$ 1,033,100	**$ 11,936,900**
SH 130	$2,674,100	$2,727,000	$2,849,800	$2,729,100	$2,473,500	$2,501,400	$3,061,800	$3,180,300	$2,991,500	$3,022,100	$3,096,200	$ 3,101,500	**$ 34,408,300**
TOTAL	$5,220,000	$5,359,900	$5,492,400	$5,319,200	$4,994,900	$4,937,300	$5,834,900	$5,929,000	$5,716,500	$5,723,200	$5,778,200	$ 5,838,300	**$ 66,143,800**

	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	FY 11
SH 45 N	$1,656,700	$1,686,000	$1,601,700	$1,673,900	$1,631,200	$1,448,800	$1,784,200	$1,802,100	$1,744,000	$1,731,700	$1,696,300	$ 1,811,600	**$ 20,268,200**
Loop 1	$1,000,000	$1,021,600	$ 973,200	$1,016,900	$ 998,900	$ 929,700	$1,092,800	$1,046,000	$1,063,800	$1,049,600	$1,023,200	$ 1,100,900	**$ 12,316,600**
SH 130	$3,032,800	$3,078,500	$2,971,700	$2,987,300	$2,783,300	$2,441,400	$3,248,700	$3,282,900	$3,024,300	$3,132,300	$3,089,400	$ 3,164,400	**$ 36,237,000**
TOTAL	$5,689,500	$5,786,100	$5,546,600	$5,678,100	$5,413,400	$4,819,900	$6,125,700	$6,131,000	$5,832,100	$5,913,600	$5,808,900	$ 6,076,900	**$ 68,821,800**

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	FY 12
SH 45 N	$1,780,700	$1,796,900	$1,682,000	$1,758,400	$1,763,100	$1,738,700	$1,892,400	$1,844,800	$1,914,600	$1,845,400	$1,881,000	$ 2,046,600	**$ 21,944,600**
Loop 1	$1,052,400	$1,083,000	$1,018,100	$1,055,300	$1,058,500	$1,038,300	$1,127,800	$1,084,000	$1,124,800	$1,077,400	$1,096,900	$ 1,198,600	**$ 13,015,100**
SH 130	$3,236,700	$3,159,800	$3,095,400	$3,181,300	$2,872,100	$2,989,800	$3,536,100	$3,427,000	$3,612,000	$3,531,000	$3,790,100	$ 4,303,700	**$ 40,735,000**
TOTAL	$6,069,800	$6,039,700	$5,795,500	$5,995,000	$5,693,700	$5,766,800	$6,556,300	$6,355,800	$6,651,400	$6,453,800	$6,768,000	$ 7,548,900	**$ 75,694,700**

Note:
(1) Individual roadway revenue from January 2007 to August 2009 does not include Pay by Mail revenue.
(2) Totals do not add from January 2007 to August 2009 because Pay by Mail revenue is included in CTTS total.
(3) Values for SH 130 include only the two northern segments (Segments 1 & 2) in operation as of October 2007.
(4) Values for SH 130 include only the three northern segments (Segments 1,2, and 3) in operation between November 2007 and June 2008.
(5) Values for SH 130 include all four segments in operation starting in July 2008 and September 2008.

Source: CTTS Annual Reports (FY 07, FY 08, FY 09, FY 10, FY 11) and quarterly FY 12 reports

Table ES-3 and Table ES-4 show SH 45 SE's actual monthly average weekday transactions and total monthly revenue by fiscal year, respectively. SH 45 SE average weekday transactions increased by 11.3 percent in FY 2011, and 21.3 percent in FY 2012 with current transactions nearing 13,500. Total revenue growth has been similar with toll revenue growth of $3.2 million in FY 2010, $3.6 million in FY 2011, and $4.3 million in FY 2012.

Table ES-3: SH 45 SE Average Weekday Transactions

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
May 09 - Aug 09	**Not Open**								**ETC Free** 11,056	**ETC Half** 8,503	**Full Tolling Begins** 7,976	7,917	
Sep 09 - Aug 10	7,565	8,044	8,322	7,611	6,999	7,730	8,712	8,847	8,927	8,906	9,416	9,226	**FY 2010 8,359**
Sep 10 - Aug 11	8,936	8,932	9,516	9,132	7,966	8,337	9,969	10,002	9,716	9,759	10,100	9,293	**FY 2011 9,305**
Sep 11 - Aug 12	9,879	9,864	10,243	10,554	9,540	10,449	11,891	11,609	11,875	13,180	12,839	13,523	**FY 2012 11,287**

Source: TxDOT Monthly Pre Audit Reports

Table ES-4: SH 45 SE Actual Monthly Fiscal Year Toll Revenues (in $000s)

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
May 09 - Aug 09	**Not Open**								**ETC Free** -	**ETC Half** $ 7,400	**Full Tolling Begins** $ 224,500	$ 242,900	
Sep 09 - Aug 10	$ 238,700	$ 245,600	$ 244,600	$ 242,400	$ 237,100	$ 230,100	$ 280,500	$ 290,900	$ 289,300	$ 298,300	$ 303,400	$ 300,500	**FY 2010 $ 3,201,400**
Sep 10 - Aug 11	$ 299,800	$ 296,300	$ 291,600	$ 297,700	$ 288,200	$ 245,800	$ 321,400	$ 307,700	$ 300,500	$ 314,700	$ 308,400	$ 324,000	**FY 2011 $ 3,596,100**
Sep 11 - Aug 12	$ 338,000	$ 321,200	$ 310,600	$ 324,200	$ 284,700	$ 305,900	$ 367,700	$ 327,900	$ 402,600	$ 364,700	$ 416,500	$ 482,500	**FY 2012 $ 4,246,500**

Source: TxDOT

TRAFFIC MODELING (Chapter 3)

In preparing to estimate traffic and toll revenue for this project, a decision was made to update the existing travel demand modeling process used to forecast traffic and toll diversion. The objective of this model development effort was to provide a more robust tool for modeling the CTTS toll roads as well as other local toll roads that influence traffic on the CTTS.

A key element of the model development was the expansion of the modeled region to encompass areas and facilities that would influence traffic volumes on the various CTTS roadways. The expanded region, first introduced with the CTTS 2010 Update, included two additional counties east of Austin (Bastrop and Caldwell) and a significant extension south of Austin by incorporating the area within the San Antonio Regional Model. The expanded area south of Austin was included primarily to reflect the anticipated growth in the IH-35 corridor southward towards San Antonio and impacts of growing congestion that would influence diversion to the planned extension of the SH 130 Toll Road southward towards Seguin scheduled to open in November 2012.

In addition to the expansion of the modeled region, the toll diversion modeling techniques were also updated to reflect new aspects of the tolling policy including pay by mail (PBM) and cashless payment. The toll diversion model was updated to provide for greater flexibility in representing the variations in toll policy utilized by TxDOT and CTRMA both in terms of discounts and the integration of configuration-based tolls for newer facilities such as SH 45 SE. Lastly, the toll diversion models were further enhanced to improve the representation of several planned toll facilities that will be operated as managed lanes with variable pricing. The MoPAC express lanes and US 183 N Managed Lanes, for example, are both assumed to be operated as managed lanes with variable pricing. The effect of all of these enhancements is the creation of improved modeling process that is capable of supporting forecasting in the growing region surrounding Austin. These enhancements enable the modeling process to be responsive to a wide range of potential changes in toll policies as well as specific conditions that will influence traffic diversion for the next generation of toll facilities.

The final toll diversion model was subjected to in-depth calibration using the observed transaction data for each of the toll roads in the Austin region. This calibration included replication of overall traffic by facility type and area type as well as transaction data at each toll plaza by vehicle type and payment type. A more comprehensive description of the modeling process and calibration analysis is provided in Chapter 3.

LAND USE AND DEMOGRAPHICS (Chapter 4)

Socioeconomic indicators were used to identify current demographic and economic trends in the Austin and San Antonio Metropolitan Statistical Areas (MSAs). These trends were reviewed and adjustments were applied to the Capital Area Metropolitan Planning Organization's (CAMPO's) and the San Antonio/Bexar County Metropolitan Planning Organization's (SA-BC MPO) socioeconomic forecasts for the CTTS 2012 Update study area. This report also discusses the methodology used to assess and adjust the MPOs' socioeconomic forecasts. It also compares the revised county control total figures for the overall CAMPO and SA-BC MPO study areas to the county control totals from the recently updated Metropolitan Transportation Plans (MTPs), and provides a brief description of the methodology used to assess and adjust the socioeconomic data at the Traffic Analysis Zone (TAZ) level.

With the recent improvements to the regional economy, the local job market surpassed the previous December 2007 peak (during November 2010) and returned to overall growth. As the regions proceed through this period, the recovery will continue to be at risk from the effects of any new national economic downturns, a new global financial crisis, and energy price fluctuations. Although the fundamental elements of the Austin and San Antonio regional economies appear to be relatively strong, when compared to the national economy, national economic conditions are nonetheless continuing to have local impacts. At a minimum, barring a significant economic shock, modest growth is expected to continue in the two regions into the foreseeable future, although there will be gradual strengthening over time. Nonetheless, the rate of economic and population growth in the Austin and the San Antonio regions will likely outperform national trends, with the Austin region's growth being the stronger of the two.

With the recent improvements to the regional economy, the local job market surpassed the previous December 2007 peak (during November 2010) and returned to overall growth.

Despite the relative strength of the Austin and San Antonio regional economies, the national recession and the difficulties of obtaining financing for homes and commercial projects still had an observable impact on the pace of the development in the CTTS study area. During the field surveys, residential construction was observed at a more rapid pace than during the 2010 CTTS Update study, but it was concentrated within subdivisions that were already under development, with few new subdivisions being built. As the existing subdivisions in the study area are built out and the overall housing inventory becomes more conducive to expanding supply, new subdivisions will begin to be developed (although still subject to the constraints in the residential and commercial credit markets). In fact, there are several very large mixed use projects being readied for development in Southeast Travis County along or near SH 130, in anticipation of future demand. However, most of these projects are years away from the actual construction of homes and they are still dependent upon receiving financing or local government approval. In terms of commercial projects, more construction sites were observed than during the 2010 study, however, this pattern was not uniform throughout the study area.

The new updated 2012 CTTS Socioeconomic forecasts were compared to the original 2002 Report, 2005 Report, the 2008 Review, and the 2010 Update. For Bastrop and Caldwell counties in the CAMPO region and the SA-BC MPO forecasts, the current update was compared to the 2010 Update only since these regions were not included in the earlier studies.

The 2012 total population and employment for the region are compared to the data from the 2010 Update in Table ES-5. Over the long term, the growth rates for population for the 2012 Update are similar to those for the 2010; however, due to differences in the population in 2010, the starting year of the forecasts, the long term projections differ. The forecasts for the counties in the CAMPO region are lower than previously estimated due to a lower number in 2010 while in the SA-BC MPO counties, 2010 population is higher, resulting in a higher long term estimate. The growth rates for employment for the 2012 Update are similar to those for the 2010 Update; however, due to lower level of employment in 2010, the long term forecasts are generally lower.

Table ES-5 SED Comparison for Various CTTS Studies

REGION	YEAR	Population		Employment	
		2010 CTTS Update	2012 CTTS Update	2010 CTTS Update	2012 CTTS Update
CAMPO - Williamson, Travis, Hayes Counties	2010	1,635,497	1,595,836	735,636	718,910
	2015	1,871,047	1,798,111	784,794	767,482
	2025	2,316,883	2,206,241	976,325	954,747
	2035	2,802,767	2,722,681	1,193,118	1,167,183
CAMPO - Bastrop and Caldwell Counties	2010	115,312	110,231	21,100	22,875
	2015	132,349	128,377	23,808	25,750
	2025	170,770	165,418	32,849	35,589
	2035	213,947	207,009	43,421	47,065
SABC	2010	1,949,805	1,996,398	842,426	805,310
	2015	2,028,006	2,190,936	917,251	862,742
	2025	2,291,534	2,465,421	1,061,372	995,055
	2035	2,518,006	2,673,731	1,219,585	1,145,893
Average Annual Rate of Growth					
CAMPO - Williamson, Travis, Hayes Counties	'10 - '15	2.7%	2.4%	1.3%	1.3%
	'15 - '25	2.2%	2.1%	2.2%	2.2%
	'25 - '35	1.9%	2.1%	2.0%	2.0%
CAMPO - Bastrop and Caldwell Counties	'10 - '15	2.8%	3.1%	2.4%	2.4%
	'15 - '25	2.6%	2.6%	3.3%	3.3%
	'25 - '35	2.3%	2.3%	2.8%	2.8%
SABC	'10 - '15	0.8%	1.9%	1.7%	1.4%
	'15 - '25	1.2%	1.2%	1.5%	1.4%
	'25 - '35	0.9%	0.8%	1.4%	1.4%

ROADWAY NETWORKS (Chapter 5)

Roadway networks were developed for the travel demand model for 2010, 2013, 2015, 2025, and 2035. The latest roadway improvement plans were obtained from the CAMPO 2035 Regional Transportation Plan (adopted May 24, 2010). Based on the degree of commitment (feasibility studies, funding, ROW status, and program inclusion) judgments were made as to whether or not to include project elements in future highway networks.

Other toll road projects currently contemplated for the Austin region have been incorporated into the background network. These projects were implemented based on information received from TxDOT and CTRMA.

REVENUE PROJECTIONS (Chapter 6)

As part of the 2012 Update forecasts, TxDOT requested that Stantec analyze an alternative toll schedule for the CTTS and the resulting impact on traffic and revenue. This alternative sought to balance the goal of increasing revenue to a level sufficient to pay debt service and the operation of the CTTS while maintaining toll rates close to other comparable toll roads as shown in Figure ES-2. The Texas Transportation Commission adopted the Amended Toll Plan (August 30, 2012) described in this section. An additional project, SH 45 SE, has been added to the CTTS effective September 1, 2012.

In all previous traffic and revenue forecasts, tolls were assumed to be increased every ten years on September 1st of 2015, 2025, and 2035 and cash payments would continue to be accepted. The rate schedule was used in all previous reports since the 2002 Forecast, except for the addition of O'Connor Drive ramps and the new ramps on SH 130 to and from the south at Cameron Road for the Birds Nest Airport. This is the Base Case toll schedule referred to herein within this section.

The forecasts presented in this report are based on the Amended Toll Plan alternative selected by TxDOT and adopted by the Texas Transportation Commission to be implemented on January 1, 2013. This schedule includes the conversion to a cashless system, a toll increase on January 1, 2013, and the adoption of annual toll escalation based on the CPI-U with the first increase beginning on January 1, 2014. Stantec has assumed a toll escalation of 3.0 percent a year throughout the forecast period. A comparison table indicating the full length toll rate for each roadway and the corresponding rate per mile for the Base Case used in previous reports and the Amended Toll Plan used in this 2012 Update is shown in Table ES-6.

Table ES-6: Toll Rate Comparison – Base Case vs. Amended Toll Plan Jan 2013

Roadway	Distance	Full Length Toll Rate - ETC AUTO		Rates per Mile		% Increase
		Base Case	Amended Toll Plan	Base Case	Amended Toll Plan	
SH 45 N	12.8	$1.36	$2.04	$0.11	$0.16	50%
Loop 1	4.0	$0.68	$1.02	$0.17	$0.26	50%
SH 130 1-4	49.0	$5.40	$6.75	$0.11	$0.14	25%
SH 45 SE	7.0	$1.00	$1.00	$0.14	$0.14	0%

Note: SH 45 SE was added to the CTTS Base Case effective September 1, 2012

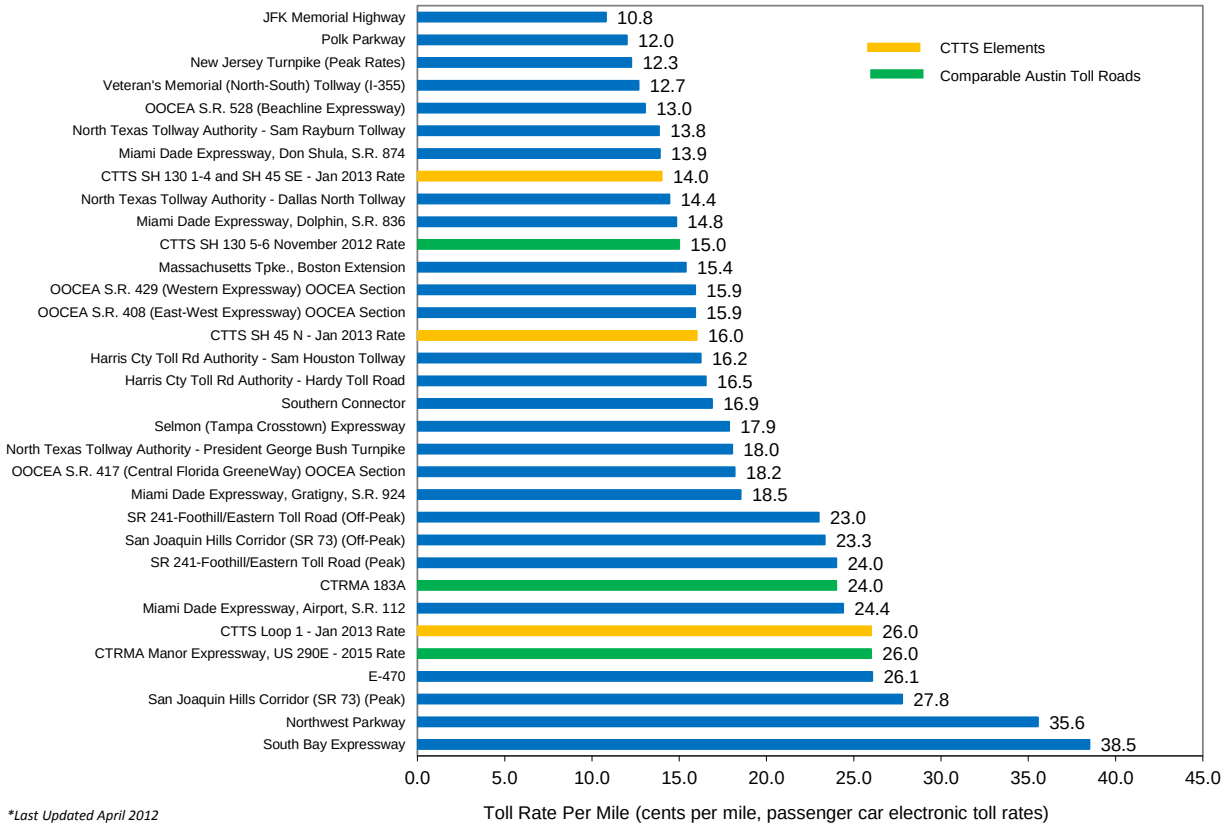
The following Table ES-7 summarizes the tolling assumptions for SH 45 N, Loop 1, SH 130 and SH 45 SE. These assumptions include: truck toll multiplier, pay by mail toll surcharge, payment types, evasion, vehicle type, ramp-up, and annualization factors.

Table ES-7: Summary of Tolling Assumptions - Model Year 2015 for Base Case and Amended Toll Plan

	Roadway			
Assumptions	**SH 45 N**	**Loop 1**	**SH 130**	**SH 45 SE**
Toll Ratios				
Truck / Auto Toll Ratio	2.5	2.5	1.3	2.1
PBM / ETC Toll Ratio	1.33	1.33	1.33	1.33
Payment Type				
PBM	16.0%	16.0%	24.4%	40.0%
ETC	84.0%	84.0%	75.6%	60.0%
Percent Toll Evasion				
PBM	45.0%	45.0%	45.0%	45.0%
ETC	1.0%	1.0%	1.0%	1.0%
Vehicle Type Distribution				
Auto	97.5%	97.5%	88.1%	90.0%
Truck	2.5%	2.5%	11.9%	10.0%
Ramp-Up Factor				
Fiscal Year 2012	1.00	1.00	0.92	1.00
Fiscal Year 2013	1.00	1.00	0.97	1.00
Fiscal Year 2014	1.00	1.00	1.00	1.00
Annualization Factor	320	320	330	300

Note: Please see Chapter 6 for details about future model years.

Figure ES-2: Comparable Passenger ETC Rates per Mile



**Last Updated April 2012*

Table ES-8 provides a listing of the transactions for the combined elements of the CTTS for the original 2002 Report, the 2005 Report, the 2008 Review, the 2010 Update and the 2012 Update. Table ES-9 includes the revenue forecasts for each of the studies. All of these values are provided as fiscal year values and it should be noted that the first four years of the 2012 Update include the observed transactions and revenue as reported by TxDOT in their respective annual reports. It is important to note that the SH 45 SE roadway has not been included in any of the previous forecasts or the Base Case and is only presented in the Amended Toll Plan alternative.

The 2012 Update Base Case forecast was based on updated socioeconomic forecasts, a revised travel demand model, and a review of the current performance on the existing toll roads. Compared to the 2010 Update, the 2012 Base Case toll transactions are 9 to 14 percent lower with toll revenues 3 to 8 percent lower. The existing toll transactions and revenue for fiscal year 2008 through 2011 in the 2012 Update have been updated to exclude violations, while the 2008 Review and 2010 Update actual volumes represent the most recent information available at the time of the forecast, but more importantly include these violations.

The 2012 Amended Toll Plan forecast implements a toll increase on January 1, 2013 and then assumes an annual increase every year thereafter (please see Chapter 6 for detailed Amended Toll Plan schedule), while the Base Case forecast uses the original toll structure set to increase every ten years. The Amended Toll Plan results in 8 to 10 percent less toll transactions in fiscal years 2013 through 2015; then ranges from 4 to 5 percent higher or lower than the Base Case forecast from fiscal year 2016 to 2042. Toll revenues are expected to produce 11 to 34 percent more than the Base Case annual toll revenues from fiscal year 2013 to 2042.

TxDOT's modified toll policy allows for free passage on the CTTS for ETC and PBM customers who have registered with the TxDMV and displaying a registered disabled veteran, Purple Heart, or Medal of Honor specialty license plate. TxDOT will establish a monitoring program, prior to implementation, to identify the number of eligible transactions and associated revenues to be reimbursed. TxDOT will then reimburse the appropriate CTTS Indenture account the cost of tolls not paid by those customers with eligible plates.

Table ES-10 shows the estimated CSC revenue for the 2012 Update Amended Toll Plan alternative. This additional revenue reflects various fees and charges associated with the PBM payment option[1]. Under the existing payment options, when a vehicle travels on the CTTS and does not pay cash or by tag at the time of the transactions, they are sent a pay by mail (PBM) bill. Depending on when the transaction occurred, the bill is sent between one and fifteen days later and the customer has 30 days to pay at the PBM rate (33 percent above tag rate or 25 percent above cash rate), plus a $1.15 statement fee is added. If they don't pay within 30 days, another invoice is sent, plus an additional $1.15 statement fee. If that is not paid, the account ages to violation where the violation administrative fee is added per transaction. The account stays in violations for at least 30 days and, if not paid, ages to collections which is a vendor under contract to TxDOT. At collections, the $5 violation administrative fee is removed and replaced with a $25 collection administrative fee. After 30 days in collections, the account then eligible for court action, where the $25 fee is removed and replaced with the $100 court administrative fee. TxDOT typically takes three transactions to court and the judges have always ruled in their favor and orders the defendant to pay the transaction, plus court costs on

[1] Minute Order No. 110816 (Appendix F) and Minute Order No. 112971 (Appendix G)

one transaction, dismisses one, and defers adjudication on the other contingent on the defendant entering into payment plan with TxDOT.

Table ES – 8: 2012 Update Average Weekday Toll Transactions – Forecast Comparison

Fiscal Year	2002 Forecast	2005 Update	2008 Review	2010 Update	2012 Update		Ratio = Amended Trans / Base Trans
					Base Case	Amended Toll Plan (includes SH 45 SE)	
2008	118,360	138,492	***202,269***	***204,133***	***186,365***	***186,366***	***1.00***
2009	169,103	182,163	***220,937***	***224,276***	***204,433***	***211,042***	***1.03***
2010	206,917	226,221	237,493	***239,343***	***217,953***	***224,905***	***1.03***
2011	244,235	265,528	256,845	252,931	***228,905***	***236,564***	***1.03***
2012	270,361	291,858	276,433	275,508	247,917	256,401	**1.03**
2013	286,652	308,460	294,893	296,472	268,346	247,592	**0.92**
2014	299,981	321,743	312,989	316,168	287,242	258,034	**0.90**
2015	313,309	335,026	330,670	335,845	306,444	276,119	**0.90**
2016	287,287	303,598	322,450	315,830	281,120	290,229	**1.03**
2017	300,831	307,145	340,249	332,677	297,236	303,647	**1.02**
2018	314,374	318,864	359,924	349,727	313,566	317,267	**1.01**
2019	327,918	333,307	380,220	366,987	330,117	331,096	**1.00**
2020	341,461	347,751	397,996	384,463	346,897	345,142	**0.99**
2021	366,425	361,549	415,060	402,162	363,917	359,413	**0.99**
2022	389,357	376,000	432,846	420,091	381,184	373,917	**0.98**
2023	412,291	398,873	451,233	438,259	398,708	388,663	**0.97**
2024	435,223	420,697	469,484	456,672	416,500	403,659	**0.97**
2025	458,156	441,236	487,625	475,339	434,570	418,917	**0.96**
2026	427,217	428,172	467,082	455,416	410,186	431,392	**1.05**
2027	443,203	449,074	485,245	475,316	425,364	443,670	**1.04**
2028	459,181	469,976	503,408	495,600	440,717	456,124	**1.03**
2029	475,108	490,879	521,571	516,232	456,248	468,761	**1.03**
2030	490,938	502,381	525,258	537,179	471,962	481,585	**1.02**
2031	506,627	518,068	536,045	558,404	487,866	494,601	**1.01**
2032	522,129	536,840	550,644	579,872	503,964	507,815	**1.01**
2033	537,396	555,062	565,597	601,544	520,262	521,233	**1.00**
2034	552,380	572,597	579,962	623,387	536,766	534,860	**1.00**
2035	567,034	589,313	594,602	645,363	553,482	548,701	**0.99**
2036	546,799	563,528	572,113	621,641	532,465	558,849	**1.05**
2037	559,815	577,195	585,706	632,083	546,023	567,769	**1.04**
2038	572,749	590,639	599,301	642,465	558,665	576,720	**1.03**
2039	585,707	604,111	612,923	652,912	570,249	585,702	**1.03**
2040	598,681	617,604	626,567	663,412	580,643	594,716	**1.02**
2041	611,667	631,111	640,223	673,962	590,771	603,761	**1.02**
2042	624,659	644,626	653,886	684,556	600,955	612,837	**1.02**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
2012 Update Actual Average Weekday Traffic - violations excluded
2002, 2005, 2008, and 2010 Forecasts Actual Average Weekday Traffic violations included
SH 45 SE opened in FY 2009 and is ONLY included in the "Amended Toll Plan" alternative

Table ES – 9: 2012 Update Annual Toll Revenue Projections – Forecast Comparison (in $000s)

Fiscal Year	2002 Forecast	2005 Update	2008 Review	2010 Update	2012 Update		Ratio = Amended Rev / Base Rev
					Base Case	Amended Toll Plan (includes SH 45 SE)	
2008	$34,996	$40,019	***$48,905***	***$48,875***	***$48,875***	***$48,875***	***1.00***
2009	$49,654	$53,322	***$57,882***	***$58,907***	***$58,907***	***$59,382***	***1.01***
2010	$59,693	$66,764	$63,629	***$66,151***	***$66,151***	***$69,360***	***1.05***
2011	$72,167	$79,021	$69,572	$70,525	***$68,822***	***$72,418***	***1.05***
2012	$80,209	$87,259	$75,374	$77,690	$74,229	$78,208	**1.05**
2013	$85,791	$93,388	$80,988	$84,250	$81,729	$96,685	**1.18**
2014	$90,060	$98,221	$86,535	$90,619	$88,271	$115,359	**1.31**
2015	$94,330	$103,055	$91,993	$97,016	$95,209	$127,138	**1.34**
2016	$117,342	$126,359	$122,393	$129,281	$124,372	$138,980	**1.12**
2017	$124,053	$127,907	$131,973	$138,901	$133,583	$151,984	**1.14**
2018	$130,764	$133,734	$141,765	$148,576	$142,859	$165,261	**1.16**
2019	$137,476	$140,987	$151,609	$158,309	$152,202	$178,827	**1.17**
2020	$144,187	$148,240	$160,053	$168,100	$161,616	$192,703	**1.19**
2021	$154,764	$155,304	$168,286	$177,953	$171,102	$206,909	**1.21**
2022	$164,852	$162,560	$176,734	$187,870	$180,665	$221,468	**1.23**
2023	$174,940	$176,702	$187,636	$197,851	$190,306	$236,403	**1.24**
2024	$185,028	$188,809	$196,912	$207,900	$200,029	$251,740	**1.26**
2025	$195,115	$199,473	$205,376	$218,019	$209,838	$267,506	**1.27**
2026	$232,938	$243,320	$251,597	$272,816	$256,814	$285,323	**1.11**
2027	$242,654	$256,823	$262,641	$285,478	$267,522	$303,395	**1.13**
2028	$252,361	$270,325	$273,685	$298,264	$278,302	$321,892	**1.16**
2029	$262,025	$283,827	$284,730	$311,134	$289,157	$340,839	**1.18**
2030	$271,611	$287,308	$284,251	$324,045	$300,089	$360,263	**1.20**
2031	$281,080	$295,710	$289,272	$336,954	$311,100	$380,193	**1.22**
2032	$290,393	$307,011	$297,786	$349,817	$322,193	$400,659	**1.24**
2033	$299,512	$317,946	$306,261	$362,586	$333,370	$421,693	**1.26**
2034	$308,397	$328,428	$314,670	$375,218	$344,634	$443,329	**1.29**
2035	$317,370	$338,374	$322,987	$388,145	$355,987	$465,605	**1.31**
2036	$356,750	$387,085	$376,212	$436,128	$398,918	$485,554	**1.22**
2037	$365,448	$396,677	$385,366	$446,471	$412,825	$504,918	**1.22**
2038	$374,070	$406,096	$394,499	$456,772	$425,793	$524,617	**1.23**
2039	$382,713	$415,541	$403,657	$467,161	$437,672	$544,666	**1.24**
2040	$391,372	$425,006	$412,832	$477,632	$448,328	$565,077	**1.26**
2041	$400,042	$434,484	$422,021	$486,590	$457,346	$585,867	**1.28**
2042	$408,717	$443,968	$431,216	$495,571	$466,407	$607,049	**1.30**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue
SH 45 SE opened in FY 2009 and is ONLY included in the "Amended Toll Plan" alternative

Table ES – 10: Annual Toll Revenue Projections with CSC Revenue 2012 Update Amended Toll Plan (in $000s)

Fiscal Year	Amended Toll Plan (includes SH 45 SE)	Amended Toll Plan CSC Revenue	Amended Toll Plan including CSC Revenue
2008	***$48,875***		***$48,875***
2009	***$59,382***	***$5,320***	***$64,702***
2010	***$69,360***	***$7,172***	***$76,532***
2011	***$72,418***	***$6,562***	***$78,980***
2012	$78,208	$10,800	$89,008
2013	$96,685	$10,429	$107,114
2014	$115,359	$10,869	$126,227
2015	$127,138	$11,631	$138,768
2016	$138,980	$12,225	$151,205
2017	$151,984	$12,790	$164,774
2018	$165,261	$13,364	$178,624
2019	$178,827	$13,946	$192,773
2020	$192,703	$14,538	$207,241
2021	$206,909	$15,139	$222,048
2022	$221,468	$15,750	$237,218
2023	$236,403	$16,371	$252,774
2024	$251,740	$17,003	$268,743
2025	$267,506	$17,645	$285,151
2026	$285,323	$18,171	$303,494
2027	$303,395	$18,688	$322,083
2028	$321,892	$19,213	$341,105
2029	$340,839	$19,745	$360,584
2030	$360,263	$20,285	$380,548
2031	$380,193	$20,833	$401,026
2032	$400,659	$21,390	$422,048
2033	$421,693	$21,955	$443,648
2034	$443,329	$22,529	$465,858
2035	$465,605	$23,112	$488,717
2036	$485,554	$23,540	$509,093
2037	$504,918	$23,915	$528,833
2038	$524,617	$24,292	$548,909
2039	$544,666	$24,671	$569,336
2040	$565,077	$25,050	$590,128
2041	$585,867	$25,431	$611,298
2042	$607,049	$25,814	$632,862

Notes: Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue

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1.0 Introduction

The Texas Department of Transportation (TxDOT) constructed three elements of the Central Texas Turnpike System Project (CTTS): SH 45 N, Loop 1, and SH 130. An additional project, SH 45 SE, has been added to the CTTS effective September 1, 2012. The previous investment grade studies included the three original projects elements. This 2012 Update includes all four elements (i.e., SH 45 N, Loop 1, SH 130, and SH 45 SE). It should be noted that since SH 45 SE was added to the CTTS effective September 2012, toll revenues from the SH 45 SE did not become pledged to the CTTS until such effective date.

As part of the 2012 Update, TxDOT requested that Stantec analyze an alternative toll schedule for the CTTS and the resulting impact on traffic and revenue. This alternative sought to balance the goal of increasing revenue to the level sufficient to pay debt service and the operation of the CTTS while maintaining toll rates close to other comparable roads.

Stantec has prepared this 2012 Update, based upon an updated travel demand model, updated socioeconomic projections, and the following modifications to TxDOT's current toll policy:

- The integration of existing SH 45 SE toll road to the CTTS elements beginning September 1, 2012[1];
- The adoption of new toll rates for the entire system including ramps at the new SH 45 N / O'Connor Drive interchange scheduled for completion in December 2013; the new rate schedule will take effect at all existing paypoints on January 1, 2013[2];
- The conversion of CTTS toll collection to cashless operations beginning on January 1, 2013[2];
- The adoption of an annual toll escalation policy with the first increase based on the CPI-U value beginning on January 1, 2014[2];
- The conversion of the pilot program known as pay by mail (PBM), to a permanent payment method[3]; and
- Provision of free passage on the CTTS for electronic toll collection (ETC) and pay by mail (PBM) customers in a vehicle registered with the Texas Department of Motor Vehicles (TxDMV) and displaying a disabled veteran, Purple Heart of Medal of Honor specialty license plate[4].

[1] Minute Order No. 113243 (Appendix B)
[2] Minute Order No. 113244 (Appendix C)
[3] Minute Order No. 113246 (Appendix D)
[4] Minute Order No. 113247 (Appendix E)

The 2012 CTTS Update is the latest study in a series of traffic and revenue studies that date back to the project's inception. The initial investment-grade study of traffic and toll revenues completed for the SH 45 N, Loop 1, and SH 130 elements of the CTTS, hereinafter referred to as the "2002 Report," was updated due to project design changes in 2005, hereinafter referred to as the "2005 Report". As portions of the toll facility opened in November 2006, a subsequent "2008 Review" was prepared to analyze the existing traffic and toll revenue and changing socioeconomic conditions in the Greater Austin Area. The "2010 Update", with a review of the current roadway conditions, an update of the travel demand model, and an update of the socioeconomic projections, was completed in December 2010.

The 2010 Update, referred to herein, is entitled, Central Texas Turnpike System 2010 Project Traffic and Revenue Forecast, dated December 20, 2010;

The 2008 Review, referred to herein, is presented in a memo entitled Central Turnpike System 2008 Project Review, dated February 11, 2009;

The 2005 Report, referred to herein, is entitled, Central Texas Turnpike System 2002 Project Traffic and Revenue Forecast, 2005 Update, dated December 8, 2005; and

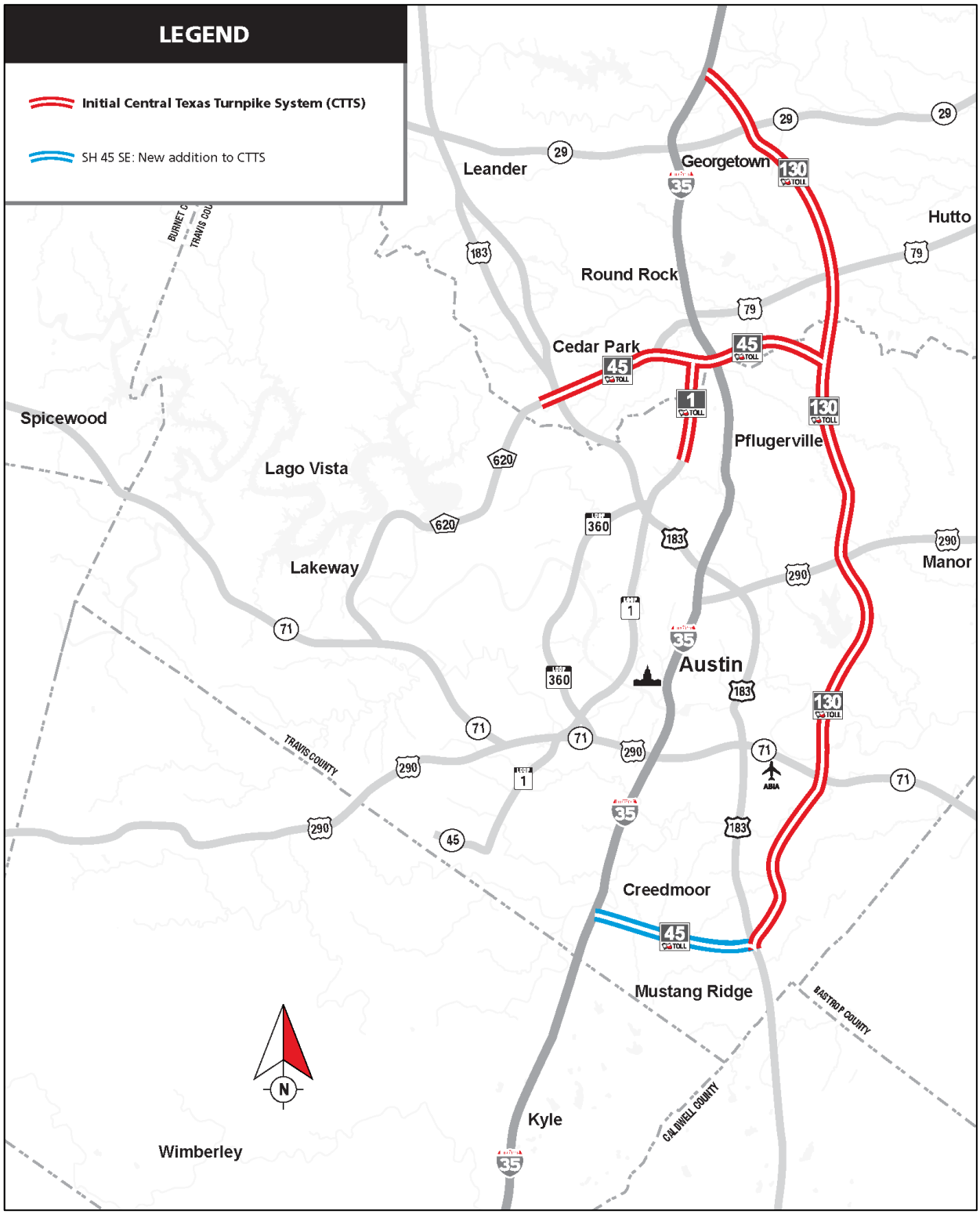
The 2002 Report, referred to herein, is entitled, Central Texas Turnpike System 2002 Project Traffic and Revenue Forecast, dated July 22, 2002.

1.1 CENTRAL TEXAS TURPIKE SYSTEM PROJECT (CTTS)

As described and shown in Figure 1-1, the project consists of three existing CTTS elements (SH 45 N, Loop 1, and SH 130) and the new addition of SH 45 Southeast (SH 45 SE):

- SH 45 N, extending from US 183 to SH 130;
- Loop 1, extending SH 45 N southward to Parmer Lane;
- SH 130, extending from IH 35 in Georgetown in the north to US 183 / SH 45 SE south of the Austin-Bergstrom International Airport; and
- SH 45 SE, extending from US 183 / SH 130 to IH 35.

Figure 1-1: CTTS Toll Roads and Study Area



Source: TxDOT

1.2 CONSULTANT TEAM

The purpose of this study is to provide updated traffic and revenue forecasts for review by potential investors in bonds supporting the CTTS. *Stantec Consulting Services Inc* (Stantec) led the team for the Traffic and Revenue Study and was responsible for project management, coordination, model development and forecasting gross toll revenues. Stantec staff prepared this current study and was responsible for all prior reports and updates. Two firms assisted in the 2012 Update:

- *Alliance Transportation Group.* (ATG) provided traffic counts within the study area which was used for model validation. ATG also provided the socioeconomic review and updated employment and population projections used in the traffic model; and

- *Brown & Gay Engineers, Inc.* provided local engineering support identifying regional highway network improvements and conducted travel time surveys.

1.3 REPORT ORGANIZATION

The remainder of this report is organized into the following chapters as described below:

- Chapter 2 – Existing Travel Patterns – presents a summary of travel time surveys, traffic count data and historical toll transactions for the CTTS 2012 Update. These data were used in developing and validating the base year model.

- Chapter 3 – Model Validation and Refinement – explains the methodology used to produce travel demand forecasts for the CTTS Study Area, based upon an adaptation of the Capital Area Metropolitan Planning Organization (CAMPO) and San Antonio/Bexar County Metropolitan Planning Organization (SA-BC MPO) models. The toll diversion model, developed by Stantec staff, and results of the model validation are also described.

- Chapter 4 – Socioeconomic Forecasts – describes the assumptions used to assess future development in the Austin and San Antonio metropolitan areas, more specifically the CTTS Study Area.

- Chapter 5 – Roadway Networks – describes the key network changes between traffic model analysis years.

- Chapter 6 – Revenue Forecasts – presents the Base Case and Amended Toll Plans and the corresponding traffic and revenue forecasts.

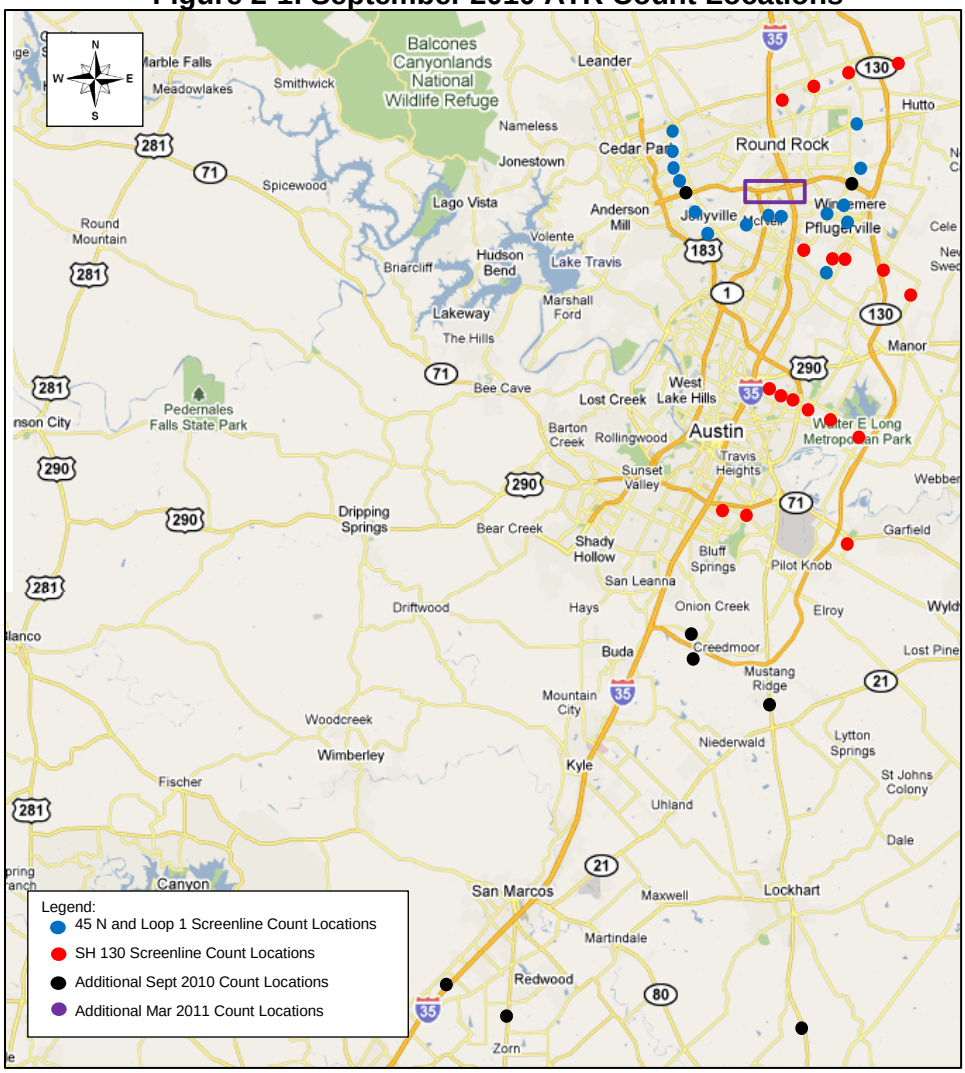
- Chapter 7 – List of Assumptions and Disclaimer.

2.0 Existing Travel Patterns

2.1 STUDY AREA TRAFFIC DATA COLLECTION

A data collection program conducted by *Alliance Transportation Group, Inc.* (ATG) was designed to provide information on travel within the study area and support the travel demand model described in Chapter 3. The data were gathered by the Consultant team in September 2010; supplemented by new field data gathered in March 2011 for this 2012 Update. Travel data compiled for the study consisted of traffic counts at 60 locations recorded by Automatic Traffic Recorders (ATRs), as shown in Figure 2-1, and travel time surveys on major routes in the area served by the CTTS system as shown in Figure 2-4.

Figure 2-1: September 2010 ATR Count Locations



Source: maps.google.com

Most of the ATRs were placed at defined screenline locations shown in Figure 2-2 in September 2010. These screenline locations are used to better understand traffic demand within the CTTS corridor. Screenlines 1 through 4 represent the four east-west screenlines along the north-south toll road SH 130. Screenlines A and B represent the two north-south screenlines along the east-west toll road SH 45 N, and Screenline C represents the north-south toll road Loop 1.

Figure 2-2: September 2010 Screenline Count Location

Source: maps.google.com See Table 2-1

Supplemental field data were gathered in March 2011 on various frontage roads and ramps shown in Figure 2-3. Table 2-1 on the following page summarizes the average weekday traffic volumes recorded in September 2010 and March 2012 for this 2012 Update.

Figure 2-3: March 2011 Count Locations

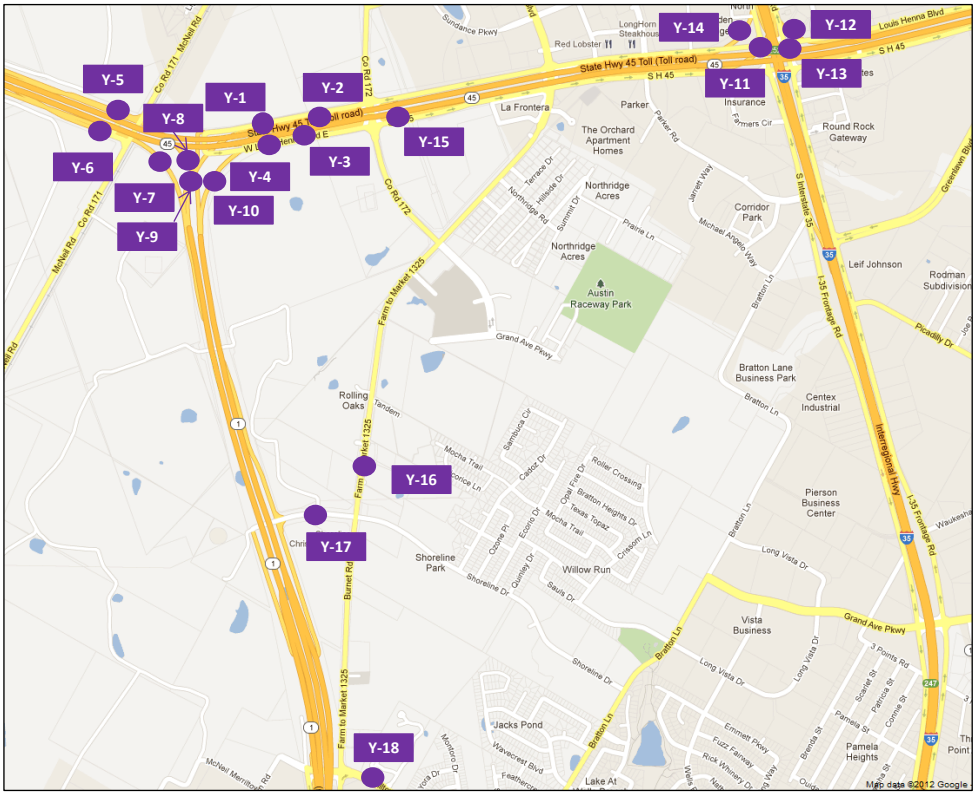


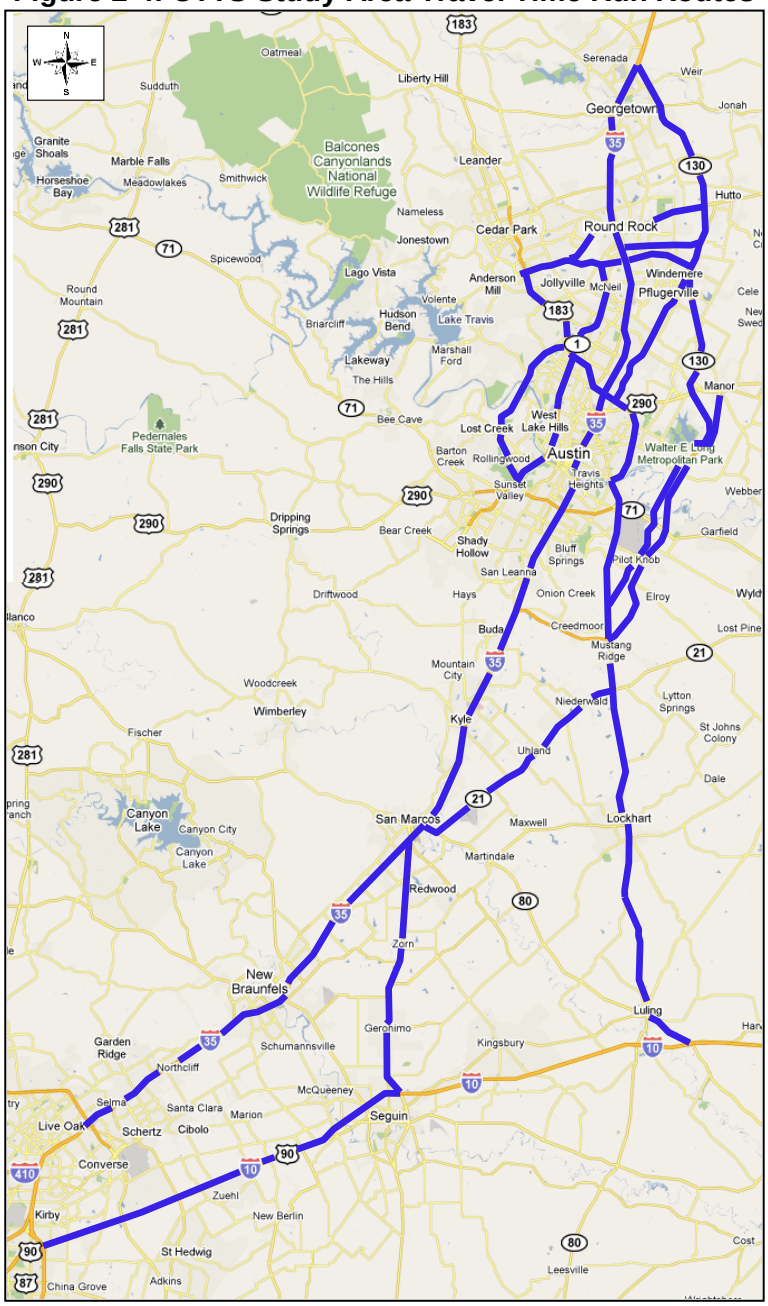
Table 2-1: Average Weekday Traffic Counts in CTTS Study Area

ID	ROADWAY	LOCATION	TOTAL
SH 130 - Screenline 1			
S1-1	Sunrise Rd (CR 115)	Between University Blvd/E. Chandler St. and FM 3406/E. Old Settlers Blvd.	11,641
S1-2	N Aw Grimes Blvd (FM 1460)	Between E. Chandler St. and CR 112	8,090
S1-3	Hutto Rd (CR 110)	Between University Blvd/E. Chandler St. and Limmer Loop/CR 164	2,879
S1-4	CR 100	Between Chandler Rd. and CF 394	466
SH 130 - Screenline 2			
S2-1	S. Heatherwilde Blvd.	Between Wells Branch Pkwy and Howard Lane	8,364
S2-2	Dessau Road	Between Howard Ln. and Wells Branch Pkwy	19,190
S2-3	Immanuel Road	Between Howard Ln. and Wells Branch Pkwy	3,112
S2-4	Cameron Rd.	Between Pfluggerville East Rd. and SH 130	2,336
S2-5	Fuchs Grove Rd.	Between Cameron Rd. and Gregg Ln.	1,798
SH 130 - Screenline 3			
S3-1	Cameron Rd	Between E. Koenig Ln. and E. 51st St.	16,558
S3-2	Berkman Dr	Between US 290E and E. 51st St.	8,030
S3-3	Manor Rd	Between E. 51st St. and US Springdale/Manor Rd Intersection	9,529
S3-4	Springdale Rd	Between E. 51st St. and US Springdale/Manor Rd Intersection	10,516
S3-5	Johnny Morris Rd	Between MLK Blvd (FM 969) and Loyola Ln.	5,048
S3-6	Decker Ln (FM 3177)	Between MLK Blvd (FM 969) and Loyola Ln.	8,709
S3-7	FM 973	Between MLK Blvd (FM 969) and Loyola Ln.	5,966
SH 130 - Screenline 4			
S4-1	Todd Ln	Between E Street Elmo Rd and SH 71	10,171
S4-2	Stassney Ln	Between Burleston Rd. and SH 71	20,222
S4-3	Ross Rd	Between Pearce Ln. and Elroy Rd.	3,199
SH 45 N West - Screenline A			
SA-1	Colonial Parkway	Between N Vista Ridge Blvd. and W Parmer Ln.	4,089
SA-2	Brushy Creek Rd	Between S Vista Ridge Blvd. and W Parmer Ln.	11,230
SA-3	Avery Ranch Blvd	Between N Canoa Hills Trail and Casditas Dr. (W of Parmer Ln)	12,382
SA-4	Lakeline Blvd	Between Rutledge Spur and W Parmer Ln.	8,258
SA-5	Anderson Mill Rd	Between Villa Park Dr. and Morris Rd.	16,081
SA-6	McNeil Dr	Between Blackfoot Trail and Corpus Christ Dr.	28,711
SH 45 N East - Screenline B			
SB-1	US 79	Between Red Bud Ln. and County Road 110	23,057
SB-2	CR 168/Gattis School Rd	Between Red Bud Ln. and SH 130	13,279
SB-3	Pflugerville Loop Rd	Between Wilke Ridge Ln and Great Basin Ave.	9,631
SB-4	Howard Lane	East of Heatherwilde Blvd.	20,470
Loop 1 - Screenline C			
SC-1	Howard Lane	Between McNeil Round Rock Rd. and Loop 1	15,069
SC-2	FM 1325/Lp 1 SR	Parallel to the Mainline Plaza	16,659
SC-3	Bratton Lane	Between Merriltown Dr. and Shoreline Dr.	6,710
SC-4	Heatherwilde	North of FM 1825 (Pecan St. W)	14,956
SC-5	N Railroad Rd	Between FM 1825 and Pfenning Ln.	4,879
Additional 2010 Counts			
X-1	SR 123	Between S. Old Bastrop Highway and FM 1978	12,043
X-2	IH 35	Between S. Old Bastrop Highway and CR 235/Posey Road	72,681
X-3	US 183S	Just North of Luling (North of the Carter Memorial Airport)	6,269
X-4	US 183S	Between Margo Dr and Laws Rd in Mustang Ridge	15,772
X-5	FM 1327	West of Palmer Road	8,988
X-6	Turnerville Road	West of Palmer Road	347
X-7	SH 45 NE Frontage Road	East of Heatherwide Blvd	7,911
X-8	SH 45 NW Frontage Road	past Briar Hollow Drive, prior to on-ramp adjacent to Amberglen Road	30,057
Additional 2011 Counts			
Y-1	SH 45 N West	WB Frontage Road West of Co Rd. 172	2,402
Y-2	SH 45 N West	WB On-Ramp West of Co. Rd. 172	4,445
Y-3	SH 45 N West	EB Off-Ramp West of Co. Rd. 172	4,362
Y-4	SH 45 N West	EB Frontage Road West of Co. Rd. 172	71
Y-5	SH 45 N West	WB On-Ramp West of Co. Rd. 171	866
Y-6	SH 45 N West	EB Off-Ramp West of Co. Rd. 171	1,118
Y-7	SH 45 N / Loop 1 N	EB SH 45 N Direct Connect to SB Loop 1 N	3,685
Y-8	SH 45 N / Loop 1 N	NB Loop 1 Direct Connect to WB SH 45 N	4,611
Y-9	SH 45 N / Loop 1 N	WB SH 45 N Direct Connect to SB Loop 1 N	19,028
Y-10	SH 45 N / Loop 1 N	NB Loop 1 Direct Connect to EB SH 45 N	18,942
Y-11	SH 45 N / IH-35	EB SH 45 N Direct Connect to NB IH-35	12,704
Y-12	SH 45 N / IH-35	WB SH 45 N Direct Connect to NB IH-35	3,212
Y-13	SH 45 N / IH-35	SB IH-35 Direct Connect to EB SH 45 N	2,959
Y-14	SH 45 N / IH-35	SB IH-35 Direct Connect to WB SH 45 N	12,840
Y-15	SH 45 N West	EB Off-Ramp NB Loop 1/EB SH 45 N to EB Frontage Road (East of Co. Rd. 172)	3,708
Y-16	FM 1325	South of Co. Rd. 172	17,572
Y-17	Shoreline Drive	West of FM 1325	2,266
Y-18	Merriltown Drive	East of FM 1325	5,940

2.2 CTTS STUDY AREA TRAVEL TIME RUNS

A travel time data collection program was conducted by *Brown & Gay Engineers, Inc*. in 2010. For this study, travel time runs were measured along IH 35, Loop 1, SH 130, SH 45 N, US 183, SH 21, SH 360, US 79, US 973, FM 685, RM 620, Gattis School Rd., Parmer Lane, IH 10, and SH 123. The travel time run locations are shown in Figure 2-4.

Figure 2-4: CTTS Study Area Travel Time Run Routes



Source: maps.google.com

Travel time runs were conducted for the AM Peak, PM Peak, and the Off Peak period. Table 2-2 compares the speeds on these routes on a typical weekday for the length of the entire route for the CTTS elements and their major competing route. Details for individual sections and other minor routes may be found in Appendix A.

In both the northbound and southbound direction, SH 130 experiences average travel speeds of about 70 mph during peak and off-peak hours. In the northbound direction from MLK Boulevard to SH 130, IH 35 experiences average travel time speeds of around 67 mph in the AM peak and off-peak, but only 47 mph during the PM peak. In the southbound direction from SH 130 to MLK Boulevard, IH 35 experiences average travel time speeds of 34 mph in the AM peak and 44 mph during the PM peak. Accordingly, SH 130 provides a faster route to and from north of the Austin central business district.

In the northbound direction Loop 1 provides average travel speeds of 54 mph during the AM peak, 36 mph in the PM peak, and 63 mph in the off-peak. From US 290 to SH 45 N, US 183 provides average northbound travel speeds of 66 mph during the AM peak and 45 mph during the PM peak. Loop 1 does not provide the fastest north-south travel route in the corridor and the PM peak average travel speeds indicate congestion.

In the eastbound and westbound direction SH 45 N provides average travel speeds ranging from 66 to 74 mph during peak and off-peak hours. RM 620 speeds range from 20 to 33 mph during peak hours, therefore SH 45 N provides the fastest east-west alternative.

Table 2-2: September 2010 Travel Time Runs

Location			DIST (mile)	Average Speed (MPH)		
				AM Peak	PM Peak	Off Peak
Northbound						
Loop 1	***US 290 - SH 45 N***	***NB***	***19.9***	***54***	***36***	***63***
SH 130	***US 183 - IH 35***	***NB***	***46.9***	***73***	***72***	***71***
IH 35	MLK Blvd - SH 130	NB	30.0	67	47	68
	SH 80 - MLK Blvd	NB	30.1	34	52	62
	Loop 1604 - SH 80	NB	33.7	73	71	70
US 183	US 290 - SH 45 N	NB	14.3	66	45	65
	SH 130 - Manor Rd	NB	17.1	38	46	51
	IH 10 - SH 130	NB	32.3	54	53	53
Southbound						
Loop 1	***SH 45 N - US 290***	***SB***	***19.9***	***34***	***37***	***65***
SH 130	***IH 35 - US 183***	***SB***	***46.9***	***72***	***72***	***71***
IH 35	SH 130 - MLK Blvd	SB	29.9	34	44	68
	MLK Blvd - SH 80	SB	30.1	67	45	70
	SH 80 - Loop 1604	SB	33.7	63	72	71
US 183	SH 45 N - US 290	SB	14.3	35	66	67
	Manor Rd - SH 130	SB	17.1	44	37	50
	SH 130 - IH 10	SB	32.3	52	51	52
Eastbound						
SH 45 N	***US 183 - SH 130***	***EB***	***12.8***	***66***	***68***	***71***
RM 620	US 183 - IH 35	EB	7.8	33	30	36
Westbound						
SH 45 N	***SH 130 - US 183***	***WB***	***12.8***	***68***	***66***	***74***
RM 620	IH 35 - US 183	WB	7.8	30	30	39

2.3 HISTORICAL CTTS TOLL TRANSACTIONS AND REVENUE

The CTTS, including SH 45 SE, is a fully operational 72-mile turnpike system, with all sections currently opened for traffic. The project was opened in Phases as follows:

- The eastern portion of SH 45 N, Loop 1, and Segment 2 of SH 130 were opened in November 2006;
- A month later, Segment 1 of SH 130 was opened in December 2006;
- The remaining Western portion of SH 45 N was completed and opened in spring 2007;
- Segment 3 of SH 130 was opened almost a year later in September 2007; and
- The initial CTTS elements were completed with the opening of SH 130 Segment 4 in May 2008.

The SH 45 SE toll facility opened in May of 2009 and is operated by TxDOT. SH 45 SE is a major connector between IH-35 and the SH 130/US 183 Interchange and functions as a feeder road to CTTS elements, particularly SH 130. The opening of SH 45 SE completed the "half-beltway" that provides an alternative route for through traffic going north-south of the region as well as traffic traveling east of the region, in order to avoid Austin's busy traffic.

Historical toll rates for passenger cars for the CTTS elements including SH 45 SE are shown in Table 2-3 and Table 2-4. The initial CTTS operated toll-free at all paypoint locations for the first full two months of operation (November and December 2006). In the second and third months of operation all paypoint locations operated under reduced toll rates for ETC only. Full tolling began in March 2007. SH 45 SE opened in May of 2009 toll-free, in the second month operated at discounted rates for ETC only, and then full tolling began in July 2009.

Table 2-3: CTTS Historical Toll Rates

Toll Road		Payment Type	Toll-Free		Discounted Tolls		Full Toll Rate
			Nov-06	Dec-06	Jan-07	Feb-07	Mar 2007 - Dec 2012
SH 45 N and	Mainline Plazas	Cash	-	-	$0.75	$0.75	$0.75
		ETC	-	-	-	$0.34	$0.68
		Pay by Mail	-	-	-	-	$0.90
	Ramps	Cash	-	-	$0.50	$0.50	$0.50
		ETC	-	-	-	$0.23	$0.45
		Pay by Mail	-	-	-	-	$0.60
SH 130 Turn	Mainline Plazas	Cash	-	-	$1.50	$1.50	$1.50
		ETC	-	-	-	$0.68	$1.35
		Pay by Mail	-	-	-	-	$1.80
	Ramps	Cash	-	-	$0.50	$0.50	$0.50
		ETC	-	-	-	$0.23	$0.45
		Pay by Mail	-	-	-	-	$0.60

Table 2-4: SH 45 SE Historical Toll Rates

Toll Road		Payment Type	Toll-Free	Discounted Tolls	Full Toll Rate
			May-09	Jun-09	Jul 2009 - Dec 2013
SH 45 SE	Mainline Plaza	ETC	-	$0.50	$1.00
		Pay by Mail	-	-	$1.33
	Ramps	ETC	-	$0.33	$0.66
		Pay by Mail	-	-	$0.88

The percent distribution by payment type by facility and fiscal year for average weekday transactions is presented in Table 2-5. Electronic toll collection (ETC) usage for SH 45 N and Loop 1 was 75 percent in FY 2008 but has recently fallen to 72 percent in FY 2011 and FY 2012. SH 130 ETC usage was 63 percent in FY 2008 and has also experienced a slight drop in FY 2012 falling to 59 percent. SH 45 SE in FY 2011 opened with 64 percent ETC usage, but has fallen to approximately 55 percent since the beginning of FY 2012 due to a change in reporting ETC transactions. Despite the slight decreases in ETC usage, these are much higher than the expected rate of use in the original 2002 Report. The ETC toll percentages were adjusted in the 2008 Review Study, the 2010 Update and the 2012 Update to reflect observed conditions. The ETC percentage for SH 130 in FY 2007 reflects the usage of segments 1 and 2 of the facility since the other segments were opened later. These two segments served the users with higher transponder usage at 67 percent. However, as Segments 3 & 4 were opened, the ETC toll percentage dropped to a low of 61 percent in FY 2011.

It should be noted that TxDOT had a pilot program that permitted the option of paying for tolls using video license plate or pay by mail (PBM) technology, whereby the patron does not pay at the plaza but is billed later based on the identification of the license plate. This option was not considered in the original 2002 Report or 2005 Report. In subsequent studies, including 2008 Review, the video transactions were estimated in the post-model adjustment process as a fraction of cash transactions, based primarily upon observed transaction data. For the 2010 Update and 2012 Update, video transactions were estimated by the modeling process and adjusted manually as necessary. The conversion of the pilot program known as pay by mail (PBM) has been adopted as a permanent payment method per Minute Order No 113246 (shown in Appendix C).

Table 2-5: Payment Type Percentages by Facility and Fiscal Year

Toll Road	Payment Type	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
SH 45 N	**Cash**		10%	8%	7%	7%	7%
	ETC	77%	75%	74%	74%	72%	72%
	Pay by Mail		15%	18%	19%	21%	21%
	Total	**77%**	**100%**	**100%**	**100%**	**100%**	**100%**
Loop 1	**Cash**		11%	8%	7%	7%	7%
	ETC	77%	75%	75%	75%	73%	72%
	Pay by Mail		14%	17%	18%	20%	21%
	Total	**77%**	**101%**	**100%**	**100%**	**100%**	**100%**
SH 130	**Cash**	18%	15%	12%	9%	8%	8%
	ETC	67%	63%	62%	62%	61%	59%
	Pay by Mail	15%	22%	26%	28%	31%	33%
	Total	**100%**	**100%**	**100%**	**99%**	**100%**	**100%**
SH 45 SE	**ETC**	NA	NA	64%	64%	63%	55%
	Pay by Mail	NA	NA	36%	36%	37%	45%
	Total	**NA**	**NA**	**100%**	**100%**	**100%**	**100%**

Note: SH 45 N, Loop 1, and SH 130 are based on average weekday volumes and SH 45 SE based on average daily volumes.
Starting FY 2012 SH 45 SE reports reflect transaction types as captures at the roadside and prior to Prior to iToll adjusted (i.e. image-based transactions at the roadside that post to prepaid customer accounts in the back office system).
Source: Transactions Data provided by TxDOT.

Table 2-6 and Table 2-7 show the actual monthly average weekday transactions for SH 45 N, Loop 1, and SH 130 and the percent change year over year. SH 45 N average weekday transactions have been steadily increasing with 5.5 percent increase in FY 2009, 2.5 percent increase in FY 2010 and 4.0 percent increase in FY 2011. Growth on Loop 1 was virtually flat through FY 2009, increasing 3.3 percent in FY 2010 and 3.9 percent in FY 2011. SH 130 transactions have experienced double digit growth through 2010, and an increase of 7.0 percent in FY 2011.

For FY 2012, transactions on SH 45 N are 6.7 percent greater than FY 2011 and currently reaching 115,000. Loop 1 transactions increased 5.2 percent over FY 2011 with current average weekday transactions recently reaching 64,000. SH 130 transactions increased 13.3 percent and weekday volumes exceeding 113,000.

Table 2-6: SH 45 N, Loop 1, and SH 130 Average Weekday Transactions by Fiscal Year

Toll Road	Not Open		Toll-Free		Discounted Tolls		Full Toll Rate					
	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
SH 45 N	-	-	NA	NA	38,312	41,409	39,714	41,034	42,995	42,725	42,800	45,757
Loop 1	-	-	NA	NA	49,752	53,821	51,682	52,583	53,633	53,116	52,887	55,342
SH 130	-	-	NA	NA	29,789	33,417	32,314	32,803	33,052	32,164	31,467	34,334
TOTAL	-	-	NA	NA	117,853	128,647	123,710	126,420	129,680	128,005	127,154	135,433

Toll Road	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	FY 08
SH 45 N	88,697	90,181	88,485	86,574	86,363	91,601	90,064	94,469	96,942	93,482	91,771	94,053	**91,057**
Loop 1	55,085	54,726	53,929	52,263	53,074	55,639	54,645	56,356	56,452	55,378	54,594	55,104	**54,770**
SH 130	39,741	43,220	59,311	55,318	52,592	58,240	58,825	60,233	65,716	65,358	69,670	70,975	**58,267**
TOTAL	183,523	188,127	201,725	194,155	192,029	205,480	203,534	211,058	219,110	214,218	216,035	220,132	**204,094**

Toll Road	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	FY 09
SH 45 N	95,283	96,496	93,982	91,614	91,260	94,583	93,629	97,972	101,507	99,779	97,701	99,042	**96,071**
Loop 1	55,757	55,696	54,455	52,955	53,181	54,923	54,039	55,839	56,380	56,189	55,362	56,491	**55,106**
SH 130	69,999	70,765	69,968	66,563	63,679	67,940	70,384	71,812	79,731	82,663	82,054	81,555	**73,093**
TOTAL	221,039	222,957	218,405	211,132	208,120	217,446	218,052	225,623	237,618	238,631	235,117	237,088	**224,269**

Toll Road	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	FY 10
SH 45 N	98,080	98,938	97,511	94,200	94,291	94,273	98,760	102,392	103,115	100,502	98,416	100,872	**98,446**
Loop 1	56,006	56,575	55,652	54,125	55,399	55,244	57,475	58,845	58,951	58,324	57,487	58,716	**56,900**
SH 130	79,743	81,292	83,610	78,074	74,433	78,824	86,870	88,569	89,225	88,537	89,015	89,228	**83,952**
TOTAL	233,829	236,805	236,773	226,399	224,123	228,341	243,105	249,806	251,291	247,363	244,918	248,816	**239,297**

Toll Road	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	FY 11
SH 45 N	102,121	103,245	99,788	98,567	98,128	97,075	103,981	107,057	105,683	104,858	103,182	104,438	**102,344**
Loop 1	58,488	59,657	57,660	57,069	57,122	56,419	60,205	61,384	60,464	60,659	60,044	60,410	**59,132**
SH 130	89,548	91,752	89,722	86,238	79,637	82,055	94,156	95,564	93,204	93,097	93,960	89,226	**89,847**
TOTAL	250,157	254,654	247,170	241,874	234,887	235,549	258,342	264,005	259,351	258,614	257,186	254,074	**251,322**

Toll Road	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	FY 12
SH 45 N	106,361	105,510	102,992	103,344	104,679	108,776	110,219	113,995	114,877	114,075	110,445	115,074	**109,196**
Loop 1	61,561	60,826	59,442	59,446	60,529	62,481	62,675	64,502	64,265	64,168	62,396	64,177	**62,206**
SH 130	93,486	92,913	95,009	94,979	90,242	96,796	105,068	107,061	109,365	113,855	109,328	113,347	**101,787**
TOTAL	261,408	259,249	257,443	257,769	255,450	268,053	277,962	285,558	288,507	292,098	282,169	292,598	**273,189**

Notes:
(1) Values for SH 130 include only the two northern segments (Segments 1 & 2) in operation as of October 2007.
(2) Values for SH 130 include only the three northern segments (Segments 1,2, and 3) in operation between November 2007 and June 2008.
(3) Values for SH 130 include all four segments in operation starting in July 2008.
Source: CTTS Annual Reports (FY 07, FY 08, FY 09, FY 10, FY 11,) and quarterly FY 12 reports.

Table 2-7: SH 45 N, Loop 1, and SH 130 Average Weekday Transaction Monthly % Change

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08
SH 45 N					125.4%	121.2%	126.8%	130.2%	125.5%	118.8%	114.4%	105.5%
Loop 1					6.7%	3.4%	5.7%	7.2%	5.3%	4.3%	3.2%	-0.4%
SH 130					76.5%	74.3%	82.0%	83.6%	98.8%	103.2%	121.4%	106.7%
TOTAL					62.9%	59.7%	64.5%	66.9%	69.0%	67.4%	69.9%	62.5%

	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	FY 09
SH 45 N	7.4%	7.0%	6.2%	5.8%	5.7%	3.3%	4.0%	3.7%	4.7%	6.7%	6.5%	5.3%	**5.5%**
Loop 1	1.2%	1.8%	1.0%	1.3%	0.2%	-1.3%	-1.1%	-0.9%	-0.1%	1.5%	1.4%	2.5%	**0.6%**
SH 130	76.1%	63.7%	18.0%	20.3%	21.1%	16.7%	19.6%	19.2%	21.3%	26.5%	17.8%	14.9%	**25.4%**
TOTAL	20.4%	18.5%	8.3%	8.7%	8.4%	5.8%	7.1%	6.9%	8.4%	11.4%	8.8%	7.7%	**9.9%**

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	FY 10
SH 45 N	2.9%	2.5%	3.8%	2.8%	3.3%	-0.3%	5.5%	4.5%	1.6%	0.7%	0.7%	1.8%	**2.5%**
Loop 1	0.4%	1.6%	2.2%	2.2%	4.2%	0.6%	6.4%	5.4%	4.6%	3.8%	3.8%	3.9%	**3.3%**
SH 130	13.9%	14.9%	19.5%	17.3%	16.9%	16.0%	23.4%	23.3%	11.9%	7.1%	8.5%	9.4%	**14.9%**
TOTAL	5.8%	6.2%	8.4%	7.2%	7.7%	5.0%	11.5%	10.7%	5.8%	3.7%	4.2%	4.9%	**6.7%**

	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	FY 11
SH 45 N	4.1%	4.4%	2.3%	4.6%	4.1%	3.0%	5.3%	4.6%	2.5%	4.3%	4.8%	3.5%	**4.0%**
Loop 1	4.4%	5.4%	3.6%	5.4%	3.1%	2.1%	4.7%	4.3%	2.6%	4.0%	4.4%	2.9%	**3.9%**
SH 130	12.3%	12.9%	7.3%	10.5%	7.0%	4.1%	8.4%	7.9%	4.5%	5.2%	5.6%	0.0%	**7.0%**
TOTAL	7.0%	7.5%	4.4%	6.8%	4.8%	3.2%	6.3%	5.7%	3.2%	4.5%	5.0%	2.1%	**5.0%**

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	FY 12
SH 45 N	4.2%	2.2%	3.2%	4.8%	6.7%	12.1%	6.0%	6.5%	8.7%	8.8%	7.0%	10.2%	**6.7%**
Loop 1	5.3%	2.0%	3.1%	4.2%	6.0%	10.7%	4.1%	5.1%	6.3%	5.8%	3.9%	6.2%	**5.2%**
SH 130	4.4%	1.3%	5.9%	10.1%	13.3%	18.0%	11.6%	12.0%	17.3%	22.3%	16.4%	27.0%	**13.3%**
TOTAL	4.5%	1.8%	4.2%	6.6%	8.8%	13.8%	7.6%	8.2%	11.2%	12.9%	9.7%	15.2%	**8.7%**

Note: Monthly Percent Change is comparison to the same month in prior year

Overall, the CTTS project was well received by patrons as shown in the comparison between estimated and observed total transactions for SH 45 N, Loop 1, and SH 130 in the past four years shown in Figure 2-5.

Figure 2-5: CTTS Actual Average Weekday Toll Transactions vs. Prior Forecasts

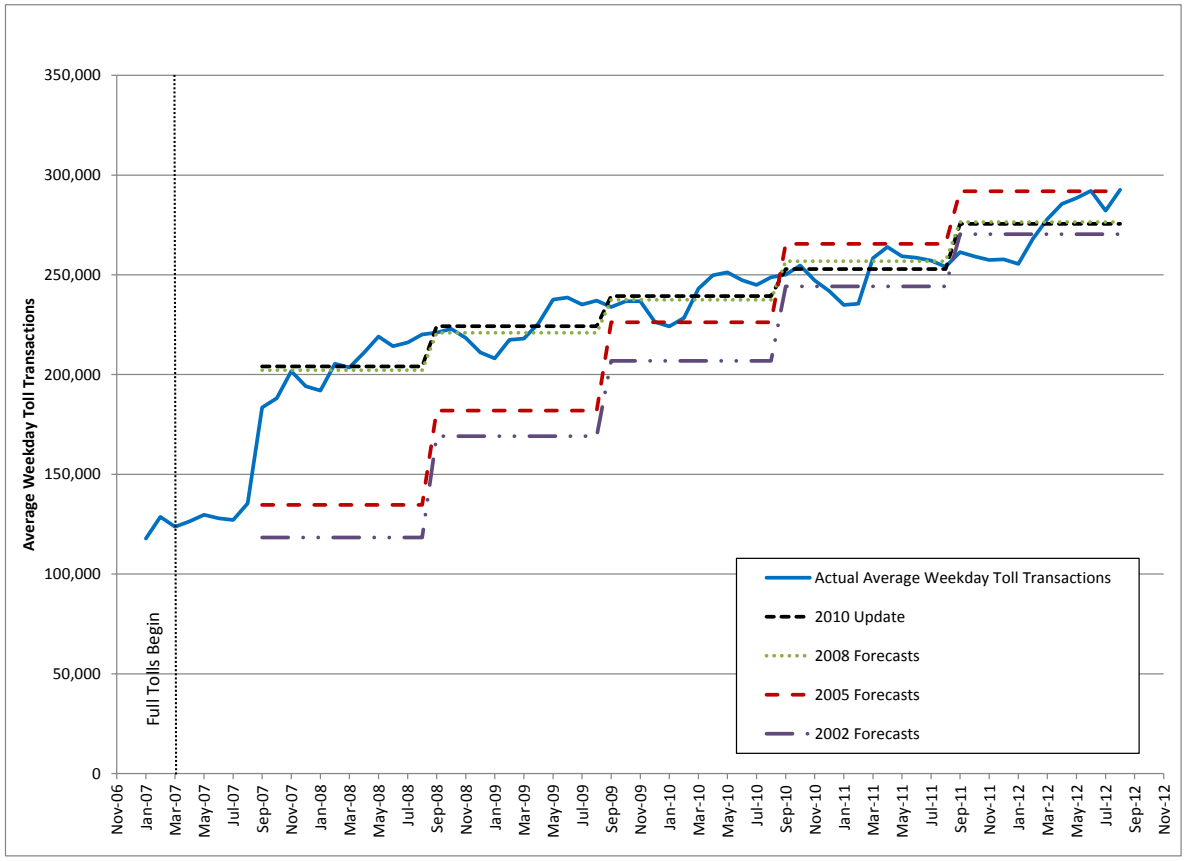


Table 2-8 and Table 2-9 show the historical trends in toll revenue for SH 45 N, Loop 1 and SH 130 since the toll road began collecting revenue in January 2007. CTTS total revenue growth has been significant and steady since the startup of the toll roads with toll revenue of $48.9 million in FY 2008, $58.9 million in FY 2009, $66.1 million in FY 2010, $68.8 million in FY 2011, and $75.7 million in FY 2012.

It should be noted that the revenue shown in Table 2-8 for FY 2007 through FY 2009 does not include PBM revenue for the individual facilities; rather, PBM revenue is included in total system-wide revenue. Accordingly, the results for the individual facilities for FY 2010 and later years are not comparable to the results for FY 2009 and earlier years. Total revenue in FY 2011 has increased 2.4 percent on SH 45 N; 3.2 percent on Loop 1, and 5.8 percent on SH 130. In FY 2012 total revenue has increased 8.3 percent on SH 45 N, 5.7 percent on Loop 1, and 12.4 percent on SH 130.

Table 2-8: SH 45 N, Loop 1, SH 130 Actual Monthly Toll Revenues by Fiscal Year

Toll Road	Not Open		Toll-Free		Discounted Tolls		Full Toll Rate					
	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
SH 45 N	$ -	$ -	$ -	$ -	$ 53,900	$ 363,500	$ 625,400	$ 614,200	$ 682,800	$ 661,700	$ 661,000	$ 887,600
Loop 1	$ -	$ -	$ -	$ -	$ 116,300	$ 539,200	$ 900,100	$ 866,600	$ 936,800	$ 900,000	$ 894,600	$ 981,100
SH 130	$ -	$ -	$ -	$ -	$ 108,400	$ 465,200	$ 820,000	$ 795,800	$ 858,200	$ 841,200	$ 817,300	$ 927,800
TOTAL	$ -	$ -	$ -	$ -	$ 278,900	$1,386,100	$2,388,400	$2,328,400	$2,553,000	$2,473,600	$2,448,800	$ 2,886,700

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	FY 08
SH 45 N	$1,328,600	$1,466,800	$1,342,400	$1,353,600	$1,370,300	$1,393,800	$1,435,100	$1,469,200	$1,517,700	$1,425,600	$1,420,300	$ 1,459,100	**$ 16,982,500**
Loop 1	$ 883,100	$ 961,200	$ 883,700	$ 874,100	$ 902,200	$ 896,700	$ 915,000	$ 925,400	$ 923,900	$ 879,200	$ 885,700	$ 892,400	**$ 10,822,600**
SH 130	$1,045,900	$1,215,800	$1,247,000	$1,359,700	$1,429,400	$1,538,200	$1,652,900	$1,636,700	$1,781,700	$1,775,400	$1,777,700	$ 1,909,600	**$ 18,370,000**
TOTAL	$3,344,100	$3,769,300	$3,611,700	$3,772,900	$3,943,700	$4,030,500	$4,195,500	$4,253,100	$4,479,800	$4,392,500	$4,458,800	$ 4,653,900	**$ 48,905,800**

	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	FY 09
SH 45 N	$1,482,700	$1,551,500	$1,389,700	$1,456,800	$1,471,800	$1,420,900	$1,533,200	$1,546,500	$1,582,900	$1,565,700	$1,529,100	$ 1,506,100	**$ 18,036,900**
Loop 1	$ 902,300	$ 942,000	$ 836,300	$ 880,000	$ 894,500	$ 865,700	$ 929,300	$ 929,700	$ 914,400	$ 919,200	$ 904,700	$ 893,600	**$ 10,811,700**
SH 130	$1,946,600	$2,021,100	$1,825,400	$1,831,500	$1,782,700	$1,795,500	$2,066,200	$1,981,600	$2,211,800	$2,433,400	$2,412,300	$ 2,289,800	**$ 24,597,900**
TOTAL	$4,671,600	$4,939,300	$4,456,700	$4,563,400	$4,625,600	$4,545,100	$4,971,700	$4,868,700	$5,109,200	$5,429,700	$5,403,100	$ 5,329,900	**$ 58,914,000**

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	FY 10
SH 45 N	$1,591,700	$1,647,500	$1,662,100	$1,621,600	$1,572,700	$1,515,100	$1,722,000	$1,709,700	$1,705,200	$1,681,800	$1,665,500	$ 1,703,700	**$ 19,798,600**
Loop 1	$ 954,200	$ 985,400	$ 980,500	$ 968,500	$ 948,700	$ 920,800	$1,051,100	$1,039,000	$1,019,800	$1,019,300	$1,016,500	$ 1,033,100	**$ 11,936,900**
SH 130	$2,674,100	$2,727,000	$2,849,800	$2,729,100	$2,473,500	$2,501,400	$3,061,800	$3,180,300	$2,991,500	$3,022,100	$3,096,200	$ 3,101,500	**$ 34,408,300**
TOTAL	$5,220,000	$5,359,900	$5,492,400	$5,319,200	$4,994,900	$4,937,300	$5,834,900	$5,929,000	$5,716,500	$5,723,200	$5,778,200	$ 5,838,300	**$ 66,143,800**

	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	FY 11
SH 45 N	$1,656,700	$1,686,000	$1,601,700	$1,673,900	$1,631,200	$1,448,800	$1,784,200	$1,802,100	$1,744,000	$1,731,700	$1,696,300	$ 1,811,600	**$ 20,268,200**
Loop 1	$1,000,000	$1,021,600	$ 973,200	$1,016,900	$ 998,900	$ 929,700	$1,092,800	$1,046,000	$1,063,800	$1,049,600	$1,023,200	$ 1,100,900	**$ 12,316,600**
SH 130	$3,032,800	$3,078,500	$2,971,700	$2,987,300	$2,783,300	$2,441,400	$3,248,700	$3,282,900	$3,024,300	$3,132,300	$3,089,400	$ 3,164,400	**$ 36,237,000**
TOTAL	$5,689,500	$5,786,100	$5,546,600	$5,678,100	$5,413,400	$4,819,900	$6,125,700	$6,131,000	$5,832,100	$5,913,600	$5,808,900	$ 6,076,900	**$ 68,821,800**

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	FY 12
SH 45 N	$1,780,700	$1,796,900	$1,682,000	$1,758,400	$1,763,100	$1,738,700	$1,892,400	$1,844,800	$1,914,600	$1,845,400	$1,881,000	$ 2,046,600	**$ 21,944,600**
Loop 1	$1,052,400	$1,083,000	$1,018,100	$1,055,300	$1,058,500	$1,038,300	$1,127,800	$1,084,000	$1,124,800	$1,077,400	$1,096,900	$ 1,198,600	**$ 13,015,100**
SH 130	$3,236,700	$3,159,800	$3,095,400	$3,181,300	$2,872,100	$2,989,800	$3,536,100	$3,427,000	$3,612,000	$3,531,000	$3,790,100	$ 4,303,700	**$ 40,735,000**
TOTAL	$6,069,800	$6,039,700	$5,795,500	$5,995,000	$5,693,700	$5,766,800	$6,556,300	$6,355,800	$6,651,400	$6,453,800	$6,768,000	$ 7,548,900	**$ 75,694,700**

Note:
(1) Individual roadway revenue from January 2007 to August 2009 does not include Pay by Mail revenue.
(2) Totals do not add from January 2007 to August 2009 because Pay by Mail revenue is included in CTTS total.
(3) Values for SH 130 include only the two northern segments (Segments 1 & 2) in operation as of October 2007.
(4) Values for SH 130 include only the three northern segments (Segments 1,2, and 3) in operation between November 2007 and June 2008.
(5) Values for SH 130 include all four segments in operation starting in July 2008 and September 2008.

Source: CTTS Annual Reports (FY 07, FY 08, FY 09, FY 10, FY 11) and quarterly FY 12 reports.

Table 2-9: SH 45 N, Loop 1, and SH 130 Actual Monthly Toll Revenue Monthly %Change

	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08
SH 45 N					2442.3%	283.4%	129.5%	139.2%	122.3%	115.4%	114.9%	64.4%
Loop 1					675.8%	66.3%	1.7%	6.8%	-1.4%	-2.3%	-1.0%	-9.0%
SH 130					1218.6%	230.7%	101.6%	105.7%	107.6%	111.1%	117.5%	105.8%
TOTAL					1314.0%	190.8%	75.7%	82.7%	75.5%	77.6%	82.1%	61.2%

	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	FY 09
SH 45 N	11.6%	5.8%	3.5%	7.6%	7.4%	1.9%	6.8%	5.3%	4.3%	9.8%	7.7%	3.2%	**6.2%**
Loop 1	2.2%	-2.0%	-5.4%	0.7%	-0.9%	-3.5%	1.6%	0.5%	-1.0%	4.5%	2.1%	0.1%	**-0.1%**
SH 130	86.1%	66.2%	46.4%	34.7%	24.7%	16.7%	25.0%	21.1%	24.1%	37.1%	35.7%	19.9%	**33.9%**
TOTAL	39.7%	31.0%	23.4%	21.0%	17.3%	12.8%	18.5%	14.5%	14.0%	23.6%	21.2%	14.5%	**20.5%**

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	FY 10
SH 45 N	7.4%	6.2%	19.6%	11.3%	6.9%	6.6%	12.3%	10.6%	7.7%	7.4%	8.9%	13.1%	**9.8%**
Loop 1	5.8%	4.6%	17.2%	10.1%	6.1%	6.4%	13.1%	11.8%	11.5%	10.9%	12.4%	15.6%	**10.4%**
SH 130	37.4%	34.9%	56.1%	49.0%	38.8%	39.3%	48.2%	60.5%	35.3%	24.2%	28.4%	35.4%	**39.9%**
TOTAL	11.7%	8.5%	23.2%	16.6%	8.0%	8.6%	17.4%	21.8%	11.9%	5.4%	6.9%	9.5%	**12.3%**

	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	FY 11
SH 45 N	4.1%	2.3%	-3.6%	3.2%	3.7%	-4.4%	3.6%	5.4%	2.3%	3.0%	1.8%	6.3%	**2.4%**
Loop 1	4.8%	3.7%	-0.7%	5.0%	5.3%	1.0%	4.0%	0.7%	4.3%	3.0%	0.7%	6.6%	**3.2%**
SH 130	13.4%	12.9%	4.3%	9.5%	12.5%	-2.4%	6.1%	3.2%	1.1%	3.6%	-0.2%	2.0%	**5.3%**
TOTAL	9.0%	8.0%	1.0%	6.7%	8.4%	-2.4%	5.0%	3.4%	2.0%	3.3%	0.5%	4.1%	**4.0%**

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	FY 12
SH 45 N	7.5%	6.6%	5.0%	5.0%	8.1%	20.0%	6.1%	2.4%	9.8%	6.6%	10.9%	13.0%	**8.3%**
Loop 1	5.2%	6.0%	4.6%	3.8%	6.0%	11.7%	3.2%	3.6%	5.7%	2.6%	7.2%	8.9%	**5.7%**
SH 130	6.7%	2.6%	4.2%	6.5%	3.2%	22.5%	8.8%	4.4%	19.4%	12.7%	22.7%	36.0%	**12.4%**
TOTAL	6.7%	4.4%	4.5%	5.6%	5.2%	19.6%	7.0%	3.7%	14.0%	9.1%	16.5%	24.2%	**10.0%**

Note: Monthly Percent Change is comparison to the same month in prior year

Figure 2-6 shows the actual total monthly toll revenue including pay by mail revenue for SH 45 N, Loop 1, and SH 130 since the roadways were opened in November 2006, compared to prior revenue forecasts.

Figure 2-6: CTTS Monthly Toll Revenue Collections vs. Prior Forecasts

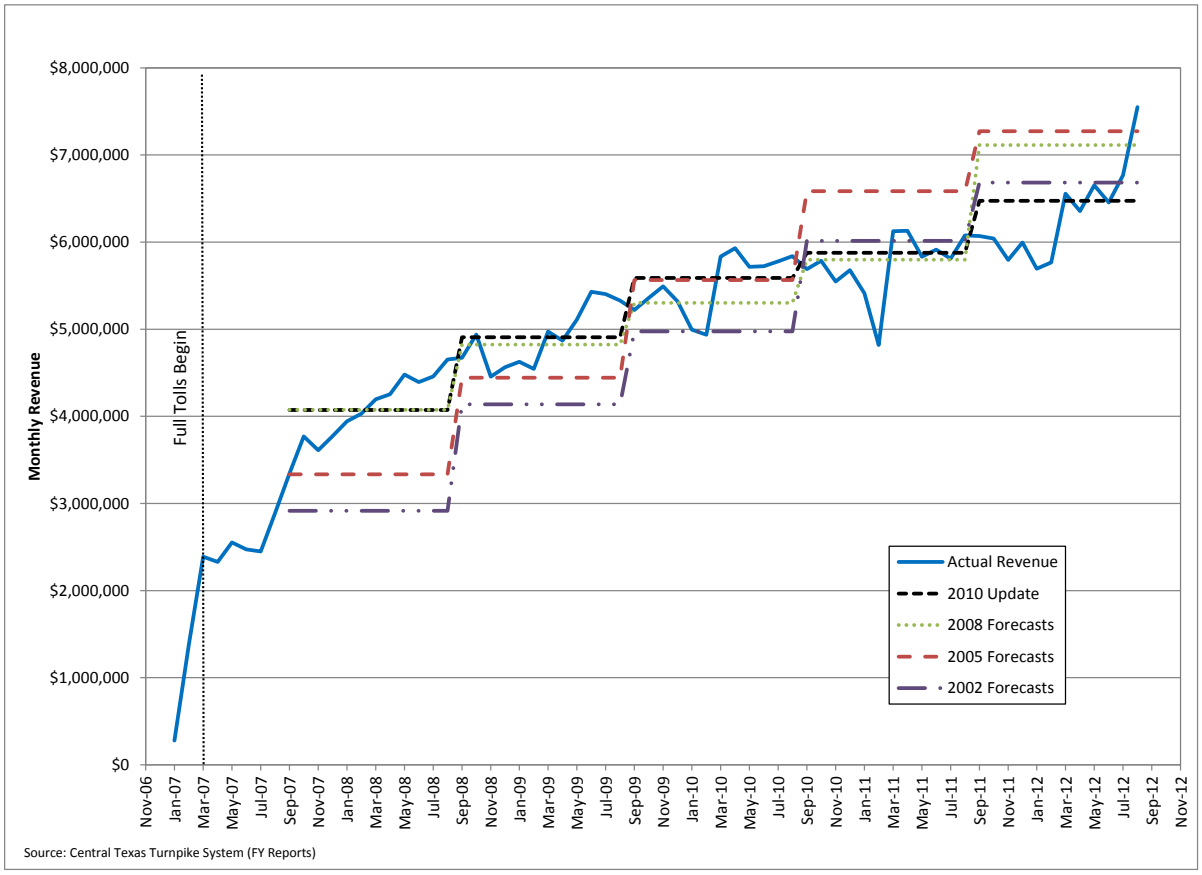


Table 2-10 and Table 2-11 show SH 45 SE's actual monthly average weekday transactions and total monthly revenue by fiscal year, respectively. SH 45 SE average weekday transactions increased by 11.3 percent in FY 2011, and 21.3 percent in FY 2012 with current transactions nearing 13,500. Total revenue growth has been similar with toll revenue growth of $3.2 million in FY 2010, $3.6 million in FY 2011, and $4.3 million in FY 2012.

Table 2-10: SH 45 SE Average Weekday Transactions by Fiscal Year and the Percent Change by Month

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
May 09 - Aug 09	Not Open								ETC Free 11,056	ETC Half 8,503	Full Tolling Begins 7,976	7,917	
Sep 09 - Aug 10	7,565	8,044	8,322	7,611	6,999	7,730	8,712	8,847	8,927	8,906	9,416	9,226	**FY 2010 8,359**
Sep 10 - Aug 11	8,936	8,932	9,516	9,132	7,966	8,337	9,969	10,002	9,716	9,759	10,100	9,293	**FY 2011 9,305**
Sep 11 - Aug 12	9,879	9,864	10,243	10,554	9,540	10,449	11,891	11,609	11,875	13,180	12,839	13,523	**FY 2012 11,287**

12-Month Percent Change in Average Weekday Transactions

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
May 09 - Aug 10	-	-	-	-	-	-	-	-	-19.3%	4.7%	18.1%	16.5%	
Sep 10 - Aug 11	18.1%	11.0%	14.3%	20.0%	13.8%	7.9%	14.4%	13.1%	8.8%	9.6%	7.3%	0.7%	**FY 2011 11.3%**
Sep 11 - Aug 12	10.6%	10.4%	7.6%	15.6%	19.8%	25.3%	19.3%	16.1%	22.2%	35.1%	27.1%	45.5%	**FY 2012 21.3%**

Source: TxDOT Monthly pre-audit reports

Table 2-11: SH 45 SE Actual Monthly Toll Revenues by Fiscal Year (in $000s) and the Percent Change by Month

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
May 09 - Aug 09	Not Open								ETC Free -	ETC Half $ 7,400	Full Tolling Begins $ 224,500	$ 242,900	
Sep 09 - Aug 10	$ 238,700	$ 245,600	$ 244,600	$ 242,400	$ 237,100	$ 230,100	$ 280,500	$ 290,900	$ 289,300	$ 298,300	$ 303,400	$ 300,500	**FY 2010 $ 3,201,400**
Sep 10 - Aug 11	$ 299,800	$ 296,300	$ 291,600	$ 297,700	$ 288,200	$ 245,800	$ 321,400	$ 307,700	$ 300,500	$ 314,700	$ 308,400	$ 324,000	**FY 2011 $ 3,596,100**
Sep 11 - Aug 12	$ 338,000	$ 321,200	$ 310,600	$ 324,200	$ 284,700	$ 305,900	$ 367,700	$ 327,900	$ 402,600	$ 364,700	$ 416,500	$ 482,500	**FY 2012 $ 4,246,500**

12-Month Percent Change in Total Monthly Revenue

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
Sep 09 - Aug 10	-	-	-	-	-	-	-	-	-	3931.1%	35.1%	23.7%	
Sep 10 - Aug 11	25.6%	20.6%	19.2%	22.8%	21.6%	6.8%	14.6%	5.8%	3.9%	5.5%	1.6%	7.8%	**FY 2011 12.3%**
Sep 11 - Aug 12	12.7%	8.4%	6.5%	8.9%	-1.2%	24.5%	14.4%	6.6%	34.0%	15.9%	35.1%	48.9%	**FY 2012 18.1%**

Source: TxDOT

3.0 Model Validation and Refinement

In preparing the estimates of traffic and toll revenue for the 2012 Update, a decision was made to update the existing travel demand model. This decision was based on several issues related to the growth in the region and the expansion of the underlying regional models as well as the availability of several years of observed data for the CTTS facilities. The objective of this model development effort was to provide a more robust tool for modeling the CTTS toll roads as well as other local toll roads that influence traffic on the CTTS.

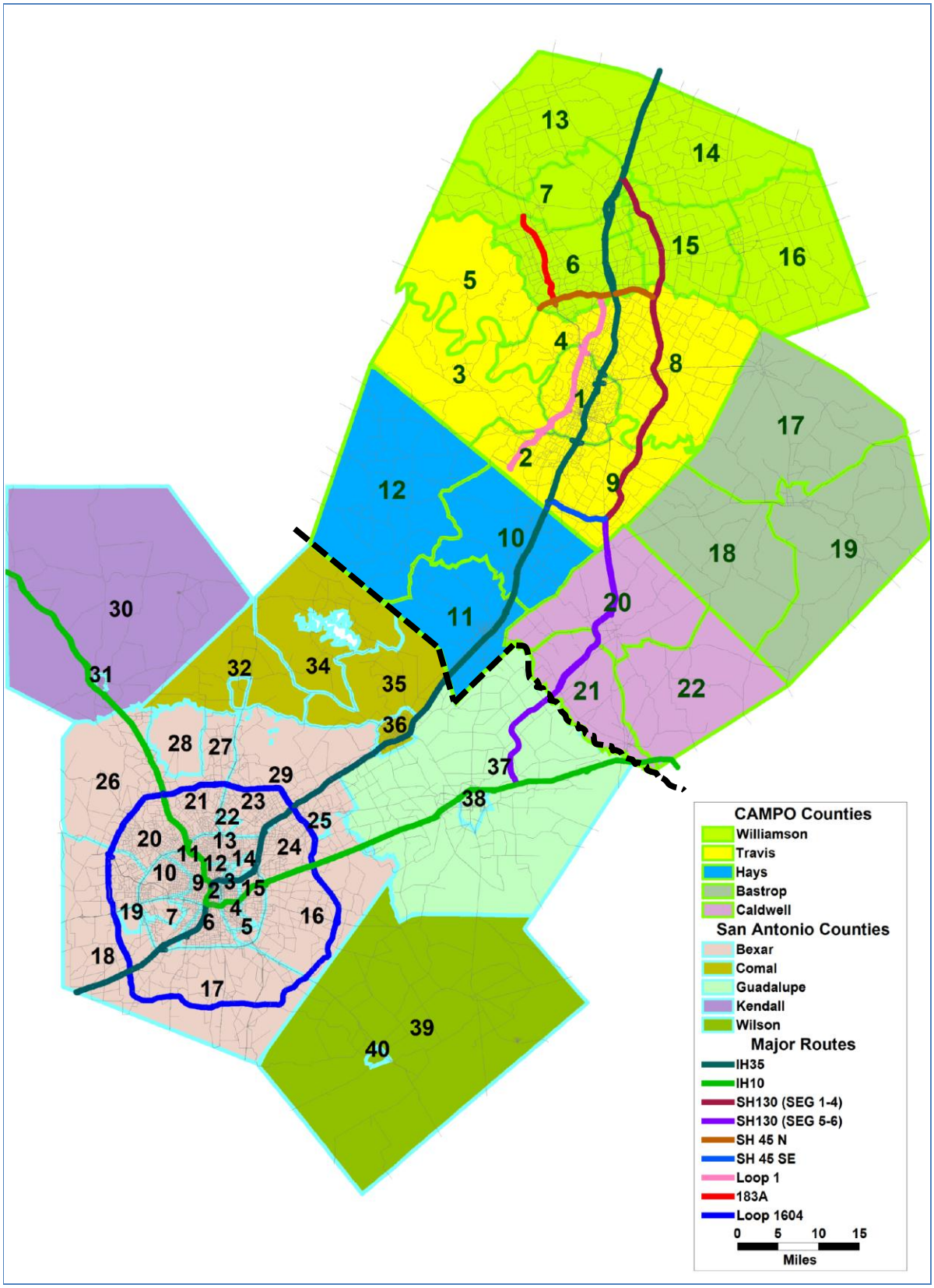
A key element of the model development was the expansion of the modeled region to encompass areas and facilities that would influence traffic volumes on the various CTTS roadways. The expanded region, , first introduced with the CTTS 2010 Update, included two additional counties east of Austin (Bastrop and Caldwell) that were recently added to the Austin MPO CAMPO region and a significant extension south of Austin by incorporating the area within the SA-BC MPO regional model. The expanded area south of Austin was included primarily to reflect the anticipated growth in the I-35 corridor southward towards San Antonio and impacts of growing congestion that would influence diversion to the planned extension of the SH 130 Toll Road southward towards Seguin. This extension includes SH 130 Segments 5 and 6 which are now under construction with anticipated completion date in late 2012. While this extension is not part of the CTTS, it is anticipated that SH 139 Segments 5 and 6 would provide some additional traffic to the CTTS, particularly the southern segments of existing SH 130.

In addition to the expansion of the modeled region, the toll diversion modeling techniques were also updated to reflect new aspects of the tolling policy including PBM video tolling and cashless payment. The toll diversion model was updated to provide for greater flexibility in representing the variations in toll policy utilized by TxDOT and CTRMA both in terms of discounts and the integration of configuration-based tolls for newer facilities such as SH 45 SE. The modeling process was also enhanced to provide variation in the methods of payments by individual subregions. Lastly, the toll diversion models were further enhanced to improve the representation of several planned toll facilities that will be operated as managed lanes with variable pricing. The effect of all of these enhancements is the creation of an improved modeling process that is capable of supporting forecasts for the growing region surrounding Austin. These enhancements will enable the modeling process to be responsive to a wide range of potential changes in toll policies as well as specific conditions that will influence traffic diversion for the next generation of toll facilities.

3.1 TRAVEL DEMAND MODEL DEVELOPMENT

The model development effort was designed specifically to take advantage of the existing regional models that encompass the expanded study area and to refine the toll diversion process that was originally developed for the 2002 Report. The expanded study area encompassing both the Austin and San Antonio regional models is shown in Figure 3-1. Note that these regional models share a common boundary along the Hays-Comal and Caldwell-Guadalupe county lines.

Figure 3-1: Austin - San Antonio Integrated Model



In order to integrate the individual regional models into single unified modeling process, it was necessary to merge the network and vehicle trip tables. As with the original model development for the 2002 Report, the regional models are utilized to estimate total vehicle trips in the study area. Each of the regional models is executed from trip generation through trip distribution and mode choice using the revised socioeconomic data described in Chapter 4 to create vehicle trips by trip purpose and vehicle type (SOV, HOV, and Truck). The networks from each regional model were compared and a decision was made to adopt the network facility type–area type definitions as well the speeds and capacities from the Austin Model. Similarly, the resulting vehicle trip tables from the execution of both regional models were integrated using the trip purpose designations from the Austin Model. The use of the Austin Model network parameters and trip purposes for the final integrated model reflect the fact the CTTS is entirely within the Austin modeled region and the Austin model represents a more advanced modeling process.

As part of the model development, it was recognized that several specific issues would influence the approach to model calibration. In contrast to the model development for the original 2002 Report, the current model calibration would need to replicate volumes across the entire study area and traffic on the recently completed toll facilities such as SH 45 SE. Since the latest available socioeconomic data available for both regions was for the year 2010, a decision was made to set 2010 as the calibration year. As a result of this decision, the study utilized a network that reflects the 2010 conditions, including the recent improvements, to be consistent with the speed and travel time data that were also collected in 2010 for this study.

The new model utilized the existing toll diversion process as the basis for estimating tolled traffic. Several refinements were incorporated into the toll diversion modeling to account for both new tolling technologies, such as the PBM video tolling program, cashless payment, and dynamic pricing for the managed lane facilities that are planned for the Austin region. In addition to these refinements, the new toll diversion model provides for variation by sub region in setting parameters, such as transponder usage, rather than using a single, regional value for all toll facilities. Similarly, parameters reflecting the tolling policies of each agency (TxDOT and CTRMA) and the tolling plans for trucks (either axle-based or vehicle configuration-based) are now established at each tolling pay point, rather than regional averages. This enhancement permits variation in the tolling plans for each agency as well the transition to newer toll collection technologies. Finally, the introduction of a generalized cost function, instead of time-based function, for the path-building and highway assignment processes allows the model to react more realistically to the impact of toll changes.

Toll diversion equations were established for each of six trip purposes, including:

- Home Based Work (HBW)
- Home Based Shopping (HBS)
- Home Based School (HBSch)
- Home Based Other (HBO)
- Work Based Other (WBO)
- Other Based Other (OBO)

As noted above, the new toll diversion process utilized the existing toll diversion equations as the basis for the forecasts. The formula is a basic binary logit equation and is defined as follows:

$$\text{Toll Share} = 1 / (1 + e^{U})$$

where:

Toll Share	=	Probability of selecting a toll road
e	=	Base of natural logarithm (ln)
U (work)	=	$a * (Time_{TR} - Time_{FR}) + b * (Cost)/ln(Inc) + C_{TR} + C_{ETC}$
U (nonwork)	=	$a * (Time_{TR} - Time_{FR}) + b * (Cost) + C_{TR} + C_{ETC}$
$Time_{TR}$	=	Toll road travel time in minutes
$Time_{FR}$	=	Nontoll road travel time in minutes
Cost	=	Toll in dollars
Inc	=	Annual income / 1000
C_{TR}	=	Constant for toll road bias
C_{ETC}	=	Constant for ETC bias
a,b	=	Coefficients

Several adjustments to the existing procedures were implemented as part of the development process. As an initial step, the value of time for each purpose was adjusted to reflect the increase in household incomes in the Austin region between 1997, calibration year of the original 2002 Report, and 2010. While the values of time were increased, the resulting weighted average of all trip purposes for autos ($16.35 per hour) is 61.0 percent of Austin's 2010 median household income $55,744 per year, nearly identical to the percentage for 1997. Table 3-1 lists the coefficients for each trip purpose as well as the bias terms and equivalent minute values for the negative toll bias term applicable to all payment methods and the positive bias term for payment by transponder

Table 3-1: Toll Diversion Coefficients

TRIP PURPOSE	(ALPHA) TIME (MIN)	PEAK (BETA)[1] COST ($)	PEAK VOT ($/HR)	OFF-PEAK (BETA)[1] COST ($)	OFF-PEAK VOT ($/HR)	BIAS TERMS VALUES TOLL	BIAS TERMS VALUES ETC	BIAS TERMS EQUIVALENT MINUTES TOLL	BIAS TERMS EQUIVALENT MINUTES ETC
HBW	0.1053	1.3747	$ 18.48	2.0621	$ 12.32	0.0000	-0.5920	0.0	-5.6
HBS	0.0754	0.4049	$ 11.17	0.6074	$ 7.45	0.0936	-0.4846	1.2	-6.4
HBSCH	0.0777	0.4536	$ 10.28	0.6804	$ 6.85	0.0816	-0.4452	1.1	-5.7
HBO	0.0441	0.1672	$ 15.83	0.2508	$ 10.55	0.0858	-0.3300	1.9	-7.5
NHBW	0.1396	1.8964	$ 17.76	2.8446	$ 11.84	0.0000	-0.6800	0.0	-4.9
NHBO	0.0872	0.2408	$ 21.72	0.3613	$ 14.48	0.1334	-0.5960	1.5	-6.8
TRUCK	0.0575	0.0725	$ 47.59	0.0725	$ 47.59	0.3375	0.0000	5.9	0.0

Notes:

[1] HBW and WBO purposes use toll costs divided by LN(Income/1000)

All cost coefficients scaled from the 1997 values in the original 2002 Report to the year 2010

All time coefficients were retained as in the original 2002 Report, except for truck.

For the calibration year of 2010, the model assumed three payment methods (cash, ETC, and pay-by-mail) which is consistent with the payment options available at that time. This required the original toll diversion model to be slightly adjusted. As part of the original model development, the trips in the region were partitioned into trips with payment by ETC and trips with payment via traditional cash payments. In order to estimate the percent of trips being assessed tolls with the PBM, it was necessary to create a third market segment in addition to the market segments for cash and transponder payment options. For the video tolling market segment, the relevant surcharge was applied to the base toll at each pay point, and the positive bias term associated with transponder payments was also applied since these trips have the convenience of not needing to stop to pay tolls as they would if paying by cash.

In order to be conservative, a decision was made to retain the lower value of time for each trip purpose during the off-peak period. The value of time was reduced by 33.3 percent and was applied to trips in each toll corridor.

Based on the observed ETC transactions data that were collected in 2010, there were trips using toll facilities even though the tolled route offered little or no time savings. To incorporate this phenomenon in the modeling process, the diversion model was modified to permit toll choice to occur where time savings were minimal or negative. Under the revised model, toll choice is permitted for paths where the toll path is up to 2.0 minutes longer than the non-toll path. Note however, that the diversion model does transition the estimated choice shares towards zero as the time savings approaches the minimum permitted value. This ensured that the toll traffic and revenue stream has a lower contribution from trips with minimal or negative time savings.

Lastly, since the individual toll facilities have now been in operation for more than five years, it is anticipated that those trips that have the highest frequency and are work-related would no longer incorporate a general bias against toll roads in the choice evaluation. These travelers, due to their frequency of travel, now are assumed to have an accurate assessment of the benefits and costs associated with the toll road options and no longer incorporate the biases in their decision making process. These trips elect to use or avoid the toll road based strictly on the time savings and associated costs.

The final toll shares by purpose as a function of time savings for $2.00 toll are shown in Figure 3-2 through Figure 3-8. In each graph, two lines are shown depicting the shares for trips paying with cash and those trips using transponders for payment. For the truck trips, ETC bias term was defined as zero, causing the two lines to coincide.

For the horizon years, starting from January 2013, the cashless option was introduced in to the model. In the new payment assumptions, the model still retains its original toll diversion coefficients as shown in Table 3-1. However, since the cash payment method is not available, it is assumed that some of the patrons for this market will chose not to consider the toll roads anymore, while the remaining users will either be converted into transponder patrons or pay by mail patrons

Figure 3-2: Toll Diversion for Home Based Work (Auto) - $2.00 Toll

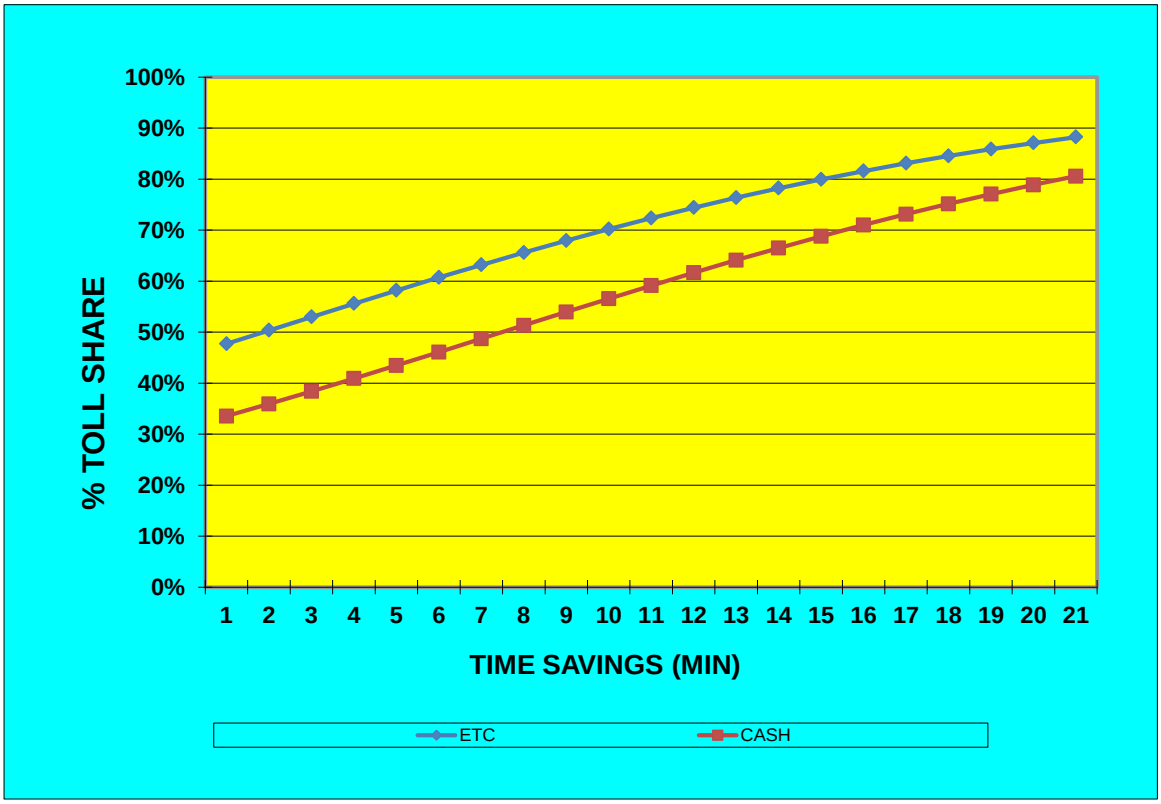


Figure 3-3: Toll Diversion for Home Based Shop (Auto) - $2.00 Toll

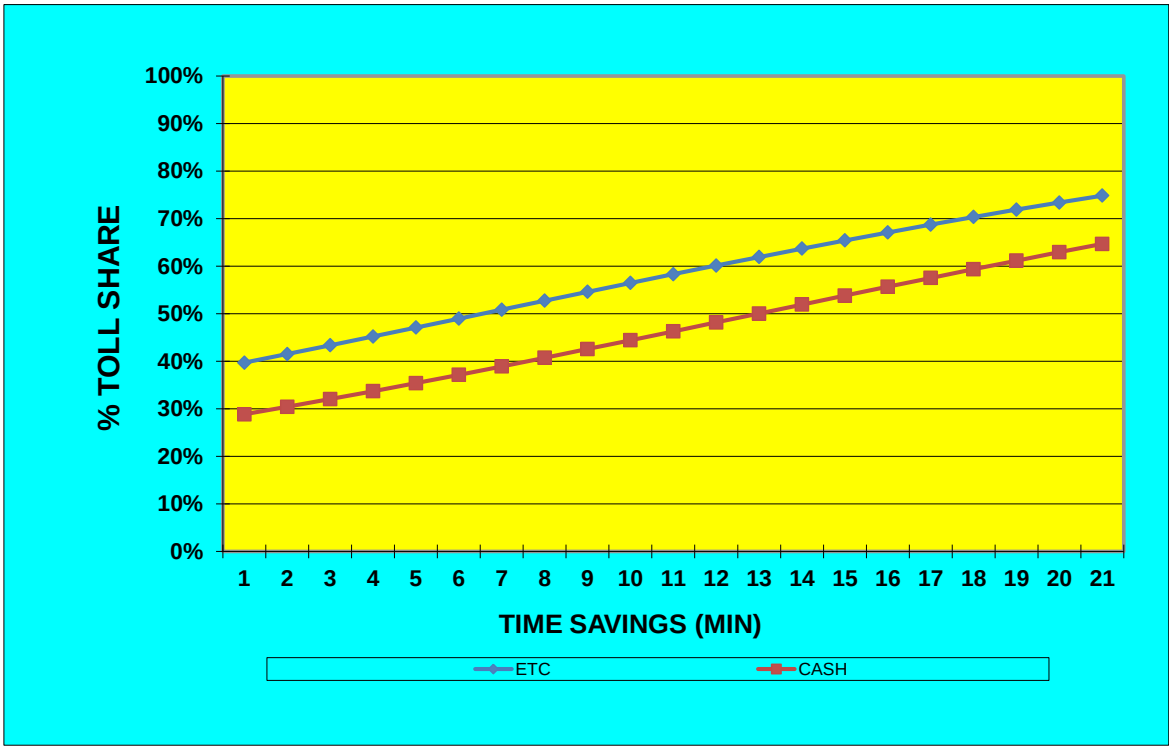


Figure 3-4: Toll Diversion for Home Based School (Auto) - $2.00 Toll

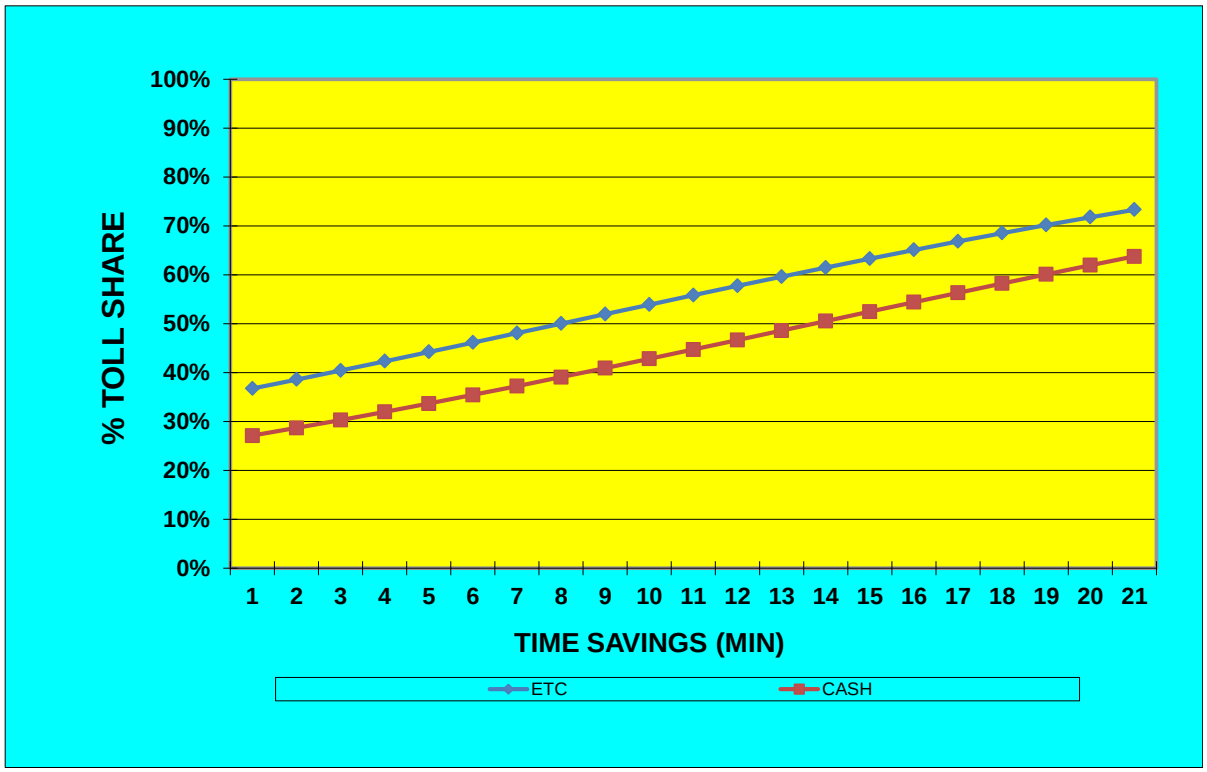


Figure 3-5: Toll Diversion for Home Based Other (Auto) - $2.00 Toll

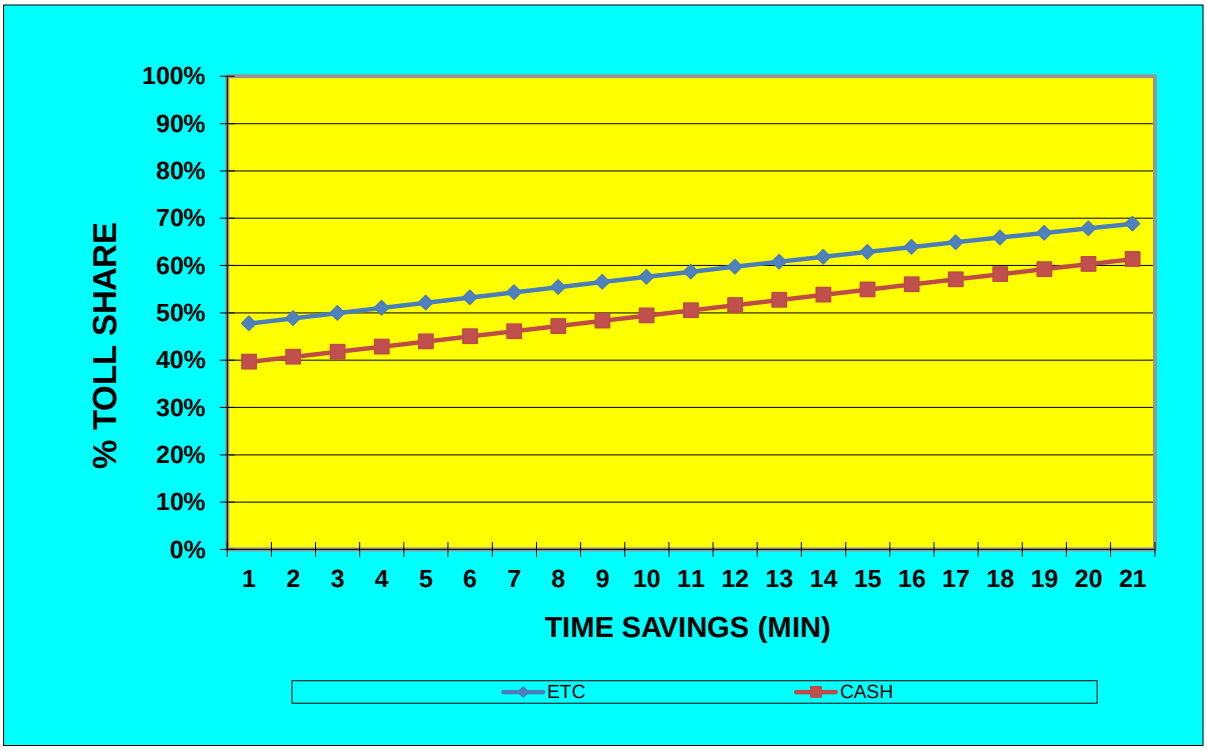


Figure 3-6: Toll Diversion for Work Based Other (Auto) - $2.00 Toll

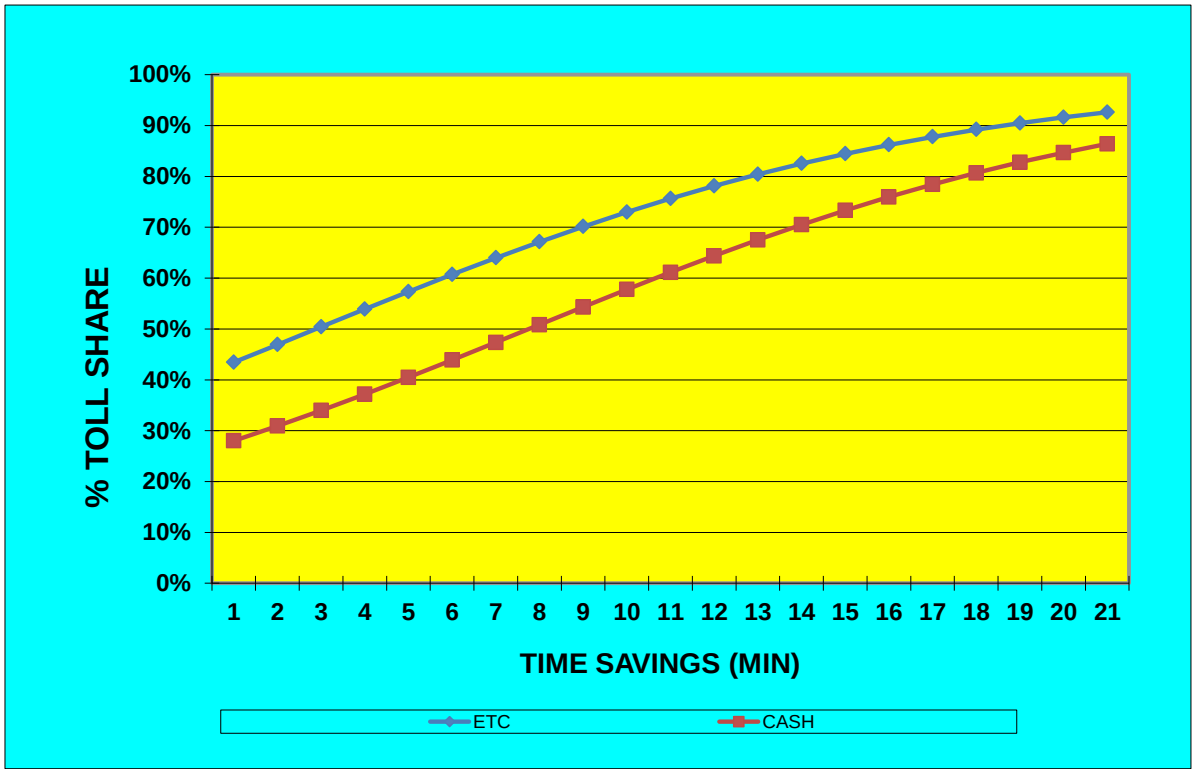


Figure 3-7: Toll Diversion for Other Based Other (Auto) - $2.00 Toll

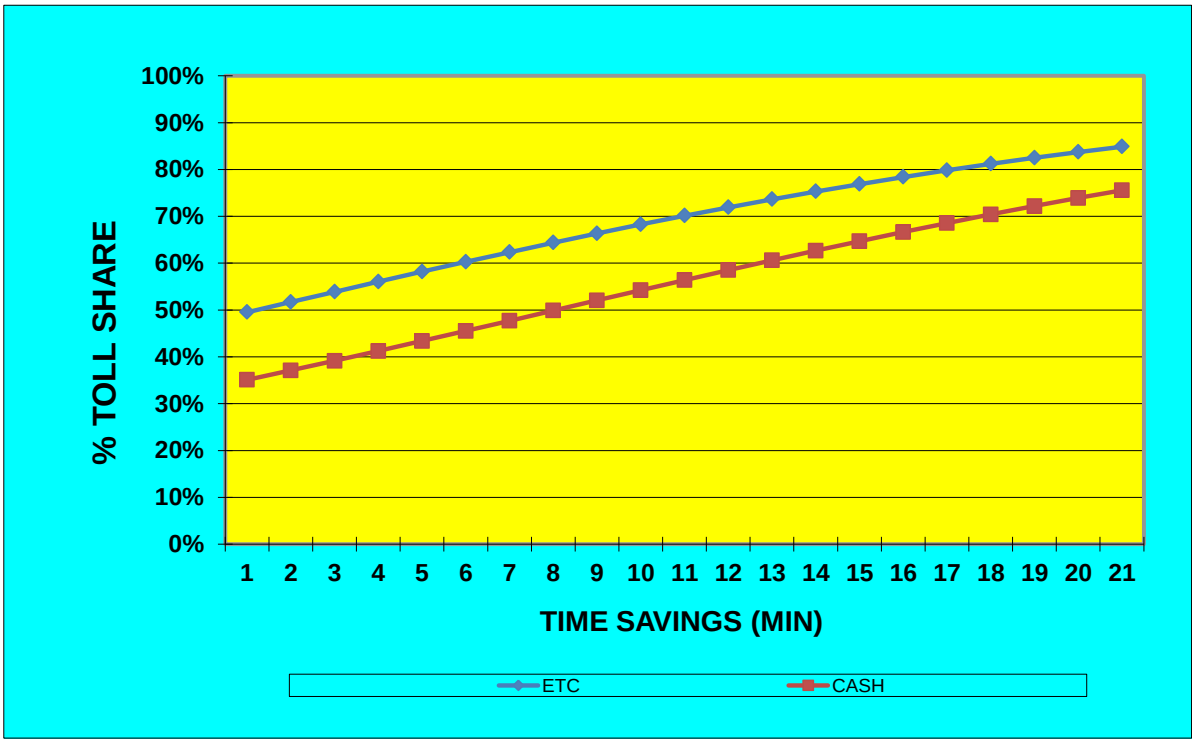
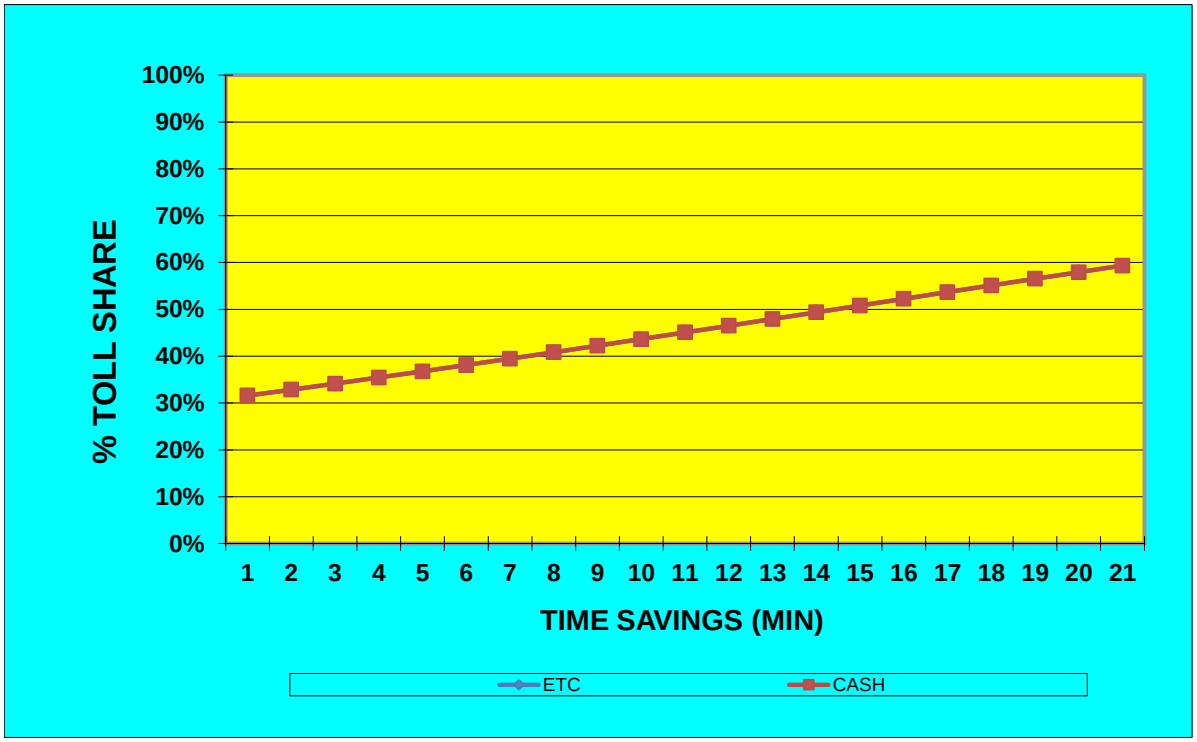


Figure 3-8: Toll Diversion for Trucks - $6.00 Toll



3.1.1 Highway Assignment Process Modifications

Consistent with the existing highway assignment process, trips are assigned to the network for three specific time-of-day conditions. The hours within each of these three periods are as follows:

- AM Peak (2-hour)– 7:00 AM to 9:00 AM
- PM Peak (2-hour)– 5:00 PM to 7:00 PM
- Off Peak (20 hours) – the remaining hours

The CAMPO Regional Model's current volume delay functions (VDFs) were adopted for the assignment and were augmented with a routine to estimate queuing at roadway intersections and merge points on limited access roadways. The queuing formula estimates the additional time encountered when traffic volumes exceed the physical capacity of a roadway segment. This modification is only enabled on a roadway segment if a traffic control device (signals, stop signs, or yield signs) is present and the roadway segment's volume/capacity ratio exceeds a value of 1.0. As part of the model calibration, the 'free flow' speeds, link capacities, and queuing routines were refined as necessary to ensure that the model adequately replicated both peak and off-peak speeds for the primary roadway facilities in each toll road corridor.

3.2 MODEL CALIBRATION

The objective of the model calibration was to ensure that the modeling process adequately replicates both the observed traffic volumes and the observed speeds by time of day for each of the project corridors. The calibration was also structured to replicate the observed traffic and transactions by payment method to the extent feasible for each toll road by pay point. It should be noted that the calibration was performed solely on the integrated model highway assignment process and toll diversion routines and no adjustments were made to the individual regional models.

The initial element of the calibration was to adjust the assignment procedures to ensure that estimated speeds in both peak and off-peak periods were adequately replicating the observed speed data collected for this project. The assumed free flow speeds were adjusted as necessary to replicate the off-peak speeds which reflect generally uncongested conditions. Peak speeds were adjusted in an iterative process including refinements to the capacity and the queuing formula to ensure that estimated congested speeds replicated the observed values and that the overall traffic assigned to the roadways replicated the observed volumes on a daily basis. This approach for calibration of peak speeds was adopted since period specific traffic counts were available only at a limited number of locations throughout the region. Volumes and vehicle-miles of travel (VMT) were also summarized on a regional basis to evaluate the assignment process on an aggregate level.

After the speeds and regional calibration analysis was completed, the calibration of traffic within each corridor was performed. This process included the replication of traffic by screenline total and individual roadways as well as by vehicle type. This analysis included the use of our in-house trip table adjustment routine to ensure that the aggregate travel across each screenline replicated the observed traffic by vehicle type.

The final element of the calibration was to adjust the toll diversion model equations to replicate the observed traffic by vehicle type and payment method across each of the toll corridors. This analysis resulted in adjustments to the assumed market segments by payment type in each subarea as well as minor adjustments to the toll bias constants and ETC bias constants.

3.2.1 Speed Calibration

As part of the speed calibration effort, Stantec, assisted by *Brown and Gay, Engineers*, collected the observed speed data for corridors across the study region. Speed data were collected for both directions during three different time-of-day periods. Table 3-2 shows the results of the speed calibration in terms of travel time and speed by corridor and by time-of-day. These corridors were depicted earlier in Chapter 2 in Figure 2-4. Note that the roadways shown above the heavy line are located primarily in the Austin region within the corridors of the individual roadways. The last four roadway segments shown on the table are south of Austin and include facilities that generally parallel the proposed alignment of SH 130 Segments 5 and 6 (which are not part of the CTTS).

Table 3-2: Speed Calibration Summary

Roadway Corridor	Dir.	DIST (mile)	AM				PM				OP			
			Time (Min)		Speed (MPH)		Time (Min)		Speed (MPH)		Time (Min)		Speed (MPH)	
			Obs.	Est.	Obs.	Est.	Obs.	Est.	Obs.	Est.	Obs.	Est.	Obs.	Est.
IH 35	NB	30.0	27.1	26.1	66.4	67.5	39.9	35.1	45.0	50.2	26.6	26.9	67.7	65.5
(From SH 130 to MLK Blvd.)	SB	29.9	54.0	40.1	33.2	44.1	41.9	27.1	42.8	65.1	26.3	27.8	68.1	63.7
IH 35	NB	30.1	52.0	44.2	34.7	40.3	35.7	32.6	50.5	54.7	29.0	30.9	62.3	57.7
(From MLK Blvd. to SH 80	SB	30.1	26.9	28.8	67.2	61.8	39.6	42.9	45.5	41.4	25.9	29.9	69.7	59.4
Loop 1	NB	19.9	21.3	33.2	55.9	35.6	32.7	25.8	36.4	45.9	18.9	20.1	63.0	58.9
(From SH 45N to US 290W)	SB	19.9	33.9	28.6	35.2	41.4	32.2	29.1	37.0	40.6	18.3	19.6	65.0	60.2
SH 130	NB	46.9	38.4	39.2	73.3	72.3	39.0	39.1	72.1	72.4	39.6	39.1	71.1	72.5
(From IH-35 to US 183S)	SB	46.9	38.9	39.1	72.4	72.2	39.2	38.9	71.8	72.4	39.7	38.9	70.9	72.5
SH 45N	EB	12.8	11.7	11.3	66.0	68.0	11.3	11.2	68.2	68.6	10.8	11.2	71.2	68.7
(From US 183 to SH 130)	WB	12.8	11.4	11.3	67.6	67.6	11.6	11.7	66.2	65.3	10.4	11.3	74.1	67.8
US 183	NB	14.3	13.1	12.5	65.9	67.5	18.9	19.7	45.5	42.9	13.3	14.3	64.6	59.0
(From SH 45N to Manor Rd.)	SB	14.3	24.9	21.8	34.5	38.5	13.1	12.6	65.8	66.7	12.9	12.6	66.9	66.5
US 183	NB	17.1	27.0	33.6	38.0	30.7	22.4	27.5	45.6	37.5	20.1	24.7	51.0	41.7
(From Manor Rd. to SH 130)	SB	17.1	23.0	26.2	44.5	39.6	27.6	32.2	37.1	32.2	20.4	23.9	50.1	43.4
SH 21	NB	17.0	18.0	18.5	56.7	54.8	17.5	18.5	58.3	54.6	17.0	18.5	60.0	54.8
(From US 80 to US 183)	SB	17.0	17.1	18.8	59.6	54.0	17.7	18.4	57.6	55.0	16.8	18.4	60.6	55.1
SH 360	NB	12.7	21.1	21.9	36.1	34.6	32.3	23.8	23.6	31.8	16.5	17.8	46.2	42.6
(From Loop 1 to US 183)	SB	12.7	25.8	19.8	29.5	38.5	22.3	22.7	34.2	33.6	16.8	17.4	45.4	43.7
US 79	EB	6.9	10.5	9.7	39.7	42.2	11.2	9.8	37.2	41.9	10.5	9.7	39.6	42.2
(From IH 35 to SH 130)	WB	6.9	13.6	10.1	30.6	40.4	13.6	9.9	30.6	41.1	12.6	9.9	33.1	41.1
FM 973	NB	19.5	28.7	30.5	40.8	38.4	29.1	26.5	40.2	44.1	27.2	25.3	43.1	46.3
(From US 183S to US 290E)	SB	19.5	26.9	27.8	43.6	42.1	27.6	31.0	42.5	37.7	26.6	25.0	44.0	46.7
FM 685	NB	12.5	21.8	18.3	34.5	40.9	27.5	19.4	27.3	38.6	22.2	18.3	33.9	40.9
(From SH 45N/Kelly Ln. to US 290E)	SB	12.5	30.9	22.2	24.3	33.7	23.6	18.3	31.8	40.8	20.3	18.3	36.9	40.8
RM 620	EB	7.8	14.2	13.0	32.9	36.0	15.7	12.6	29.7	36.9	13.1	12.3	35.8	37.9
(From US 183 to IH 35)	WB	7.8	15.3	12.4	30.4	37.5	15.7	12.4	29.8	37.6	11.9	12.2	39.2	38.3
Gattis School Rd.	EB	5.4	12.0	11.9	27.3	28.8	13.0	12.5	25.1	27.6	11.0	12.0	29.8	28.7
(From S. May St. to SH 130)	WB	5.4	13.3	13.6	24.5	25.3	13.2	12.2	24.7	28.1	11.2	12.3	29.0	28.0
Parmer Ln.	NB	9.9	15.8	14.6	37.7	40.6	16.0	19.3	37.1	30.8	12.5	14.9	47.5	40.0
(From FM 1431 to Loop 1)	SB	9.9	17.5	20.4	34.0	29.2	17.0	14.7	35.1	40.3	15.7	14.8	38.0	40.3
LOOP 1 FRTG (S21)	NB	8.1	17.6	12.5	27.7	32.2	18.5	13.8	26.2	29.1	16.5	12.5	29.5	32.1
	SB	8.1	18.0	14.5	27.0	28.8	18.9	13.4	25.7	31.1	16.4	13.0	29.6	32.2
SH 45 SE	EB	7.3	6.5	5.6	67.4	73.0	6.7	5.6	65.8	73.0	6.4	5.6	68.7	73.0
(From IH 35 to SH 130)	WB	7.3	6.5	5.6	67.5	73.0	6.6	5.6	66.5	73.0	6.5	5.6	67.4	73.0
FM 1327	NB	7.2	7.7	8.0	56.2	52.4	8.4	8.0	51.7	52.7	7.8	7.8	55.4	53.6
(From IH 35 to SH 130)	SB	7.2	8.0	8.0	54.0	52.4	8.4	8.0	51.7	52.5	7.9	7.8	55.0	54.1
US 183	NB	32.3	36.1	36.9	53.6	52.6	36.9	36.1	52.5	53.8	36.3	36.1	53.5	53.8
(From IH 10 to SH 130)	SB	32.3	37.6	35.9	51.6	54.0	38.2	36.2	50.7	53.5	37.6	35.9	51.6	54.0
IH 10	EB	29.1	24.5	24.1	71.3	72.4	24.1	24.8	72.5	70.3	24.8	24.2	70.4	72.1
(From Loop 410 to SH 123)	WB	29.1	25.9	25.2	67.2	69.4	24.6	24.2	71.0	72.3	24.3	24.2	71.9	72.2
IH 35	NB	33.7	27.7	29.0	73.1	70.4	28.5	31.3	71.1	65.2	28.8	29.7	70.2	68.8
(From SH 80 to Loop 1604)	SB	33.7	32.3	32.3	62.6	63.3	28.3	29.6	71.6	69.1	28.5	29.7	71.1	68.9
SH 123	NB	19.2	21.3	24.9	54.3	46.0	21.9	25.1	52.7	45.5	22.6	24.8	51.0	46.0
(From IH 35 to IH 10)	SB	19.2	21.8	26.9	52.9	42.4	22.3	24.6	51.9	46.5	22.1	24.5	52.1	46.7

Note: AM = Morning Peak Period (7AM – 9 AM)
PM = Afternoon Peak Period (5PM – 7PM)
OP = Off-Peak period (the remaining hours)
OBS = Observed Data
EST = Model Estimated Values

The results indicated that the estimated speed replicated the observed speed reasonably well in the off-peak period. In the peak periods, while the replication of speed for most roadways is adequate there are a few corridors where the difference between the estimated speed and the observed speed is approximately 10 mph or higher, such as the southbound direction of IH-35 (Northern Section), and the northbound direction of Loop 1 in the AM Peak. In the IH-35 case, it appears that excessive congestion in a short segment of the roadway is causing excessive delays in the observed speeds, while in the Loop 1 case, the model overestimated the congestion on the northbound direction in the AM Peak period.

3.2.2 Aggregate Calibration by Facility Type and Area Type

The aggregate calibration by facility type and area type was performed for both traffic volumes as well as vehicle-miles travelled (VMT). This calibration utilized more than 1,200 link-counts that were collected from several different sources. These data included the TxDOT 2010 AADT Traffic Maps and a limited set of classification counts provided by TxDOT, as well as other existing counts from previous Stantec studies in the Austin region. Traffic counts along the screenlines were also performed by Stantec's subconsultant, ATG, to provide estimates where 2010 counts were not available. Stantec also obtained the 2010 transactions by pay point for all toll facilities in the region, including SH 45 SE and 183A. In situations where multiple counts were available for an individual roadway segment, the most reliable count data was determined using a hierarchy which used TxDOT transaction data first, then classification counts collected for this project, and then lastly either counts from previous studies or TxDOT counts.

The comparison summaries are listed in Table 3-3 and Table 3-4. Table 3-3 lists the aggregate comparison of volume and VMT by facility for the entire region. Table 3-4 provides a similar summary by area type. While this calibration includes the entire modeled area, the results by facility type are generally consistent with CAMPO's results. The regional ratio of estimated to observed VMT is 1.06, slightly higher than CAMPO's model at just under 1.00. The ratio of estimated to observed traffic volume is 1.03 compared to 1.003 in Campo's results. Recent calibrations statistics for the San Antonio Model are not currently available.

Table 3-3: Volume and VMT Comparison by Facility Type

FACILITY TYPE	NUMBER OF COUNTS	VOLUME			VMT		
		OBSERVED	ESTIMATED	EST/OBS	OBSERVED	ESTIMATED	EST/OBS
Limited-Access Facility	301	15,910,610	16,314,437	1.03	7,707,081	7,991,131	1.04
Expressway	18	364,245	430,677	1.18	127,451	156,483	1.23
Principal Arterial Divided	249	3,644,769	3,745,030	1.03	1,500,991	1,641,047	1.09
Principal Arterial Undivided	250	1,408,552	1,630,456	1.16	704,429	846,340	1.20
Minor Arterial Divided	25	177,222	181,832	1.03	91,318	99,324	1.09
Minor Arterial Undivided	236	621,955	598,449	0.96	485,421	531,690	1.10
Frontage Road	30	191,979	194,777	1.01	56,073	54,954	0.98
Collector/Local	68	115,231	113,898	0.99	110,136	142,315	1.29
Ramp	53	115,673	93,466	0.81	41,263	35,569	0.86
TOTAL	**1,230**	**22,550,236**	**23,303,022**	**1.03**	**10,824,163**	**11,498,853**	**1.06**

Table 3-4: Volume and VMT Comparison by Area Type

FACILITY TYPE	NUMBER OF COUNTS	VOLUME			VMT		
		OBSERVED	ESTIMATED	EST/OBS	OBSERVED	ESTIMATED	EST/OBS
CBD	6	440,555	471,092	1.07	83,476	90,474	1.08
CBD Fringe	117	4,691,040	4,461,490	0.95	1,478,887	1,368,302	0.93
Urban	312	9,783,786	9,743,644	1.00	4,304,994	4,262,274	0.99
Suburban	452	6,144,577	6,681,544	1.09	3,448,056	3,822,061	1.11
Rural	343	1,490,278	1,945,252	1.31	1,508,750	1,955,742	1.30
TOTAL	**1,230**	**22,550,236**	**23,303,022**	**1.03**	**10,824,163**	**11,498,853**	**1.06**

3.2.3 Screenline Calibration

The screenline calibration was performed to ensure that the aggregate demand within each toll road corridor replicates the observed traffic. As part of this calibration, an in-house routine was applied to minimize any variation between estimated and observed demand across each of the screenlines. The adjustment provides a matrix of 'base year' trip changes (either increases or reductions) that is then retained for application in each of the horizon years. Since these trips are stored as a matrix, these additional trips are not tied to specific roadways and can be diverted to different routes in exactly the same manner as the trips estimated directly by the model. As a result of the screenline calibration, for origin-destination zonal pairs where trip changes were provided by the adjustment routine, the net change in trips was an increase of less than 1 percent with an increase in autos being offset by a reduction in truck trips. Note that since the magnitude of the additional trips is held constant for all future years, their contribution to the overall assignment results are further minimized in each successive horizon year as the underlying model trip tables continue to increase due to growth in the region's population and employment.

A series of screenlines were developed within each of the toll road corridors to intersect each of the mainline toll plazas and parallel locations on the adjacent non-tolled roads. Four screenlines were created for SH 130, two for SH 45 N, one for Loop 1, and one for SH 45 SE. These eight screenlines are identical to the screenlines displayed and discussed in Chapter 2 and Chapter 6 as well. Two additional screenlines were also created to quantify demand for the 183A toll facility for calibration purposes. Figure 3-9 shows the screenline locations within each toll road corridor. Table 3-5 and Table 3-6 list the screenline calibration results for total traffic and by mode, respectively.

Total traffic on each of the CTTS element screenlines is generally within a reasonable tolerance of the total counts. Total estimated traffic along the Loop 1 screenline is nearly identical to the sum of the observed volumes. Total estimated traffic for US 183A, SH 45 SE, SH 130, and SH 45 NW screenlines is generally higher than the total observed traffic while the SH 45 NE screenline is slightly underassigned. For each corridor, the distribution of traffic along the screenline is also within reasonable tolerance and traffic volumes at the mainline plazas on the toll facilities are estimated adequately.

Figure 3-9: Screenline Locations

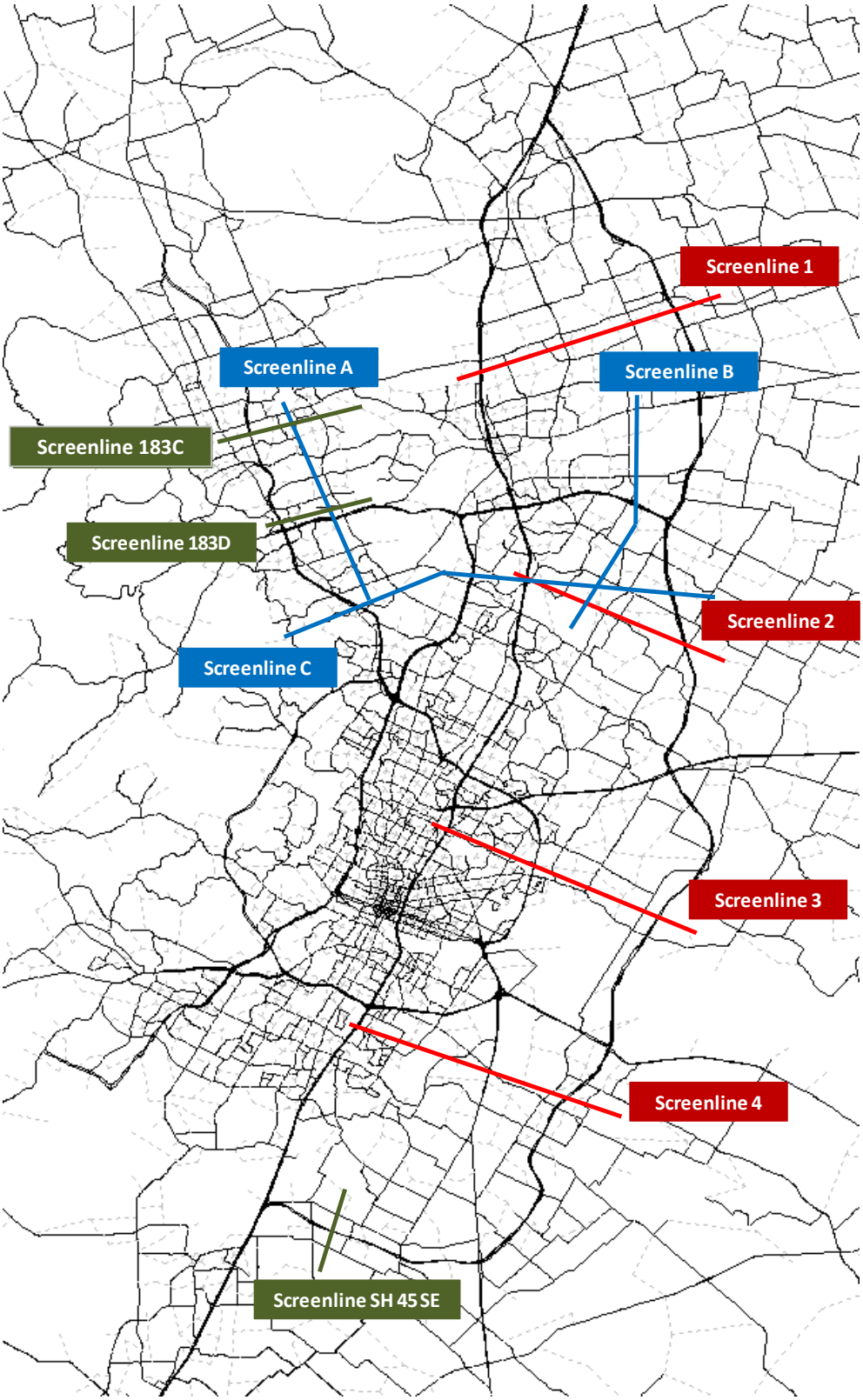


Table 3-5: Screenline Comparison for Total Traffic

			2010 Counts	Estimated	Count Source
101	Screenline 1	IH 35	134,400	135,894	TxMAP
102		CR 115	11,641	11,314	ATG
103		FM 1460	8,090	6,832	ATG
104		CR 110	2,879	1,911	ATG
105		SH 130	12,006	12,693	Trans
106		CR 100	466	567	ATG
107		FM 1660	2,294	1,917	TxMAP
		TOTAL	171,776	171,128	
707	Screenline 2	IH 35	168,000	161,685	TxMAP
202		Heatherwilde Blvd	8,364	9,318	ATG
203		Dessau / FM 685	19,190	18,080	ATG
204		Immanuel	3,112	2,773	ATG
205		SH 130	22,576	26,254	Trans
206		Cameron Rd	2,336	2,755	ATG
207		Fuchs Grove	1,798	6,915	ATG
		TOTAL	225,376	227,780	
301	Screenline 3	IH 35	228,900	239,945	TxMAP
302		Cameron Rd.	16,558	11,237	ATG
303		Berkman Dr.	8,030	7,151	ATG
304		Manor Rd.	9,529	8,706	ATG
305		Springdale Rd.	10,516	11,696	ATG
306		US 183	68,822	65,609	TxMAP
307		Johnny Morris Rd.	5,048	6,932	ATG
308		FM 3177	8,709	14,235	ATG
309		FM 973	5,966	3,834	ATG
310		SH 130	18,508	16,958	Trans
311		FM 969	5,134	5,821	TxMAP
		TOTAL	385,721	392,123	
401	Screenline 4	IH 35	184,800	187,233	TxMAP
402		Todd Ln.	10,171	9,457	ATG
403		Stassney Ln.	20,222	30,564	ATG
404		US 183	33,600	36,990	TxMAP
405		FM 973	7,036	17,592	TxMAP
406		SH 130	10,048	15,133	Trans
407		Ross Rd.	3,199	8,455	ATG
		TOTAL	269,076	305,423	
1101	Screenline 183C	Lakeline Blvd	22,619	33,505	Est
1102		US 183	44,181	57,662	Est
1103		183A ML	30,404	33,751	Trans
1104		Vista Ridge Blvd	6,277	14,382	Est
1105		Parmer Ln	29,479	38,851	Est
		TOTAL	132,959	178,151	
1202	Screenline 183D	Pecan Park Blvd	6,501	10,530	Est
1203		US 183	73,619	78,451	Est
1204		183A ML	30,502	39,526	Trans
1206		US 183/SH 45 DC	10,979	15,693	Est
1207		Lake Creek Pkwy	11,475	18,098	Est
1208		Parmer Ln	37,800	36,188	Est
		TOTAL	170,876	198,486	

		2010 Counts	Estimated	Count Source
Screenline A	FM 1431	38,192	39,781	
	Colonial Parkway	4,089	4,546	ATG
	Brushy Creek Rd.	11,230	14,613	ATG
	Avery Ranch Blvd.	12,382	17,193	ATG
	Lakeline Blvd.	8,258	14,230	ATG
	SH 45 NW ML	31,799	34,286	Trans
	SH 45 NW Frontage	30,057	24,487	ATG
	Anderson Mill Rd.	16,081	14,255	ATG
	McNeil Dr.	28,711	24,275	ATG
	TOTAL	180,799	187,666	
Screenline B	US 79	23,057	22,521	ATG
	CR 168/Gattis School Rd.	13,279	11,561	ATG
	SH 45 NE ML	27,198	22,612	Trans
	SH 45 NE Frontage	7,911	9,032	ATG
	Pflugerville Loop Rd.	9,631	9,231	ATG
	FM 1825/Pecan St.	21,302	22,681	TxMap
	Howard Lane	20,470	21,098	ATG
	TOTAL	122,848	118,737	
Screenline C	US 183	179,550	187,837	TxMap
	Parmer Lane	39,900	39,475	TxMap
	Howard Lane	15,069	13,546	ATG
	FM 1325/Loop 1 SR	16,659	10,977	ATG
	Loop 1 Mainline Plaza	53,600	54,613	Trans
	Bratton Lane	6,710	4,190	ATG
	IH 35	168,000	161,685	TxMap
	Heatherwilde	14,956	16,850	ATG
	N Railroad Rd	4,879	5,502	ATG
	FM 685	21,848	22,770	TxMap
	SH 130	22,576	26,254	Trans
	TOTAL	543,747	543,699	
SH 45 SE	FM 1327	8,988	14,817	ATG
	SH 45 SE ML	8,404	7,706	Trans
	Turnersville Rd.	347	1,386	ATG
	TOTAL	17,739	23,909	

NOTES:
ATG = Traffic counts collected by ATG (subconsultant) for this project
Trans = Observed Transactions
TxMAP = the 2010 TxDOT Traffic Count Maps (adjusted to Average Weekday Traffic "AWDT")
Est = Estimated 2010 volumes from the May 2009 counts reported in the "183A Phase II Project Traffic and Revenue Study Final Report" dated November 9, 2009.

Note: Toll facilities are highlighted in yellow

The distribution of the traffic by vehicle type (auto and truck), provides an adequate replication of the observed data. At an aggregate level, the estimated truck percentage of total vehicles across screenlines is generally within 1 percent of the observed percentage. The estimated truck percentages at the toll facilities were also estimated reasonably well. Note that the truck traffic presented in these summaries includes 2-axle 6-tire trucks, consistent with the definition of trucks in the individual regional models.

Table 3-6: Screenline Comparison by Vehicle Type

	BASE 2010	AUTO		TRUCK		TOTAL		% TRUCK	
		Counts	Volume	Counts	Volume	Counts	Volume	Counts	Volume
	SH 130								
Screenline 1	IH 35	112,090	112,265	22,310	23,629	134,400	135,894	16.6%	17.4%
	CR 115	11,218	10,888	423	426	11,641	11,314	3.6%	3.8%
	FM 1460	7,749	6,506	341	326	8,090	6,832	4.2%	4.8%
	CR 110	2,611	1,712	268	199	2,879	1,911	9.3%	10.4%
	SH 130	10,913	11,691	1,093	1,002	12,006	12,693	9.1%	7.9%
	CR 100	412	511	54	56	466	567	11.6%	9.9%
	FM 1660	2,179	1,824	115	93	2,294	1,917	5.0%	4.8%
	TOTAL	147,172	145,397	24,604	25,730	171,776	171,128	14.3%	15.0%
Screenline 2	IH 35	145,824	142,478	22,176	19,207	168,000	161,685	13.2%	11.9%
	Heatherwilde Blvd	8,126	9,089	238	229	8,364	9,318	2.8%	2.5%
	Dessau / FM 685	18,266	17,523	924	557	19,190	18,080	4.8%	3.1%
	Immanuel	2,691	2,387	421	387	3,112	2,773	13.5%	13.9%
	SH 130	20,739	24,460	1,837	1,794	22,576	26,254	8.1%	6.8%
	Cameron Rd	2,074	2,628	262	127	2,336	2,755	11.2%	4.6%
	Fuchs Grove	1,641	6,719	157	196	1,798	6,915	8.7%	2.8%
	TOTAL	199,361	205,283	26,015	22,497	225,376	227,780	11.5%	9.9%
Screenline 3	IH 35	206,010	215,652	22,890	24,293	228,900	239,945	10.0%	10.1%
	Cameron Rd.	15,962	10,839	596	398	16,558	11,237	3.6%	3.5%
	Berkman Dr.	7,678	6,893	352	258	8,030	7,151	4.4%	3.6%
	Manor Rd.	9,119	8,450	410	256	9,529	8,706	4.3%	2.9%
	Springdale Rd.	10,010	11,180	506	517	10,516	11,696	4.8%	4.4%
	US 183	64,692	62,000	4,130	3,609	68,822	65,609	6.0%	5.5%
	Johnny Morris Rd.	4,718	6,591	330	341	5,048	6,932	6.5%	4.9%
	FM 3177	7,875	13,394	834	840	8,709	14,235	9.6%	5.9%
	FM 973	5,274	3,564	692	269	5,966	3,834	11.6%	7.0%
	SH 130	16,849	15,344	1,659	1,614	18,508	16,958	9.0%	9.5%
	FM 969	4,878	5,358	257	463	5,134	5,821	5.0%	8.0%
	TOTAL	353,065	359,264	32,656	32,859	385,721	392,123	8.5%	8.4%
Screenline 4	IH 35	155,232	156,124	29,568	31,109	184,800	187,233	16.0%	16.6%
	Todd Ln.	9,587	9,108	584	348	10,171	9,457	5.7%	3.7%
	Stassney Ln.	18,527	27,756	1,695	2,808	20,222	30,564	8.4%	9.2%
	US 183	31,230	33,367	2,370	3,622	33,600	36,990	7.1%	9.8%
	FM 973	6,748	16,057	288	1,535	7,036	17,592	4.1%	8.7%
	SH 130	8,874	13,842	1,174	1,291	10,048	15,133	11.7%	8.5%
	Ross Rd.	3,068	7,829	131	626	3,199	8,455	4.1%	7.4%
	TOTAL	233,266	264,085	35,810	41,338	269,076	305,423	13.3%	13.5%

Table 3-6: Screenline Comparison by Vehicle Type Continued

	BASE 2010	AUTO		TRUCK		TOTAL		% TRUCK	
		Counts	Volume	Counts	Volume	Counts	Volume	Counts	Volume
	NORTHWEST ELEMENT								
Screenline A	FM 1431	36,282	38,064	1,910	1,718	38,192	39,781	5.0%	4.3%
	Colonial Parkway	3,970	4,316	119	231	4,089	4,546	2.9%	5.1%
	Brushy Creek Rd.	10,839	14,292	391	321	11,230	14,613	3.5%	2.2%
	Avery Ranch Blvd.	11,825	16,788	557	405	12,382	17,193	4.5%	2.4%
	Lakeline Blvd.	8,171	13,890	87	340	8,258	14,230	1.1%	2.4%
	SH 45 NW ML	30,759	33,291	1,040	995	31,799	34,286	3.3%	2.9%
	SH 45 NW Frontage	29,044	24,026	1,013	461	30,057	24,487	3.4%	1.9%
	Anderson Mill Rd.	15,414	13,854	667	401	16,081	14,255	4.1%	2.8%
	McNeil Dr.	27,539	23,853	1,172	422	28,711	24,275	4.1%	1.7%
	TOTAL	173,843	182,373	6,956	5,293	180,799	187,666	3.8%	2.8%
Screenline B	US 79	21,063	21,385	1,994	1,136	23,057	22,521	8.6%	5.0%
	CR 168/Gattis School Rd.	12,797	11,352	482	209	13,279	11,561	3.6%	1.8%
	SH 45 NE ML	26,309	21,790	889	822	27,198	22,612	3.3%	3.6%
	SH 45 NE Frontage	7,598	8,800	313	232	7,911	9,032	4.0%	2.6%
	Pflugerville Loop Rd.	9,202	8,871	429	360	9,631	9,231	4.5%	3.9%
	FM 1825/Pecan St.	20,237	21,473	1,065	1,208	21,302	22,681	5.0%	5.3%
	Howard Lane	19,174	20,110	1,296	988	20,470	21,098	6.3%	4.7%
	TOTAL	116,380	113,781	6,468	4,956	122,848	118,737	5.3%	4.2%
Screenline C	US 183	175,240	183,677	4,310	4,160	179,550	187,837	2.4%	2.2%
	Parmer Lane	37,836	38,069	2,064	1,406	39,900	39,475	5.2%	3.6%
	Howard Lane	14,289	13,190	780	356	15,069	13,546	5.2%	2.6%
	FM 1325/Loop 1 SR	15,898	10,726	761	251	16,659	10,977	4.6%	2.3%
	Loop 1 Mainline Plaza	51,845	52,810	1,755	1,803	53,600	54,613	3.3%	3.3%
	Bratton Lane	6,441	4,119	269	71	6,710	4,190	4.0%	1.7%
	IH 35	145,824	142,478	22,176	19,207	168,000	161,685	13.2%	11.9%
	Heatherwilde	14,551	16,523	405	327	14,956	16,850	2.7%	1.9%
	N Railroad Rd	4,729	5,351	150	151	4,879	5,502	3.1%	2.8%
	FM 685	20,756	22,198	1,092	572	21,848	22,770	5.0%	2.5%
	SH 130	20,739	24,460	1,837	1,794	22,576	26,254	8.1%	6.8%
	TOTAL	508,148	513,601	35,599	30,099	543,747	543,699	6.5%	5.5%
	US 183A								
Screenline 183C	Lakeline Blvd	21,488	32,333	1,131	1,172	22,619	33,505	5.0%	3.5%
	US 183	41,972	56,709	2,209	952	44,181	57,662	5.0%	1.7%
	183A ML	29,794	32,851	610	900	30,404	33,751	2.0%	2.7%
	Vista Ridge Blvd	5,963	14,020	314	362	6,277	14,382	5.0%	2.5%
	Parmer Ln	28,005	37,778	1,474	1,073	29,479	38,851	5.0%	2.8%
	TOTAL	127,222	173,691	5,737	4,460	132,959	178,151	4.3%	2.5%
Screenline 183D	Pecan Park Blvd	6,176	10,273	325	257	6,501	10,530	5.0%	2.4%
	US 183	16,803	18,688	885	287	17,688	18,975	5.0%	1.5%
	183A ML	29,891	38,733	611	793	30,502	39,526	2.0%	2.0%
	US 183 Frontage	53,134	58,745	2,797	732	55,931	59,476	5.0%	1.2%
	US 183/SH 45 DC	10,430	15,414	549	280	10,979	15,693	5.0%	1.8%
	Lake Creek Pkwy	10,901	17,655	574	443	11,475	18,098	5.0%	2.4%
	Parmer Ln	35,910	35,058	1,890	1,130	37,800	36,188	5.0%	3.1%
	TOTAL	163,245	194,565	7,631	3,921	170,876	198,486	4.5%	2.0%
	SH 45 SOUTHEAST								
SH 45 SE	FM 1327	7,530	13,383	1,458	1,434	8,988	14,817	16.2%	9.7%
	SH 45 SE ML	7,183	6,517	1,221	1,189	8,404	7,706	14.5%	15.4%
	Turnersville Rd.	315	1,332	32	54	347	1,386	9.2%	3.9%
	TOTAL	15,028	21,233	2,711	2,677	17,739	23,909	15.3%	11.2%

3.2.4 Calibration of Toll Transactions by Mode and by Payment Method

The final element of the calibration was focused on the replicating toll transactions by both vehicle type and payment method. For this analysis, Stantec utilized the model-estimated number of transactions by paypoint, vehicle type, and payment method and compared these estimates to observed data provided by TxDOT.

Table 3-7 provides a comparison of the estimated (EST) and observed (OBS) transactions by vehicle type at each CTTS element including SH 45 SE by pay point. The estimated toll transactions along SH 130 and Loop 1 are approximately 11 percent and 5 percent higher than observed transactions, respectively, while transactions on SH 45 N and SH 45 SE are approximately 12 percent and 7 percent lower than the observed data, respectively. For SH 130, there is variation of only one percent at the mainline plazas when compared to the total variation of 11 percent. In contrast, Loop 1 and SH 45 N have minimal variation in the mainline transactions but significant variation at the ramp plazas, which contribute to the overall 5 percent over assignment and 12 percent under assignment, respectively. The total transactions for SH 45 SE are also underestimated compared to the observed data by approximately 7 percent, with mainline transactions slightly underestimated by 8 percent and ramp transactions overestimated by close to 19 percent. While the total transactions for each toll road vary from the observed totals, the transactions by vehicle type on a percentage basis demonstrate a good replication of the observed data.

Table 3-8 provides a summary of total transactions by payment method as well as a separate summary by vehicle type. As shown in the table, the model generally provides an adequate distribution of transactions by payment type for autos and trucks. The differences between the estimated and observed number of transactions are primarily due to the differences in volumes shown in Table 3-7.

During the calibration process Stantec refined both the assumed market shares by payment type and the bias terms for selected trip purposes and trucks. Toll bias terms for Home-Based Work and Work-Based Other trips were reduced to zero as trip makers for these purposes were assumed to be familiar with the tradeoff between toll and toll-free roads. The ETC bias constant for truck trips was also reduced to zero which had the impact of reducing the probability that transponder-equipped trucks would choose the toll roads. The final toll diversion coefficients were shown in Table 3-1 in a previous section of this chapter.

Table 3-7: Comparison of Toll Transactions by Pay Point and Vehicle Type

	CROSSROAD	TYPE	TOTAL						TOTAL		
			AUTO			TRUCK					
			OBS	EST	%DIFF	OBS	EST	%DIFF	OBS	EST	%DIFF
SH 130	SH 29	Ramp	1,303	1,123	-13.8%	93	43	-53.8%	1,396	1,166	-16.5%
	FM 104	Ramp	90	440	388.9%	5	6	20.0%	95	446	369.5%
	Chandler Rd	Ramp	515	421	-18.3%	42	34	-19.0%	557	455	-18.3%
	N. of CR 109	Mainline	10,913	11,691	7.1%	1,094	1,002	-8.4%	12,007	12,693	5.7%
	US 79	Ramp	8,343	10,031	20.2%	458	398	-13.1%	8,801	10,429	18.5%
	CR 138	Ramp	6,304	2,838	-55.0%	270	19	-93.0%	6,574	2,857	-56.5%
	Pecan St	Ramp	1,487	375	-74.8%	68	16	-76.5%	1,555	391	-74.9%
	N. of Cameron Rd	Mainline	20,739	24,460	17.9%	1,837	1,794	-2.3%	22,576	26,254	16.3%
	Howard Ln / Gregg Manor	Ramp	341	1,126	230.2%	37	24	-35.1%	378	1,150	204.2%
	Blue Bluff Rd.	Ramp	81	557	587.7%	6	4	-33.3%	87	561	544.8%
	Bloor Rd / FM 973	Ramp	343	474	38.2%	25	14	-44.0%	368	488	32.6%
	N. of FM 969	Mainline	16,849	15,344	-8.9%	1,658	1,614	-2.7%	18,507	16,958	-8.4%
	FM 969	Ramp	2,417	5,098	110.9%	135	217	60.7%	2,552	5,315	108.3%
	Harold Green Rd	Ramp	99	91	-8.1%	107	0	-100.0%	206	91	-55.8%
	Pearce Ln.	Ramp	689	1,011	46.7%	38	42	10.5%	727	1,053	44.8%
	N. of Elroy Rd	Mainline	8,874	13,841	56.0%	1,171	1,291	10.2%	10,045	15,132	50.6%
	Elroy Rd	Ramp	302	953	215.6%	18	54	200.0%	320	1,007	214.7%
	FM 812	Ramp	180	85	-52.8%	21	3	-85.7%	201	88	-56.2%
	Moore Rd	Ramp	67	397	492.5%	6	18	200.0%	73	415	468.5%
	MAINLINE	Total	57,375	65,336	13.9%	5,760	5,701	-1.0%	63,135	71,037	12.5%
		%Share	90.9%	92.0%		9.1%	8.0%		100.0%	100.0%	
	RAMPS	Total	22,561	25,020	10.9%	1,329	892	-32.9%	23,890	25,912	8.5%
		%Share	94.4%	96.6%		5.6%	3.4%		100.0%	100.0%	
	TOTAL	Total	79,936	90,356	13.0%	7,089	6,593	-7.0%	87,025	96,949	11.4%
		%Share	91.9%	93.2%		8.1%	6.8%		100.0%	100.0%	
SH 45 SE	Turnersville Rd	Ramp	239	20	-91.6%	41	8	-80.5%	280	28	-90.0%
	ML Plaza	Mainline	7,184	6,518	-9.3%	1,221	1,189	-2.6%	8,405	7,707	-8.3%
	FM 1625	Ramp	96	425	342.7%	16	13	-18.8%	112	438	291.1%
	MAINLINE	Total	7,184	6,518	-9.3%	1,221	1,189	-2.6%	8,405	7,707	-8.3%
		%Share	85.5%	84.6%		14.5%	15.4%				
	RAMPS	Total	335	445	32.8%	57	21	-63.2%	392	466	18.9%
		%Share	85.5%	95.5%		14.5%	4.5%				
	TOTAL	Total	7,519	6,963	-7.4%	1,278	1,210	-5.3%	8,797	8,173	-7.1%
		%Share	85.5%	85.2%		14.5%	14.8%				
SH 45 N	W. ML Plaza	Mainline	30,759	33,291	8.2%	1,040	995	-4.3%	31,799	34,286	7.8%
	Parmer Ln.	Ramp	7,160	8,335	16.4%	240	263	9.6%	7,400	8,598	16.2%
	Howard Ln.	Ramp	6,965	3,302	-52.6%	236	53	-77.5%	7,201	3,355	-53.4%
	Greenlawn	Ramp	7,159	2,446	-65.8%	243	59	-75.7%	7,402	2,505	-66.2%
	CR 170	Ramp	7,931	7,992	0.8%	266	199	-25.2%	8,197	8,191	-0.1%
	Arterial A	Ramp	4,448	3,781	-15.0%	149	68	-54.4%	4,597	3,849	-16.3%
	Heatherwilde	Ramp	6,190	4,466	-27.9%	211	68	-67.8%	6,401	4,534	-29.2%
	E. ML Plaza	Mainline	26,309	21,790	-17.2%	889	822	-7.5%	27,198	22,612	-16.9%
	MAINLINE	Total	57,068	55,082	-3.5%	1,929	1,817	-5.8%	58,997	56,899	-3.6%
		%Share	96.7%	96.8%		3.3%	3.2%		100.0%	100.0%	
	RAMPS	Total	39,853	30,322	-23.9%	1,345	710	-47.2%	41,198	31,032	-24.7%
		%Share	96.7%	97.7%		3.3%	2.3%		100.0%	100.0%	
	TOTAL	Total	96,921	85,404	-11.9%	3,274	2,527	-22.8%	100,195	87,931	-12.2%
		%Share	96.7%	97.1%		3.3%	2.9%		100.0%	100.0%	
Loop 1 N	Shoreline Dr	Ramp	483	435	-9.9%	17	26	52.9%	500	461	-7.8%
	ML Plaza	Mainline	51,845	52,810	1.9%	1,755	1,803	2.7%	53,600	54,613	1.9%
	Howard	Ramp	3,676	5,835	58.7%	122	69	-43.4%	3,798	5,904	55.5%
	MAINLINE	Total	51,845	52,810	1.9%	1,755	1,803	2.7%	53,600	54,613	1.9%
		%Share	96.7%	96.7%		3.3%	3.3%		100.0%	100.0%	
	RAMPS	Total	4,159	6,270	50.8%	139	95	-31.7%	4,298	6,365	48.1%
		%Share	96.8%	98.5%		3.2%	1.5%		100.0%	100.0%	
NO	TOTAL	Total	56,004	59,080	5.5%	1,894	1,898	0.2%	57,898	60,978	5.3%
		%Share	96.7%	96.9%		3.3%	3.1%		100.0%	100.0%	

Table 3-8: Comparison of Toll Transactions by Payment Method

	CROSSROAD	TYPE	PAYMENT METHODS								
			ETC			CASH			VIDEO		
			OBS	EST	%DIFF	OBS	EST	%DIFF	OBS	EST	%DIFF
TOTAL TRANSACTIONS											
SH 130	MAINLINE	Total	39,372	46,212	17.4%	5,644	4,623	-18.1%	18,119	20,202	11.5%
		%Share	62.4%	65.1%		8.9%	6.5%		28.7%	28.4%	
	RAMPS	Total	15,427	18,966	22.9%	1,956	1,440	-26.4%	6,507	5,506	-15.4%
		%Share	64.6%	73.2%		8.2%	5.6%		27.2%	21.2%	
	TOTAL	Total	54,799	65,178	18.9%	7,600	6,063	-20.2%	24,626	25,708	4.4%
		%Share	63.0%	67.2%		8.7%	6.3%		28.3%	26.5%	
SH 455E	MAINLINE	Total	5,527	4,467	-19.2%	0	0	0.0%	2,878	3,240	12.6%
		%Share	65.8%	58.0%		0.0%	0.0%		34.2%	42.0%	
	RAMPS	Total	259	368	42.1%	0	0	0.0%	133	98	-26.3%
		%Share	66.1%	79.0%		0.0%	0.0%		33.9%	21.0%	
	TOTAL	Total	5,786	4,835	-16.4%	0	0	0.0%	3,011	3,338	10.9%
		%Share	65.8%	59.2%		0.0%	0.0%		34.2%	40.8%	
SH 45N	MAINLINE	Total	44,250	42,658	-3.6%	4,126	2,675	-35.2%	10,621	11,566	8.9%
		%Share	75.0%	75.0%		7.0%	4.7%		18.0%	20.3%	
	RAMPS	Total	30,899	23,461	-24.1%	2,887	1,672	-42.1%	7,412	5,899	-20.4%
		%Share	75.0%	75.6%		7.0%	5.4%		18.0%	19.0%	
	TOTAL	Total	75,149	66,119	-12.0%	7,013	4,347	-38.0%	18,033	17,465	-3.1%
		%Share	75.0%	75.2%		7.0%	4.9%		18.0%	19.9%	
Loop 1N	MAINLINE	Total	40,200	40,599	1.0%	3,752	2,896	-22.8%	9,648	11,118	15.2%
		%Share	75.0%	74.3%		7.0%	5.3%		18.0%	20.4%	
	RAMPS	Total	3,223	5,406	67.7%	301	204	-32.2%	774	755	-2.5%
		%Share	75.0%	84.9%		7.0%	3.2%		18.0%	11.9%	
	TOTAL	Total	43,423	46,005	5.9%	4,053	3,100	-23.5%	10,422	11,873	13.9%
		%Share	75.0%	75.4%		7.0%	5.1%		18.0%	19.5%	
AUTO TRANSACTIONS											
SH 130	MAINLINE	Total	35,486	42,335	19.3%	5,441	4,371	-19.7%	16,448	18,631	13.3%
		%Share	61.8%	64.8%		9.5%	6.7%		28.7%	28.5%	
	RAMPS	Total	14,511	18,301	26.1%	1,910	1,407	-26.3%	6,139	5,312	-13.5%
		%Share	64.3%	73.1%		8.5%	5.6%		27.2%	21.2%	
	TOTAL	Total	49,997	60,636	21.3%	7,351	5,778	-21.4%	22,587	23,943	6.0%
		%Share	62.5%	67.1%		9.2%	6.4%		28.3%	26.5%	
SH 455E	MAINLINE	Total	4,825	3,650	-24.4%	0	0	0.0%	2,359	2,867	21.5%
		%Share	67.2%	56.0%		0.0%	0.0%		32.8%	44.0%	
	RAMPS	Total	225	351	56.0%	0	0	0.0%	110	94	-14.5%
		%Share	67.2%	78.9%		0.0%	0.0%		32.8%	21.1%	
	TOTAL	Total	5,050	4,001	-20.8%	0	0	0.0%	2,469	2,961	19.9%
		%Share	67.2%	57.5%		0.0%	0.0%		32.8%	42.5%	
SH 45N	MAINLINE	Total	42,801	41,257	-3.6%	3,993	2,609	-34.7%	10,274	11,215	9.2%
		%Share	75.0%	74.9%		7.0%	4.7%		18.0%	20.4%	
	RAMPS	Total	29,888	22,904	-23.4%	2,790	1,647	-41.0%	7,174	5,772	-19.5%
		%Share	75.0%	75.5%		7.0%	5.4%		18.0%	19.0%	
	TOTAL	Total	72,689	64,161	-11.7%	6,783	4,256	-37.3%	17,448	16,987	-2.6%
		%Share	75.0%	75.1%		7.0%	5.0%		18.0%	19.9%	
Loop 1N	MAINLINE	Total	38,884	39,234	0.9%	3,629	2,828	-22.1%	9,332	10,748	15.2%
		%Share	75.0%	74.3%		7.0%	5.4%		18.0%	20.4%	
	RAMPS	Total	3,119	5,330	70.9%	291	201	-30.9%	749	738	-1.5%
		%Share	75.0%	85.0%		7.0%	3.2%		18.0%	11.8%	
	TOTAL	Total	42,003	44,564	6.1%	3,920	3,029	-22.7%	10,081	11,486	13.9%
		%Share	75.0%	75.4%		7.0%	5.1%		18.0%	19.4%	
TRUCK TRANSACTIONS											
SH 130	MAINLINE	Total	3,886	3,877	-0.2%	203	252	24.1%	1,671	1,572	-5.9%
		%Share	67.5%	68.0%		3.5%	4.4%		29.0%	27.6%	
	RAMPS	Total	916	665	-27.4%	46	33	-28.3%	368	194	-47.3%
		%Share	68.9%	74.6%		3.5%	3.7%		27.7%	21.7%	
	TOTAL	Total	4,802	4,542	-5.4%	249	285	14.5%	2,039	1,766	-13.4%
		%Share	67.7%	68.9%		3.5%	4.3%		28.8%	26.8%	
SH 455E	MAINLINE	Total	702	816	16.2%	0	0	0.0%	519	372	-28.3%
		%Share	57.5%	68.7%		0.0%	0.0%		42.5%	31.3%	
	RAMPS	Total	33	17	-48.5%	0	0	0.0%	24	4	-83.3%
		%Share	57.9%	81.0%		0.0%	0.0%		42.1%	19.0%	
	TOTAL	Total	735	833	13.3%	0	0	0.0%	543	376	-30.8%
		%Share	57.5%	68.9%		0.0%	0.0%		42.5%	31.1%	
SH 45N	MAINLINE	Total	1,449	1,401	-3.3%	133	66	-50.4%	347	351	1.2%
		%Share	75.1%	77.1%		6.9%	3.6%		18.0%	19.3%	
	RAMPS	Total	1,010	558	-44.8%	97	25	-74.2%	238	127	-46.6%
		%Share	75.1%	78.6%		7.2%	3.5%		17.7%	17.9%	
	TOTAL	Total	2,459	1,959	-20.3%	230	91	-60.4%	585	478	-18.3%
		%Share	75.1%	77.5%		7.0%	3.6%		17.9%	18.9%	
Loop 1N	MAINLINE	Total	1,316	1,365	3.7%	123	68	-44.7%	316	370	17.1%
		%Share	75.0%	75.7%		7.0%	3.8%		18.0%	20.5%	
	RAMPS	Total	105	75	-28.6%	10	3	-70.0%	25	17	-32.0%
		%Share	75.0%	78.9%		7.1%	3.2%		17.9%	17.9%	
	TOTAL	Total	1,421	1,440	1.3%	133	71	-46.6%	341	387	13.5%
		%Share	75.0%	75.9%		7.0%	3.7%		18.0%	20.4%	

3.3 ELASTICITY ANALYSIS

In order to develop toll elasticity curves for the CTTS Project, the transportation model was run using the final adjusted toll coefficients listed in Table 3-1 and a range of toll values above and below the existing toll rates. As a check on the reasonableness of the model outputs, tests were conducted on the CTTS elements, separately. The elasticity tests were performed for the base year scenario (2010). Note that these elasticity estimates are a function of both the overall travel demand and network options in the 2010 network. For these scenarios a number of alternative toll rates were expressed as multiples of the base tolls. The multiples range from 0.5 to 7.0 and reveal how traffic and revenues change at different toll levels. The results were plotted for the four facilities as shown in Figure 3-10 to Figure 3-13.

Elasticity, as used herein, is the relationship between traffic volume and toll rate change, and represents the relative decrease in traffic corresponding to a given increase in toll. Elasticity is expressed as a negative value and the higher the absolute value, the more apt a facility is to lose traffic, which can be due to diversions to competing facilities, switches in travel modes, consolidation of trips and elimination of trips.

As expected, Loop 1 has the lowest elasticity at approximately -0.21, while SH 45 SE has the highest among the CTTS elements at approximately -0.64. Elasticity for SH 45 N is -0.31 and for SH 130, the elasticity factor is -0.54. SH 45 SE curves suggest that the roadway is already close to its peak, indicating that an increase in toll rates would not produce higher revenue. As seen from these graphs, SH 130 revenue will peak at approximately 1.35 times the base toll, and SH 45 N revenue will peak at 2.0 times the base toll. Loop 1, being the most inelastic among the three, will peak at approximately 3.0 times the base toll. The inelasticity of Loop 1 can be attributed primarily to the level of congestion on the competing roads, such as US 183 North, Parmer Lane, and IH-35. These trends are consistent with the previous studies, including the 2002 Report and the latest 2010 Update. These toll elasticity curves were used in the series of tolling sensitivities mentioned in further detail in Chapter 6 to produce alternative revenue streams.

Note that no observed elasticity data are available for the Austin Region that can be used to gauge the reasonableness of the elasticity estimated by the model as toll rates have not been increased since the opening of the facilities. However, rates were capped for trucks with more than 4 axles at the 4 axle truck rate, effective March 1, 2011 on SH 130 and SH 45 SE. The elasticity rates estimated by the model appear to be reasonable based on Stantec's experience with similar analyses for toll facilities in other regions.

Figure 3-10: Toll Sensitivity for SH 130

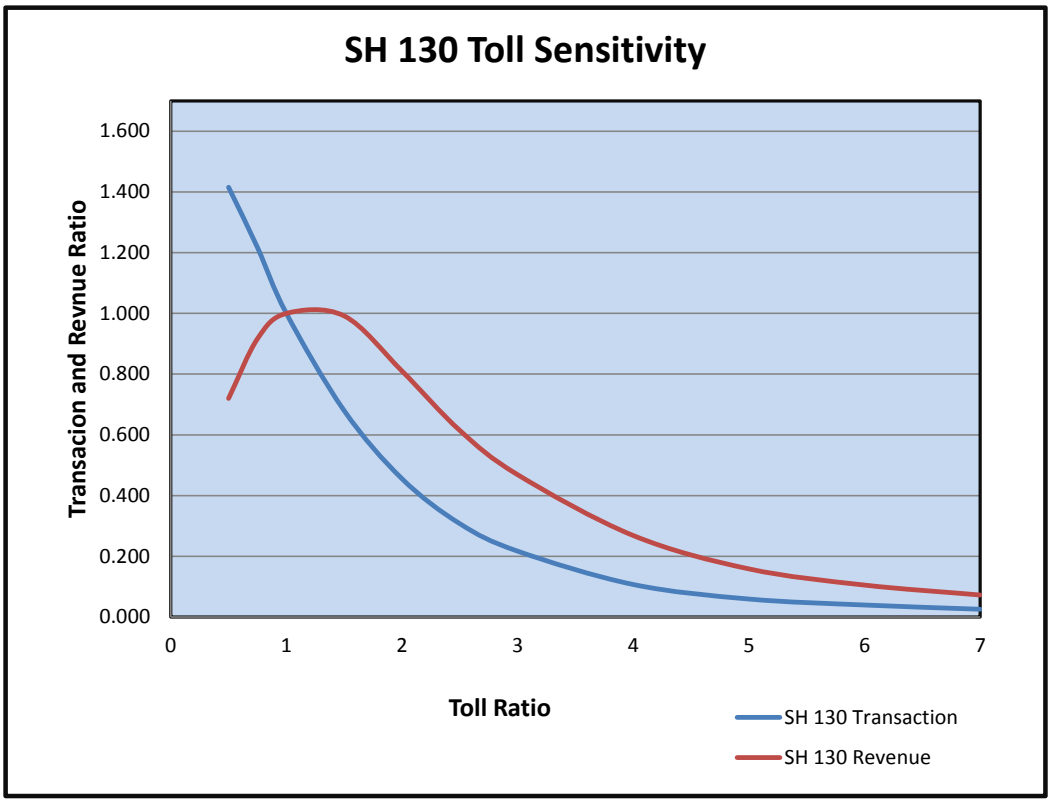


Figure 3-11: Toll Sensitivity for SH 45 N

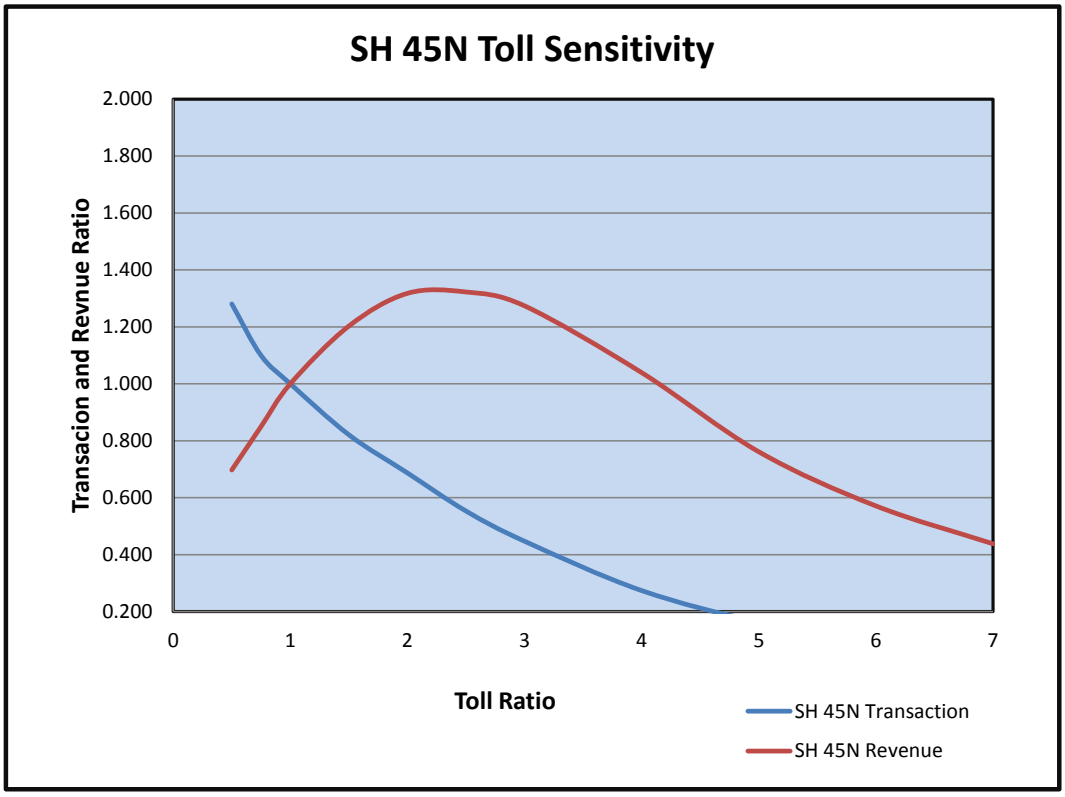


Figure 3-12: Toll Sensitivity for Loop 1

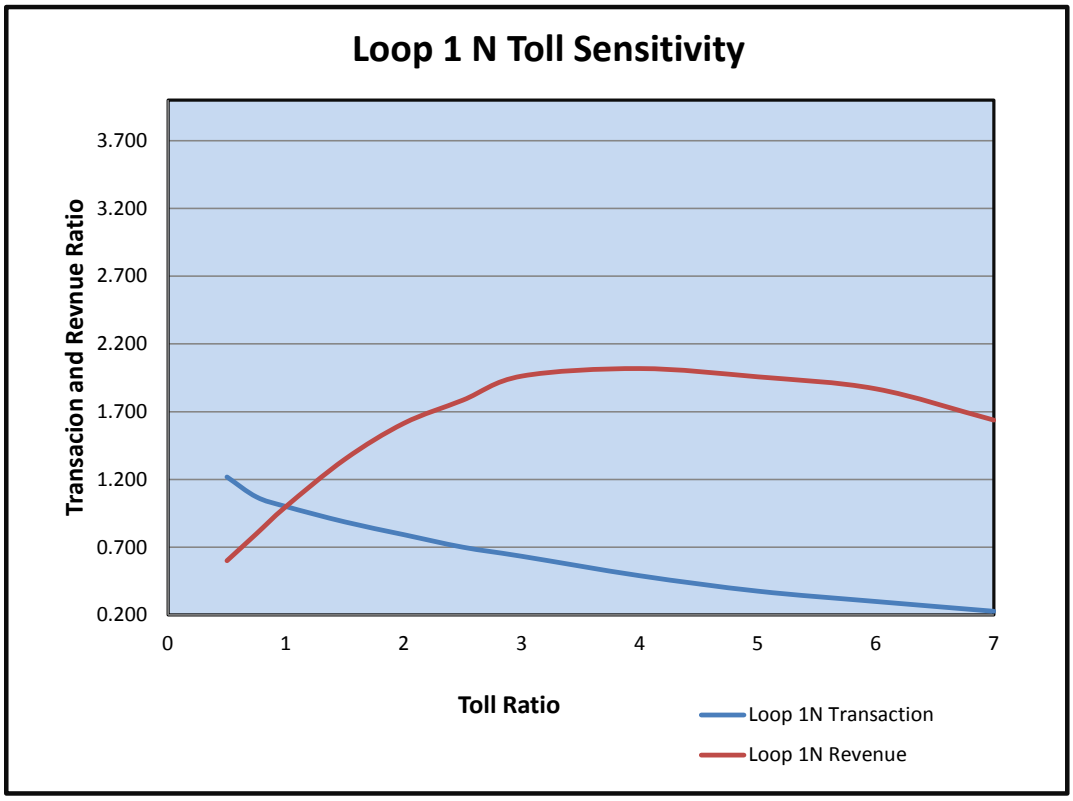
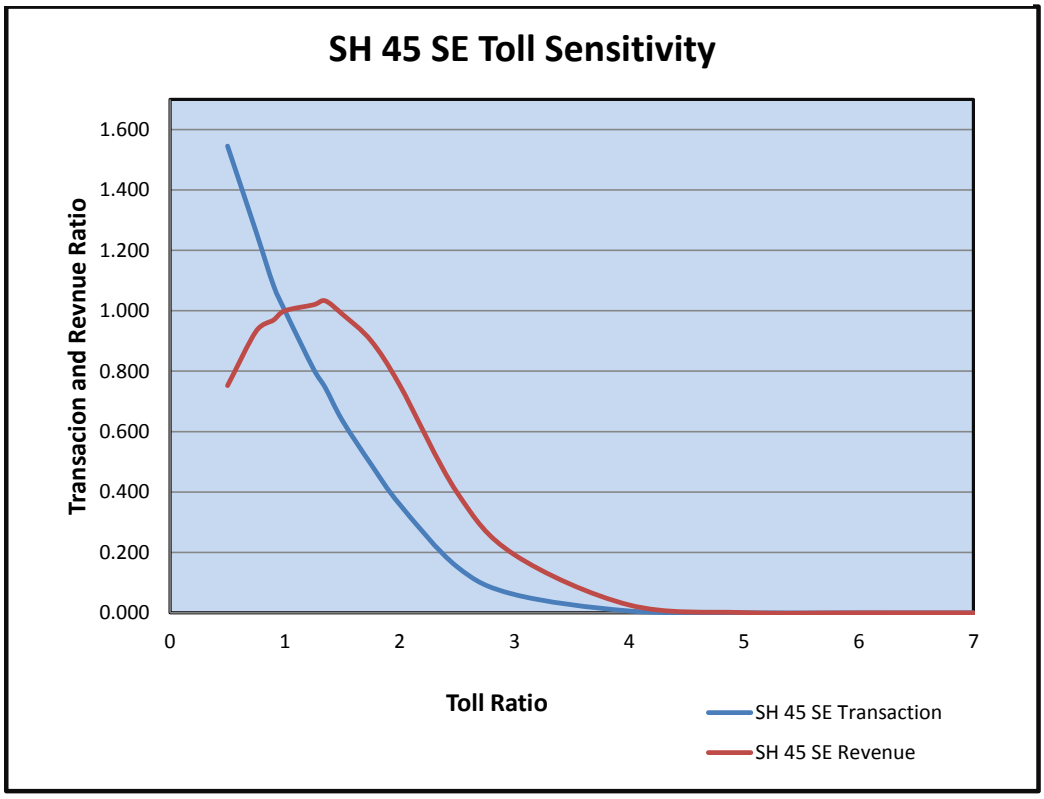


Figure 3-13: Toll Sensitivity for SH 45 SE



4.0 Socioeconomic Review

Socioeconomic indicators were used to identify current demographic and economic trends in the Austin and San Antonio regions. These trends were reviewed and adjustments were applied to the Capital Area Metropolitan Planning Organization's (CAMPO) and the San Antonio/Bexar County Metropolitan Planning Organization's (SA-BC MPO) socioeconomic forecasts for the Central Texas Turnpike System (CTTS) study area. This section of the report discusses the methodology used to assess and adjust the MPOs' socioeconomic forecasts. It compares the revised county control total figures for the overall CAMPO and SA-BC MPO study areas to the county control totals from the 2010 Update and provides a brief description of the methodology used to assess and adjust the socioeconomic data at the Traffic Analysis Zone (TAZ) level.

4.1 HISTORICAL AND RECENT POPULATION AND EMPLOYMENT TRENDS

4.1.1 Population

The state of Texas's population has grown rapidly since 1970, increasing from 11.2 million residents to more than 25.6 million residents during the 2010 Census. Between the 2000 and 2010 U.S. Censuses, Texas added 4.3 million residents, making it the fastest growing U.S. state, in terms of total population. The state's positive population growth was encouraged by its robust economy, pro-business environment, and reasonable cost-of-living. Most of Texas' population increase during this period has been in the urbanized areas of the state, namely Houston, Dallas-Fort Worth, Austin, and San Antonio, in addition to the counties along the Texas-Mexico border.

The total population of the five counties that make up the CAMPO study area (Travis, Williamson, Hays, Bastrop, and Caldwell Counties) grew from 398,938 to 1,716,289 residents between 1970 and 2010 or more than 330 percent (See Table 4-1). In terms of total population, Travis County had the greatest increase in the number of persons, increasing from 295,516 residents in 1970 to 1,024,266 residents in 2010 or an increase of roughly 250 percent. Williamson County grew at a more rapid rate between 1970 and 2010, from 37,305 residents to 422,679 residents or an increase of more than tenfold. During the same period, Hays County's population grew by almost 130,000 residents or about 470 percent, increasing to 157,107 residents. Bastrop County's population also increased significantly between 1970 and 2010, closely resembling the growth patterns of Hays County, at least until this past decade. However, its population is still relatively small and totaled 74,171 residents in 2010. Caldwell County, despite its proximity to rapid growth, has been mostly unaffected. Its population growth rate slowed to a compounded annual growth rate (CAGR) of 1.69 percent between 2000 and 2010, which was approximately half the region's growth rate.

Table 4-1: Historical Population Trends for CAMPO Counties, 1970 to 2010

COUNTY POPULATION						
Year	**Travis**	**Williamson**	**Hays**	**Bastrop**	**Caldwell**	**Total**
1970	295,516	37,305	27,642	17,297	21,178	398,938
1980	419,573	76,521	40,594	24,726	23,637	585,051
1990	576,407	139,551	65,614	38,263	26,392	846,227
2000	812,280	249,967	97,589	57,733	32,194	1,249,763
2010	1,024,266	422,679	157,107	74,171	38,066	1,716,289
AVERAGE ANNUAL CHANGE						
Year	**Travis**	**Williamson**	**Hays**	**Bastrop**	**Caldwell**	**Total**
1970-1980	12,406	3,922	1,295	743	246	18,611
1980-1990	15,683	6,303	2,502	1,354	276	26,118
1990-2000	23,587	11,042	3,198	1,947	580	40,354
2000-2010	21,199	17,271	5,952	1,644	587	46,653
COMPOUNDED ANNUAL GROWTH RATE						
Year	**Travis**	**Williamson**	**Hays**	**Bastrop**	**Caldwell**	**Total**
1970-1980	3.57%	7.45%	3.92%	3.64%	1.10%	3.90%
1980-1990	3.23%	6.19%	4.92%	4.46%	1.11%	3.76%
1990-2000	3.49%	6.00%	4.05%	4.20%	2.01%	3.98%
2000-2010	2.35%	5.39%	4.88%	2.54%	1.69%	3.22%

Source: U.S. Census Bureau, 2012

The SA-BC MPO study area is made up of Bexar, Guadalupe, Comal, Wilson, and Kendall Counties. The region's total population in 2010 was 2,031,106 residents, an increase of 125 percent from its 1970 population of 908,184 residents (See Table 4-2). During the period between 2000 and 2010, SA-BC MPO's population grew by a CAGR of 2.31 percent, which was more rapid growth than had occurred during the previous three decades. Most residents in the region lived in Bexar County, which had a population of 1,714,773 residents in 2010 and has grown by more than 100 percent since 1970. The remaining counties of the SA-BC MPO study area were significantly smaller: Guadalupe County (131,533 residents); Comal County (108,472 residents); Wilson County (42,918 residents); and Kendall County (33,410 residents). Each of these four surrounding counties had high population growth rates between 2000 and 2010, but Guadalupe and Comal Counties experienced high growth rates, due to their location along the IH 35 corridor between Austin and San Antonio, as well as their proximity to each of the two cities. Between 1970 and 2010, Comal County's population increased by 350 percent, while Guadalupe County's population was 292 percent higher. During the same period, Wilson County grew by 229 percent and Kendall County's population increased by 380 percent.

Table 4-2: Historical Population Trends for SA-BC MPO Counties, 1970 - 2010

COUNTY POPULATION						
Year	**Bexar**	**Guadalupe**	**Comal**	**Wilson**	**Kendall**	**Total**
1970	830,460	33,554	24,165	13,041	6,964	908,184
1980	988,800	46,708	36,446	16,756	10,635	1,099,345
1990	1,185,394	64,873	51,832	22,650	14,589	1,339,338
2000	1,392,931	89,023	78,021	32,408	23,743	1,616,126
2010	1,714,773	131,533	108,472	42,918	33,410	2,031,106
AVERAGE ANNUAL CHANGE						
Year	**Bexar**	**Guadalupe**	**Comal**	**Wilson**	**Kendall**	**Total**
1970-1980	15,834	1,315	1,228	372	367	19,116
1980-1990	19,659	1,817	1,539	589	395	23,999
1990-2000	20,754	2,415	2,619	976	915	27,679
2000-2010	32,184	4,251	3,045	1,051	967	41,498
COMPOUNDED ANNUAL GROWTH RATE						
Year	**Bexar**	**Guadalupe**	**Comal**	**Wilson**	**Kendall**	**Total**
1970-1980	1.76%	3.36%	4.19%	2.54%	4.32%	1.93%
1980-1990	1.83%	3.34%	3.58%	3.06%	3.21%	1.99%
1990-2000	1.63%	3.22%	4.17%	3.65%	4.99%	1.90%
2000-2010	2.10%	3.98%	3.35%	2.85%	3.47%	2.31%

Source: U.S. Census Bureau, 2012

Recent population estimates produced by the U.S. Census Bureau suggest that the total number of residents continues to increase in the five-county CAMPO study area since the 2010 U.S. Census (see Table 4-3). The U.S. Census Bureau's July 1, 2011 population estimates show the five-county CAMPO region grew by more than 67,000 residents since the 2010 U.S. Census or a CAGR of 3.12 percent (See Table 4-3). During this same period, Travis County added approximately 38,900 new residents and grew at a CAGR of 3.02 percent. Williamson and Hays Counties grew at even faster CAGRs of 3.79 percent and 3.52 percent, respectively. However, these rates are noticeably slower than during the previous 2000 to 2010 period, when Williamson County and Hays County grew by 5.39 percent and 4.88 percent, respectively. Also during this period, Bastrop County was estimated to have added 950 residents and Caldwell County, 375 residents.

Between the 2010 U.S. Census and the U.S. Census Bureau's 2011 mid-year population estimates, the SA-BC MPO region added approximately 51,000 new residents (See Table 4-4). Most of this new population lives in Bexar County, which added more than 41,000 new residents. Guadalupe County and Comal County were estimated to have added roughly 4,200 and 3,500 residents during this period, respectively. Kendall County is estimated to have grown by almost 1,400 new residents and Wilson County by almost 900 residents. During the period between the 2000 and 2010 Censuses, the five-county SA-BC MPO region grew by almost 415,000 residents or a CAGR of 2.31 percent. Also during this period, Bexar County's population had the largest in absolute terms, by approximately 321,800 residents or a CAGR of 2.10 percent. Guadalupe County had the second largest increase with approximately 42,500 new residents and a CAGR of 3.98 percent. Comal County grew at a slightly slower growth rate with 30,450 new residents and a CAGR of 3.35 percent. Wilson and Kendall Counties grew by 10,500 and 9,700 residents, respectively. The CAGR of their population during the 2000 to 2010 period was 2.85 percent and 3.47 percent, respectively.

Table 4-3: 2011 Population Estimates for Counties in the CAMPO Study Area

	COUNTY					
	Travis	**Williamson**	**Hays**	**Bastrop**	**Caldwell**	**Total**
April 1, 2000 Census Count	812,280	249,967	97,589	57,733	32,194	1,249,763
U.S. Census Estimate - Jul. 1, 2008	980,699	395,437	147,674	72,389	37,671	1,633,870
April 1, 2010 Census Count	1,024,266	422,679	157,107	74,171	38,066	1,716,289
U.S. Census Estimate - Jul. 1, 2011	1,063,130	442,782	164,050	75,115	38,442	1,783,519
Difference 2000 Census - 2008 Estimates	168,419	145,470	50,085	14,656	5,477	384,107
Annual Change 2000 Census - 2008	20,414	17,633	6,071	1,776	664	46,558
Compounded Annual Growth Rate	2.31%	5.72%	5.15%	2.78%	1.92%	3.30%
Difference 2008 Estimates - 2010 Census	43,567	27,242	9,433	1,782	395	82,419
Annual Change 2008 Estimates - 2010	24,895	15,567	5,390	1,018	226	47,097
Compounded Annual Growth Rate	2.51%	3.88%	3.60%	1.40%	0.60%	2.85%
Difference 2000 Census - 2010 Census	211,986	172,712	59,518	16,438	5,872	466,526
Annual Change 2000 Census - 2010 Census	21,199	17,271	5,952	1,644	587	46,653
Compounded Annual Growth Rate	2.35%	5.39%	4.88%	2.54%	1.69%	3.22%
Difference U.S. Census 2010 - 2011	38,864	20,103	6,943	944	376	67,230
Annual Change U.S. Census 2000 - 2011	31,091	16,082	5,554	755	301	53,784
Compounded Annual Growth Rate	3.02%	3.79%	3.52%	1.02%	0.79%	3.12%

Note: All growth rates are calculated based upon the specific date of the figures. For example, the period between the April 1, 2000 Census and the July 1, 2008 U.S. Census estimate is 8.25 years rather than 8.0 years.
2008 county population estimates are based upon the U.S. Census Bureau's 2011 Intercensal population estimates, which take into account population counts from the 2010 U.S. Census.
Source: U.S. Census Bureau, 2010 and 2012.

Table 4-4: 2011 Population Estimates for Counties in the SA-BC MPO Study Area

	COUNTY					
	Bexar	**Guadalupe**	**Comal**	**Wilson**	**Kendall**	**Total**
April 1, 2000 Census Count	1,392,931	89,023	78,021	32,408	23,743	1,616,126
U.S. Census Estimate - Jul. 1, 2008	1,651,709	123,398	103,272	41,657	31,754	1,951,790
April 1, 2010 Census Count	1,714,773	131,533	108,472	42,918	33,410	2,031,106
U.S. Census Estimate - Jul. 1, 2011	1,756,153	135,757	111,963	43,789	34,781	2,082,443
Difference 2000 Census - 2008 Estimates	258,778	34,375	25,251	9,249	8,011	335,664
Annual Change 2000 Census - 2008	31,367	4,167	3,061	1,121	971	40,687
Compounded Annual Growth Rate	2.09%	4.04%	3.46%	3.09%	3.59%	2.31%
Difference 2008 Estimates - 2010 Census	63,064	8,135	5,200	1,261	1,656	79,316
Annual Change 2008 Estimates - 2010	36,037	4,649	2,971	721	946	45,323
Compounded Annual Growth Rate	2.16%	3.72%	2.85%	1.72%	2.95%	2.30%
Difference 2000 Census - 2010 Census	321,842	42,510	30,451	10,510	9,667	414,980
Annual Change 2000 Census - 2010 Census	32,184	4,251	3,045	1,051	967	41,498
Compounded Annual Growth Rate	2.10%	3.98%	3.35%	2.85%	3.47%	2.31%
Difference U.S. Census 2010 - 2011	41,380	4,224	3,491	871	1,371	51,337
Annual Change U.S. Census 2000 - 2011	33,104	3,379	2,793	697	1,097	41,070
Compounded Annual Growth Rate	1.93%	2.56%	2.57%	1.62%	3.27%	2.02%

Note: All growth rates are calculated based upon the specific date of the figures. For example, the period between the April 1, 2000 Census and the July 1, 2008 U.S. Census estimate is 8.25 years rather than 8.0 years.
2008 county population estimates are based upon the U.S. Census Bureau's 2011 Intercensal population estimates, which take into account population counts from the 2010 U.S. Census.
Source: U.S. Census Bureau, 2010 and 2012

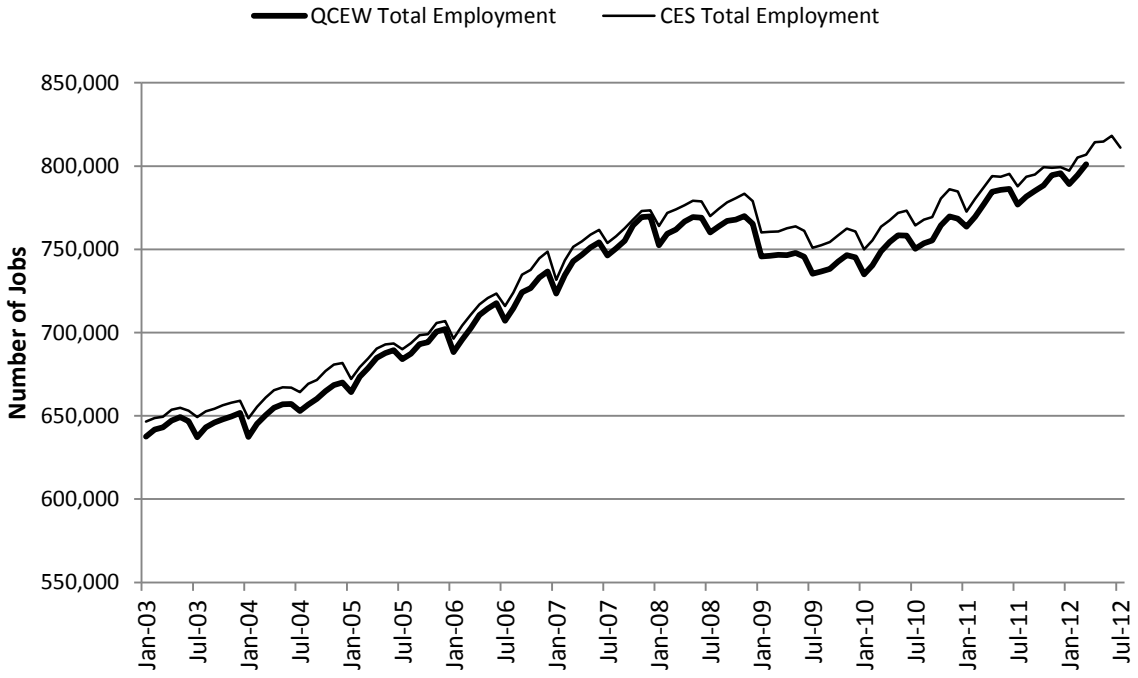
4.1.2 Employment

Figures 4-1 and 4-2 graph two different employment counts for the Austin and San Antonio MSAs[1]. The Current Employment Statistics (CES) report the results of a monthly survey of non-farm business establishments conducted by state and federal agencies. The Quarterly Census of Employment and Wages Program (QCEW) collects and complies employment data on the number of workers with unemployment insurance. The public is most familiar with the CES data, since it is produced with a short lag time (usually less than one month) and it gives a reasonably accurate snapshot of the local, state and national labor markets. It is commonly used by various news media to report the condition of national and regional economies. However, the QCEW data are the more accurate of the two, in terms of comprehensively accounting for workers. While the QCEW data do have some shortcomings, for example some employees (like self-employed workers) are not covered by unemployment insurance and therefore are not counted; they are probably the most reasonable dataset for transportation modeling purposes because they reflect individuals in traditional employment arrangements. Two drawbacks to the QCEW data are that there is usually a six-month lag before they are released and they are only readily available from January 2005 onward. Despite their differences, this discussion will make use of both datasets to provide a more comprehensive picture of the regional job markets in the Austin and San Antonio MSAs.

Total employment in the Austin MSA has grown substantially between January 2003 and March 2012, although it has not grown consistently. During January 2003, the total QCEW employment for the Austin MSA was 637,493 workers. Total employment rose consistently from this point to its peak in December 2007, when it reached 769,797 workers or an increase of approximately 132,000 new jobs. However, as the national recession began to take an effect on the local economy, job losses continued through July 2009, when total employment fell to 735,265 workers. Since then, the general trend has been upward and total employment during March 2012 was 801,008 workers or an increase of more than 65,000 new jobs. With the recent improvements to the regional economy, the local job market surpassed the previous December 2007 peak (during November 2010) and returned to overall growth. The CES employment estimate for July 2012 was 811,000 jobs.

[1] The U.S. Census defined San Antonio-New Braunfels MSA consists of Bexar, Guadalupe, Comal, Medina, Atacosa, Wilson, Kendall, and Bandera Counties. When the term “San Antonio MSA” is used in this discussion about employment, it is referring to the eight-county region, not just the five counties in the SABC MPO study area.

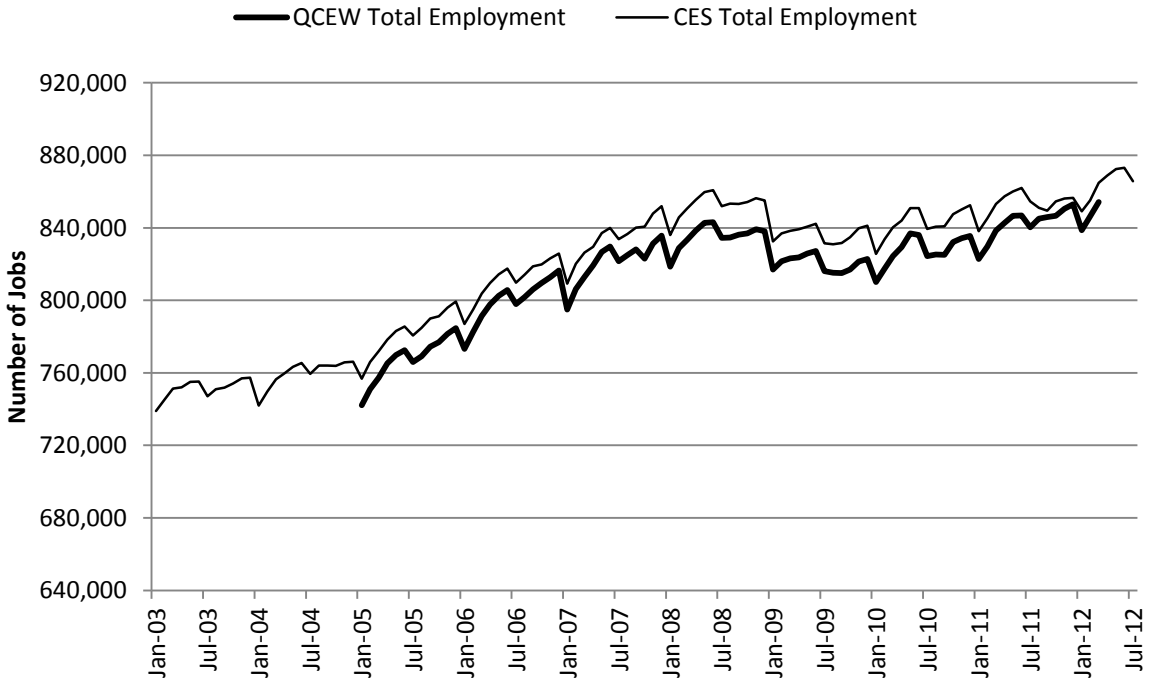
Figure 4-1: Total Employment in the Austin, TX MSA – Jan 2003 to Jul 2012



Source: Texas Workforce Commission, 2012.

Total employment in the San Antonio MSA also grew strongly between 2005 and 2008, increasing from 742,168 jobs in January 2005 to a peak of 843,167 workers during June 2008 or an increase of almost 101,000 jobs. From that peak, which occurred later than the national economy's dip into severe recession, total employment began to fall and reached its nadir during January 2010 at 810,142 jobs. Following that point, the number of employed began to expand once again and there were 854,185 jobs as of March 2012. However, overall, the total employment growth during the three-year period between June 2008 and March 2012 was just 11,000 jobs. The CES employment estimate for July 2012 was 865,700 jobs.

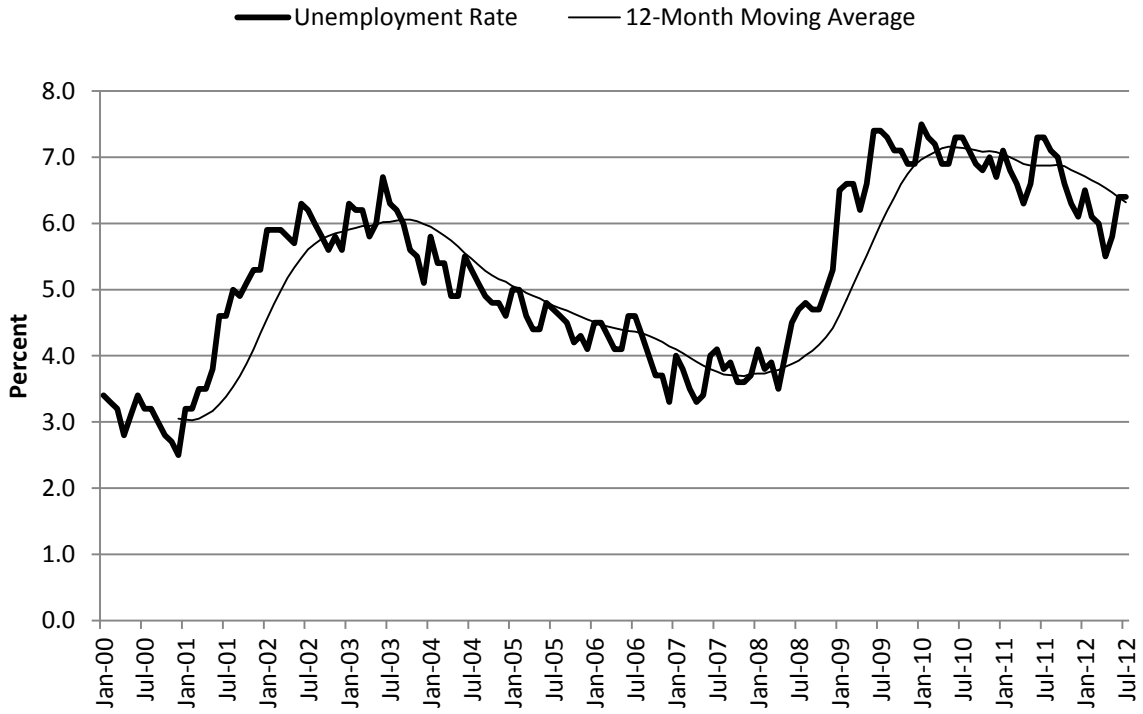
Figure 4-2: Total Employment in the San Antonio, TX MSA – Jan 2003 to Jul 2012



Source: Texas Workforce Commission, 2012.

Figure 4-3 shows that during the Austin region's previous economic expansion, local unemployment rates fell to impressive levels; well below 3.0 percent. However, there was a substantial increase in the number of unemployed beginning in January 2001. The unemployment rate moved upward until reaching a peak level of 6.7 percent during June 2003. After that, unemployment rates in the Austin MSA began to fall and local unemployment stood at 3.3 percent during April 2008. The unemployment rate then began to rise again, reaching a high of 7.5 percent in January 2010. As of July 2012, the situation had improved somewhat and the Austin MSA had an unemployment rate of 6.4 percent. The unemployment rate's 12-month moving average also showed a decline. Regardless, the Austin region's unemployment rate is considerably lower than the national rate of 8.3 percent and also lower than Texas's rate of 7.5 percent. While declining unemployment rates are the result of job growth, they may also reflect a certain segment of the unemployed who have given up on finding a job and who are no longer counted as unemployed.

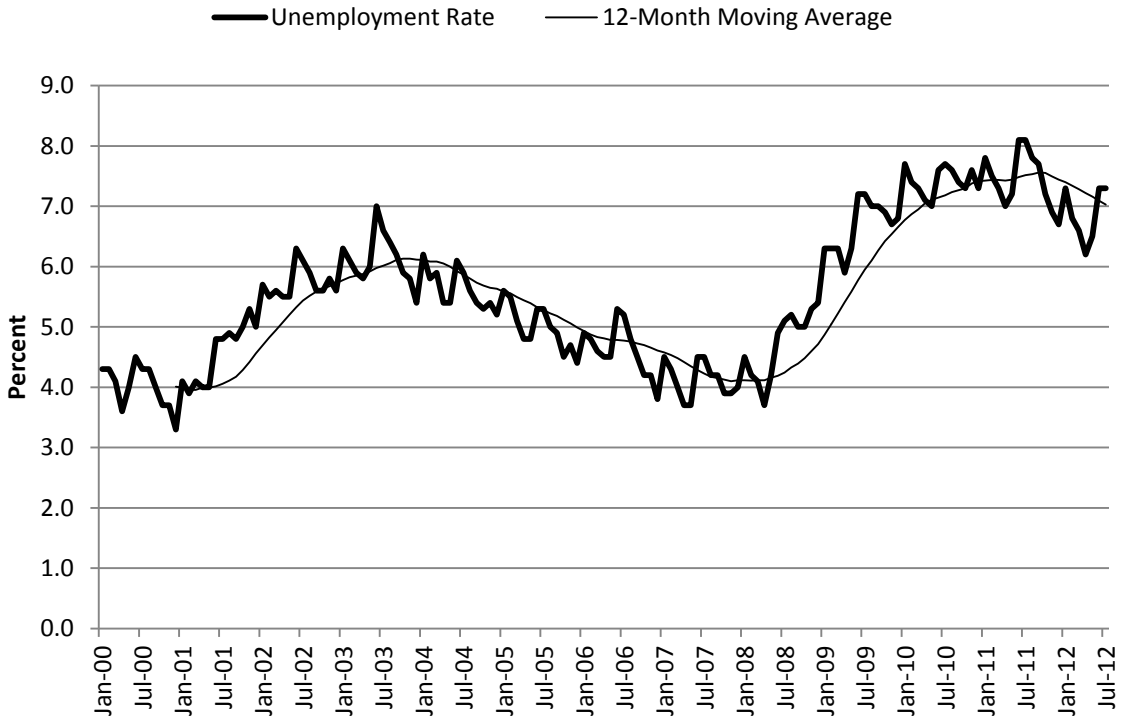
Figure 4-3: Unadjusted Unemployment Rate - Austin, TX MSA - Jan 2000 – Jul 2012



Source: Local Area Unemployment Statistics. Texas Workforce Commission, 2012.

The unemployment rate in the San Antonio MSA has shown a very similar trend to the Austin MSA, although it was somewhat higher throughout this period (See Figure 4-4). During December 2000, at the peak of the previous expansion, the San Antonio MSA's unemployment rate reached a low of 3.3 percent. As the subsequent recession ensued, the region's unemployment rate grew to a high of 7.0 percent during June 2003. This was followed by a period of slow decline until a new low of 3.7 percent was reached during April 2008. The region's unemployment rate then began to rise very quickly, as the national recession deepened and an unemployment rate of 8.1 percent was reached during June 2011. The unemployment rate during July 2012 was 7.3 percent. The 12-month moving average of the MSA's unemployment rate shows that it appears to be starting a gradual decline.

Figure 4-4: Unadjusted Unemployment Rate - San Antonio, TX MSA - Jan 2000 – Jul 2012



Source: Texas Workforce Commission, 2012.

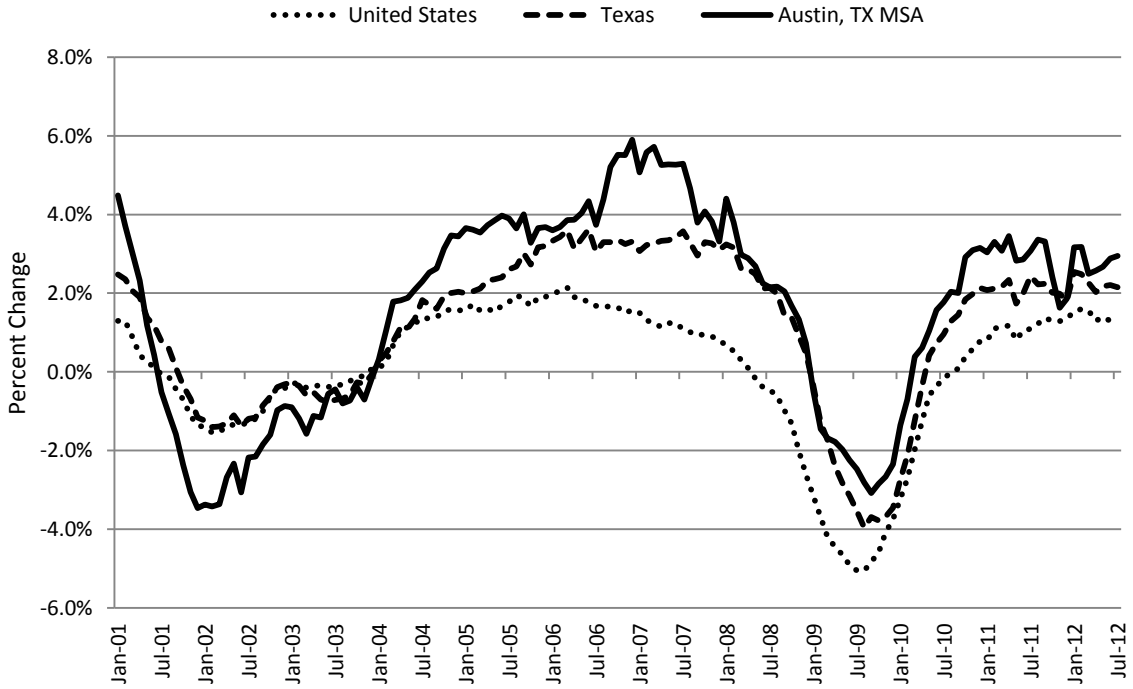
The Nation's Lingering Economic Difficulties and Their Local Impacts

The State of Texas's economy and the Austin and San Antonio MSA economies (in particular) proved to be surprisingly resilient during the recent economic downturn. While the state and the region were not untouched by the nation's economic troubles, they avoided some of the significant job losses that have affected other areas of the nation. The Austin MSA even had the envious position of being the only major region in the nation to have a net job gain for four consecutive months during early 2009, during the depths of the recession. However, by mid 2009, the Austin MSA began to experience employment loss too, as national economic conditions finally began taking an effect on the region. Fortunately, the recovery came quicker and stronger for the Austin MSA than for Texas and the nation as a whole. Perhaps, this relatively strong recovery has been the result of the large in-migration of residents to Austin, many of whom (especially the young and college-educated) were drawn by reports of Austin's resilient economy and quality of life.

Figure 4-5 provides a year-on-year comparison of monthly employment data for the United States, Texas, and the Austin MSA. These data show that Texas and, particularly the Austin MSA, experienced more significant employment loss during the 2001 Recession than did the nation overall. This is not surprising since the Austin MSA's economy and the Texas economy were disproportionately affected by their large technology sector. During the subsequent economic rebound between 2004 and 2007, employment growth in Texas and the Austin MSA surpassed national levels. In fact, during this period, the rate of employment growth in the

Austin MSA was significantly greater than the state of Texas. Year-on-year employment change during 2009 was also less negative in Texas and the Austin MSA than it was at the national level. During the period of improvement that has occurred since early 2010, employment growth in all three economies has improved markedly. Among them, the Austin MSA's economy has performed the best and showed positive year-over-year employment growth during most of 2010 and through 2012, while the national economy just barely achieved positive job growth. By late 2010, the Austin MSA's economy had pulled well ahead of Texas and the nation.

Figure 4-5: Year-on Year CES Monthly Employment Change, Jan 2001 – Jul 2012

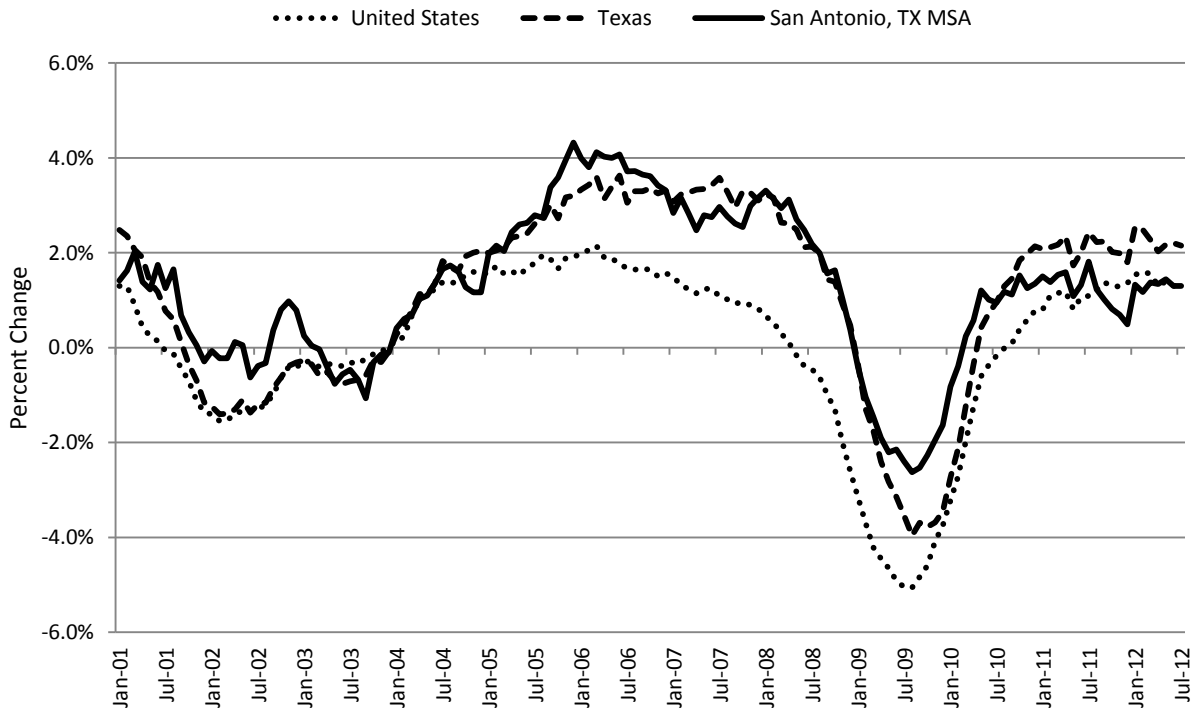


Source: Current Employment Estimates. Texas Workforce Commission, 2012.

Until mid-2010, the San Antonio MSA's year-over-year employment change showed a similar pattern to the Austin MSA, as shown in Figure 4-6. The region's periods of growth and retraction were likely tempered by the large number of federal government jobs in Bexar County, particularly at its multiple military installations. In fact, the significant deployment of soldiers and student soldiers at San Antonio military bases, due the recommendations from the 2005 Base Realignment and Closure (BRAC) study were certainly a predominant reason why the region's job losses were not greater during the latest recessionary period. The data show that the San Antonio MSA, unlike nearby Austin, also escaped with relatively little job loss during the 2001 Recession. During the subsequent period of recovery, the region's job growth was robust but lower than in the Austin MSA. Since the most recent downturn, the San Antonio MSA experienced job loss and was outperforming the state of Texas and the United States as a whole. However, starting in early 2010, the San Antonio MSA's performance slipped and the region began to lag even the nation's slow pace of job growth. During late 2011 and early 2012,

the region's year-over-year rate of job growth was lower than the national rate and lower than Texas's rate.

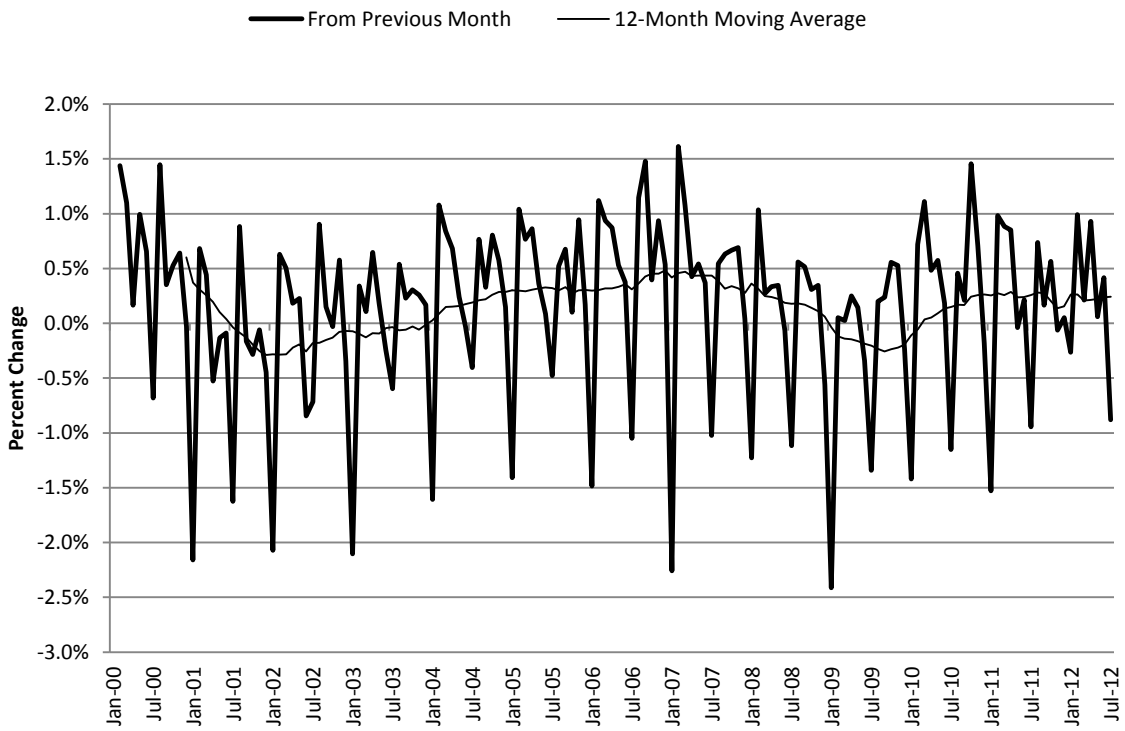
Figure 4-6: Year-on-Year CES Monthly Employment Change, Jan 2001 – Jul 2012



Source: Current Employment Estimates. Texas Workforce Commission, 2012.

Figure 4-7 shows the percent change of employment in the Austin MSA between each month from January 2000 through July 2012. While there is a vaguely discernible trend when these data are graphed, a more useful metric for identifying a pattern is the 12-month moving average. This measure produces a smoothed trend line by averaging values over a 12-month period and then graphing these points on the chart. The 12-month moving average of monthly employment change clearly shows that employment growth in the Austin region slowed throughout 2008 and was negative during much of 2009. However, during late-2009, the trend turned towards positive growth, which has continued through early 2012, albeit at a slower rate than the previous economic expansion at approximately 0.25 percent per month.

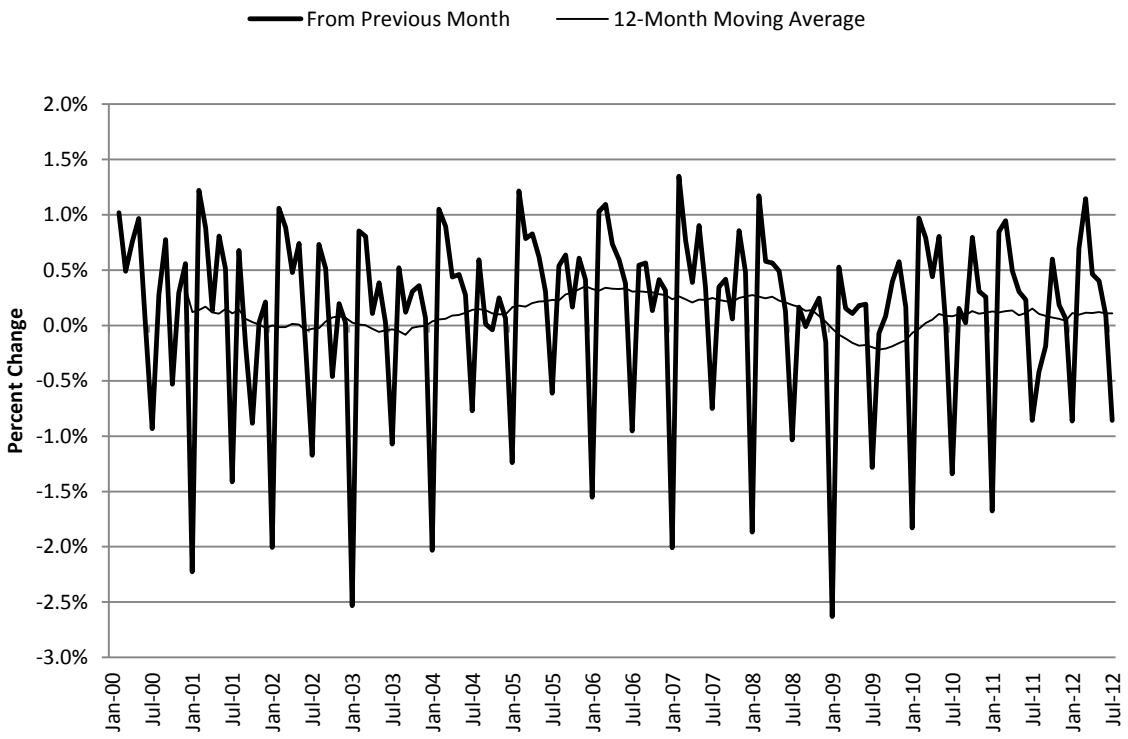
Figure 4-7: Austin, TX MSA CES Percent Monthly Employment Change, Jan 2000 – Jul 2012



Source: Current Employment Estimates. Texas Workforce Commission, 2012.

The data for the San Antonio MSA shown in Figure 4-8 exhibits the same pattern of growth and shrinkage of the labor market, although less extreme than the Austin MSA. Most notably, the 12-month moving average of month-over-month employment change in the San Antonio MSA was negative during all of 2009. As with Figure 4-6, these data suggests that the San Antonio MSA's economy has emerged from the current downturn, but at a slower pace of growth than the Austin MSA. The extended period of modest employment growth suggests that the San Antonio MSA could be more susceptible to short-term economic shocks, with its monthly growth rate of less than 0.10 percent.

Figure 4-8: San Antonio, TX MSA CES Percent Monthly Employment Change, Jan 2000 – Jul 2012



Source: Current Employment Estimates. Texas Workforce Commission, 2012.

Employment Trends by Sector

Examining regional employment change by industry reveals that certain sectors have played an important role in the region's economic growth and losses during the past seven years. Table 4-5 provides data showing employment change in each employment sector between March 2005 and March 2012, as well as between March 2008 and March 2012 (the recent economic downturn). The data in Table 4-5 show that more than 122,000 net jobs were created in the Austin MSA between March 2005 and March 2012. However, Table 4-5 also shows that the region only grew by 39,00 jobs between March 2008 and March 2012.

While job growth occurred in most of the Austin MSA's employment sectors between 2005 and 2012, the education and health services sector led the region with 36,900 new jobs. In fact, even during the economic contraction between March 2008 and March 2012, the sector added more than 24,200 jobs. Employment increases in health services were a result of population growth and supported by the opening of several major medical facilities in the Austin region, including the Dell Children's Medical Center and hospitals in Round Rock, Cedar Park, and Kyle. Employment in the education sector also grew; since the region's rapid population growth has required the construction of new elementary and secondary schools. Nonetheless, there have also been layoffs during the past few years as school districts have faced state funding shortfalls. The second largest local employment growth sector has been the professional and

business services industry, which increased by 27,386 jobs between 2005 and 2012 (including more than 12,200 jobs since 2008). The trade, transportation, and utilities sector added more than 23,800 jobs between 2005 and 2012, although the sector's growth between 2008 and 2011 was more modest at 6,300 jobs. The leisure and hospitality industry expanded by more than 22,200 jobs between 2005 and 2012, as Austin's population has increased but also because the city has become a popular travel destination, especially during events such as the SXSW Music, Film, and Interactive Conference and the Austin City Limits Music Festival each year, as well as college sporting events.

The data in Table 4-5 also show the construction sector was the biggest employment loser in the region, with almost 9,500 jobs lost between 2008 and 2012. However, the construction sector had a net gain of 553 jobs since 2005. The manufacturing sector (which consists almost entirely of computer, semiconductor, and electronics production) has experienced the steepest overall decline, with 8,600 jobs lost between 2008 and 2012 and more than 6,700 jobs lost between 2005 and 2012. In addition to reduced demand from the stunted national economy, job losses have also occurred as outdated facilities are closed and as jobs are sent offshore. The region's manufacturing sector, which at one time peaked at more than 85,000 jobs in 2000, is unlikely to recover from the loss of jobs. At a smaller scale, the public administration sector was a net employment loser, shedding more than 1,300 jobs between 2008 and 2012. However, the sector's overall growth between 2005 and 2012 was positive with 5,800 jobs added.

Table 4-5: QCEW Employment Change – Austin, TX MSA by Sector

	Change 03/05-03/12		Change 03/08-03/12	
Employment Sector	**Employment**	**CAGR**	**Employment**	**CAGR**
Manufacturing	-6,765	-3.10%	-8,692	-3.91%
Unclassified	-396	-15.42%	20	1.24%
Information	17	0.02%	531	0.61%
Construction	553	0.33%	-9,459	-4.95%
Natural Resources and Mining	965	6.98%	356	2.31%
Other Services	4,728	4.66%	1,955	1.80%
Public Administration	5,802	2.74%	-1,307	-0.57%
Financial Activities	7,077	4.16%	1,567	0.85%
Leisure and Hospitality	22,205	7.05%	11,404	3.32%
Trade, Transportation and Utilities	23,869	4.40%	6,351	1.08%
Professional and Business Services	27,386	6.50%	12,217	2.65%
Education and Health Services	36,907	5.79%	24,265	3.62%
TOTAL	**122,348**	**4.23%**	**39,208**	**1.26%**

Source: Texas Workforce Commission, 2012.

Once again, the overall industry employment trends in the San Antonio MSA showed a similar pattern to the Austin MSA, with relatively strong growth between 2005 and 2008, followed by an abrupt slowdown between 2008 and 2012 (See Table 4-6). Total job growth in the San Antonio MSA between March 2005 and March 2012 was almost 97,000 jobs. However, job growth between 2008 and 2012 was less than 21,000 jobs. Most of the job growth in the San Antonio MSA was in the Education and Health Services sector, which added 41,400 workers between 2005 and 2012. The San Antonio MSA serves as a regional health center, has a university medical school, and is an important military medical center with two large military hospitals. The Leisure and Hospitality sector was the second fastest growing segment of the economy, with almost 21,000 jobs added between 2005 and 2012 and 11,200 of those jobs added between 2008 and 2012. The Professional and Business Services sector increased by 11,300 jobs between 2005 and 2012, but lost almost 3,400 jobs between 2008 and 2012. Similarly, the Trade, Transportation, and Utilities sector added almost 8,300 jobs between 2005 and 2012, but lost 4,700 jobs between 2008 and 2012. The Financial Services sector grew by more than 8,100 jobs between 2005 and 2012. Recent job losses between 2008 and 2012 were most significant in the Construction sector, which lost 13,100 jobs. During this same period, the Information sector pared 1,800 workers and the manufacturing sector lost more than 1,500 jobs. Over the longer period from 2005 to 2012, the Construction sector still had negative growth with almost 4,500 jobs lost and the Information sector lost more than 500 jobs over the same period. The manufacturing sector's gained 572 jobs between 2005 and 2012, but lost 1,500 jobs between 2008 and 2012.

Table 4-6: QCEW Employment Change - San Antonio, TX MSA by Sector

	Change 03/05-03/12		Change 03/08-03/12	
Employment Sector	**Employment**	**CAGR**	**Employment**	**CAGR**
Construction	-4,483	-2.52%	-13,173	-6.63%
Information	-514	-0.62%	-1,842	-2.13%
Unclassified	-118	-8.80%	74	8.53%
Manufacturing	572	0.32%	-1,545	-0.83%
Natural Resources and Mining	1,237	6.28%	-77	-0.33%
Other Services	4,045	4.10%	1,896	1.82%
Public Administration	5,898	3.91%	4,684	3.04%
Financial Activities	8,108	3.17%	3,977	1.49%
Trade, Transportation and Utilities	8,289	1.35%	-4,744	-0.73%
Professional and Business Services	11,370	2.86%	-3,397	-0.78%
Leisure and Hospitality	20,987	5.37%	11,259	2.71%
Education and Health Services	41,417	5.20%	23,664	2.81%
TOTAL	**96,808**	**3.05%**	**20,776**	**0.62%**

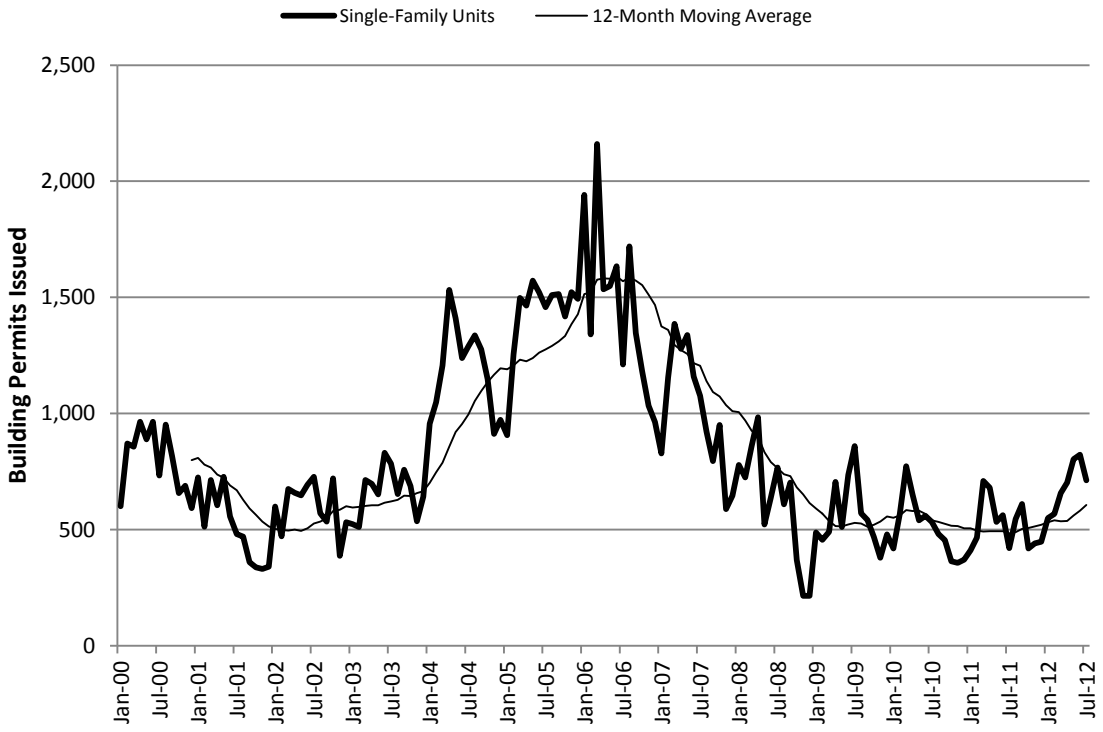
Source: Texas Workforce Commission, 2012.

4.2 REGIONAL REAL ESTATE TRENDS

Single-family

The number of single-family residential building permits issued within the Austin MSA has declined significantly since early 2006. Figure 4-9 shows that the number of permits issued has fallen from approximately 1,600 per month (12-month moving average) to approximately 600 per month during July 2012. Since mid-2009, the amount of construction activity in the single-family housing sector has been roughly similar to the level experienced during the 2001 Recession (12-month moving average).

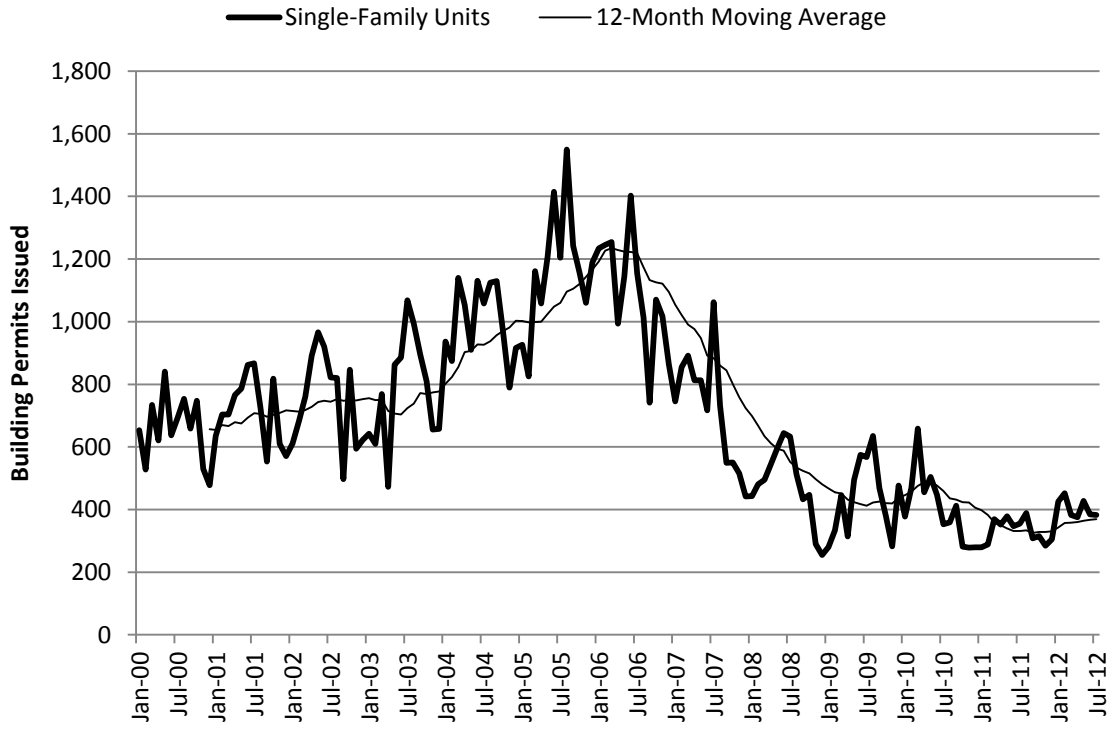
Figure 4-9: Single-Family Building Permits Issued - Austin, TX MSA, Jan 2000 – Jul 2012



Source: Texas A&M University Real Estate Center, 2012.

The pattern of issued single-family building permits in the San Antonio MSA was similar to the Austin MSA, with the notable exception that there was not a downturn during the 2001 Recession (See Figure 4-10). The region's peak activity was in early-2006, when roughly 1,200 monthly housing permits were issued (12-month moving average). After that point, the volume dropped steeply to roughly 350 residential building permits per month during 2011 and has crept up to about 400 units during mid-2012. The current totals are significantly lower than during any previous period since 2000.

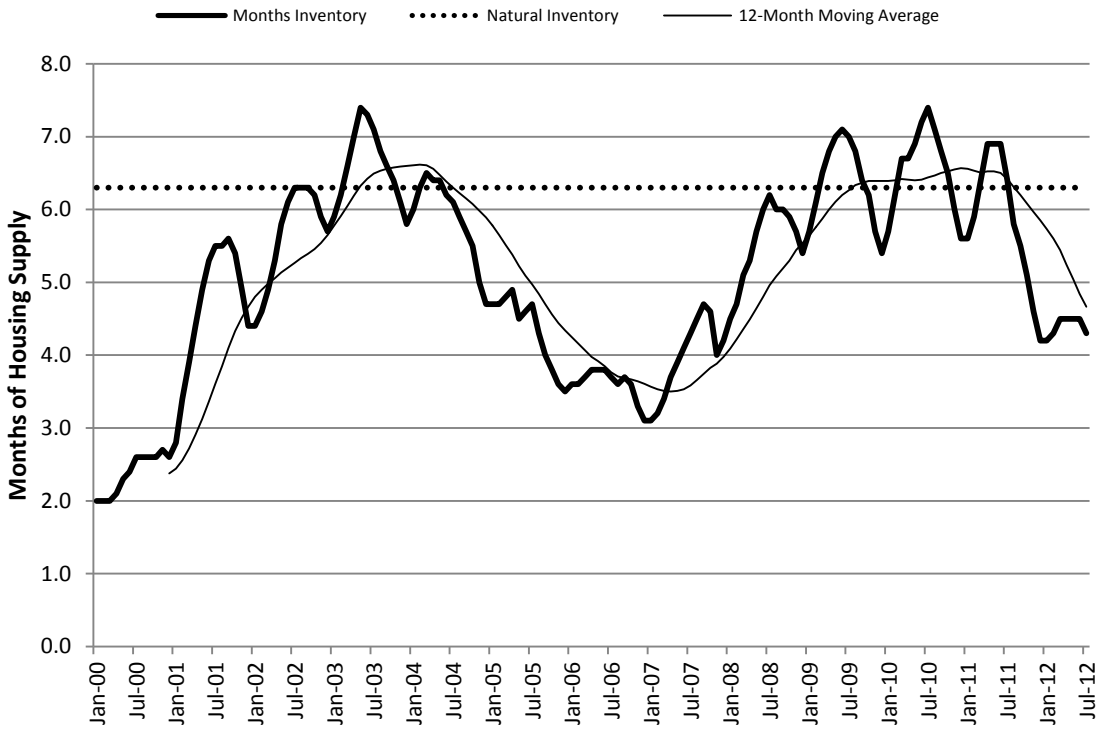
Figure 4-10: Single-Family Building Permits - San Antonio, TX MSA, Jan 2010 – Jul 2012



Source: Texas A&M University Real Estate Center, 2012.

Another gauge of the effect of the housing crisis on the local economy is the inventory of unsold homes. According to a 2008 study by researchers at the Real Estate Center at Texas A&M University, the Austin MSA has a "natural" homes-for-sale inventory of 6.3 months. This value is said to show that when fewer than 6.3 months of housing inventory is on the market, home prices appreciate, and when there is more than a 6.3 months inventory, home prices fall. Figure 4-11 shows the Austin MSA had a 4.3 months inventory during July 2012. This level of inventory was substantially higher than during the height of the economic expansion (January 2007), when there was just over a 3-month supply of homes for sale. This period, however, reflects when the fewest homes are traditionally placed on the market. It should be noted that even during the height of the most recent building boom, the region's inventory of single-family homes was still not as constrained as it was during January 2000, when the region had only a 2-month supply of homes nor has it surpassed the number homes on the market during May 2003 (although it tied this record during July 2010) when there was a 7.4 month supply.

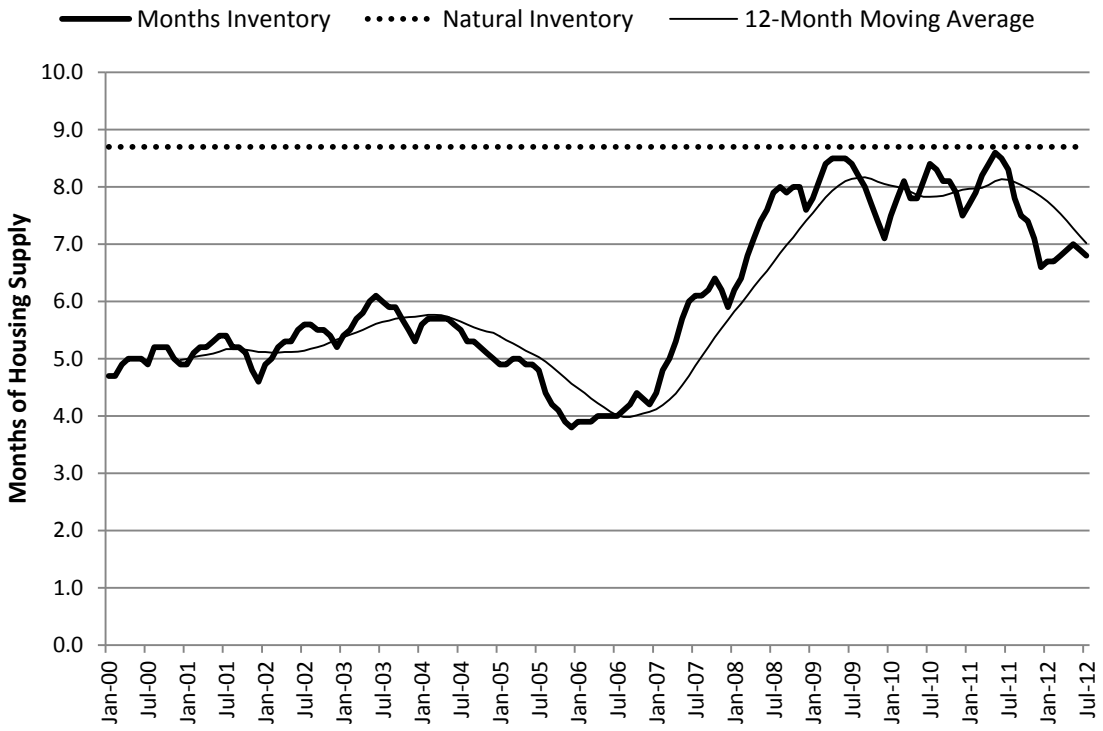
Figure 4-11: Months of Housing Supply in the Austin, TX MSA Market, Jan 2000 – Jul 2012



Source: Texas A&M University Real Estate Center, 2012.

A similar measure of natural inventory for the San Antonio MSA is not available, but Figure 4-12 shows the region's housing inventory compared to the natural inventory for the state of Texas. Using this measure, the data show that the region maintained a somewhat constrained housing market between 2000 and 2006. Beginning in 2007, the market became less constrained and, assumedly, housing prices began to fall. It appears, since early 2011, that the housing inventory in the San Antonio market is experiencing a slow decline, which should begin to place modest pressure on home prices.

Figure 4-12: Months of Housing Supply in the San Antonio, TX MSA Market, Jan 2000 – Jul 2012



Note: Natural Inventory is for the State of Texas
Source: Texas A&M University Real Estate Center, 2012.

Multifamily

Apartment vacancy rates in the Austin region have trended downward since 2009 and, overall, the region had an occupancy rate of 95.9 percent during mid-2012. The declining multifamily vacancy rate is credited to the Austin region's relatively strong job creation, large in-migration of job-seekers, growth in the number of moderate to low salary jobs, and a preference to rent instead of own for younger, high salary workers (Marcus & Millichap, 2012). Table 4-7 provides a submarket review of apartment vacancy rates during the second quarter of 2012.

Table 4-7: Apartment Vacancy Conditions in the Austin Area – Second Quarter 2012

Rank	Submarket	Vacancy Rate	Year-on-Year Basis Point Change
1	Far South	2.90%	-140
2	Near South Central	3.10%	-60
3	Hwy 183/Cedar Park/Leander	3.40%	-160
4	Near North Central	3.50%	-210
5	Far Northwest	3.60%	-160
6	Ranch Rd. 620/FM 2222	3.90%	-140
7	North Travis	4.10%	-130
8	Central	4.10%	-250
9	Near Northwest	4.30%	-200
10	Round Rock/Georgetown/Hutto	4.90%	-190

Source: Marcus & Millichap, 2012.

Data for the San Antonio metropolitan region's multifamily market showed a similar overall trend. Regional apartment occupancy had risen through 2011 to 93.4 percent and was expected to continue rising during the remainder of 2012. Table 4-8 shows vacancy rates and absorption by submarket.

Table 4-8: Apartment Vacancy Conditions in the San Antonio Area, Second Quarter 2012

Rank	Submarket	Vacancy Rate	Year-on-Year Basis Point Change
1	East	4.50%	-180
2	Far North Central	5.70%	-150
3	Airport/Northeast	6.00%	-80
4	Far Northwest	6.50%	-80
5	Far West	7.00%	-40
6	Central San Antonio	7.40%	120
7	Northwest	8.00%	50
8	Far Northwest	8.80%	10
9	South	9.00%	140
10	Southwest	9.30%	-180

Source: Marcus & Millichap, 2012.

Office

According to second quarter 2012 market study from CB Richard Ellis, the Austin MSA's office rental market is an "expansionary" period. Overall, the region's office vacancy rate was 15.6 percent (See Table 4-9) and the region has absorbed 2.4 million square feet of office space over the past six quarters. The Austin MSA's net absorption of office space improved during the most recent quarter by 135,250 square feet. Southwest Austin and the CBD had the lowest vacancy rates. For the other areas, the vacancy rate range was tight, between 16.7 percent and 26.7 percent, with the East Austin and South Austin submarkets having the highest vacancy rates. Table 4-9 also shows that none of the submarkets in the region were adding new office space.

Table 4-9: Office Rental Market Conditions in the Austin Area – Second Quarter 2012

Submarket	Rentable Area (SF)	Total Vacancy	Net Absorption (SF)	Under Construction (SF)
CBD	8,992,117	13.10%	128,315	0
Northwest	15,611,014	16.90%	63,750	0
North Central	3,025,847	20.40%	-27,408	0
Round Rock	620,894	16.70%	-4,811	0
East	1,534,677	26.70%	-84,233	0
South	1,729,522	22.50%	-26,984	0
Southwest	8,666,381	10.60%	86,621	0
TOTAL	**40,180,452**	**15.60%**	**135,250**	**0**

Source: CB Richard Ellis, 2012.

The San Antonio office market, although it offers a considerably smaller inventory of office space than the Austin market, is performing relatively well. Total office vacancy in the region was 17.0 percent with a modest net absorption of 128,321 square feet of space during the second quarter of 2012 (See Table 4-10). One new office construction project was underway during this reporting period, which will add almost 68,000 square feet to the North Central submarket.

Table 4-10: Office Rental Market Conditions in the San Antonio Area - Second Quarter 2012

Submarket	Rentable Area (SF)	Total Vacancy	Net Absorption (SF)	Under Construction (SF)
CBD	4,933,985	22.30%	64,312	0
North Central	10,570,923	13.80%	150,267	67,953
Northeast	1,677,374	14.20%	39,390	0
Northwest	8,572,057	18.00%	-118,895	0
South	495,886	22.10%	-6,753	0
TOTAL	**26,250,225**	**17.00%**	**128,321**	**67,953**

Source: CB Richard Ellis, 2012.

Retail

Marcus & Millichap's second quarter 2012 retail market study for the Austin region observes that the demand for retail space has recently picked up and the regional vacancy rate is expected to reach 8.4 percent. It is anticipated that retailers will absorb 1.1 million square feet during 2012. A listing of select retail rental submarkets is provided in Table 4-11. Retail construction has occurred at a very modest pace and 180,000 square feet of space was added to the local market during the previous 12 months. However, 1.1 million square feet of space is under construction and a majority of this new space has been preleased. The survey of the market found that more centralized locations tended to have lower vacancy rates than more distant suburban properties. Table 4-11 shows that downtown Austin's retail vacancy rate was 6.2 percent, while the vacancy rate for Round Rock/Williamson County was 13.8 percent (Marcus & Millichap, 2012).

Table 4-11: Retail Rental Market Conditions in the Austin Area - Second Quarter 2012

Submarket	Vacancy Rate	Year-on-Year Basis Point Change
Central/Downtown Austin	6.20%	-70
South Austin	7.50%	30
Round Rock/Williamson County	13.80%	-80

Source: Marcus & Millichap, 2012.

A second quarter 2012 study of San Antonio's retail market by Marcus & Millichap found the overall retail vacancy rates in the San Antonio market are expected to fall to 9.0 percent and that builders added 675,000 square feet to the retail market during the past 12 months. Another 850,000 square feet is currently under construction, although it is mostly targeted to single tenants. Among the retail submarkets surveyed in their report, the South submarket had the lowest vacancy rate at 6.1 percent followed by the North/North Central submarket at 8.4 percent (See Table 4-12). The Northwest and Northeast submarkets had higher vacancy rates at 10.3 percent and 12.1 percent, respectively.

Table 4-12: Retail Rental Market Conditions in the Austin Area - Second Quarter 2012

Rank	Submarket	Vacancy Rate	Year-on-Year Basis Point Change
1	South	6.10%	80
2	North/North Central	8.40%	10
3	Northwest	10.30%	-20
4	Northeast	12.10%	80

Source: NAI REOC San Antonio, 2012.

Industrial

Table 4-13 provides an overview of the industrial real estate market in the Austin region during the second quarter of 2012. The data show that the overall vacancy rate for industrial real estate in the region was 15.9 percent. The data also show that no new industrial space was under construction or completed, but 737,285 square feet of industrial space was absorbed during the second quarter. A significant share of the region's industrial space is located in the CTTS study area along the SH 130 and IH 35 corridors.

Table 4-13: Industrial Rental Market Conditions in the Austin Area - Second Quarter 2012

Submarket	Rentable Area (SF)	Vacancy Rate	Net Absorption (SF)	Under Construction (SF)
CBD	26,776	13.80%	0	0
Central	1,366,560	13.90%	-28,711	0
East	3,616,402	25.00%	30,152	0
Far Northeast	2,236,336	31.00%	30,725	0
Far Northwest	510,465	3.90%	3,200	0
Georgetown	1,229,728	4.80%	440	0
Hays County	470,876	26.60%	0	0
North	13,664,969	12.30%	169,473	0
Northeast	7,558,971	16.40%	105,050	0
Northwest	2,698,759	14.00%	-5,247	0
Round Rock	3,495,619	27.00%	63,719	0
South	1,773,898	3.40%	5,572	0
Southeast	10,323,568	14.80%	350,148	0
Southwest	415,046	8.70%	12,764	0
TOTAL	**49,387,973**	**15.90%**	**737,285**	**0**

Source: CB Richard Ellis, 2012.

The San Antonio industrial market is smaller than the Austin market, but also has a lower overall vacancy rate of 14.5 percent (See Table 4-14). During the second quarter of 2012, 565,653 square feet) of industrial space was absorbed. New industrial space (300,949 square feet) was under construction throughout the region during this period.

Table 4-14: Industrial Rental Market Conditions in the San Antonio Area - Third Quarter 2011

Submarket	Rentable Area (SF)	Vacancy Rate	Net Absorption (SF)	Under Construction (SF)
CBD	481,542	16.60%	0	0
North Central	5,044,248	13.10%	47,823	130,707
Northeast	17,938,723	15.20%	484,478	37,242
Northwest	5,980,175	15.30%	52,161	103,000
South	1,744,774	24.80%	-18,809	30,000
TOTAL	**31,189,462**	**14.50%**	**565,653**	**300,949**

Source: CB Richard Ellis, 2012.

4.3 ADJUSTMENTS TO POPULATION AND EMPLOYMENT FOR 2012 CTTS UPDATE FORECASTS

4.3.1 Control Total Assessments and Adjustments

The population and employment control totals used for this study anticipate reasonably strong growth in the CAMPO and SA-BC MPO study areas through the year 2035 (See Tables 4-15 through 4-18). However, the revised forecast figures account for slower than anticipated population growth in the CAMPO counties, compared to the 2010 CTTS Update Study, and generally higher than forecasted population growth (with exceptions for Comal and Kendall Counties) in the SA-BC MPO counties. The employment forecast control totals for Williamson, Bastrop, and Caldwell Counties were increased in the CAMPO study area and the employment control totals for Travis and Hays Counties, as well as all the counties in the SA-BC MPO study area, were reduced to more reasonable figures that reflect the current economic situation and the uncertainty that remains over the long term. The changes between the 2010 Update and the present study are most evident in the near term reflecting recent socioeconomic conditions; however, in general, long-term growth rates are anticipated to return to previous levels. Yet, even with some downward revisions to the population and employment forecasts, they anticipate strong, yet measured, growth throughout the forecast horizon.

Table 4-15: Adjustments to the CAMPO Counties Population Control Totals

TRAVIS COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	1,047,634	--		1,018,533	--		-29,101
2015	1,163,665	2.12%	(+23,206)	1,113,248	1.79%	(+18,943)	-50,417
2025	1,356,840	1.55%	(+19,318)	1,295,782	1.53%	(+18,253)	-61,058
2035	1,553,170	1.36%	(+19,633)	1,505,760	1.51%	(+20,998)	-47,410

WILLIAMSON COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	427,922	--		425,241	--		-2,681
2015	516,462	3.83%	(+17,708)	499,478	3.27%	(+14,847)	-16,984
2025	697,820	3.06%	(+18,136)	661,826	2.85%	(+16,235)	-35,994
2035	915,534	2.75%	(+21,771)	886,924	2.97%	(+22,510)	-28,610

HAYS COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	159,941	4.11%		152,062	--		-7,879
2015	190,920	3.60%	(+6,196)	185,385	4.04%	(+6,665)	-5,535
2025	262,223	3.22%	(+7,130)	248,633	2.98%	(+6,325)	-13,590
2035	334,063	2.45%	(+7,184)	329,997	2.87%	(+8,136)	-4,066

BASTROP COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	77,490	--		73,099	--		-4,391
2015	91,050	3.28%	(+2,712)	87,087	3.56%	(+2,798)	-3,963
2025	123,201	3.07%	(+3,215)	117,859	3.07%	(+3,077)	-5,342
2035	161,348	2.73%	(+3,815)	154,316	2.73%	(+3,646)	-7,032

CALDWELL COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	37,822	--		37,132	--		-690
2015	41,299	1.77%	(+695)	41,290	2.15%	(+832)	-9
2025	47,569	1.42%	(+627)	47,559	1.42%	(+627)	-10
2035	52,599	1.01%	(+503)	52,693	1.03%	(+513)	94

Table 4-16: Adjustments to the CAMPO Counties Employment Control Totals

TRAVIS COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	567,136	--		551,219	--		-15,917
2015	596,438	1.01%	(+5,860)	579,678	1.01%	(+5,692)	-16,760
2025	718,554	1.88%	(+12,212)	698,383	1.88%	(+11,871)	-20,171
2035	855,278	1.76%	(+13,672)	831,253	1.76%	(+13,287)	-24,025

WILLIAMSON COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	120,500	--		122,859	--		2,359
2015	134,194	2.18%	(+2,739)	136,815	2.18%	(+2,791)	2,621
2025	183,043	3.15%	(+4,885)	186,565	3.15%	(+4,975)	3,522
2035	239,062	2.71%	(+5,602)	243,674	2.71%	(+5,711)	4,612

HAYS COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	48,000	--		44,832	--		-3,168
2015	54,162	2.44%	(+1,232)	50,989	2.61%	(+1,231)	-3,173
2025	74,728	3.27%	(+2,057)	69,799	3.19%	(+1,881)	-4,929
2035	98,778	2.83%	(+2,405)	92,256	2.83%	(+2,246)	-6,522

BASTROP COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	14,250	--		15,952	--		1,702
2015	16,079	2.44%	(+366)	17,984	2.43%	(+406)	1,905
2025	22,185	3.27%	(+611)	24,824	3.28%	(+684)	2,639
2035	29,325	2.83%	(+714)	32,822	2.83%	(+800)	3,497

CALDWELL COUNTY							
Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	6,850	--		6,923	--		73
2015	7,729	2.44%	(+176)	7,766	2.32%	(+169)	37
2025	10,664	3.27%	(+294)	10,765	3.32%	(+300)	101
2035	14,096	2.83%	(+343)	14,243	2.84%	(+348)	147

Table 4-17: Adjustments to the San Antonio Counties Population Control Totals

BEXAR COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	1,637,314	--		1,681,779	--		44,465
2015	1,685,845	0.59%	(+9,706)	1,822,842	1.62%	(+28,213)	136,997
2025	1,846,066	0.91%	(+16,022)	1,991,610	0.89%	(+16,877)	145,544
2035	1,971,897	0.66%	(+12,583)	2,102,558	0.54%	(+11,095)	130,661

GUADALUPE COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	121,494	--		130,544	--		9,050
2015	130,383	1.42%	(+1,778)	153,714	3.32%	(+4,634)	23,331
2025	163,714	2.30%	(+3,333)	200,777	2.71%	(+4,706)	37,063
2035	197,133	1.87%	(+3,342)	247,864	2.13%	(+4,709)	50,731

COMAL COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	114,708	--		108,322	--		-6,386
2015	127,074	2.07%	(+2,473)	126,468	3.15%	(+3,629)	-606
2025	169,767	2.94%	(+4,269)	162,538	2.54%	(+3,607)	-7,229
2035	214,842	2.38%	(+4,508)	192,856	1.73%	(+3,032)	-21,986

KENDALL COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	40,979	--		33,181	--		-7,798
2015	42,352	0.47%	(+275)	39,638	3.62%	(+1,291)	-2,714
2025	56,225	2.87%	(+1,387)	51,367	2.63%	(+1,173)	-4,858
2035	68,828	2.04%	(+1,260)	61,202	1.77%	(+984)	-7,626

WILSON COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Population Forecast	Compounded Annual Growth Rate		Population Forecast	Compounded Annual Growth Rate		
2010	35,310	--		42,572	--		7,262
2015	42,352	3.70%	(+1,408)	48,274	2.55%	(+1,140)	5,922
2025	55,762	2.79%	(+1,341)	59,129	2.05%	(+1,086)	3,367
2035	65,306	1.59%	(+954)	69,251	1.59%	(+1,012)	3,945

Table 4-18: Adjustments to the San Antonio Counties Employment Control Totals

BEXAR COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	751,385	--		719,415	--		-31,970
2015	812,242	1.57%	(+12,171)	764,199	1.22%	(+8,957)	-48,043
2025	919,888	1.25%	(+10,765)	867,082	1.27%	(+10,288)	-52,806
2035	1,045,353	1.29%	(+12,547)	985,352	1.29%	(+11,827)	-60,001

GUADALUPE COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	31,620	--		28,503	--		-3,117
2015	36,641	2.99%	(+1,004)	31,471	2.00%	(+594)	-5,170
2025	48,056	2.75%	(+1,142)	38,357	2.00%	(+689)	-9,699
2035	58,237	1.94%	(+1,018)	46,483	1.94%	(+813)	-11,754

COMAL COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	41,359	--		40,369	--		-990
2015	48,016	3.03%	(+1,331)	48,014	3.53%	(+1,529)	-2
2025	67,924	3.53%	(+1,991)	67,923	3.53%	(+1,991)	-1
2035	85,688	2.35%	(+1,776)	85,690	2.35%	(+1,777)	2

KENDALL COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	11,257	--		10,573	--		-684
2015	12,835	2.66%	(+316)	11,828	2.27%	(+251)	-1,007
2025	16,068	2.27%	(+323)	12,615	0.65%	(+79)	-3,453
2035	19,507	1.96%	(+344)	17,980	3.61%	(+537)	-1,527

WILSON COUNTY

Year	2010 CAMPO			2012 CTTS Update			Difference (2012 Update - Campo)
	Employment Forecast	Compounded Annual Growth Rate		Employment Forecast	Compounded Annual Growth Rate		
2010	6,805	--		6,450	--		-355
2015	7,517	2.01%	(+142)	7,230	2.31%	(+156)	-287
2025	9,436	2.30%	(+192)	9,078	2.30%	(+185)	-358
2035	10,800	1.36%	(+136)	10,388	1.36%	(+131)	-412

Assessment and Adjustment at the TAZ level

The 2010 baseline population estimates for TAZs in the CTTS study area were updated using Census block data from the 2010 U.S. Census. In instances where the TAZ geography did not match the Census geography, population and households were identified in the transected Census block and moved to the appropriate TAZ. To revise the 2010 baseline zonal employment estimates, 2010 Third Quarter QCEW employment data from the Texas Workforce Commission were geocoded and assigned to TAZs. These data were further improved by comparing them against draft 2010 employment data from CAMPO, which were provided for review by the agency. For the forecast periods, each CAMPO TAZ in the CTTS study area was individually reviewed and assessed with the data collected from limited windshield surveys, interviews with local planning agencies, digital aerial photography, and relevant literature from local governments. It should be noted that a TAZ forecast was deemed "reasonable" if it was determined to have a reasonable likelihood of occurring. Outside of the CTTS study area but within the CAMPO study area, population and employment estimates were maintained from the previous 2010 CTTS study.

Within the SA-BC MPO study area, the baseline population and employment in the CTTS study area were updated in a process similar to the one described above. For the forecast periods, adjustments were made at the level of the 40 sectors of the SA-BC MPO study area and these changes were applied at the zonal level using a proportional weighting calculation, with adjustments at the individual TAZ level made as necessary.

As the final step, all population and employment forecasts at the TAZ level, in both models, were adjusted to conform to the countywide control totals, shown in Tables 4-15 through 4-18.

Employment by Sector

As the revised employment data were adjusted to the county employment control totals, a weighted proportional adjustment was made to the total zonal employment. Employment by sector was then adjusted proportionately to the changes made to the total zonal employment.

Median Household Income

Median household income in the CTTS study area were updated with 2010 median household income data from the U.S. Census Bureau's American Community Survey. Because the Census Tract is now the most granular level of detail for income data, TAZs were assigned the median household income of the Census Tract where their zonal centroid was located. In some cases, TAZs boundaries crossed Census boundaries, so weighted adjustments were made, based upon zonal area and population. Outside of the CTTS study area, median household incomes for TAZs were maintained from the 2010 CTTS Update study. In some instances, the adjusted population forecasts placed new households in TAZs that were previously assumed vacant. When this occurred, the median household income for an adjacent TAZ with similar housing characteristics was used.

Households

The estimated number of households for each TAZ in the CTTS study area was updated using data from the 2010 U.S. Census and corrected for TAZ boundary discrepancies using the process described under the population section. Outside of the CTTS study area, the number of persons per households was maintained from the 2010 CTTS Update study. When population forecasts were adjusted at the zonal level, the original persons per household values were used to calculate the revised persons per household.

Adjustments to Forecasts Outside of the Study Area

The assessment and adjustments to the population and employment forecasts of TAZs outside of the project area occurred during the adjustments to the county population and employment control totals. The forecasts for individuals TAZs were not assessed.

4.3.2 Current and Future Risk to Growth

The purpose of this section is to identify and acknowledge risks that were considered when assessing and adjusting the CAMPO and SA-BC MPO population and employment forecasts for the CTTS study area, particularly at the county control total level. Problems in the national economy continue to introduce a higher level of uncertainty into the assessment of the region's population and employment forecasts. Generally, economists are forecasting that the nation will not return to strong economic growth over the next year, but will continue to grow at a slow pace for some unknown period of time before solid economic and employment growth returns. In fact, the effects of the residential mortgage crisis may continue through the remainder of the current decade. Fortunately, concerns about the commercial real estate industry undergoing a similar meltdown have not materialized, but the risks have not evaporated. Even without foreclosures, tight credit markets in the commercial real estate industry continue to affect the ability of developers to bring new projects to market. A third financial concern is the continued threat from unsecured consumer loans (primarily credit cards) and student loans, which could further exacerbate the nation's consumer spending woes. Although unemployment rates have fallen, many workers who have found new jobs and earn lower salaries than they did before and this income reduction is making it more difficult for those workers to service their consumer debt. Finally, some economists remain concerned that ongoing efforts by the Federal Reserve to stimulate economic growth through monetary policy will eventually have the unintended effect of spurring inflation. Collectively, all of these financial issues will affect the spatial allocation of growth, since consumers, developers, and retailers had become reliant upon steady incomes, low interest rates, and easy access to credit to create and sustain cheap housing, high levels of consumption, and sprawling development patterns. Less directly, the European financial crisis and the slowing Chinese economy could have indirect impacts, as investment funds for development projects become less available.

Although oil prices in September 2012 ($95 per barrel) were significantly lower than they were during July 2008 (almost $150 per barrel), higher oil prices will likely return once the global economy recovers and the demand for oil returns. It is too soon to determine how future increases to the price of oil will precisely affect growth patterns in the Austin and San Antonio regions or the timing of changes to these patterns, but it is likely (over the long term) that these new conditions will begin to curb the desire for exurban development. However, suburban

development will likely continue for as long as it is affordable in the Austin region, because there are simply few alternatives for the average income household to purchase a single-family home in Austin's urban core, given the general population's current demands and expectations of living space and amenities. In the San Antonio region, suburban sprawl is an entrenched preference of the population and many of its past growth patterns and local government decisions reinforce the current practice and make a future revitalization of the urban core more difficult. Over the long-term, meaning a decade or more, as petroleum prices continue to rise, the pressure to reduce travel trips and household expenses will likely shift consumer preferences towards living closer to urbanized areas or in denser neighborhoods, with a reduced expectation of housing amenities and adjusted lifestyle choices. However, this will likely to be a slow transition, even if there are abrupt changes on the supply side, and it will not occur until there is an ultimate acknowledgement by consumers that past practices are no longer financially sustainable.

Despite the current and future economic risks that face the nation and the regions, population and employment growth in the Austin and San Antonio regions still appear sustainable, although employment growth will be at more modest rates than in the past. This slower growth is likely because national and global economic conditions will continue to exert a strong influence on the local economy. In addition to these aforementioned concerns, the Austin and San Antonio regions will continue to be susceptible to exogenous influences that could affect all regions in the United States, such as future economic recessions, global competition, shifts to offshore manufacturing, and outsourcing. The San Antonio region will also be uniquely susceptible to the consequences of future BRAC commission decisions, both favorable and unfavorable. Additionally, like all regions in the United States, the Austin and San Antonio regions will eventually be forced to respond to the consequences of climate change and any attempts to mitigate it. Fortunately, despite these many challenges, the Austin region's young and well-educated population, along with Texas's business-friendly climate and culture of entrepreneurship, will place it in a competitive advantage over many other regions in the United States. The San Antonio region will also be strongly positioned due to the state's business climate and entrepreneurship and the region's low cost of living and low labor costs. However, both regions must confront important challenges. In the Austin region, the manufacturing base has decreased and it is not convincingly being replaced by other emergent industries that will increase regional employment as the semiconductor and computer industries did. In the San Antonio region, the potential for an increase in employment is affected by the low level of educational attainment among its residents and concerns about future water availability. If each region's key issues continue to be unaddressed, they will likely become threats to their future growth.

4.3.3 2010 CTTS Update Control Total Conclusion

Despite the relative strength of the Austin and San Antonio regional economies, the national recession and the difficulties of obtaining financing for homes and commercial projects still had an observable impact on the pace of the development in the CTTS study area. During the field surveys, residential construction was observed at a more rapid pace than during the 2010 CTTS Update study, but it was concentrated within subdivisions that were already under development, with few new subdivisions being built. As the existing subdivisions in the study area are built out and the overall housing inventory becomes more conducive to expanding supply, new subdivisions will begin to be developed (although still subject to the constraints in the residential and commercial credit markets). In fact, there are several very large mixed use projects being readied for development in Southeast Travis County along or near SH 130, in anticipation of future demand. However, most of these projects are years away from the actual construction of homes and they are still dependent upon receiving financing or local government approval. In terms of commercial projects, more construction sites were observed than during the 2010 study, however, this pattern was not uniform throughout the study area.

The Austin and San Antonio regions are currently recovering from the effects of the severe downturn in the national economy that began in 2008 and have likely entered into a period of prolonged, but modest growth. As the regions proceed through this period, the recovery will continue to be at risk from the effects of any new national economic downturns, a new global financial crisis, and energy price fluctuations. Although the fundamental elements of the two regional economies appear to be relatively strong, when compared to the national economy, national economic conditions are nonetheless continuing to have local impacts. At a minimum, barring a significant economic shock, modest growth is expected to continue in the two regions into the foreseeable future, although there will be gradual strengthening over time. Nonetheless, the rate of economic and population growth in the Austin and the San Antonio regions will likely outperform national trends, with the Austin region's growth being the stronger of the two.

4.4 2002, 2005, 2008, 2010, AND 2012 UPDATE COMPARISON

The new updated 2012 CTTS socioeconomic forecasts for Williamson, Travis and Hays counties in the CAMPO region were compared to the original 2002 Report, 2005 Report, 2008 Review and 2010 Update. For Bastrop and Caldwell counties in the CAMPO region and the SA-BC MPO forecasts, the current update was compared to the 2010 Update only since these regions were not included in the earlier studies.

The comparison of total population for the CAMPO region from the five studies is presented in Table 4-19. Over the long term, the growth rates for population for the 2012 Update are similar to those for the 2010; however, due to differences in the population in 2010, the starting year of the forecasts, the long term projections differ. The forecasts for the counties in the CAMPO region are lower than previously estimated due to a lower number in 2010 while in the SA-BC MPO counties, 2010 population is higher, resulting in a higher long term estimate.

Table 4-19: Comparison of Population Forecasts in Various CTTS Studies

REGION	YEAR	2002 CTTS	2005 CTTS UPDATE	2008 CTTS Review	2010 CTTS Update	2012 CTTS Update
CAMPO - Williamson, Travis, Hays Counties	2010	1,373,937	1,428,630	1,493,526	1,635,497	1,595,836
	2015	1,593,072	1,614,996	1,698,917	1,871,047	1,798,111
	2025	2,020,370	1,998,326	2,099,054	2,316,883	2,206,241
	2035	N/A	N/A	N/A	2,802,767	2,722,681
CAMPO - Bastrop and Caldwell Counties	2010	N/A	N/A	N/A	115,312	110,231
	2015	N/A	N/A	N/A	132,349	128,377
	2025	N/A	N/A	N/A	170,770	165,418
	2035	N/A	N/A	N/A	213,947	207,009
SABC	2010	N/A	N/A	N/A	1,949,805	1,996,398
	2015	N/A	N/A	N/A	2,028,006	2,190,936
	2025	N/A	N/A	N/A	2,291,534	2,465,421
	2035	N/A	N/A	N/A	2,518,006	2,673,731
Average Annual Rate of Growth						
CAMPO - Williamson, Travis, Hayes Counties	'10 - '15	3.0%	2.5%	2.6%	2.7%	2.4%
	'15 - '25	2.4%	2.2%	2.1%	2.2%	2.1%
	'25 - '35				1.9%	2.1%
CAMPO - Bastrop and Caldwell Counties	'10 - '15				2.8%	3.1%
	'15 - '25				2.6%	2.6%
	'25 - '35				2.3%	2.3%
SABC	'10 - '15				0.8%	1.9%
	'15 - '25				1.2%	1.2%
	'25 - '35				0.9%	0.8%

Note: 2010 population for 2002, 2005 and 2008 studies extrapolated from data for 2008 and 2015.

The forecasts of employment for the SA-BC MPO region from the last study and the current study are presented in Table 4-20. Again, the growth rates for the 2012 Update are similar to those for the 2010 Update; however, due to lower level of employment in 2010, the long term forecasts are generally lower. As noted above, employment decreased in 2010 as a result of the impacts of the national recession but has improved since then.

Table 4-20: Comparison of Employment Forecasts in Various CTTS Studies

REGION	YEAR	2002 CTTS	2005 CTTS UPDATE	2008 CTTS Review	2010 CTTS Update	2012 CTTS Update
CAMPO - Williamson, Travis, Hays Counties	2010	691,584	720,682	753,054	735,636	718,910
	2015	821,933	822,519	868,068	784,794	767,482
	2025	1,061,625	1,006,654	1,103,389	976,325	954,747
	2035	N/A	N/A	N/A	1,193,118	1,167,183
CAMPO - Bastrop and Caldwell Counties	2010	N/A	N/A	N/A	21,100	22,875
	2015	N/A	N/A	N/A	23,808	25,750
	2025	N/A	N/A	N/A	32,849	35,589
	2035	N/A	N/A	N/A	43,421	47,065
SABC	2010	N/A	N/A	N/A	842,426	805,310
	2015	N/A	N/A	N/A	917,251	862,742
	2025	N/A	N/A	N/A	1,061,372	995,055
	2035	N/A	N/A	N/A	1,219,585	1,145,893
Average Annual Rate of Growth						
CAMPO - Williamson, Travis, Hayes Counties	'10 - '15	3.5%	2.7%	2.9%	1.3%	1.3%
	'15 - '25	2.6%	2.0%	2.4%	2.2%	2.2%
	'25 - '35				2.0%	2.0%
CAMPO - Bastrop and Caldwell Counties	'10 - '15				2.4%	2.4%
	'15 - '25				3.3%	3.3%
	'25 - '35				2.8%	2.8%
SABC	'10 - '15				1.7%	1.4%
	'15 - '25				1.5%	1.4%
	'25 - '35				1.4%	1.4%

Note: 2010 employment for 2002, 2005 and 2008 studies extrapolated from data for 2008 and 2015.

5.0 Roadway Networks

Roadway networks were developed for 2010, 2013, 2015, 2025, and 2035 and incorporated into the regional transportation models for the respective years. To obtain information on proposed roadway improvement projects, the latest roadway improvement plans were obtained from the CAMPO 2035 Regional Transportation Plan (adopted May 24, 2010). Based on the degree of commitment (feasibility studies, funding, ROW status, and program inclusion) judgments were made as to whether or not to include project elements in future highway networks. Other toll road projects currently contemplated for the Austin region have been incorporated into the background network based on information received from TxDOT and CTRMA.

It should be noted that all model years discussed within this section represent calendar years.

5.1 BASE YEAR (2010) NETWORK CHANGES

The most significant network change for 2010, the base year, is the opening of the SH 45 SE toll road from IH 35 to SH 130/US 183. The opening of SH 45 SE completes the “half-beltway” that provides an alternative route for through traffic going north-south in the region, as well as traffic traveling east of the region.

5.2 2010 – 2015 NETWORK CHANGES

Several toll road projects have been completed or are scheduled to be completed by 2015. The most regionally significant improvement to the highway network during this period is the addition of SH 130 Segments 5 and 6, scheduled to open in October 2012. These new segments extend the existing SH 130 toll road southward to IH-10. As part of this project two direct connectors will be constructed between SH 130 Segment 5 and SH 45 SE. These connectors will facilitate movement from SH 130 northbound to westbound SH 45 SE, and SH 45 SE eastbound to SH 130 southbound. Two new toll ramps at O'Connor Drive will be added to the CTTS. On SH 130 new ramps to and from the south at Cameron Road opened in May 2011 with full tolls beginning in July 2011. These ramps provide access to Birds Nest Airport. O'Connor Drive will be extended to provide access to SH 45 N. In April 2012 the northern extension of the 183A toll road opened to traffic. In order to capture the influence of these new facilities which directly connect into the existing CTTS, Stantec prepared a 2013 network which included all of these facilities. Other key toll road projects scheduled to open by 2015 include the Manor Expressway (US 290E), and express lanes on MoPac, which will extend from Parmer Lane (FM 734) to Cesar Chavez. (For the 2010 CTTS Update, it was assumed that the MoPac express lanes would not open until 2018). All of these toll roads will feed traffic onto the CTTS and are all either currently under construction or have already been funded.

A number of other major network changes have been completed or are expected to complete during this period as well. These include upgrading existing roadways (US 79, US 183 N, FM 973, RM 620 and Brushy Creek) and building new sections of existing roadways (Arterial A, Howard Ln., O'Connor Dr., and FM 734). However, none of these network changes are expected to have a significant impact to traffic on the CTTS. Table 5-1 presents the significant network improvements that are expected to occur between 2010 and 2015.

Table 5-1: Key Network Changes - 2010 - 2015

Roadway	Limits	Formerly	Improved Condition	Assumed Opening Year
Toll Road Network Improvements				
SH 130	Cameron Rd.	Nonexistent	Tolled ramps	2011
183A - Phase II	FM 1431 – RM 2243	Frontage Rd	6-lane toll facility	2012
SH 130 - Segments 5 & 6	IH 10 - 45 SE	Nonexistent	4-lane toll facility with frontage roads	2012
SH 130	SH 45 SE	Nonexistent	Direct Connectors N-W and E-S	2012
SH 45 N	O'Connor Dr	Nonexistent	Tolled ramps	Early 2014
Loop 1 N Express Lanes	FM 734 - Cesar Chavez	Nonexistent	Express Lanes 1/dir	2015
US 290 E	US 183 - FM 734	4-lane divided major arterial	6-lane toll facility with frontage roads	2015
Non Tolled Network Improvements				
O'Connor Dr	RM 620 - SH 45 N	Nonexistent	4-lane divided arterial	2012
US 79	FM 1660 - FM 3349	4-lane undivided arterial	4-lane divided arterial	2012
US 183 N	SH 29 - 183A	4-lane undivided arterial	4-lane divided arterial	2012
Brushy Creek	Darkwood Dr - Parmer Ln	2-lane undivided arterial	4-lane divided major arterial	2012
FM 973	South of SH 71 to Burleson Rd	4-lane undivided arterial	4-lane divided arterial	2012
FM 1626	Brodie Ln - RM 2770	2-lane undivided arterial	4-lane divided arterial	2012
Arterial A (Round Rock)	SH 45 N - US 79	Nonexistent	4-lane divided arterial	2012
Howard Ln	Cameron Rd - SH 130	Nonexistent	4-lane divided arterial	2014
RM 620	SH 45 N - Deepwood Dr	4-lane divided major arterial	6-lane divided arterial	2015
Howard Ln	Avery Ranch Rd - RM 620	Nonexistent	4-lane divided arterial	2015
FM 734	Old US 20 - SH 130	Nonexistent	4-lane divided arterial	2015

5.3 2016 – 2025 NETWORK CHANGES

Several major toll projects are expected to occur by 2025 as described below and in Table 5-2. Managed lanes will be added to US 183 N from Pond Springs Rd to Loop 1, with direct connectors between the US 183 N managed lanes and the express lanes on MoPac. The Bergstrom Expressway (US 183 S) will open as a 6 lane toll facility from Springdale Road to Patton Ave. (As part of the 2010 CTTS Update it was assumed that this project would open by 2015.) SH 45 Southwest will also open as a 4-lane toll facility from Loop 1 to FM 1626. US 290 W will open as a 6-lane toll facility with frontage roads from the Scenic Loop to Williamson Creek. As part of this project, tolled direct connectors with SH 71 W will be constructed. Finally, the MoPac express lanes will be extended south from Cesar Chavez to Monterey Oak Blvd. (As part of the 2010 Update this project was assumed to open in 2030 as HOV lanes.)

Several major non-toll routes will be widened between 2016 and 2025 including, SH 29, SH 195, Lakeline Boulevard, Blake-Manor Road, CR 110, Kelly Lane, E Pflugerville Parkway, Pfluger Lane, FM 1431, Sam Bass Rd, Parmer Lane and Chandler Rd. Roadway upgrades will also be made to US 183 N, SH 71 E, and Gattis School Rd. Two new roadways will be constructed in the vicinity of SH 45 SE: Main Street East will be completed as a four lane arterial, and Slaughter Lane will be extended from Bluff Springs Rd to Thaxton Rd. Table 5-2 presents the significant network improvements that are expected to occur between 2016 and 2025.

Table 5-2: Key Network Changes - 2016 - 2025

Roadway	Limits	Formerly	Improved Condition	Assumed Opening Year
Toll Road Network Improvements				
US 183 S	Springdale Rd - N of Boggy Creek	6-lane expressway	6-lane toll facility with frontage road	2017
183 N Managed Lanes	Pond Springs Rd - Loop 1 ML	Nonexistent	Managed Lanes - 1/dir	2020
Loop 1 S Express Lanes	Cesar Chavez St - Monterey Oak	Nonexistent	Express Lanes 1/dir	2020
SH 45 SW	Loop 1 - FM 1626	Nonexistent	4-lane toll facility	2023
US 290W/SH 71W	Scenic Loop - Williamson Creek	Nonexistent	6-lane toll facility with frontage road	2019
Non Tolled Network Improvements				
SH 29	Georgetown Inner Loop - SH 95	2-lane undivided arterial	4-lane divided arterial	2023
SH 195	SH 138 - IH 35 N	2-lane divided arterial	4-lane divided arterial	2017
US 183 N	FM 970 - SH 29	4-lane arterial	4-lane divided major arterial	2020
SH 71 E	Riverside Rd - e of Presidential Blvd	4-6 lane divided arterial	4-6 lane divided arterial with frontage road	2016
Lakeline Blvd	Arterial A - Parmer Ln	2-lane undivided arterial	4-lane divided arterial	2025
Blake-Manor Rd	FM 973 - Burleson Manor Rd	2-lane undivided arterial	4-lane divided arterial	2025
CR 110/Southwestern Blvd	Westinghouse Rd - US 79	2-lane undivided arterial	4-lane divided arterial	2020
Kelly Ln	Moorlynch Ave - Weiss Ln	2-lane undivided arterial	4-lane divided arterial	2017
E Pflugerville Pkwy	E of SH 130 - Weiss Ln	2-lane undivided arterial	4-lane divided arterial	2017
Pfluger Lane	Weiss Ln - Decker Ln/Cameron Rd	2-lane divided arterial	4-lane divided arterial	2025
Gattis School Rd.	Arterial A - High Country Blvd	4-lane undivided arterial	4-lane divided arterial	2020
FM 1431	Parmer Ln - IH 35	4-lane divided arterial	6-lane divided arterial	2020
Sam Bass Rd	FM 1431 - IH 35	2-lane undivided arterial	4-6 lane divided arterial	2020
Parmer Ln	FM 1431 - Spectrum Dr	4-lane divided arterial	6-lane divided arterial	2017
Chandler Rd	SH 130 - FM 1660	2-lane divided roadway	4-6 lane divided arterial	2017
Slaughter Ln	Bluff Springs Rd - Thaxton Rd	Nonexistent	4 lane divided arterial	2017
Main St East	IH 35 ot SH 45 SE	Nonexistent	4 lane arterial	2016

5.4 2026 - 2035 NETWORK CHANGES

Several major non-toll routes will be widened between 2026 and 2035. These include SH 21, FM 969, McNeil Drive, Ronald Reagan Boulevard, FM 1660, and N Turnersville Road. Slaughter Lane will be extended from Thaxton Road to US 183. Table 5-3 presents the significant network improvements that are expected to occur during this time period.

Table 5-3: Key Network Changes - 2026 - 2035

Roadway	Limits	Formerly	Improved Condition	Assumed Opening Year
Non Tolled Network Improvements				
SH 21	SH 80 - Valley Way Dr	4-lane undivided major arterial	4-lane divided major arterial	2028
SH 21	Valley Way Dr - Williamson Rd	2-lane undivided major arterial	4-lane divided arterial	2028
SH 21	FM 1854 - SH 71	2-lane undivided arterial	4-lane divided arterial	2028
FM 969	SH 130 - SH 71	2-lane undivided arterial	4-lane divided arterial	2027
McNeil Dr	IH 35 - Anderson Mill Rd	4-lane divided arterial	6-lane divided arterial	2026
McNeil Dr	Anderson Mill Rd - US 183 N	4-lane divided arterial	6-lane divided arterial	2026
Ronald Reagan Blvd	FM 2338 - n of SH 29	2-lane undivided arterial	6-lane divided arterial	2035
Ronald Reagan Blvd	N of SH 29 - FM 1431	4-lane divided arterial	6-lane divided arterial	2035
FM 1660	SH 29 - Carl Stern Blvd	2-lane undivided arterial	4-lane divided arterial	2035
FM 973	Harold Green - Pearce Ln	2-4 lane arterial	6-lane divided arterial	2026
Howard Lane	McNeil Dr - Loop 1 N	4-lane divided arterial	6-lane divided arterial	2026
San Gabriel Pkwy	Bagdad Rd - Ronald Reagan	2-lane undivided arterial	6-lane divided arterial	2035
Park Street	Anderson Mill Rd - Lakeline Blvd	Nonexistent	4-lane divided arterial	2035
N. Turnersville Rd	Turnersville Rd - SH 45 SE	2-lane undivided arterial	4-lane divided arterial	2027
Slaughter Lane	Thaxton Rd - US 183	Nonexistent	4-lane divided arterial	2027

While these projects have been identified in the current CAMPO 2035 Regional Transportation Plan, the level of anticipated socioeconomic growth in the region will increase demands on the anticipated network and result in overall lower speeds on the non-tolled facilities. As this on-going growth causes conditions in the background network to deteriorate, the competitive aspects of the CTTS facilities will increase.

6.0 Traffic and Revenue Forecasts

This chapter presents the 2012 CTTS Update traffic and revenue forecasts for SH 45N, Loop 1, SH 130, and SH 45 SE. These forecasts are produced from the traffic model output and post-processing procedures which include: validated base model, demographic forecasts, background highway network changes, project configuration, toll rate schedules, and ETC market share. The traffic and revenue forecasts presented in this chapter include the following major changes from prior studies:

- The integration of existing SH 45 SE toll road to the CTTS elements beginning September 1, 2012;
- The adoption of new toll rates for the entire system including ramps at the new SH 45 N / O'Connor Drive interchange scheduled for completion in December 2013; the new rate schedule will take effect at all existing paypoints on January 1, 2013;
- The conversion of CTTS toll collection to cashless operations beginning January 1, 2013;
- The adoption of annual toll escalation with the first increase based on the CPI-U value beginning on January 1, 2014.
- The conversion of the pilot program known as pay by mail (PBM), to a permanent payment method; and
- Provision of free passage on the CTTS for electronic toll collection (ETC) and pay by mail (PBM) customers in a vehicle registered with the Texas Department of Motor Vehicles (TxDMV) and displaying a disabled veteran, Purple Heart of Medal of Honor specialty license plate.

In this chapter, all reference years are calendar years, unless otherwise noted as fiscal years (which begin September 1st of the previous year).

6.1 TOLL ROAD CONFIGURATION

The CTTS (SH 45 N, Loop 1, and SH 130) consists of three existing turnpike elements and the new addition of SH 45 Southeast (SH 45 SE):

- SH 45 N, extending from US 183 to SH 130;
- Loop 1, extending from SH 45 N southward to Parmer Lane;
- SH 130, extending from IH 35 in Georgetown in the north to US 183 south of the Austin-Bergstrom International Airport; and
- SH 45 SE, extending from US 183 / SH 130 to IH 35.

Figure 6-1, Figure 6-2, and Figure 6-3 are schematic drawings of SH 45 N, Loop 1, SH 130, and SH 45 SE, with the frontage roads, connections, and toll locations as they will exist in 2035. Tolls are collected utilizing the basic mainline barrier/ramp method of collection. The barrier/ramp toll system was designed so that there will be no toll-free use on any of the roadways (i.e., a *closed* system). The mainline barriers were designed with express transponder lanes (at highway speed) through the middle of the plazas that are physically separated from the adjoining cash lanes. Cash lanes will be eliminated by 2035. Electronic transponder users are detected at each of the barrier and ramp toll locations. Patrons without electronic transponders are identified in the high-speed transponder lanes and at the ramp barriers as well and are referred to herein as PBM video tolling patrons.

Figure 6-1: SH 45 N and Loop 1 2035 Configuration and Toll Plaza Locations

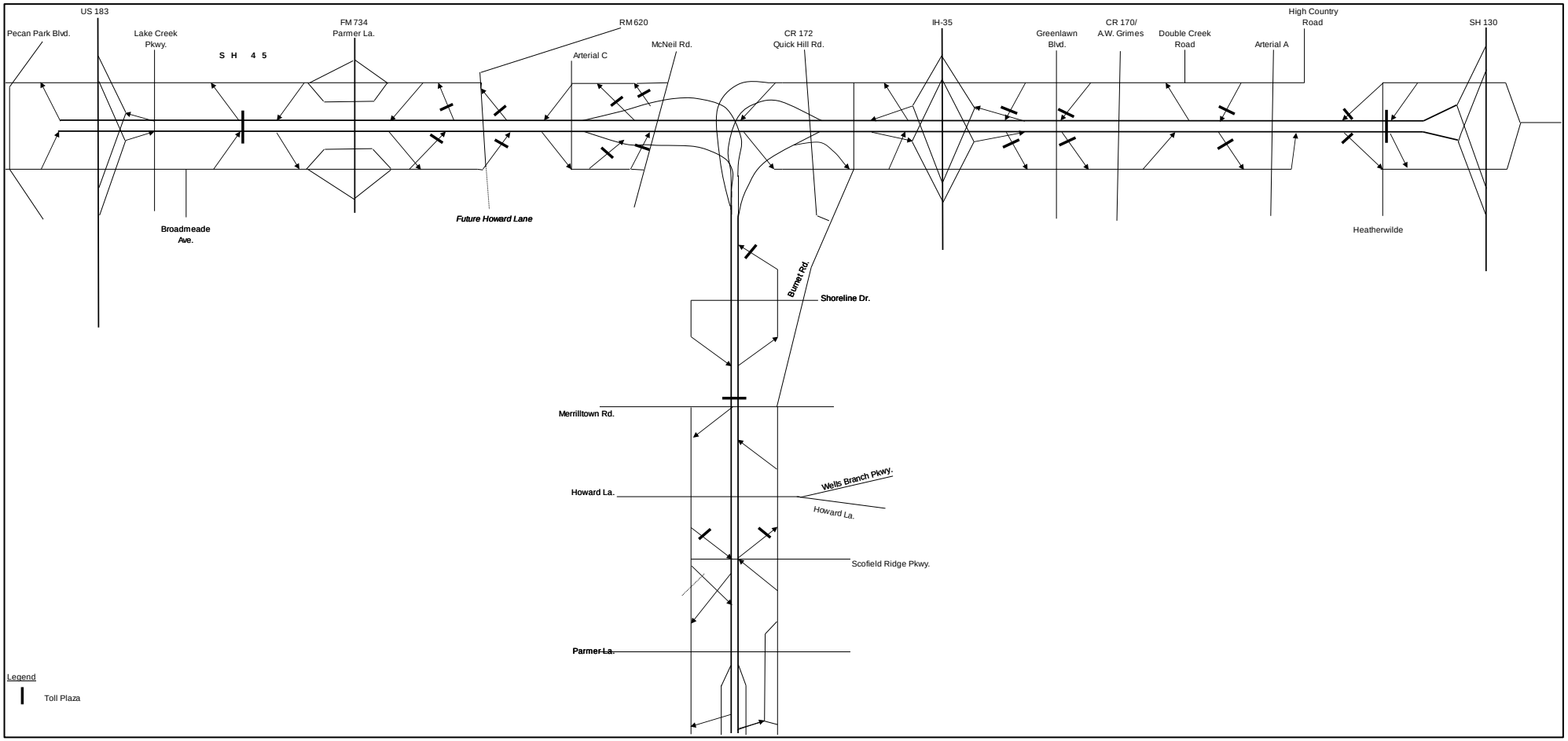


Figure 6-2: SH 130 2035 Configuration and Toll Plaza Locations

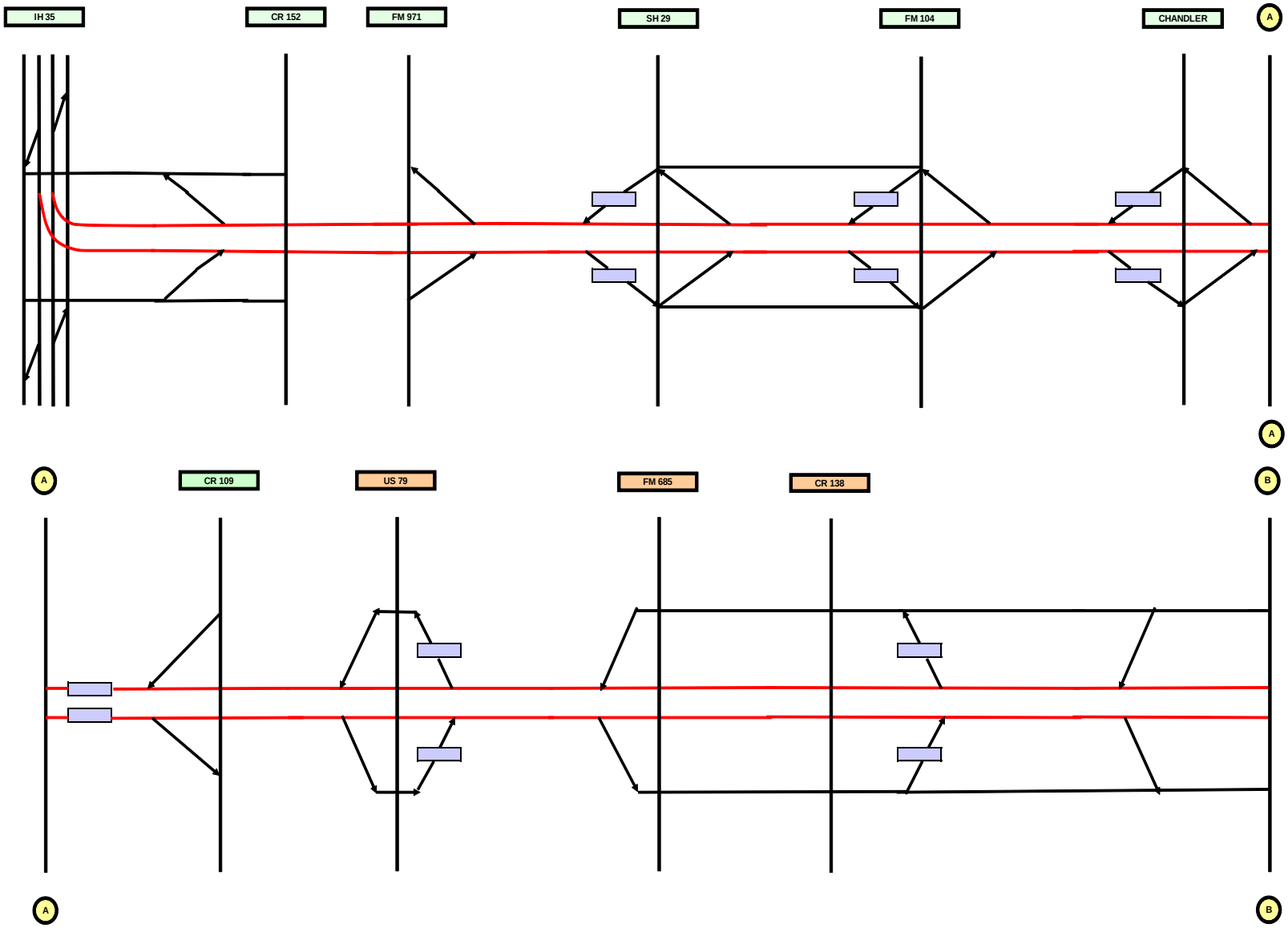


Figure 6-2: SH 130 2035 Configuration and Toll Plaza Locations (Continued)

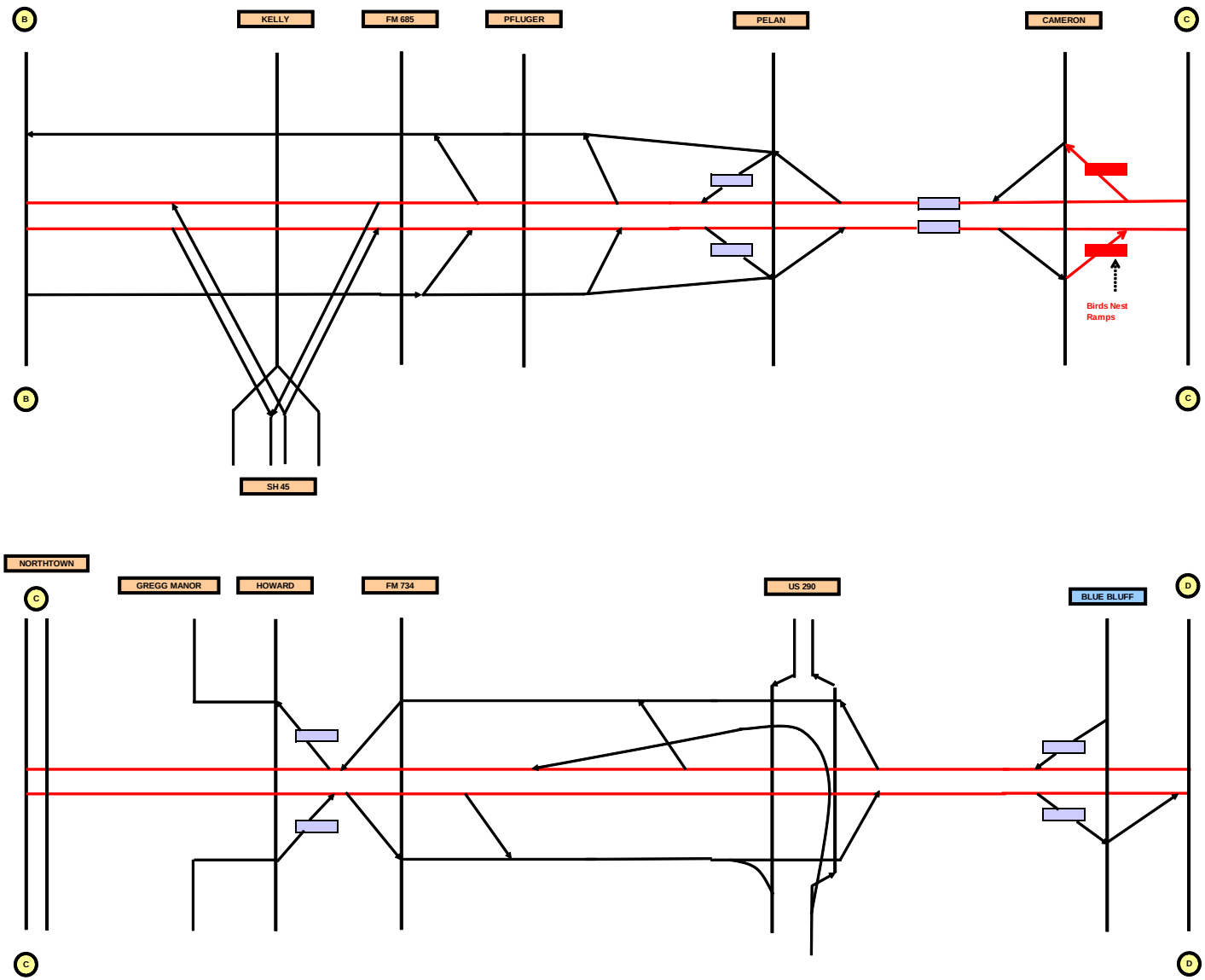


Figure 6-2: SH 130 2035 Configuration and Toll Plaza Locations (Continued)

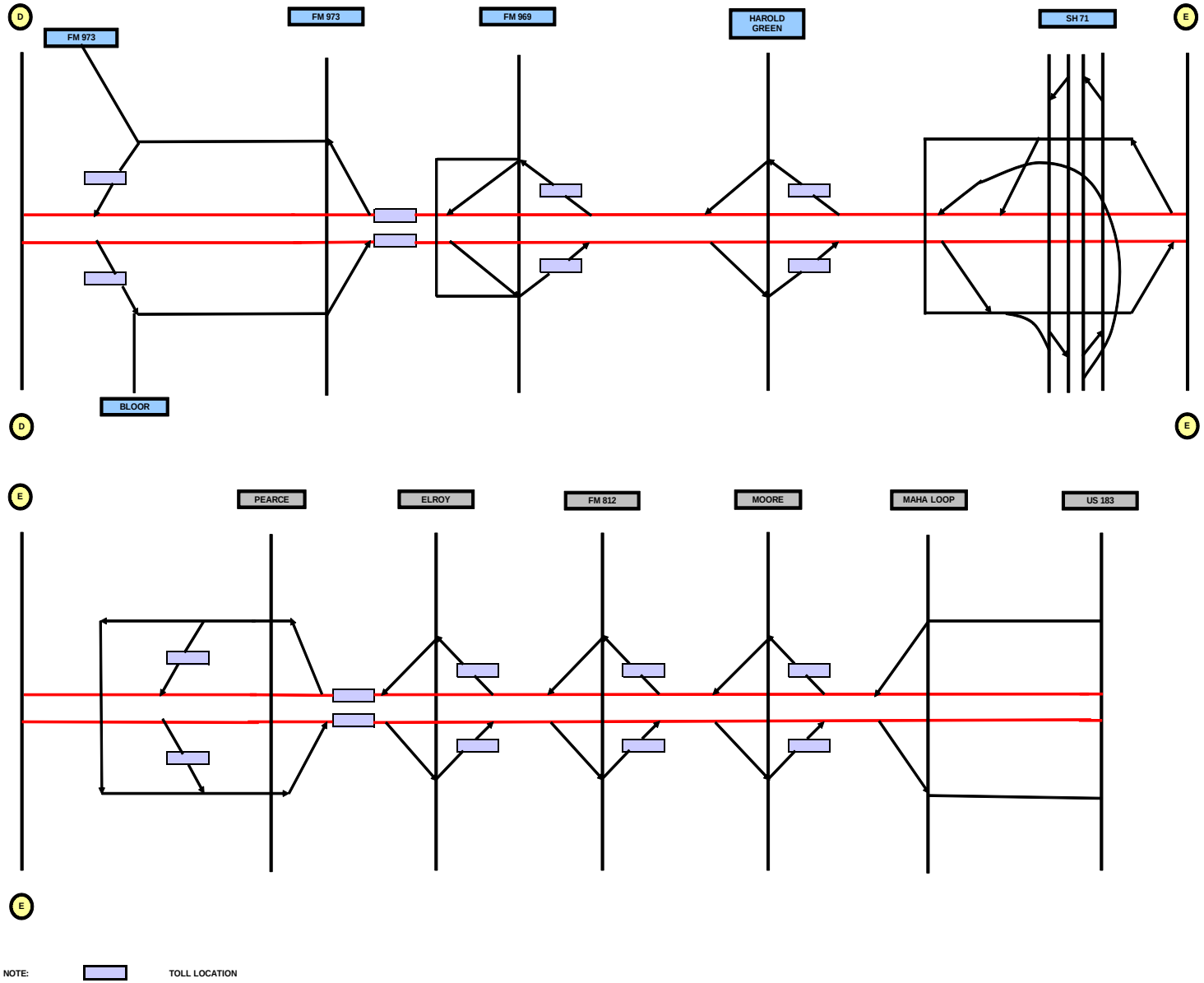
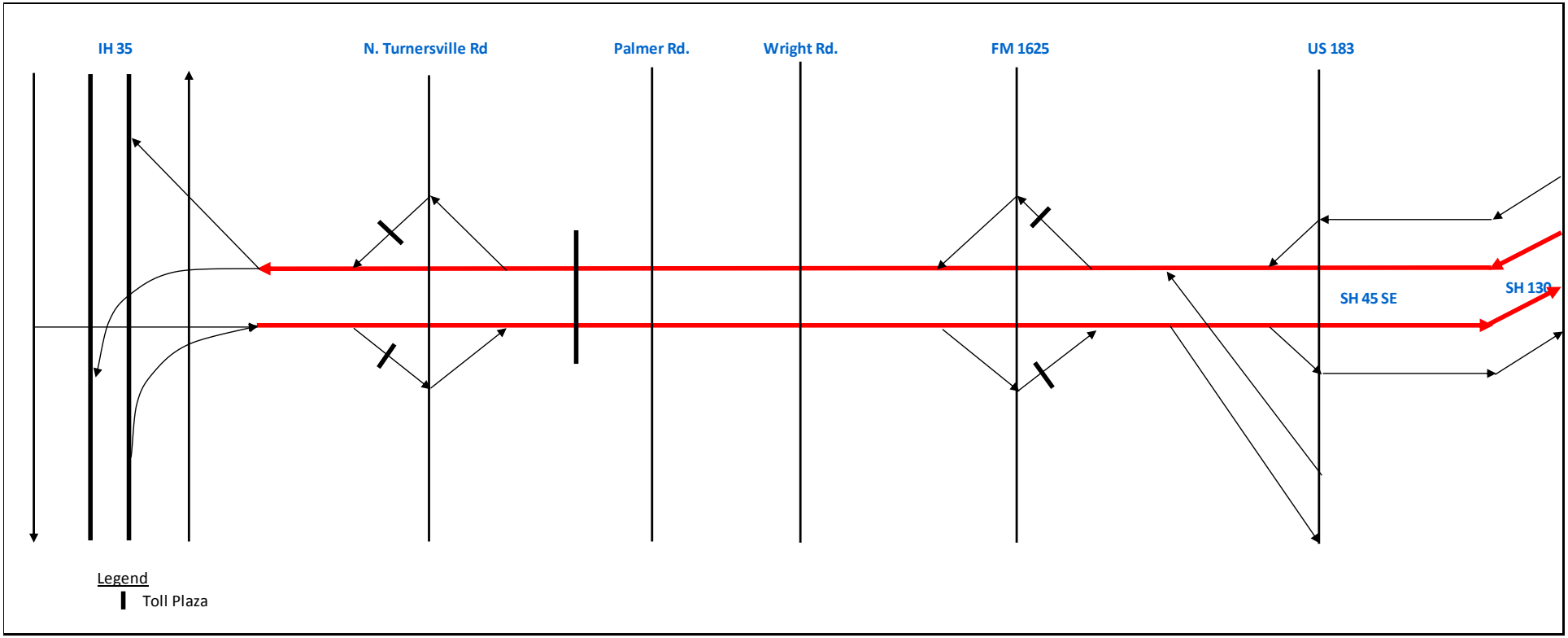


Figure 6-3: SH 45 SE 2035 Configuration and Toll Plaza Locations



6.2 TOLL RATES

As part of the 2012 Update forecasts, TxDOT requested that Stantec analyze several alternative toll schedules for the CTTS and the resulting impact on traffic and revenue. The alternative sought to balance the goal of increasing revenue sufficient to pay debt service and for the operation of the CTTS while maintaining toll rates close to other comparable toll roads, shown in Figure 6-5. The Texas Transportation Commission adopted the amended toll plan (August 30, 2012) described in this section.

In all previous traffic and revenue forecasts as well as the Base Case, tolls were assumed to be increased every ten years on September 1st of 2015, 2025, and 2035 and cash payments would continue to be accepted. The rate schedule was used in all previous reports since the 2002 Report except for the addition of O'Connor Drive ramps and the new ramps on SH 130 to and from the south at Cameron Road for the Birds Nest Airport. This toll schedule herein referred to as the Base Case is presented in Table 6-2 for the passenger car rates for SH 45 N, Loop 1, SH 130, and SH 45 SE.

The forecasts presented in this report are based on the Amended Toll Plan alternative adopted by the Texas Transportation Commission is presented in Table 6-3 and is to be implemented on January 1, 2013. This schedule includes the conversion to a cashless system, a toll increase in January 1, 2013, and an annual toll escalation based on the CPI-U every year thereafter. A comparison table indicating the full length toll rate for each roadway and the corresponding rate per mile for the Base Case and the Amended Toll Plan is shown in Table 6-1.

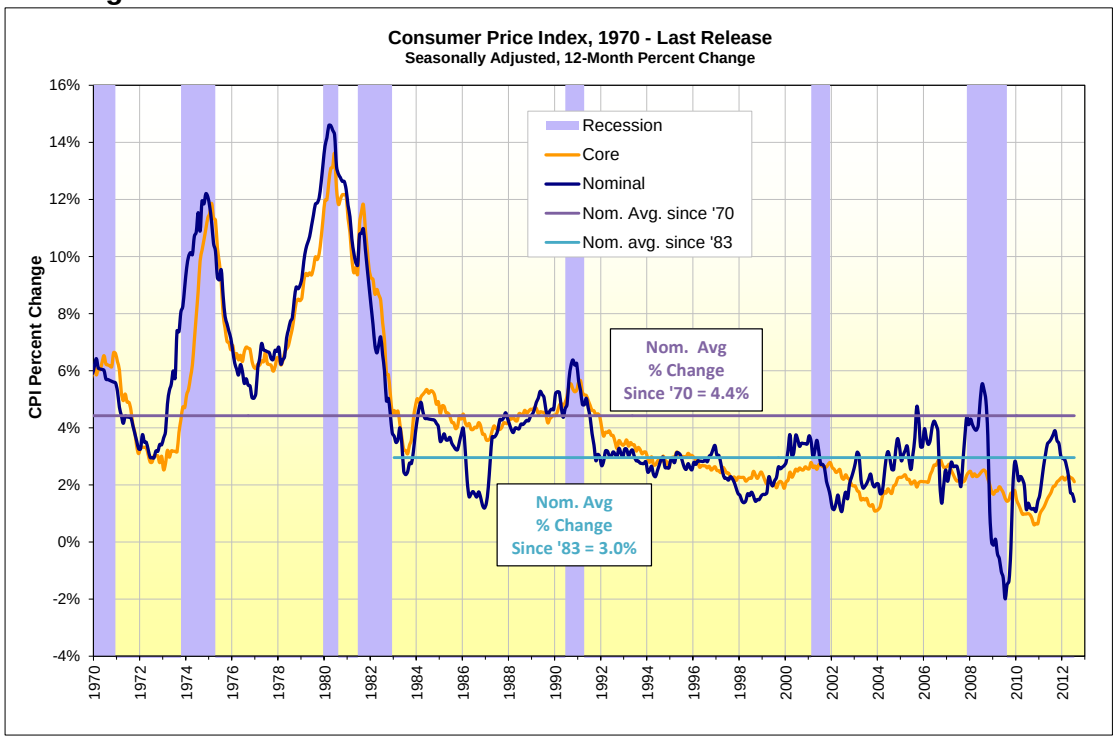
Table 6-1: Toll Rate Comparison – Base Case vs Amended Toll Plan Jan 2013

Roadway	Distance	Full Length Toll Rate - ETC AUTO		Rates per Mile		% Increase
		Base Case	Amended Toll Plan	Base Case	Amended Toll Plan	
SH 45 N	12.8	$1.36	$2.04	$0.11	$0.16	50%
Loop 1	4.0	$0.68	$1.02	$0.17	$0.26	50%
SH 130 1-4	49.0	$5.40	$6.75	$0.11	$0.14	25%
SH 45 SE	7.0	$1.00	$1.00	$0.14	$0.14	0%

Note: SH 45 SE was added to the CTTS Base Case effective September 1, 2012

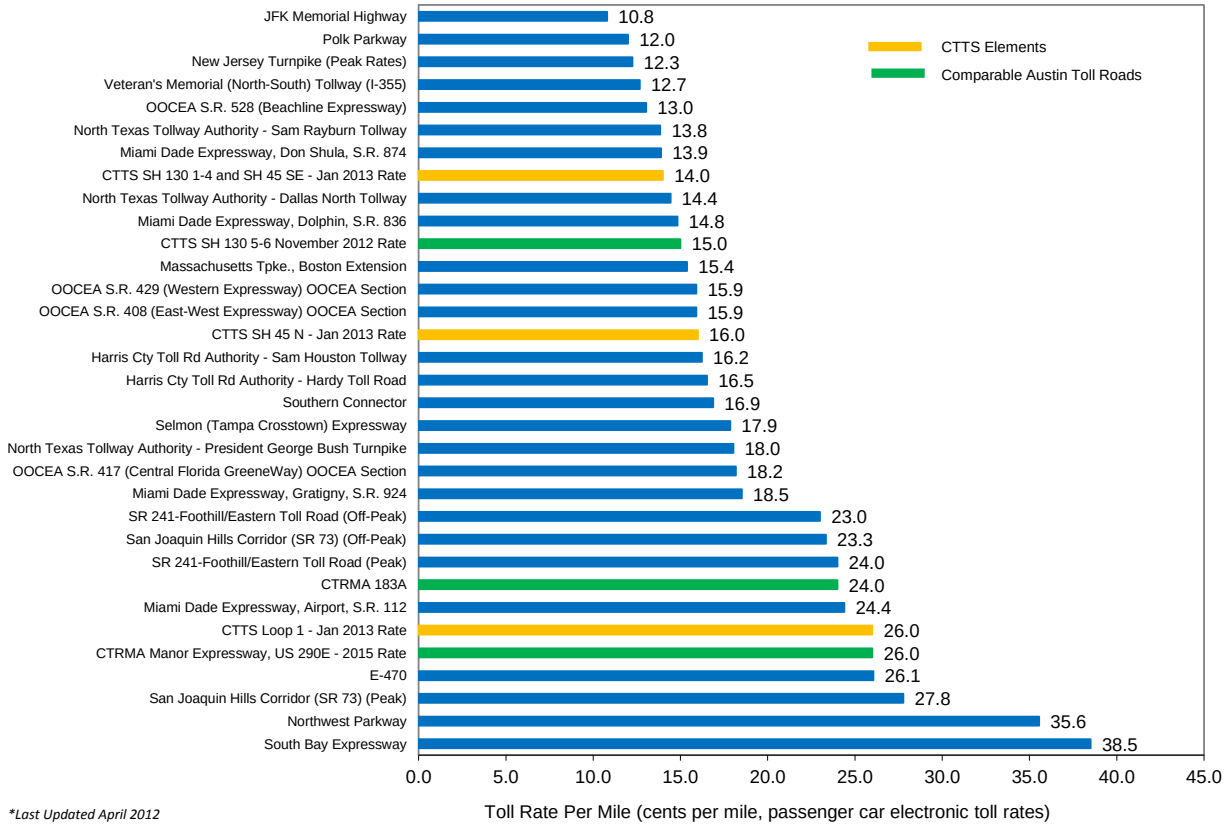
The actual level of tolls for any future year will be determined by the calculated CPI for the prior 12 months; the resulting toll revenues will be changed by a combination of the change in transactions and the change in the toll level. Figure 6-4 shows the U.S. city average 12-month percent change in the seasonally adjusted consumer price index for all urban consumers (CPI-U). The average annual growth for the past thirty years for the nominal CPI, from 1983 to the present, is calculated at 3.0 percent a year. In evaluating nominal CPI trends since 1970 we found the average was 4.4 percent a year. Considering these trends, Stantec found it reasonable, and conservative, to continue the lower 30-year CPI average of 3 percent a year for the 30-year CTTS forecast period from FY 2013 to 2042. This is intended to simulate long term future revenues but in practice the calculated CPI for the prior 12 months will be adopted as the toll escalation rate and that value used to generate toll revenues.

Figure 6-4: Historical Consumer Price Index - All Urban Consumers



**Nominal CPI represents US City Average All items seasonally adjusted*
**Core CPI represents US City Average All items less food and energy seasonally adjusted*

Figure 6-5: Comparable Passenger Car ETC Toll Rates per Mile



**Last Updated April 2012*

Table 6-2: Base Case Toll Schedule - Passenger Cars

Toll Location	Payment Type	Opening Year 2007	2010	2012	2013	September 2015	September 2025	September 2035
SH 45 North Turnpike -- US 183 to SH 130								
Lake Creek Plaza (West Mainline Barrier)	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 0.90	$ 1.20	$ 1.50	$ 1.80
	Cash	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 1.00	$ 1.25	$ 1.50
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 0.68	$ 0.90	$ 1.13	$ 1.35
Parmer Lane (FM 734) Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.60	$ 0.90	$ 1.20	$ 1.50
	Cash	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.75	$ 1.00	$ 1.25
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.90	$ 1.13
RM 620 (Howard Lane) Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.60	$ 0.90	$ 1.20	$ 1.50
	Cash	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.75	$ 1.00	$ 1.25
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.90	$ 1.13
O'Connor Drive (Arterial C) Ramps	Pay-by-Mail	-	-	-	$ 0.80	$ 1.13	$ 1.46	$ 1.80
	Cash	-	-	-				
	ETC	-	-	-	$ 0.60	$ 0.85	$ 1.10	$ 1.35
Greenlawn Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.60	$ 0.90	$ 1.20	$ 1.50
	Cash	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.75	$ 1.00	$ 1.25
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.90	$ 1.13
AW Grimes (Pflugerville Loop) CR 170 Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.60	$ 0.90	$ 1.20	$ 1.50
	Cash	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.75	$ 1.00	$ 1.25
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.90	$ 1.13
Schultz Lane (Arterial A) Ramps	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 0.90	$ 1.20	$ 1.50	$ 1.80
	Cash	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 1.00	$ 1.25	$ 1.50
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 0.68	$ 0.90	$ 1.13	$ 1.35
Wilke Lane (Heatherwide) Ramps	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 0.90	$ 1.20	$ 1.50	$ 1.80
	Cash	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 1.00	$ 1.25	$ 1.50
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 0.68	$ 0.90	$ 1.13	$ 1.35
Heatherwide Plaza (East Mainline Barrier)	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 0.90	$ 1.20	$ 1.50	$ 1.80
	Cash	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 1.00	$ 1.25	$ 1.50
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 0.68	$ 0.90	$ 1.13	$ 1.35
Loop 1 North Turnpike -- Parmer Lane to SH 45 North								
Howard Lane / Wells Branch Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.60	$ 0.90	$ 1.20	$ 1.50
	Cash	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.75	$ 1.00	$ 1.25
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.90	$ 1.13
Merrilltown Plaza (Mainline Barrier)	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 0.90	$ 1.20	$ 1.50	$ 1.80
	Cash	$ 0.75	$ 0.75	$ 0.75	$ 0.75	$ 1.00	$ 1.25	$ 1.50
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 0.68	$ 0.90	$ 1.13	$ 1.35
Shoreline Drive	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.60	$ 0.90	$ 1.20	$ 1.50
	Cash	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.75	$ 1.00	$ 1.25
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.90	$ 1.13
O'Connor Drive	Pay-by-Mail	-	-	-	$ 0.80	$ 1.13	$ 1.46	$ 1.80
	Cash	-	-	-				
	ETC	-	-	-	$ 0.60	$ 0.85	$ 1.10	$ 1.35
SH 130 Turnpike -- IH 35 to US 183								
Mainline Barrier -- Segment 1	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 1.80	$ 2.70	$ 3.60	$ 4.20
	Cash	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 2.25	$ 3.00	$ 3.50
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.35	$ 2.03	$ 2.70	$ 3.15
Mainline Barrier -- Segment 2	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 1.80	$ 2.70	$ 3.60	$ 4.20
	Cash	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 2.25	$ 3.00	$ 3.50
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.35	$ 2.03	$ 2.70	$ 3.15
Mainline Barrier -- Segment 3	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 1.80	$ 2.70	$ 3.60	$ 4.20
	Cash	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 2.25	$ 3.00	$ 3.50
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.35	$ 2.03	$ 2.70	$ 3.15
Mainline Barrier -- Segment 4	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 1.80	$ 2.70	$ 3.60	$ 4.20
	Cash	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 2.25	$ 3.00	$ 3.50
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.35	$ 2.03	$ 2.70	$ 3.15
Birdnest Ramp	Pay-by-Mail	-	-	$ 1.80	$ 1.80	$ 2.70	$ 3.60	$ 4.20
	Cash	-	-					
	ETC	-	-	$ 1.35	$ 1.35	$ 2.03	$ 2.70	$ 3.15
50¢ Ramps	Pay-by-Mail	$ 0.60	$ 0.60	$ 0.60	$ 0.60	$ 0.90	$ 1.20	$ 1.50
All Locations	Cash	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.75	$ 1.00	$ 1.25
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.90	$ 1.13
65¢ Ramps	Pay-by-Mail							
	Cash							
	ETC							
40¢ Ramps	Pay-by-Mail							
	Cash							
	ETC							
SH 45 SE -- IH 35 to US 183 South / SH 130								
Mainline Plaza - West of Palmer Road	Pay-by-Mail	-	$ 1.33	$ 1.33	$ 1.33	$ 2.00	$ 2.67	$ 3.33
	ETC	-	$ 1.00	$ 1.00	$ 1.00	$ 1.50	$ 2.00	$ 2.50
Ramps West of N. Turnersville Rd	Pay-by-Mail	-	$ 0.88	$ 0.88	$ 0.88	$ 1.32	$ 1.76	$ 2.20
	ETC	-	$ 0.66	$ 0.66	$ 0.66	$ 0.99	$ 1.32	$ 1.65
Ramps Weast of FM 1625	Pay-by-Mail	-	$ 0.88	$ 0.88	$ 0.88	$ 1.32	$ 1.76	$ 2.20
	ETC	-	$ 0.66	$ 0.66	$ 0.66	$ 0.99	$ 1.32	$ 1.65

Note: SH 45 SE opened to traffic in May 2009 and full tolls began in July 2009.
Birdsnest Ramps opened to traffic in May 2011 and full tolls began in July 2011.
All years represent calendar years.

Table 6-3: Amended Toll Schedule – Passenger Cars

Toll Location	Payment Type	Opening Year 2007	2010	2012	January 2013	January 2015*	January 2025*	January 2035*
SH 45 North Turnpike -- US 183 to SH 130								
Lake Creek Plaza (West Mainline Barrier)	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 1.36	$ 1.44	$ 1.93	$ 2.60
	Cash	$ 0.75	$ 0.75	$ 0.75	$ -	$ -	$ -	$ -
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 1.02	$ 1.08	$ 1.45	$ 1.95
Parmer Lane (FM 734) Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 1.17	$ 1.24	$ 1.66	$ 2.24
	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.88	$ 0.93	$ 1.25	$ 1.68
RM 620 (Howard Lane) Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 1.17	$ 1.24	$ 1.66	$ 2.24
	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.88	$ 0.93	$ 1.25	$ 1.68
O'Connor Drive (Arterial C) Ramps	Pay-by-Mail	-	-	-	$ 1.20	$ 1.27	$ 1.71	$ 2.29
	Cash	-	-	-		$ -	$ -	$ -
	ETC	-	-	-	$ 0.90	$ 0.95	$ 1.28	$ 1.72
Greenlawn Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.90	$ 0.95	$ 1.28	$ 1.72
	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.72	$ 0.96	$ 1.29
AW Grimes (Pflugerville Loop) CR 170 Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.90	$ 0.95	$ 1.28	$ 1.72
	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.72	$ 0.96	$ 1.29
Schultz Lane (Arterial A) Ramps	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 1.36	$ 1.44	$ 1.93	$ 2.60
	Cash	$ 0.75	$ 0.75	$ 0.75	$ -	$ -	$ -	$ -
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 1.02	$ 1.08	$ 1.45	$ 1.95
Wilke Lane (Heatherwide) Ramps	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 1.36	$ 1.44	$ 1.93	$ 2.60
	Cash	$ 0.75	$ 0.75	$ 0.75	$ -	$ -	$ -	$ -
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 1.02	$ 1.08	$ 1.45	$ 1.95
Heatherwide Plaza (East Mainline Barrier)	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 1.36	$ 1.44	$ 1.93	$ 2.60
	Cash	$ 0.75	$ 0.75	$ 0.75	$ -	$ -	$ -	$ -
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 1.02	$ 1.08	$ 1.45	$ 1.95
Loop 1 North Turnpike -- Parmer Lane to SH 45 North								
Howard Lane / Wells Branch Ramps	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.90	$ 0.95	$ 1.28	$ 1.72
	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.72	$ 0.96	$ 1.29
Merrilltown Plaza (Mainline Barrier)	Pay-by-Mail	-	$ 0.90	$ 0.90	$ 1.36	$ 1.44	$ 1.93	$ 2.60
	Cash	$ 0.75	$ 0.75	$ 0.75	$ -	$ -	$ -	$ -
	ETC	$ 0.68	$ 0.68	$ 0.68	$ 1.02	$ 1.08	$ 1.45	$ 1.95
Shoreline Drive	Pay-by-Mail	-	$ 0.60	$ 0.60	$ 0.90	$ 0.95	$ 1.28	$ 1.72
	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.68	$ 0.72	$ 0.96	$ 1.29
O'Connor Drive	Pay-by-Mail	-	-	-	$ 1.20	$ 1.27	$ 1.71	$ 2.29
	Cash	-	-	-	$ -	$ -	$ -	$ -
	ETC	-	-	-	$ 0.90	$ 0.95	$ 1.28	$ 1.72
SH 130 Turnpike -- IH 35 to US 183								
Mainline Barrier -- Segment 1	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 2.24	$ 2.38	$ 3.20	$ 4.30
	Cash	$ 1.50	$ 1.50	$ 1.50	$ -	$ -	$ -	$ -
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.69	$ 1.79	$ 2.41	$ 3.23
Mainline Barrier -- Segment 2	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 2.24	$ 2.38	$ 3.20	$ 4.30
	Cash	$ 1.50	$ 1.50	$ 1.50	$ -	$ -	$ -	$ -
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.69	$ 1.79	$ 2.41	$ 3.23
Mainline Barrier -- Segment 3	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 2.24	$ 2.38	$ 3.20	$ 4.30
	Cash	$ 1.50	$ 1.50	$ 1.50	$ -	$ -	$ -	$ -
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.69	$ 1.79	$ 2.41	$ 3.23
Mainline Barrier -- Segment 4	Pay-by-Mail	-	$ 1.80	$ 1.80	$ 2.24	$ 2.38	$ 3.20	$ 4.30
	Cash	$ 1.50	$ 1.50	$ 1.50	$ -	$ -	$ -	$ -
	ETC	$ 1.35	$ 1.35	$ 1.35	$ 1.69	$ 1.79	$ 2.41	$ 3.23
Birdnest Ramp	Pay-by-Mail	-	-	$ 1.80	$ 2.24	$ 2.38	$ 3.20	$ 4.30
	Cash	-	-		$ -	$ -	$ -	$ -
	ETC	-	-	$ 1.35	$ 1.69	$ 1.79	$ 2.41	$ 3.23
50¢ Ramps	Pay-by-Mail	$ 0.60	$ 0.60	$ 0.60	$ 0.75	$ 0.79	$ 1.07	$ 1.43
Fm 104, Pecan St./Phlugerville, Gregg Manor	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
Fm 973, Fm 969, Pearce Ln, FM 812	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.56	$ 0.60	$ 0.80	$ 1.08
65¢ Ramps	Pay-by-Mail	$ 0.60	$ 0.60	$ 0.60	$ 0.97	$ 1.03	$ 1.39	$ 1.86
US 79, CR 138,	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
Chandler Rd., and Elroy Rd.	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.73	$ 0.78	$ 1.04	$ 1.40
40¢ Ramps	Pay-by-Mail	$ 0.60	$ 0.60	$ 0.60	$ 0.60	$ 0.63	$ 0.85	$ 1.15
SH 29, Blue Bluff,	Cash	$ 0.50	$ 0.50	$ 0.50	$ -	$ -	$ -	$ -
Harold Green, and Moore Rd	ETC	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.48	$ 0.64	$ 0.86
SH 45 SE -- IH 35 to US 183 South / SH 130								
Mainline Plaza - West of Palmer Road	Pay-by-Mail	-	$ 1.33	$ 1.33	$ 1.33	$ 1.45	$ 1.96	$ 2.63
	ETC	-	$ 1.00	$ 1.00	$ 1.00	$ 1.09	$ 1.47	$ 1.97
Ramps West of N. Turnersville Rd	Pay-by-Mail	-	$ 0.88	$ 0.88	$ 0.88	$ 0.96	$ 1.29	$ 1.73
	ETC	-	$ 0.66	$ 0.66	$ 0.66	$ 0.72	$ 0.97	$ 1.30
Ramps Weast of FM 1625	Pay-by-Mail	-	$ 0.88	$ 0.88	$ 0.88	$ 0.96	$ 1.29	$ 1.73
	ETC	-	$ 0.66	$ 0.66	$ 0.66	$ 0.72	$ 0.97	$ 1.30

Note: SH 45 SE opened to traffic in May 2009 and full tolls began in July 2009.
Starting in Jan 1, 2014 annual increases based on the CPI-U. Stantec assumed increases of 3 percent a year.
O'Connor Ramps expected to open in December 2013.
Birdsnest Ramps opened to traffic in May 2011 and full tolls began in July 2011.
All years represent calendar years and *Represents Model Year.

Upon opening, tolls for vehicles with more than two axles on SH 45 N, Loop 1, and SH 130 were established in even multiples of the two axle base rate. Mathematically, this is referred to as the *N minus 1* toll formula, under which the toll and revenue expectations are tied to the lane treadle counts as follows:

Toll = (Number of Axles minus 1) x (Two-Axle Toll)
Revenue Expectation = (Treadle Count minus Traffic Volume) x (Two-Axle Toll)

For vehicles with more than two axles traveling on SH 45 SE and the Cameron Road ramps on SH 130, truck tolls are calculated using a shape based method with all commercial vehicles being charged two times the passenger car toll rate.

In an effort to divert truck traffic off of IH 35, five and six-axle truck toll rates were reduced to the four-axle toll rates on SH 130 and SH 45 SE effective March 2011. Current truck toll multipliers are displayed in Table 6-4 below. These relationships are assumed to stay consistent throughout the forecast period.

Table 6-4: Vehicle Classification

Axle Based Tolled Roadways	Toll Multiplier				
	Two-Axle	Three-Axle	Four-Axle	Five-Axle	Six-Axle
SH 45 N and Loop 1 All Mainline Plazas and Ramps	1.00	2.00	3.00	4.00	5.00
SH 130 All Mainline Plazas and Ramps excluding Cameron Road Ramps	1.00	2.00	3.00	3.00	3.00

Shape Based Tolled Roadways	Toll Multiplier				
	Passenger Car, Light Truck, SUV	Passenger Vehicle with Trailer	Commercial Vehicle	Commercial Vehicle with One (1) Trailer	Commercial Vehicle with Two (2) Trailers
SH 45 SE Mainline Plaza and Ramps	1.00	2.00	3.00	3.00	3.00
SH 130 Cameron Road Ramps	1.00	2.00	3.00	3.00	3.00

6.3 TOLL COLLECTION

To estimate the level of toll evasion for the revenue forecasts, actual data were obtained for the CTTS system regarding the distribution of total FY 2011 transactions by payment type and by paid/unpaid transactions. Actual data show that there were 16.1 million image-based transactions in FY 2011, or 19.5 percent of the total 82.5 million transactions. As shown in Table 6-5, 7.1 million, or 44.3 percent of the image-based transactions were uncollected tolls. Uncollected tolls consist of unpaid transactions (4.6 million) and unbilled (2.6 million) transactions.

Table 6-5: FY 2011 CTTS Uncollected Tolls Data

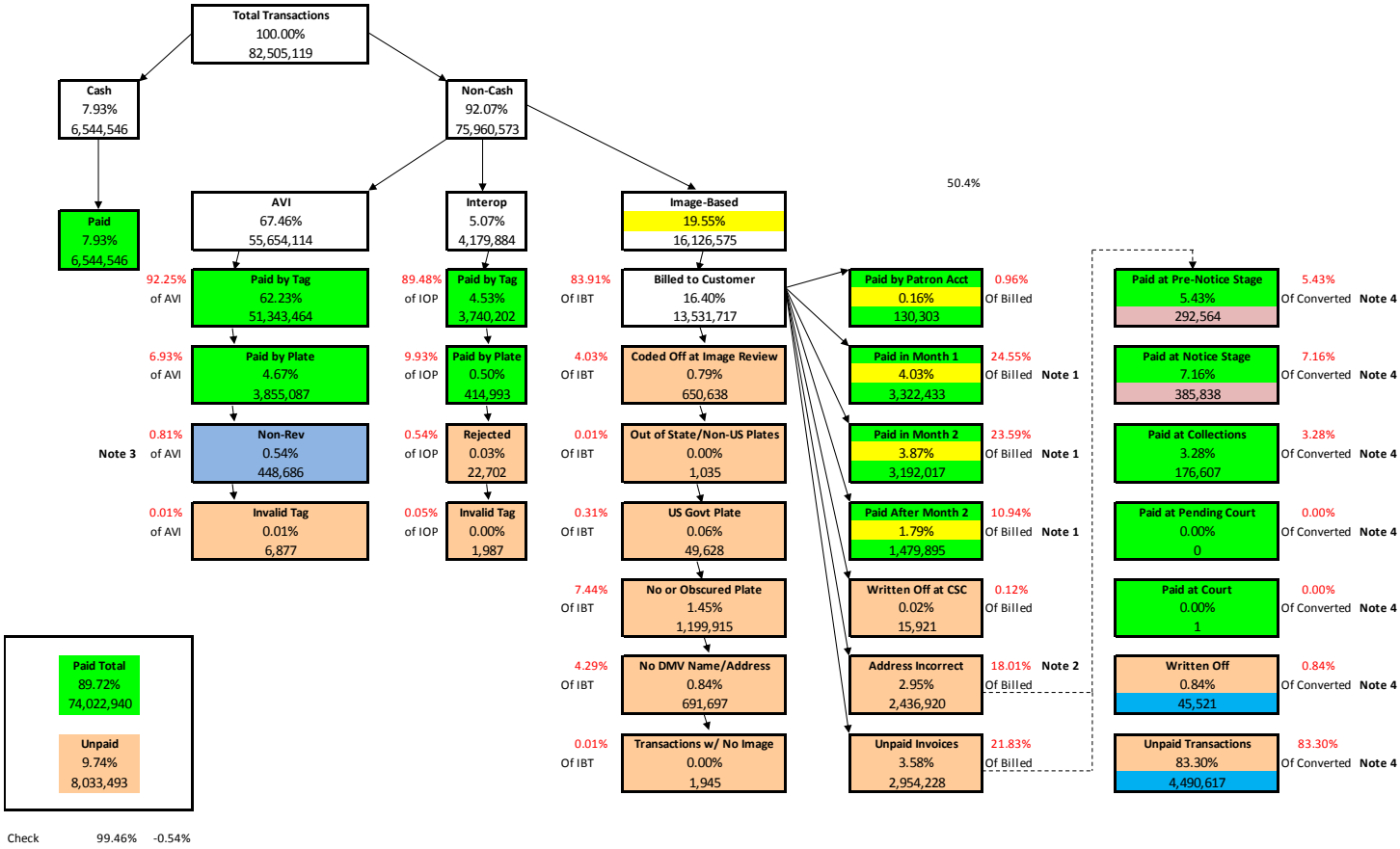
Payment Type	Paid	Uncollected Tolls			Total Transactions
		Unpaid	Unbilled	Total	
AVI & I-toll	59,353,746	480,252	-	480,252	59,833,998
Image based	8,979,658	4,552,059	2,594,858	7,146,917	16,126,575
Cash	6,544,546	-	-		6,544,546
All Modes	74,877,950	5,032,311	2,594,858	7,627,169	82,505,119
Percent of Total Transactions					
AVI & I-toll	99.2%	0.8%	-	0.8%	100.0%
Image based	55.7%	28.2%	16.1%	44.3%	100.0%
Cash	100.0%	-	-	0.0%	100.0%
All Modes	90.8%	6.1%	3.1%	9.2%	100.0%

*Unpaid AVI and I-toll includes non-revenue transactions

Figure 6-6 displays a flow chart further breaking down transactions by payment type for September 2011. TxDOT is currently in the process of researching options that would increase collections. Some of these options include the following: allowing for more automated processes, providing incentives to improve vendor performance, a pilot program to increase the courts capacity to pursue violators, researching success at other toll agencies with a higher video surcharge, and increasing enforcement authority in the up-coming legislative session. Increased enforcement could include booting at some pre-determined level of violations as directed by the legislature, vehicle registration holds, trespass citations, and a dedicated administrative hearing process.

Based on the actual performance shown in Table 6-5 and TxDOT's plans to increase collections, it was estimated that 45 percent of the PBM video transactions and 1 percent of the ETC transactions would be toll evaders.

Figure 6-6: CTTS Violations Flow Chart – FY 2011



Note 1: Pay By Mail distribution is based on the Pay by Mail Resolution Report for transactions that occurred in FY 2011.

Note 2: Address Incorrect information represents the percent of invoices mailed compared to the Nixie information provided for the subsequent month.

Note 3: Non-Revenue transactions are excluded as they post as zero-dollar transactions.

Note 4: Violation resolution data for FY 2011 is as of February 20, 2012.

*Nixies are invoices that are returned to the CSC due to bad address.

**Non-revenue transactions= authorized free passage per bond indenture for which toll are posted at zero dollar toll rate.

Source: TxDOT actual results for FY 2011

6.4 SUMMARY OF TOLLING ASSUMPTIONS

The following Table 6-6 summarizes the tolling assumptions for SH 45 N, Loop 1, SH 130 and SH 45 SE. These assumptions include: toll multipliers (where appropriate) to affect the mix of different truck classes, pay by mail toll surcharge, payment types, toll evasion, auto / truck distribution, ramp-up, and annualization factors.

Table 6-6: Summary of Tolling Assumptions - Model Year 2015

	Roadway			
Assumptions	**SH 45 N**	**Loop 1**	**SH 130**	**SH 45 SE**
Toll Ratios				
Truck / Auto Toll Ratio	2.5	2.5	1.3	2.1
PBM / ETC Toll Ratio	1.33	1.33	1.33	1.33
Payment Type				
PBM	16.0%	16.0%	24.4%	40.0%
ETC	84.0%	84.0%	75.6%	60.0%
Percent Toll Evasion				
PBM	45.0%	45.0%	45.0%	45.0%
ETC	1.0%	1.0%	1.0%	1.0%
Vehicle Type Distribution				
Auto	97.5%	97.5%	88.1%	90.0%
Truck	2.5%	2.5%	11.9%	10.0%
Ramp-Up Factor				
Fiscal Year 2012	1.00	1.00	0.92	1.00
Fiscal Year 2013	1.00	1.00	0.97	1.00
Fiscal Year 2014	1.00	1.00	1.00	1.00
Annualization Factor	320	320	330	300

Table 6-7 shows how the conversion to the cashless system in the Amended Toll Plan alternative will affect the percent captured transactions and the average toll rate. Traffic distribution for SH 45 N by payment type and passenger toll rates was used for this specific example. The total toll paying traffic decreases by less than 1.0 percent in the conversion to a cashless system and the average toll rate increases by approximately 50 percent.

Table 6-7: Typical Example of the Distribution of Traffic for the Conversion to Cashless

	Distibution of Total Traffic	Percent Collection	Distribution of Toll Paying Traffic	Example SH 45 N ML Toll	Weighted Average Toll
Base Case Plan					
PBM	15.0%	55.0%	8.3%	$0.90	$0.07
Cash	7.0%	100.0%	7.0%	$0.75	$0.05
ETC	78.0%	99.0%	77.2%	$0.68	$0.53
Total	100.0%		92.5%		**$0.65**
Amended Toll Plan					
PBM	16.0%	55.0%	8.8%	$1.36	$0.12
ETC	84.0%	99.0%	83.2%	$1.02	$0.85
Total	100.0%		92.0%	**Total**	**$0.97**

6.5 SH 45 N AND LOOP 1 TRAFFIC AND REVENUE FORECASTS

The following section describes the methodology behind developing the Amended Toll Alternative traffic and revenue forecasts for SH 45 N and Loop 1. Initially, the travel demand model produces average weekday traffic projections for each of the four analysis years for which land use information was developed: 2010, 2015, 2025, and 2035. The model average weekday volumes are then adjusted for calibration. Gross toll revenues are calculated by multiplying the post-processed traffic at the toll locations by the effective toll structure for that year. An annualization factor of 320 was applied to transactions on the SH 45 N and Loop 1 to convert the average weekday traffic outputs from the model to annual transaction estimates. A multiplier of 2.5 is applied to the passenger car toll to obtain the truck toll based on actual data regarding number of axles for larger vehicles. A screenline analysis was also performed to determine whether traffic capture rates for the toll road elements are reasonable, given the level of traffic on the nearby, parallel toll-free alternative roadways. Stantec lowered the toll road volumes estimated by the model for horizon year 2015 to more accurately represent actual data and reasonable growth for the next three years and uses the overall screenline growth as a guide for horizon years 2025 and 2035.

6.5.1 Traffic Forecasts

Traffic volumes on the model network links that represent toll locations were summarized to provide forecasts of toll transactions on SH 45 N and Loop 1. Table 6-8 presents the forecasts of average weekday toll transactions, passenger car tolls and revenues for each toll location for calendar years 2010, 2015, 2025, and 2035. Also shown are the assumptions used in preparing the revenue estimates. The forecasts in this table have been adjusted to account for toll evasion (see section 6.3 for details). SH 45 N and Loop 1 are no longer believed to be in a period of ramp-up, having been open for more than five years.

The calculated revenue shown in Table 6-8 is the traffic volumes broken down by vehicle and payment type multiplied by their respective toll rates. In model year 2010, the current percentage of trucks on SH 45 N and Loop 1 is approximately 2.0 percent of the total traffic. In model year 2010, about 92,000 toll transactions are estimated per average weekday on SH 45 N and 53,600 on Loop 1. In 2015, 2025, and 2035 SH 45 N will average 96,800; 143,300; and 190,500 transactions on an average weekday, respectively. Loop 1 will average 59,200; 73,400; and 91,000 transactions on an average weekday, respectively.

Assigned traffic at the mainline plazas, ramps, and frontage roads on SH 45 N and Loop 1 for model years 2010, 2015, and 2035, are presented in Figure 6-7 through Figure 6-9. These diagrams represent unadjusted model output for average weekday transactions and are intended to give the reader a sense of scale of the traffic movements from end-to-end, as well as entry/exit activity. By comparing each diagram, the change in transactions over time can be seen.

Table 6-8: SH 45 N and Loop 1 - Model Year Average Weekday Toll Transactions and Revenue – Amended Toll Plan (Adjusted for Calibration and Evasion)

	2010			2015			2025			2035		
Toll Location	**Transactions**	**Avg Toll**	**Revenue**	**Transactions**	**Avg Toll**	**Revenue**	**Transactions**	**Avg Toll**	**Revenue**	**Transactions**	**Avg Toll**	**Revenue**
SH 45 Turnpike												
W Mainline Toll Plaza	29,343	$ 0.72	$ 21,180	31,813	$ 1.16	$ 36,772	47,056	$ 1.56	$ 73,554	64,735	$ 2.13	$ 138,033
Parmer/FM 734	6,737	$ 0.48	$ 3,242	5,776	$ 1.00	$ 5,749	7,501	$ 1.35	$ 10,107	8,653	$ 1.84	$ 15,897
Howard Ln	6,606	$ 0.48	$ 3,179	2,691	$ 1.00	$ 2,678	3,896	$ 1.35	$ 5,250	5,683	$ 1.84	$ 10,440
SH 45 - O'Connor				1,012	$ 1.02	$ 1,029	2,590	$ 1.38	$ 3,574	2,489	$ 1.88	$ 4,682
Loop 1 - O'Connor				3,632	$ 1.02	$ 3,693	5,443	$ 1.38	$ 7,511	6,866	$ 1.88	$ 12,913
Greenlawn	6,744	$ 0.48	$ 3,245	3,707	$ 0.77	$ 2,856	4,457	$ 1.03	$ 4,612	6,648	$ 1.41	$ 9,377
CR 170	7,562	$ 0.48	$ 3,639	8,476	$ 0.77	$ 6,531	11,316	$ 1.03	$ 11,711	13,030	$ 1.41	$ 18,380
Arterial A	4,199	$ 0.72	$ 3,031	5,397	$ 1.16	$ 6,239	9,502	$ 1.56	$ 14,852	10,280	$ 2.13	$ 21,919
Heatherwilde Ramps	5,754	$ 0.72	$ 4,154	5,267	$ 1.16	$ 6,088	9,329	$ 1.56	$ 14,583	11,027	$ 2.13	$ 23,513
E Mainline Toll Plaza	25,028	$ 0.72	$ 18,066	29,024	$ 1.16	$ 33,548	42,165	$ 1.56	$ 65,908	61,117	$ 2.13	$ 130,318
SH 45 Subtotal	**91,973**		**$ 59,736**	**96,794**		**$ 105,183**	**143,255**		**$ 211,661**	**190,529**		**$ 385,472**
SH 45 Annual Rev in Millions			**$ 19.1**			**$ 33.7**			**$ 67.7**			**$ 123.4**
Loop 1 Turnpike												
Shoreline Dr	518	$ 0.48	$ 249	125	$ 0.77	$ 96	654	$ 1.03	$ 676	659	$ 1.41	$ 930
Mainline Toll Plaza	49,493	$ 0.72	$ 35,725	54,330	$ 1.16	$ 62,799	65,879	$ 1.56	$ 102,975	80,876	$ 2.13	$ 172,449
Howard/Wells Branch	3,603	$ 0.48	$ 1,734	4,724	$ 0.77	$ 3,640	6,849	$ 1.03	$ 7,088	9,458	$ 1.41	$ 13,342
Loop 1 Subtotal	**53,614**		**$ 37,708**	**59,179**		**$ 66,535**	**73,381**		**$ 110,739**	**90,993**		**$ 186,720**
Loop 1 Annual Rev in Millions			**$ 12.1**			**$ 21.3**			**$ 35.4**			**$ 59.8**
TOTAL	**145,587**		**$ 97,444**	**155,972**		**$ 171,719**	**216,636**		**$ 322,400**	**281,522**		**$ 572,192**
Total Annual Rev in Millions			**$ 31.2**			**$ 54.9**			**$ 103.2**			**$ 183.1**

Assumptions				
Truck / Auto Toll Ratio	2.5	2.5	2.5	2.5
Video / ETC Toll Ratio	1.33	1.33	1.33	1.33
Payment Type				
Video	15%	16%	16%	16%
Cash	7%	N/A	N/A	N/A
ETC	78%	84%	84%	84%
% Evasion				
Video	45.0%	45.0%	45.0%	45.0%
Cash	0.0%	0.0%	0.0%	0.0%
ETC	1.2%	1.0%	1.0%	1.0%
Vehicle Type				
% Auto	98.0%	97.5%	97.0%	96.0%
% Truck	2.0%	2.5%	3.0%	4.0%

Figure 6-7: Average Weekday Traffic – SH 45 N and Loop 1 - 2010 Model Calibration Year

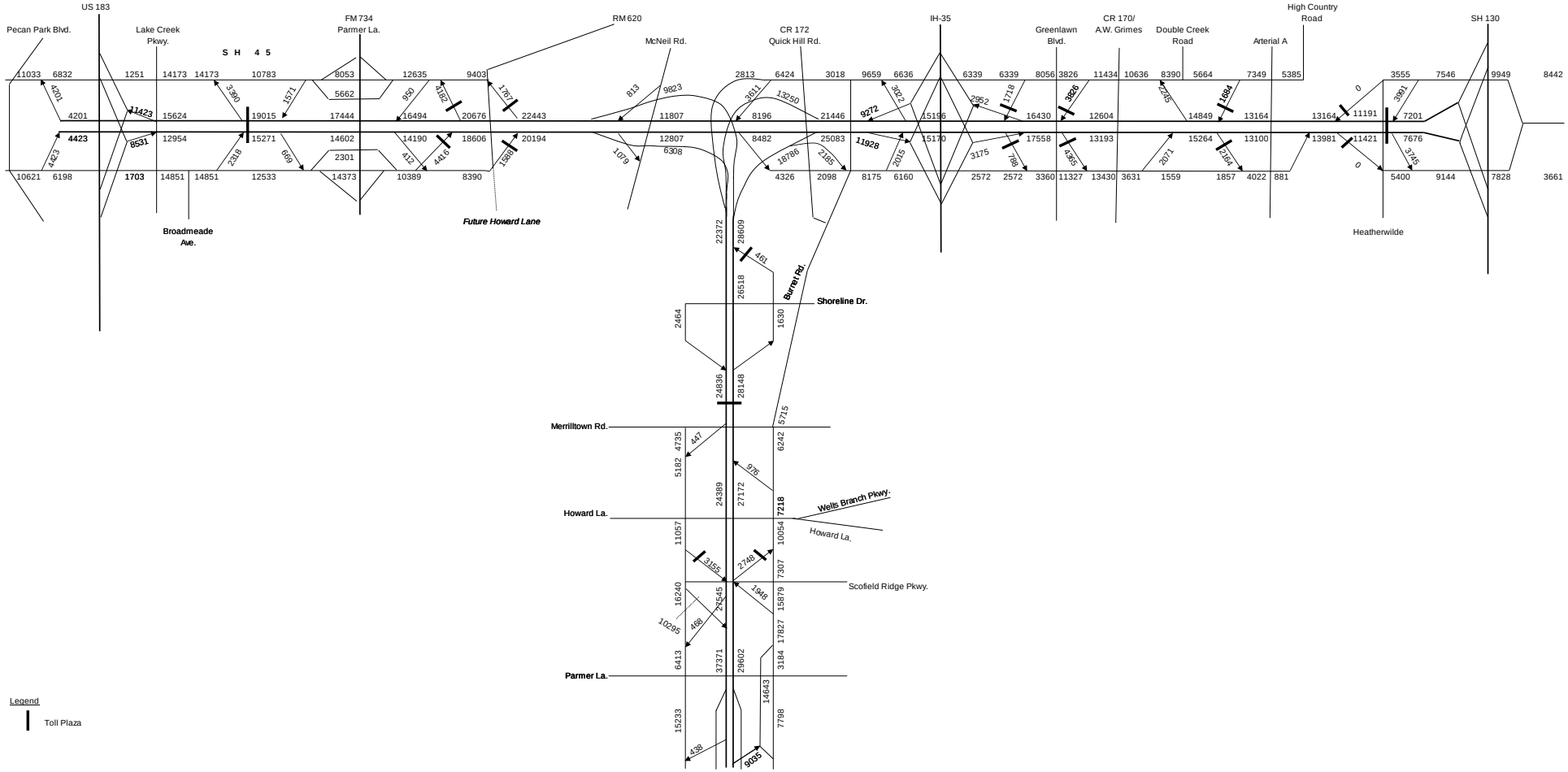


Figure 6-8: Average Weekday Traffic – SH 45 N And Loop 1 - 2015 Amended Toll Plan

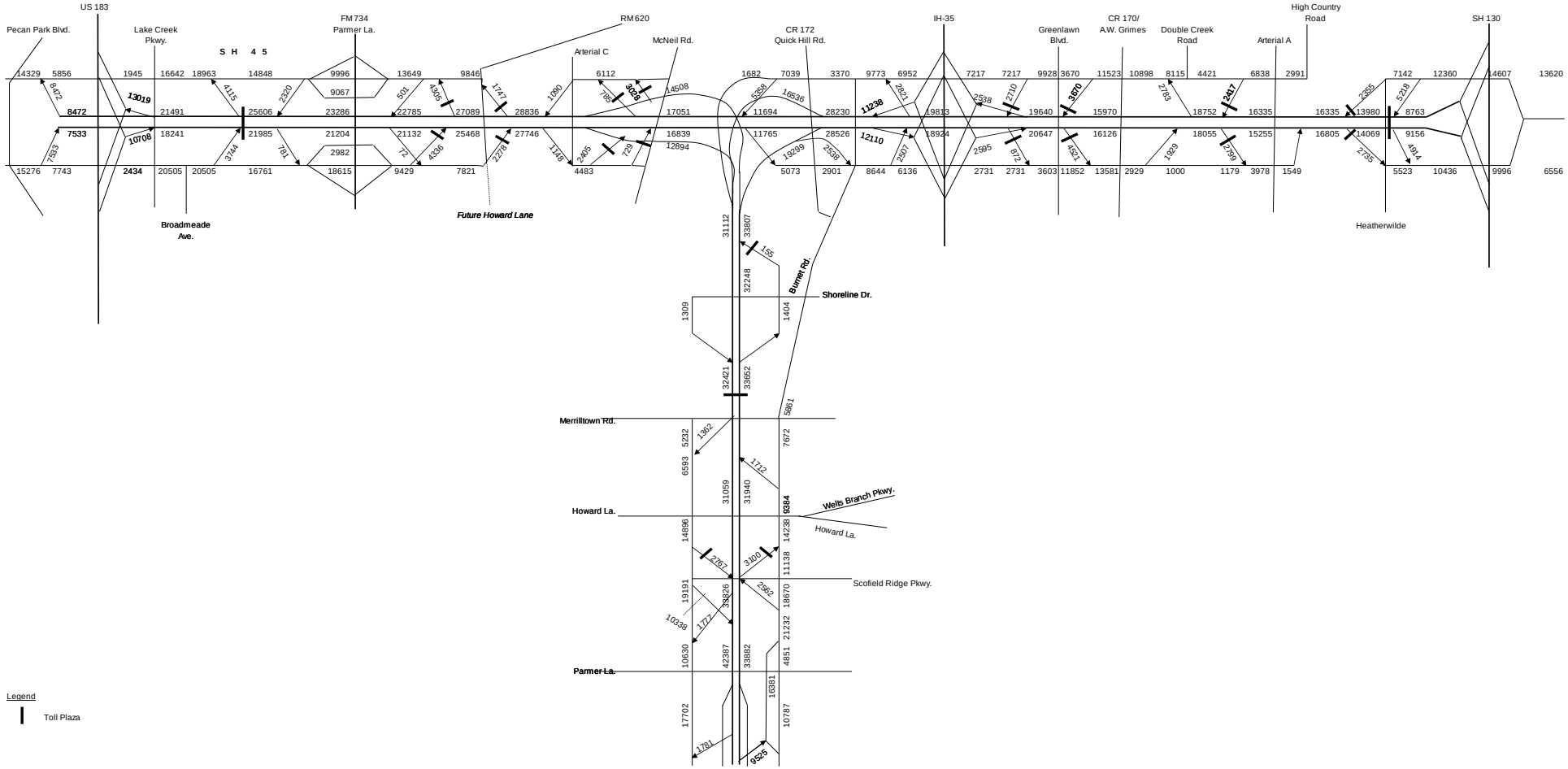
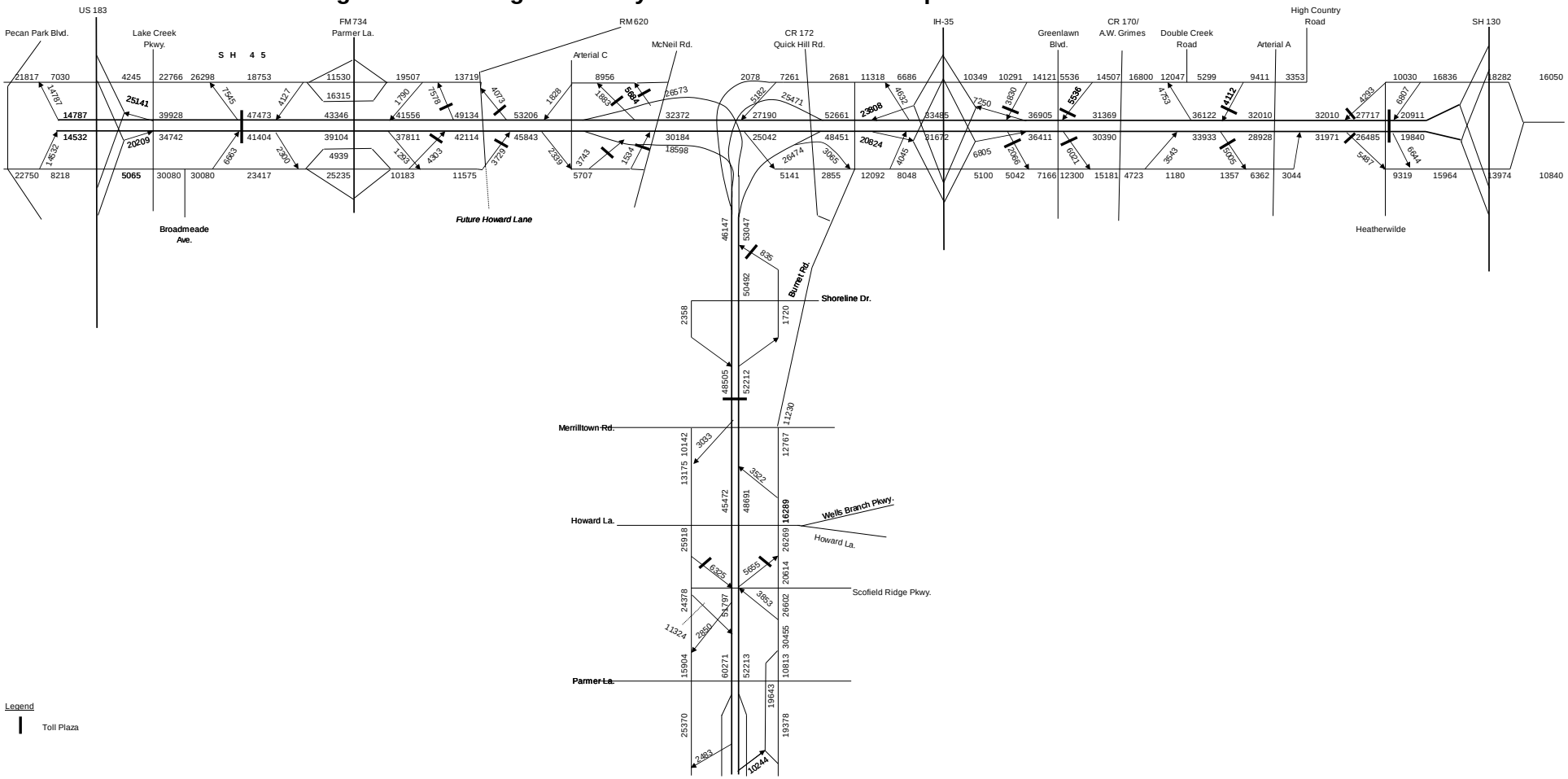


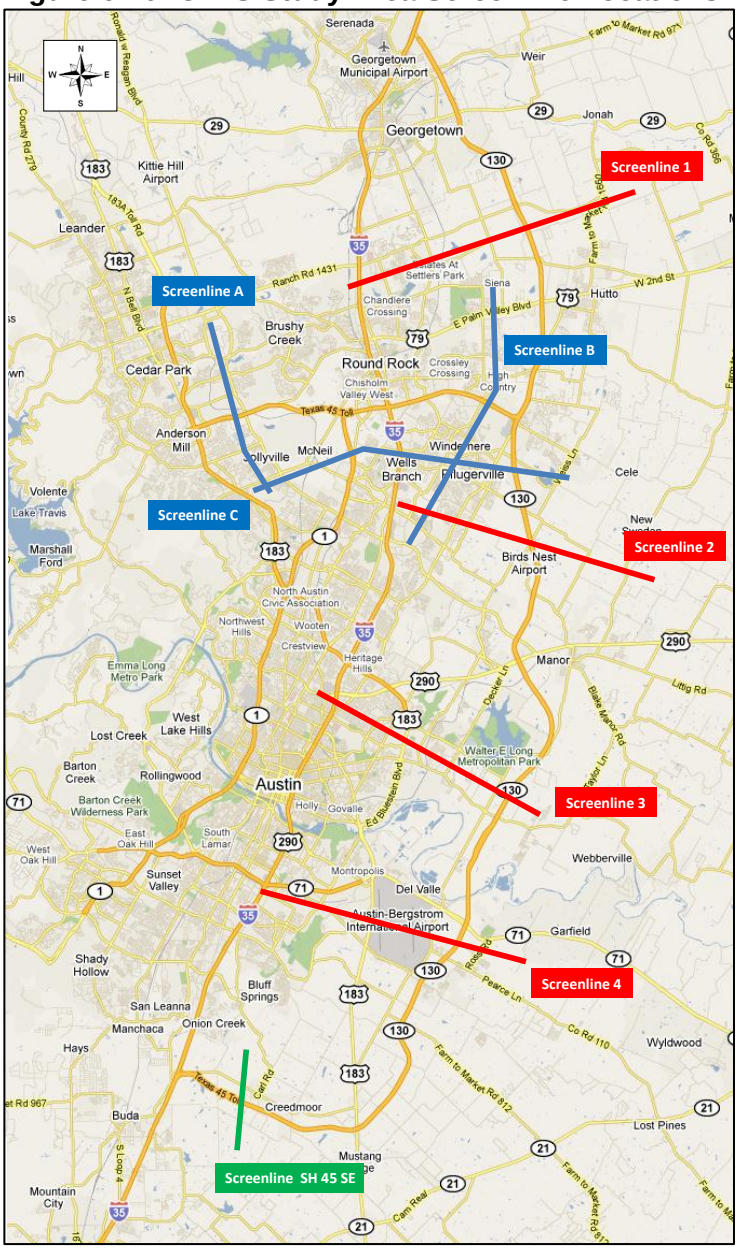
Figure 6-9: Average Weekday Traffic SH 45 N and Loop 1 - 2035 Amended Toll Plan



6.5.2 Screenline Analysis

Typically, screenlines are used for analyzing the growth in traffic and the distribution of traffic by roadway. Two screenlines were chosen for SH 45 N and one for Loop 1, each of which goes through a mainline toll plaza. Screenline A, Screenline B, and Screenline C are shown on Figure 6-10. Traffic volumes on individual roadways are shown on Table 6-9 through Table 6-11 for the base year and key forecast years for the Amended Toll Plan. It should be noted that the traffic volumes represent unadjusted traffic model output before post-processing of the toll road estimates and were used for comparison purposes and not directly used to calculate revenues.

Figure 6-10: CTTS Study Area Screenline Locations



Source: maps.google.com

Screenline A crosses SH 45 N at its western toll plaza, just west of Parmer Lane. In 2010 a total of some 188,000 vehicles crossed the screenline on an average weekday. The highest volume is on FM 1431 (21 percent of the total); followed by SH 45 N toll road (18 percent of the total), then the SH 45 N frontage roads and McNeil Drive each of which carry about 13 percent of the total. Growth in this corridor will cause total screenline traffic to increase by 19 percent to more than 224,000 vehicles by 2015. SH 45 N mainline and frontage roads are expected to carry about 36 percent of the total screenline traffic. Brushy Creek Road traffic is expected to increase by 26 percent during this period due to programmed capacity improvements; more modest growth is expected along FM 1431 and McNeil Road due to capacity constraints. The SH 45 N mainline and frontage roads combined are expected to carry approximately 34 percent in 2025 and 2035. Lakeline Boulevard is expected to carry the next highest traffic volume (14 percent) in 2025 and 2035, then followed by FM 1431 (ranging from 12 to 13 percent).

Table 6-9: Screenline A - SH 45 N West – Amended Toll Plan
Unadjusted Model Output

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
FM 1431	39,781	21.2%	42,647	19.0%	38,313	12.6%	46,372	12.2%
Colonial Parkway	4,546	2.4%	4,175	1.9%	15,487	5.1%	22,106	5.8%
Brushy Creek Rd.	14,613	7.8%	18,391	8.2%	26,787	8.8%	34,742	9.1%
Avery Ranch Blvd.	17,193	9.2%	18,484	8.2%	27,354	9.0%	28,792	7.5%
Lakeline Blvd.	14,230	7.6%	16,997	7.6%	40,855	13.5%	53,784	14.1%
SH 45 NW ML	34,286	18.3%	47,591	21.2%	66,814	22.0%	88,878	23.3%
SH 45 NW Frontage	24,487	13.0%	32,682	14.6%	35,232	11.6%	41,687	10.9%
Anderson Mill Rd.	14,255	7.6%	16,630	7.4%	23,381	7.7%	33,718	8.8%
McNeil Dr.	24,275	12.9%	26,580	11.9%	28,972	9.6%	31,508	8.3%
TOTAL	**187,666**	**100.0%**	**224,177**	**100.0%**	**303,194**	**100.0%**	**381,587**	**100.0%**

Screenline B crosses SH 45 N at its eastern toll plaza and carries much less traffic than the western end. In 2010 some 119,000 vehicles per day cross the screenline. SH 45 N mainline, US 79, and FM 1825 each carry 19 percent, followed by Howard Lane (nearly 18 percent). Growth in this corridor is similar to the western end with 21 percent more screenline traffic in 2015. The SH 45 N mainline and frontage roads combined share increases from approximately 26 percent to nearly 34 percent in 2035. Howard Lane is expected to carry the next highest traffic volume (17 percent) followed by US 79 (15 percent) in 2035.

Table 6-10: Screenline B - SH 45 N East – Amended Toll Plan
Unadjusted Model Output

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
US 79	22,521	19.0%	29,430	20.4%	30,520	17.9%	32,725	15.3%
CR 168/Gattis School Rd	11,561	9.7%	14,534	10.1%	16,378	9.6%	16,716	7.8%
SH 45 NE ML	22,612	19.0%	28,050	19.5%	39,328	23.1%	54,202	25.3%
SH 45 NE Frontage	9,032	7.6%	12,990	9.0%	13,564	8.0%	19,690	9.2%
Pflugerville Loop Rd.	9,231	7.8%	12,575	8.7%	18,458	10.8%	27,874	13.0%
FM 1825/Pecan St.	22,681	19.1%	23,195	16.1%	19,362	11.4%	25,804	12.0%
Howard Lane	21,098	17.8%	23,307	16.2%	32,718	19.2%	37,324	17.4%
TOTAL	**118,737**	**100.0%**	**144,082**	**100.0%**	**170,327**	**100.0%**	**214,335**	**100.0%**

Screenline C crosses Loop 1 at the mainline plaza south of McNeil Drive and is the busiest screenlines carrying approximately 544,000 weekday vehicles. The roads with the greatest volumes are US 183 and IH 35 carrying 35 percent and 30 percent of the total screenline traffic respectively; the next busiest is the Loop 1 mainline plaza which carries about 10 percent of the total; and the remainder of the roadways are relatively minor facilities. Traffic in 2015 is expected to be 17 percent greater than 2010 baseline levels along this screenline. The distribution is expected to be similar in 2015 with US 183 carrying 33 percent and IH 35 carrying 27 percent of the total and Loop 1 is estimated to carry 11 percent of the total screenline traffic.

Table 6-11: Screenline C - Loop 1 – Amended Toll Plan
Unadjusted Model Output

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
US 183	187,837	34.5%	210,206	33.2%	210,961	29.6%	219,661	26.8%
Parmer Lane	39,475	7.3%	47,348	7.5%	55,891	7.8%	69,232	8.5%
Howard Lane	13,546	2.5%	23,786	3.8%	32,708	4.6%	30,464	3.7%
FM 1325/Loop 1 SR	10,977	2.0%	12,904	2.0%	17,404	2.4%	22,909	2.8%
Loop 1 Mainline Plaza	54,613	10.0%	67,477	10.7%	77,095	10.8%	102,438	12.5%
Bratton Lane	4,190	0.8%	8,038	1.3%	9,399	1.3%	8,947	1.1%
IH 35	161,685	29.7%	171,690	27.1%	200,520	28.1%	211,615	25.8%
Heatherwilde	16,850	3.1%	19,212	3.0%	22,458	3.1%	31,042	3.8%
N Railroad Rd	5,502	1.0%	8,865	1.4%	9,468	1.3%	11,748	1.4%
FM 685	22,770	4.2%	26,157	4.1%	29,012	4.1%	37,159	4.5%
SH 130	26,254	4.8%	37,765	6.0%	48,920	6.9%	73,569	9.0%
TOTAL	**543,699**	**100.0%**	**633,447**	**100.0%**	**713,838**	**100.0%**	**818,784**	**100.0%**

After 2015 there are very few programmed improvements on the non-tolled highway network and as a result, the limited capacities force additional traffic due to the growth to use the less-congested toll road corridors. In preparing the forecasts of traffic and revenue, Stantec has lowered the toll road volumes estimated by the model to more accurately represent actual data and reasonable growth for the next three years and use the overall screenline growth as a guide for horizon years 2025 and 2035.

6.5.3 Revenue Forecasts

Estimated average weekday toll transactions for SH 45 N are displayed in Table 6-12 for the Base Case and Amended Toll Plan alternative for the period FY 2012 through FY 2042. Revenue forecasts are shown in Table 6-13. Loop 1 results are displayed in Table 6-14 and Table 6-15. The Base Case forecasts were developed beginning with the average weekday traffic forecasts from the model output. Stantec applied a reduction to the average weekday volumes for initial model years 2010 and 2015, and then followed the overall screenline growth between 2015 to 2025 (4.1 percent average annual growth) and 2025 to 2035 (3.0 percent average annual growth). Beyond 2035, transactions were assumed to grow at 1.0 percent a year. The elasticity factors discussed in Chapter 3 were utilized to estimate the loss in traffic as a result of the proposed toll increase. For example, the elasticity for SH 45 N's elasticity is -0.31 and for Loop 1 the elasticity factor is -0.21, therefore a 50 percent increase in tolls would produce approximately a 15 and 10 percent loss in traffic, respectively. Correspondingly, revenue grows at 4.2 percent a year from 2015 to 2025 and 3.2 percent a year from 2025 to 2035.

As a final step the transactions were then converted from calendar year to fiscal year. Note that the transactions for the first four fiscal years reflect the observed transactions as provided by TxDOT's annual reports. Traffic reductions shown in selected years reflect the impact of the toll increases as discussed in 6.2 and listed in Table 6-2 and Table 6-3. These reductions reflect the adjustment from the forecasts initially developed on a calendar year basis to the forecasts stated on a fiscal year basis, with the fiscal year beginning September 1 and ending August 31. For example, the toll increase in September 2015 affects the traffic forecast in fiscal year 2016 (the fiscal year ending August 2016). Accordingly, the toll increase in January 2013 will mostly affect the traffic forecast in fiscal year 2014 and only part of fiscal year 2015.

For the Amended Toll Plan alternative the underlying growth rates are expected to be similar to the Base Case with transactions growing at 4.0 percent a year from 2015 to 2025 and 2.9 percent a year from 2025 to 2035. For the years beyond 2035 growth transactions were assumed to grow at 1.0 percent a year. The elasticity factors discussed above were also applied for the Amended Toll Plan forecasts. No diversion is assumed for the annual toll escalation as drivers would not experience any direct increase in tolls above and beyond the cost of living. Revenue is expected to grow at 7.2 percent a year from 2015 to 2025 and 6.2 percent a year from 2025 to 2035. For forecasting purposes, toll increases of 3.0 percent a year have been assumed so as to follow the annual toll escalation policy tied to the CPI-U.

The average weekday traffic volumes from the model have been annualized using a factor of 320, which is slightly higher than the factor of 300 used in the previous reports. The annualization factor of 320 was derived from the observed SH 45 N and Loop 1 transactions.

Table 6-12: 2012 CTTS Update Average Weekday Toll Transactions – SH 45 N

Fiscal Year	SH 45 N				Ratio = Amended Trans / Base Trans
	Base Case		Amended Toll Plan		
	Transactions	Yr / Yr Growth	Transactions	Yr / Yr Growth	
2008	***84,058***		***84,058***		***1.00***
2009	***88,687***	***5.5%***	***88,687***	***5.5%***	***1.00***
2010	***90,879***	***2.5%***	***90,879***	***2.5%***	***1.00***
2011	***94,478***	***4.0%***	***94,478***	***4.0%***	***1.00***
2012	99,735	*5.6%*	99,735	*5.6%*	**1.00**
2013	103,952	*4.2%*	92,437	*-7.3%*	**0.89**
2014	108,346	*4.2%*	92,286	*-0.2%*	**0.85**
2015	112,927	*4.2%*	95,885	*3.9%*	**0.85**
2016	105,864	*-6.3%*	99,696	*4.0%*	**0.94**
2017	110,244	*4.1%*	103,682	*4.0%*	**0.94**
2018	114,805	*4.1%*	107,828	*4.0%*	**0.94**
2019	119,554	*4.1%*	112,139	*4.0%*	**0.94**
2020	124,500	*4.1%*	116,623	*4.0%*	**0.94**
2021	129,651	*4.1%*	121,286	*4.0%*	**0.94**
2022	135,015	*4.1%*	126,135	*4.0%*	**0.93**
2023	140,601	*4.1%*	131,178	*4.0%*	**0.93**
2024	146,418	*4.1%*	136,423	*4.0%*	**0.93**
2025	152,475	*4.1%*	141,878	*4.0%*	**0.93**
2026	146,498	*-3.9%*	146,363	*3.2%*	**1.00**
2027	150,960	*3.0%*	150,597	*2.9%*	**1.00**
2028	155,557	*3.0%*	154,953	*2.9%*	**1.00**
2029	160,295	*3.0%*	159,436	*2.9%*	**0.99**
2030	165,177	*3.0%*	164,048	*2.9%*	**0.99**
2031	170,207	*3.0%*	168,794	*2.9%*	**0.99**
2032	175,391	*3.0%*	173,677	*2.9%*	**0.99**
2033	180,733	*3.0%*	178,701	*2.9%*	**0.99**
2034	186,237	*3.0%*	183,870	*2.9%*	**0.99**
2035	191,909	*3.0%*	189,190	*2.9%*	**0.99**
2036	185,048	*-3.6%*	191,958	*1.5%*	**1.04**
2037	186,899	*1.0%*	193,877	*1.0%*	**1.04**
2038	188,768	*1.0%*	195,816	*1.0%*	**1.04**
2039	190,655	*1.0%*	197,774	*1.0%*	**1.04**
2040	192,562	*1.0%*	199,752	*1.0%*	**1.04**
2041	194,488	*1.0%*	201,749	*1.0%*	**1.04**
2042	196,433	*1.0%*	203,767	*1.0%*	**1.04**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Actual Average Weekday Traffic - violations excluded

Table 6-13: 2012 CTTS Update Annual Revenue Projections – SH 45 N (in $000)

Fiscal Year	SH 45 N				Ratio = Amended Rev / Base Rev
	Base Case		Amended Toll Plan		
	Revenue	Yr / Yr Growth	Revenue	Yr / Yr Growth	
2008	***$17,971***		***$17,971***		***1.00***
2009	***$19,878***	***10.6%***	***$19,878***	***10.6%***	***1.00***
2010	***$19,799***	***-0.4%***	***$19,799***	***-0.4%***	***1.00***
2011	***$20,268***	***2.4%***	***$20,268***	***2.4%***	***1.00***
2012	$21,489	*6.0%*	$21,489	*6.0%*	**1.00**
2013	$22,337	*3.9%*	$27,450	*27.7%*	**1.23**
2014	$23,219	*3.9%*	$32,840	*19.6%*	**1.41**
2015	$24,135	*3.9%*	$33,743	*2.7%*	**1.40**
2016	$31,037	*28.6%*	$35,487	*5.2%*	**1.14**
2017	$32,349	*4.2%*	$38,057	*7.2%*	**1.18**
2018	$33,717	*4.2%*	$40,814	*7.2%*	**1.21**
2019	$35,143	*4.2%*	$43,770	*7.2%*	**1.25**
2020	$36,629	*4.2%*	$46,940	*7.2%*	**1.28**
2021	$38,177	*4.2%*	$50,340	*7.2%*	**1.32**
2022	$39,792	*4.2%*	$53,987	*7.2%*	**1.36**
2023	$41,474	*4.2%*	$57,897	*7.2%*	**1.40**
2024	$43,228	*4.2%*	$62,090	*7.2%*	**1.44**
2025	$45,056	*4.2%*	$66,588	*7.2%*	**1.48**
2026	$55,064	*22.2%*	$70,870	*6.4%*	**1.29**
2027	$56,830	*3.2%*	$75,248	*6.2%*	**1.32**
2028	$58,652	*3.2%*	$79,897	*6.2%*	**1.36**
2029	$60,534	*3.2%*	$84,833	*6.2%*	**1.40**
2030	$62,475	*3.2%*	$90,075	*6.2%*	**1.44**
2031	$64,479	*3.2%*	$95,640	*6.2%*	**1.48**
2032	$66,547	*3.2%*	$101,548	*6.2%*	**1.53**
2033	$68,682	*3.2%*	$107,822	*6.2%*	**1.57**
2034	$70,885	*3.2%*	$114,484	*6.2%*	**1.62**
2035	$73,158	*3.2%*	$121,557	*6.2%*	**1.66**
2036	$85,950	*17.5%*	$127,052	*4.5%*	**1.48**
2037	$87,669	*2.0%*	$132,134	*4.0%*	**1.51**
2038	$89,422	*2.0%*	$137,419	*4.0%*	**1.54**
2039	$91,210	*2.0%*	$142,916	*4.0%*	**1.57**
2040	$93,035	*2.0%*	$148,632	*4.0%*	**1.60**
2041	$93,965	*1.0%*	$154,578	*4.0%*	**1.65**
2042	$94,905	*1.0%*	$160,761	*4.0%*	**1.69**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue

Table 6-14: 2012 CTTS Update Average Weekday Toll Transactions – Loop 1

Fiscal Year	Loop 1				Ratio = Amended Trans / Base Trans
	Base Case		Amended Toll Plan		
	Transactions	Yr / Yr Growth	Transactions	Yr / Yr Growth	
2008	***50,560***		***50,560***		***1.00***
2009	***50,871***	***0.6%***	***50,871***	***0.6%***	***1.00***
2010	***52,527***	***3.3%***	***52,527***	***3.3%***	***1.00***
2011	***54,587***	***3.9%***	***54,587***	***3.9%***	***1.00***
2012	57,211	*4.8%*	57,211	*4.8%*	**1.00**
2013	59,778	*4.5%*	55,336	*-3.3%*	**0.93**
2014	62,460	*4.5%*	54,819	*-0.9%*	**0.88**
2015	65,262	*4.5%*	58,115	*6.0%*	**0.89**
2016	62,391	*-4.4%*	60,144	*3.5%*	**0.96**
2017	63,798	*2.3%*	61,451	*2.2%*	**0.96**
2018	65,238	*2.3%*	62,788	*2.2%*	**0.96**
2019	66,710	*2.3%*	64,153	*2.2%*	**0.96**
2020	68,216	*2.3%*	65,548	*2.2%*	**0.96**
2021	69,755	*2.3%*	66,973	*2.2%*	**0.96**
2022	71,329	*2.3%*	68,429	*2.2%*	**0.96**
2023	72,938	*2.3%*	69,917	*2.2%*	**0.96**
2024	74,584	*2.3%*	71,438	*2.2%*	**0.96**
2025	76,267	*2.3%*	72,991	*2.2%*	**0.96**
2026	74,089	*-2.9%*	74,578	*2.2%*	**1.01**
2027	75,761	*2.3%*	76,200	*2.2%*	**1.01**
2028	77,470	*2.3%*	77,857	*2.2%*	**1.00**
2029	79,218	*2.3%*	79,550	*2.2%*	**1.00**
2030	81,006	*2.3%*	81,279	*2.2%*	**1.00**
2031	82,834	*2.3%*	83,047	*2.2%*	**1.00**
2032	84,703	*2.3%*	84,852	*2.2%*	**1.00**
2033	86,614	*2.3%*	86,698	*2.2%*	**1.00**
2034	88,569	*2.3%*	88,583	*2.2%*	**1.00**
2035	90,567	*2.3%*	90,509	*2.2%*	**1.00**
2036	89,000	*-1.7%*	91,675	*1.3%*	**1.03**
2037	89,890	*1.0%*	92,592	*1.0%*	**1.03**
2038	90,789	*1.0%*	93,518	*1.0%*	**1.03**
2039	91,697	*1.0%*	94,453	*1.0%*	**1.03**
2040	92,614	*1.0%*	95,398	*1.0%*	**1.03**
2041	93,540	*1.0%*	96,352	*1.0%*	**1.03**
2042	94,476	*1.0%*	97,315	*1.0%*	**1.03**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Actual Average Weekday Traffic - violations excluded

Table 6-15: 2012 CTTS Update Annual Revenue Projections – Loop 1 (in $000)

Fiscal Year	Loop 1				Ratio = Amended Rev / Base Rev
	Base Case		Amended Toll Plan		
	Revenue	Yr / Yr Growth	Revenue	Yr / Yr Growth	
2008	***$11,448***		***$11,448***		***1.00***
2009	***$11,915***	***4.1%***	***$11,915***	***4.1%***	***1.00***
2010	***$11,937***	***0.2%***	***$11,937***	***0.2%***	***1.00***
2011	***$12,317***	***3.2%***	***$12,317***	***3.2%***	***1.00***
2012	$12,888	*4.6%*	$12,888	*4.6%*	**1.00**
2013	$13,442	*4.3%*	$17,028	*32.1%*	**1.27**
2014	$14,020	*4.3%*	$20,815	*22.2%*	**1.48**
2015	$14,623	*4.3%*	$21,377	*2.7%*	**1.46**
2016	$18,953	*29.6%*	$22,126	*3.5%*	**1.17**
2017	$19,377	*2.2%*	$23,282	*5.2%*	**1.20**
2018	$19,811	*2.2%*	$24,499	*5.2%*	**1.24**
2019	$20,255	*2.2%*	$25,780	*5.2%*	**1.27**
2020	$20,708	*2.2%*	$27,127	*5.2%*	**1.31**
2021	$21,172	*2.2%*	$28,545	*5.2%*	**1.35**
2022	$21,646	*2.2%*	$30,037	*5.2%*	**1.39**
2023	$22,131	*2.2%*	$31,606	*5.2%*	**1.43**
2024	$22,626	*2.2%*	$33,258	*5.2%*	**1.47**
2025	$23,133	*2.2%*	$34,997	*5.2%*	**1.51**
2026	$28,394	*22.7%*	$36,862	*5.3%*	**1.30**
2027	$29,065	*2.4%*	$38,839	*5.4%*	**1.34**
2028	$29,752	*2.4%*	$40,922	*5.4%*	**1.38**
2029	$30,455	*2.4%*	$43,117	*5.4%*	**1.42**
2030	$31,175	*2.4%*	$45,429	*5.4%*	**1.46**
2031	$31,912	*2.4%*	$47,866	*5.4%*	**1.50**
2032	$32,667	*2.4%*	$50,433	*5.4%*	**1.54**
2033	$33,439	*2.4%*	$53,138	*5.4%*	**1.59**
2034	$34,230	*2.4%*	$55,987	*5.4%*	**1.64**
2035	$35,039	*2.4%*	$58,990	*5.4%*	**1.68**
2036	$41,802	*19.3%*	$61,543	*4.3%*	**1.47**
2037	$42,638	*2.0%*	$64,005	*4.0%*	**1.50**
2038	$43,491	*2.0%*	$66,565	*4.0%*	**1.53**
2039	$44,361	*2.0%*	$69,228	*4.0%*	**1.56**
2040	$45,248	*2.0%*	$71,997	*4.0%*	**1.59**
2041	$45,700	*1.0%*	$74,876	*4.0%*	**1.64**
2042	$46,157	*1.0%*	$77,872	*4.0%*	**1.69**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue

6.6 SH 130 TRAFFIC AND REVENUE FORECASTS

As noted in the discussion of SH 45 N and Loop 1, the toll diversion model produces traffic estimates for several model years including: 2010, 2015, 2025, and 2035. Gross toll revenues are estimated by multiplying the traffic, in terms of transactions, at the toll locations by the effective toll structure by payment type for each year. Annual estimates of transactions and revenue for SH 130 were generated using an annualization factor of 330. The model forecasts for the SH 130 have been adjusted by post-processing to account for the final years of ramp-up assumed in the original forecasting process and evasion data for the various payment options.

As noted above, for the longer-term estimates beyond 2025, the lack of additional specific committed projects in the transportation network for facilities that compete with SH 130 caused the estimates from the toll diversion model to increase significantly for the year 2035. In addition to the post-processing adjustments noted above, in order to be conservative, Stantec reduced the growth in transactions for the years after 2025 to reflect the likelihood that additional, but as of yet undefined improvements, to facilities will occur in response to ongoing growth in the SH 130 corridor.

6.6.1 Traffic Forecasts

Table 6-16 lists the estimated transactions by pay point for each of the primary model years (2010, 2015, 2025 and 2035) and for each of the toll collection points for the Amended Toll Plan alternative. They include provision for ramp-up and toll evasion by payment method. The average weekday transactions, average toll, and revenues for each location are shown. Note that the average toll rate represents a blend of the individual rates by payment type and vehicle type. This blended value includes a 33 percent surcharge over the ETC rates for video patrons. The current truck percentage on SH 130 is approximately 6.8 percent and will increase over the forecast period in the years 2015, 2025, and 2035, truck transactions on the facility will average 10.1 percent, 13.6 percent, and 17.9 percent of total transactions, respectively. Note that these truck percentages include only 3+ axle vehicles consistent with the transactions reports provided by TxDOT. Also note that in 2010, the heavy trucks (5+-axle) traffic pay regular toll rates, while the heavy truck traffic in 2015, 2025, and 2035 pay the discounted rate that were capped at the 4-axle rate.

The traffic along the individual segments of SH 130 by pay point for the model (calendar) years 2010, 2015, and 2035 are presented in Figure 6-11 through Figure 6-13. These diagrams represent the unadjusted model outputs for average weekday transactions and are intended to provide the reader a sense of the scale of the traffic volumes across the entire facility as well as the entry/exit points. An approximation of the estimated growth for various segments of the roadway can be determined by reviewing these diagrams across the individual horizon years.

Table 6-16: SH 130 Element - Model Year Average Weekday Toll Transactions and Revenue – Amended Toll Plan (Adjusted for Calibration and Evasion)

Toll Location	2010			2015			2025			2035		
	Transactions	Average Toll	Revenue	Transactions	Average Toll	Revenue	Transactions	Average Toll	Revenue	Transactions	Average Toll	Revenue
SH 29	821	$ 0.50	$ 409	1,677	$ 0.53	$ 888	2,456	$ 0.68	$ 1,675	2,436	$ 0.84	$ 2,056
FM 104	312	$ 0.48	$ 150	182	$ 0.65	$ 118	675	$ 0.90	$ 609	360	$ 1.07	$ 387
Chandler Rd.	315	$ 0.53	$ 167	720	$ 0.94	$ 676	1,269	$ 1.20	$ 1,524	2,403	$ 1.46	$ 3,513
N of CR 109	8,285	$ 1.65	$ 13,700	14,199	$ 2.23	$ 31,669	26,764	$ 3.04	$ 81,459	34,389	$ 3.88	$ 133,359
US 79	7,230	$ 0.50	$ 3,642	9,283	$ 0.94	$ 8,714	15,419	$ 1.32	$ 20,417	14,081	$ 1.75	$ 24,576
CR 138	2,021	$ 0.47	$ 960	3,581	$ 0.84	$ 3,021	5,281	$ 1.14	$ 6,018	5,079	$ 1.46	$ 7,392
Pecan St.	271	$ 0.51	$ 137	614	$ 0.70	$ 430	1,955	$ 0.91	$ 1,773	2,779	$ 1.15	$ 3,205
N. of Cameron Rd.	17,914	$ 1.59	$ 28,506	28,904	$ 2.19	$ 63,378	42,453	$ 3.12	$ 132,581	52,943	$ 4.05	$ 214,288
Birds' Nest Airport		-	$ -	802	$ 1.90	$ 1,528	1,529	$ 2.61	$ 3,995	3,112	$ 3.42	$ 10,645
Howard Ln/Gregg Manor	820	$ 0.48	$ 397	2,829	$ 0.71	$ 2,006	6,358	$ 0.95	$ 6,047	9,625	$ 1.22	$ 11,718
Blue Bluff Rd.	389	$ 0.48	$ 187	818	$ 0.52	$ 429	2,409	$ 0.71	$ 1,710	5,742	$ 0.94	$ 5,418
Bloor Rd/FM 973	333	$ 0.50	$ 167	623	$ 0.67	$ 419	2,530	$ 0.92	$ 2,331	2,580	$ 1.45	$ 3,752
N. of FM 969	11,514	$ 1.66	$ 19,066	21,404	$ 2.30	$ 49,164	33,480	$ 3.27	$ 109,349	44,448	$ 4.18	$ 185,701
FM 969	3,774	$ 0.50	$ 1,884	6,354	$ 0.72	$ 4,581	10,369	$ 0.95	$ 9,884	15,702	$ 1.23	$ 19,334
Harold Green Rd.	60	$ 0.49	$ 29	47	$ 0.53	$ 25	129	$ 0.71	$ 92	2,005	$ 1.00	$ 2,008
Pearce Ln.	739	$ 0.50	$ 371	1,996	$ 0.68	$ 1,361	3,252	$ 0.91	$ 2,945	4,688	$ 1.17	$ 5,473
N. of Elroy Rd	10,173	$ 1.64	$ 16,681	16,964	$ 2.32	$ 39,395	28,165	$ 3.29	$ 92,561	40,245	$ 4.28	$ 172,353
Elroy Rd.	694	$ 0.52	$ 358	1,524	$ 0.89	$ 1,349	2,388	$ 1.19	$ 2,830	3,321	$ 1.48	$ 4,924
FM 812	60	$ 0.50	$ 30	185	$ 0.66	$ 123	2,271	$ 1.08	$ 2,459	2,138	$ 1.31	$ 2,810
Moore Rd.	261	$ 0.53	$ 138	721	$ 0.53	$ 385	871	$ 0.71	$ 616	521	$ 0.87	$ 452
TOTAL	**65,987**		**$ 86,979**	**113,428**		**$ 209,655**	**190,024**		**$ 480,875**	**248,596**		**$ 813,365**
Total Annual Revenue in Millions			**$ 27.8**			**$ 69.2**			**$ 158.7**			**$ 268.4**

Assumptions				
Truck/Auto Toll Ratio	2.6	2.3	2.3	2.3
Video/ETC Toll Ratio	1.33	1.33	1.33	1.33
ETC Discount	10%	N/A	N/A	N/A
Payment Type - Transactions				
Video	26.5%	24.4%	22.1%	19.9%
Cash	6.3%	N/A	N/A	N/A
ETC	67.2%	75.6%	77.9%	80.1%
% Evasion				
Video	45.0%	45.0%	45.0%	45.0%
Cash	0.0%	N/A	N/A	N/A
ETC	1.2%	1.0%	1.0%	1.0%
Vehicle Type - Transactions				
%Auto	93.2%	88.1%	84.0%	79.0%
%Truck	6.9%	10.1%	13.6%	17.9%

Note:

Figure 6-11: SH 130 - Average Weekday Traffic – 2010 Model Calibration Year

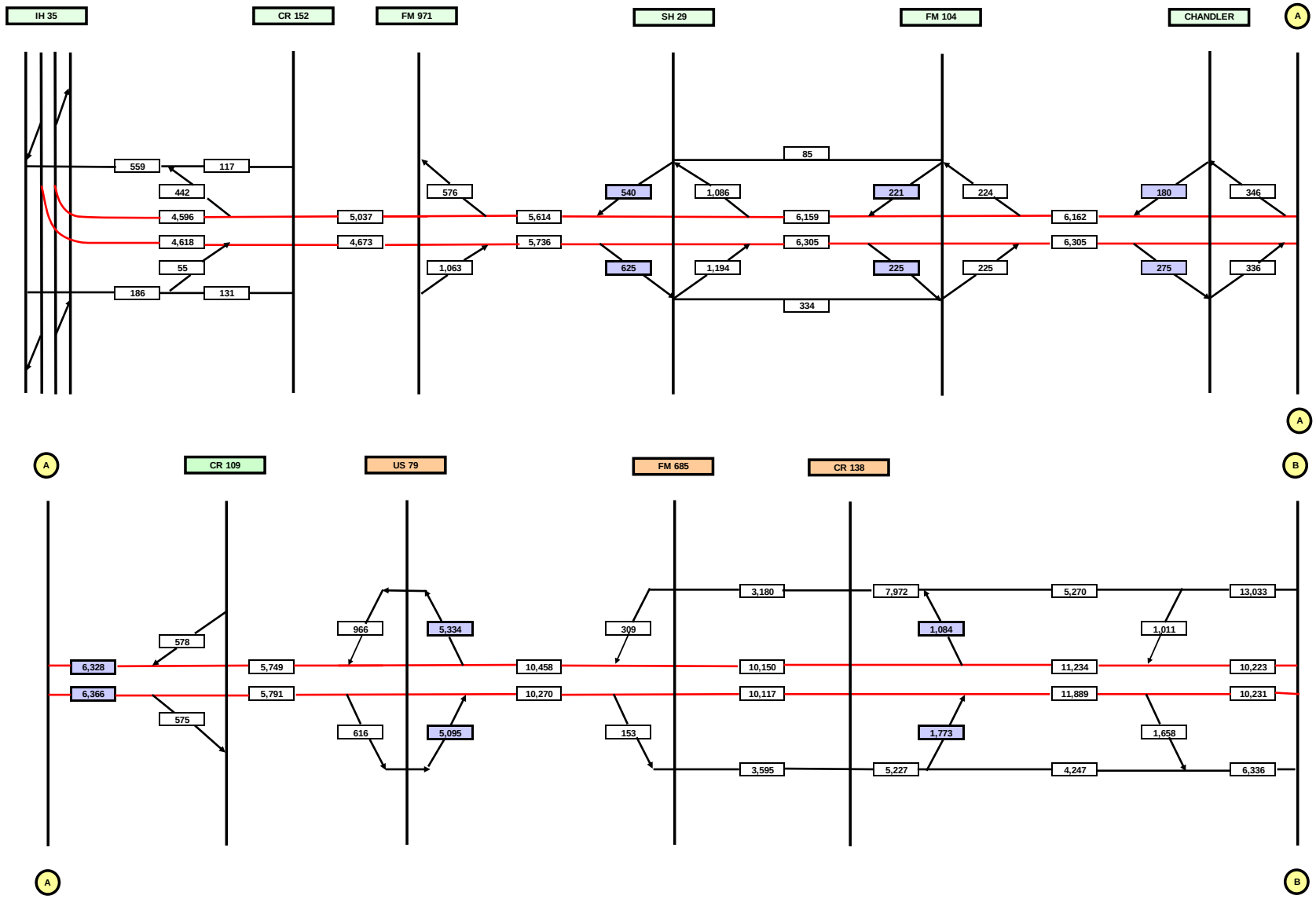


Figure 6-11: SH 130 - Average Weekday Traffic – 2010 (Continued)

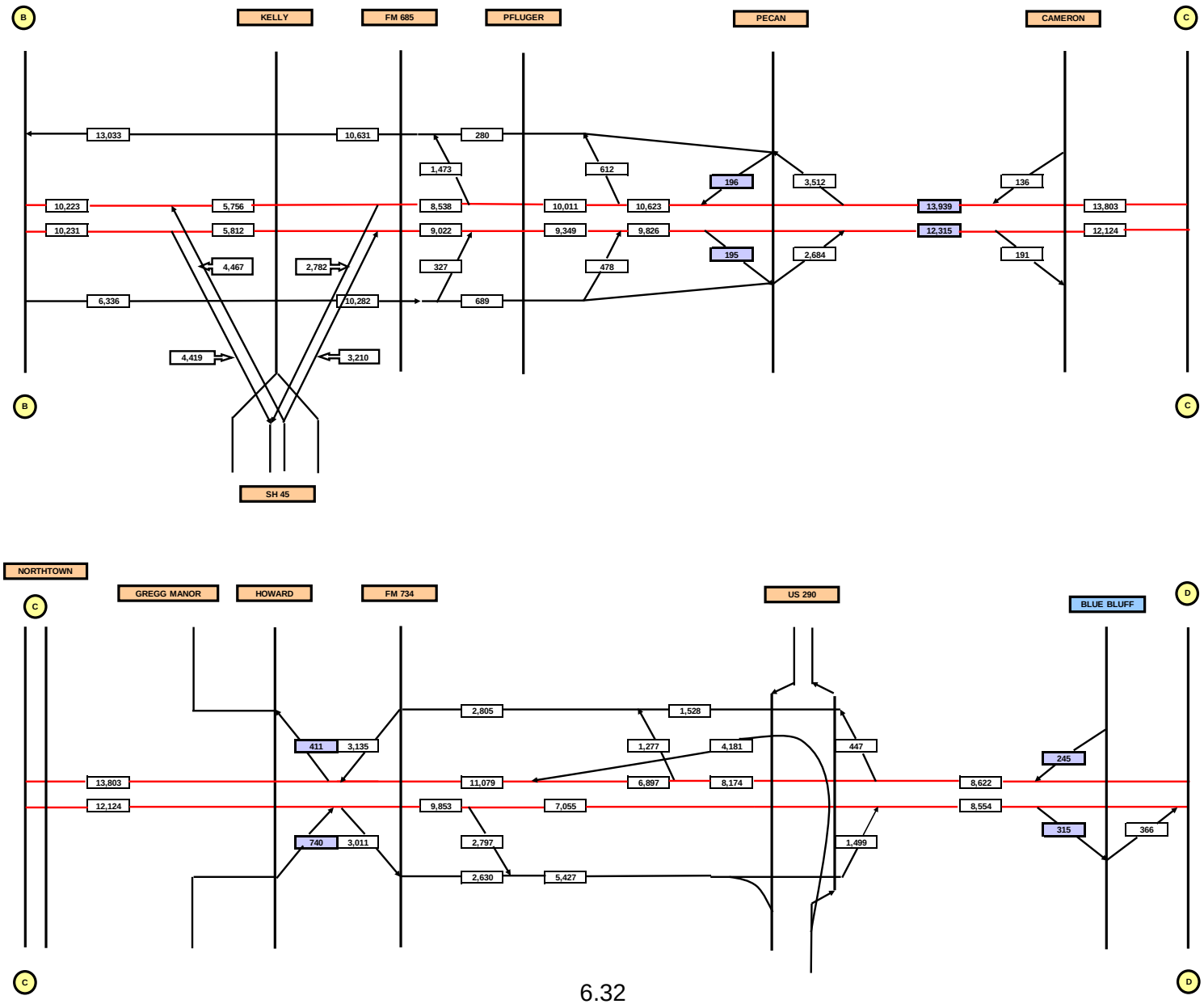


Figure 6-11: SH 130 - Average Weekday Traffic – 2010 (Continued)

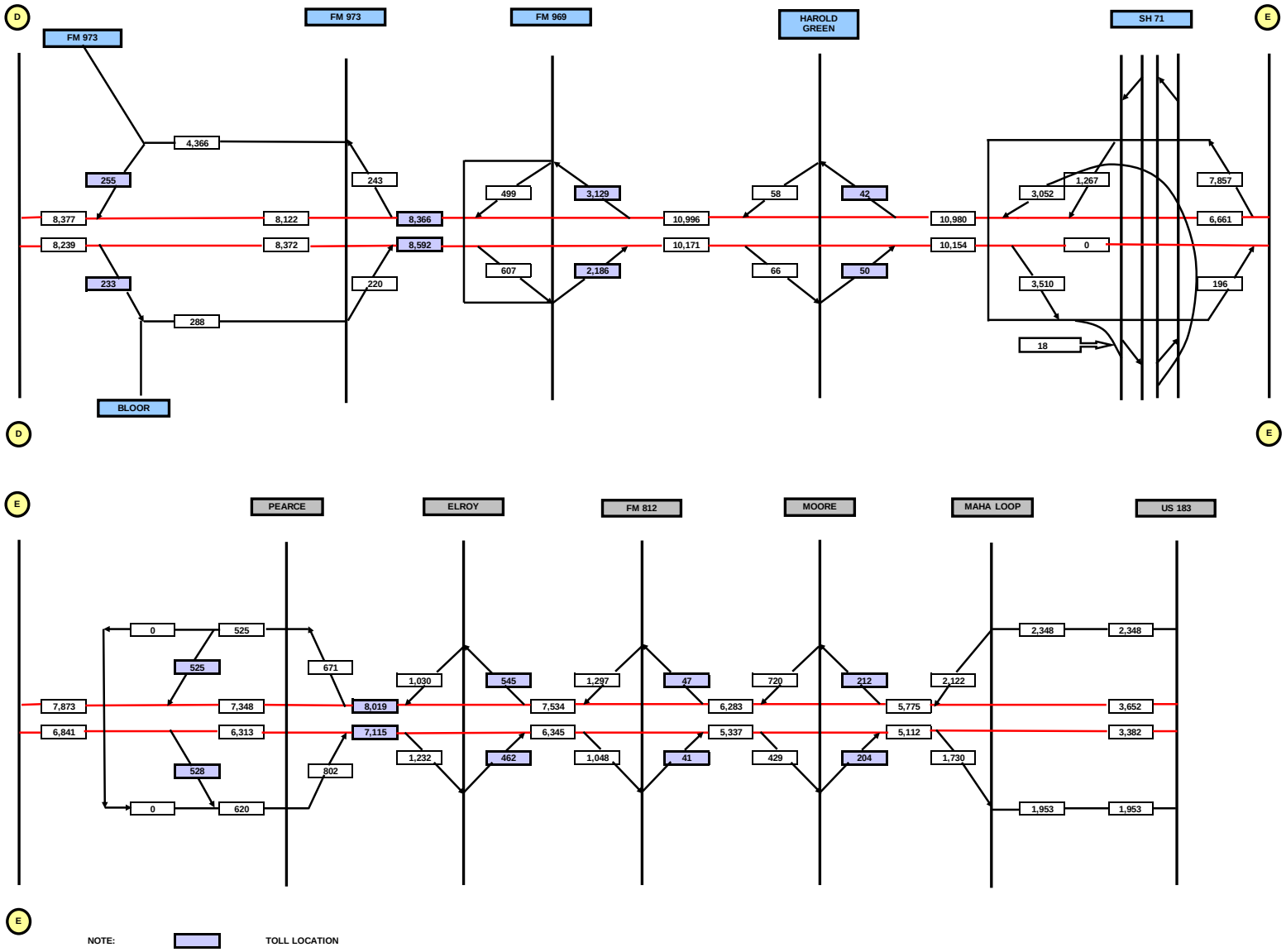


Figure 6-12: SH 130 - Average Weekday Traffic – 2015 Amended Toll Plan

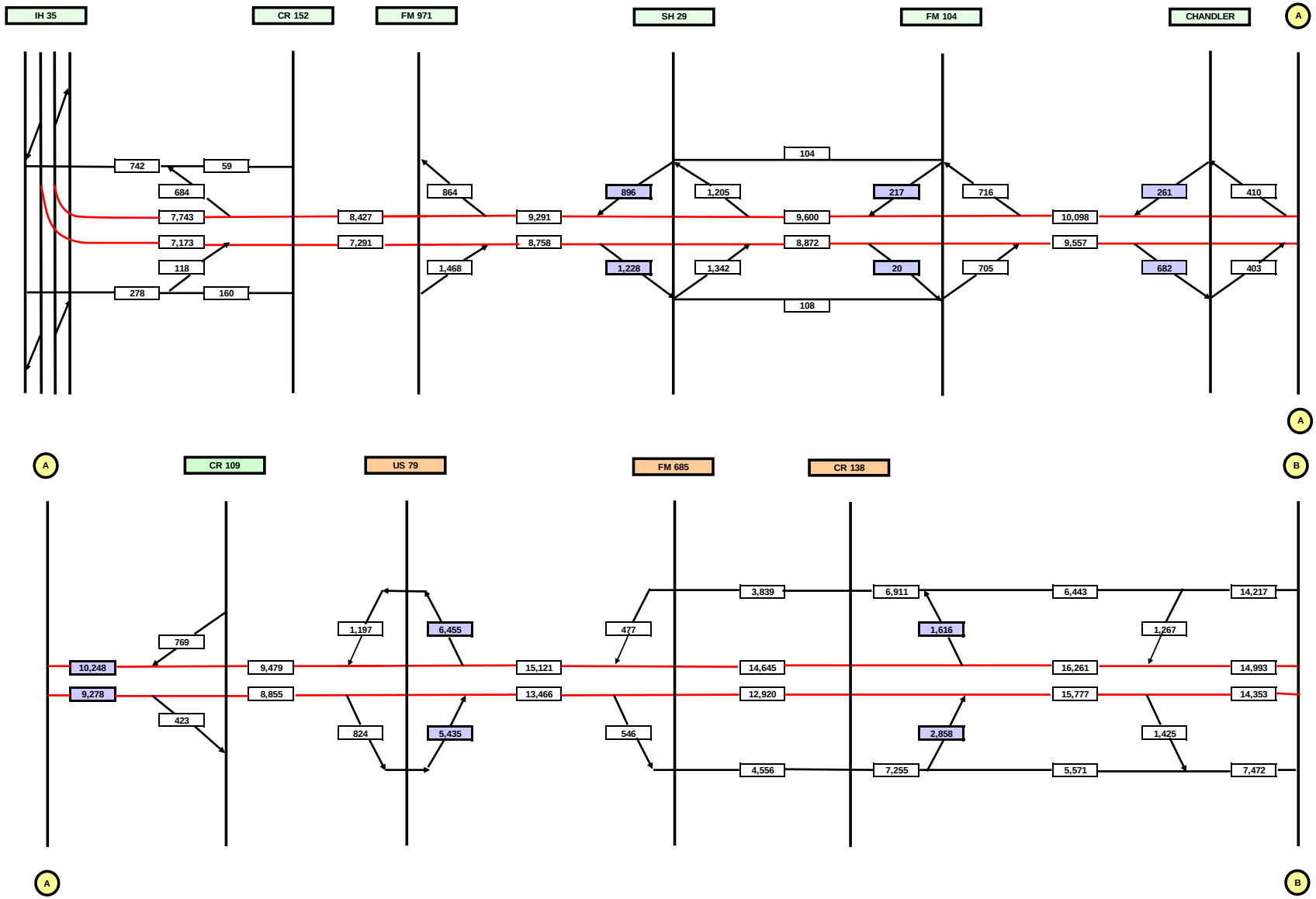


Figure 6-12: SH 130 - Average Weekday Traffic – 2015 (Continued)

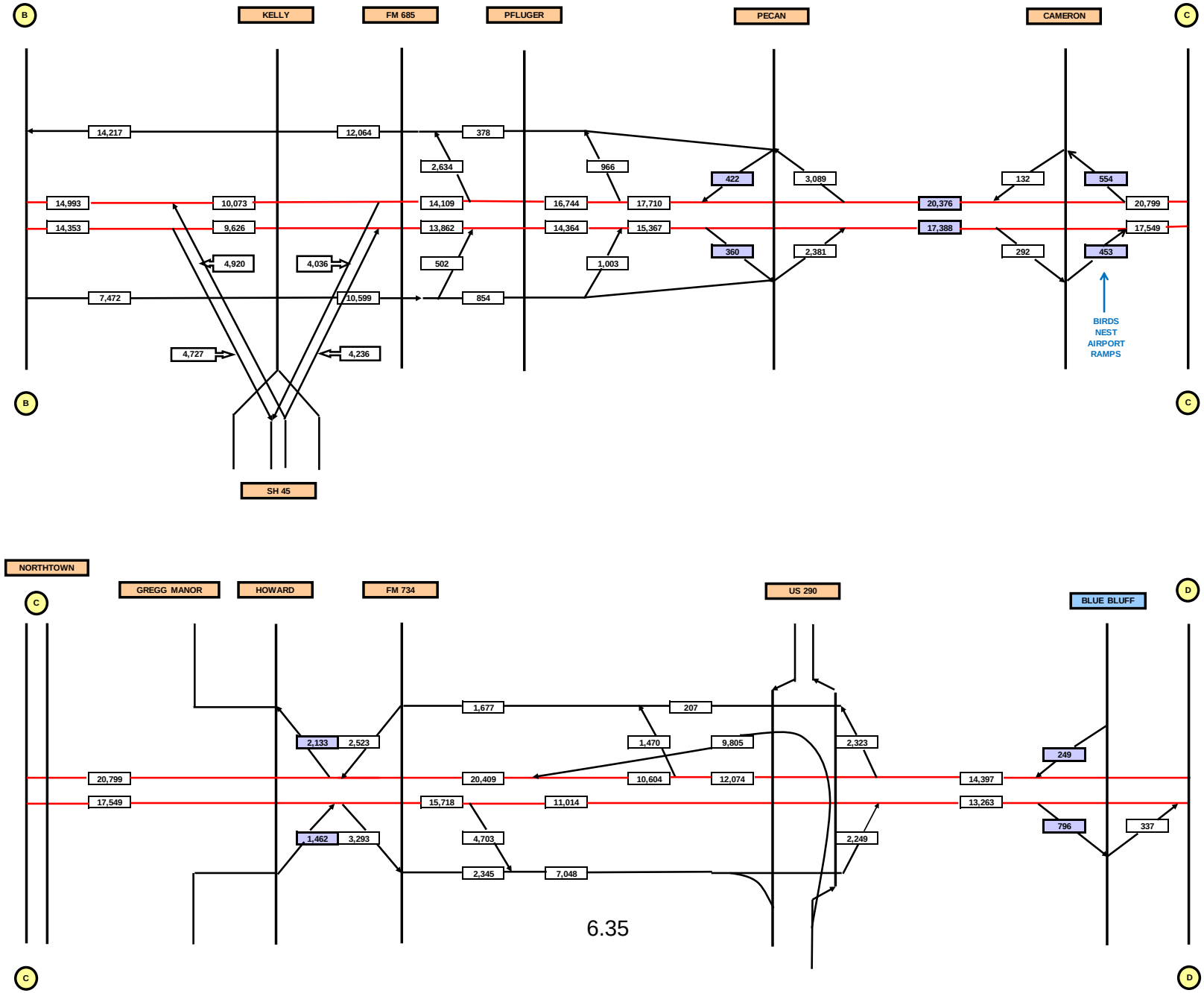


Figure 6-12: SH 130 - Average Weekday Traffic – 2015 (Continued)

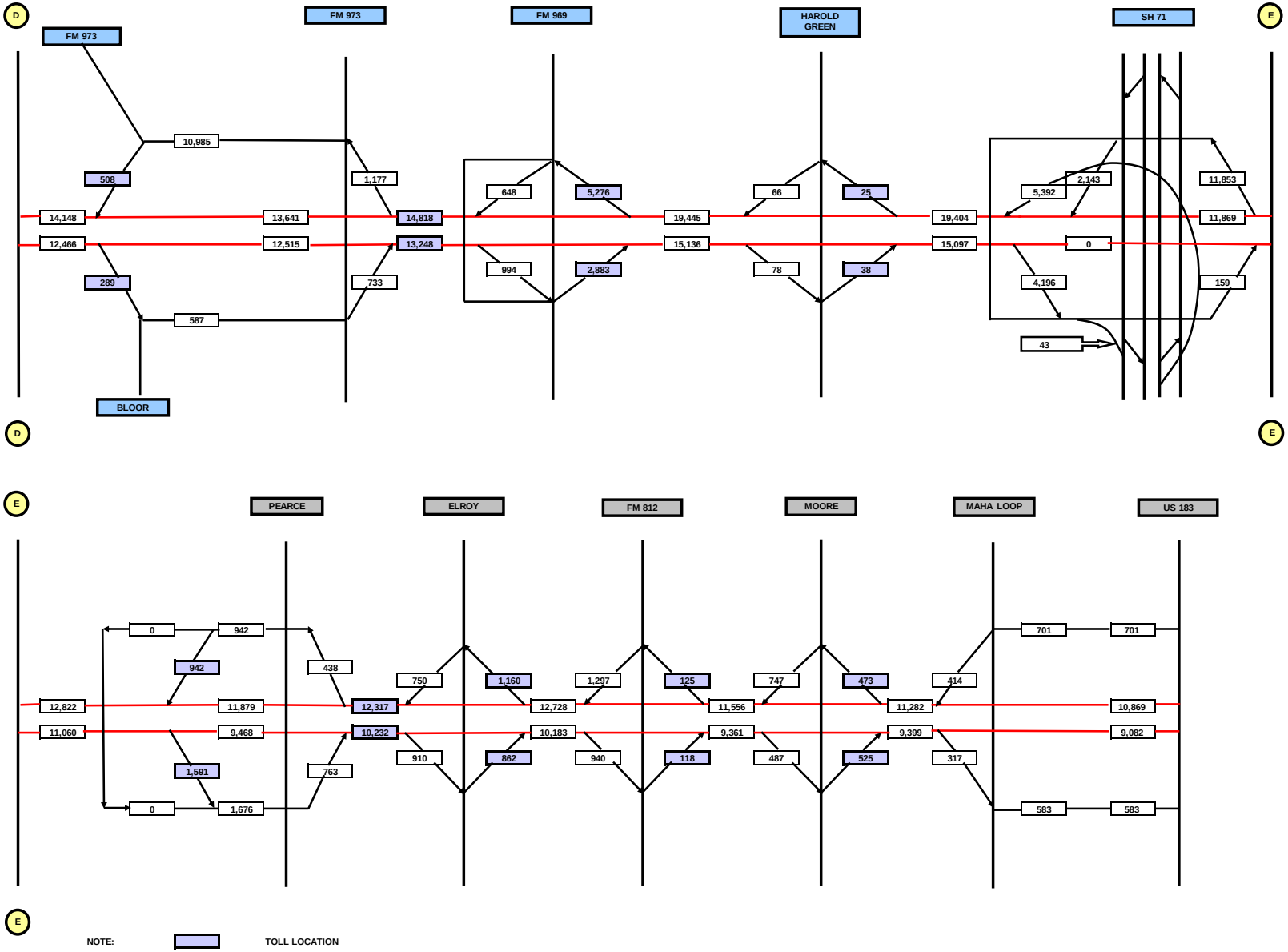


Figure 6-13: SH 130 - Average Weekday Traffic – 2035 Amended Toll Plan

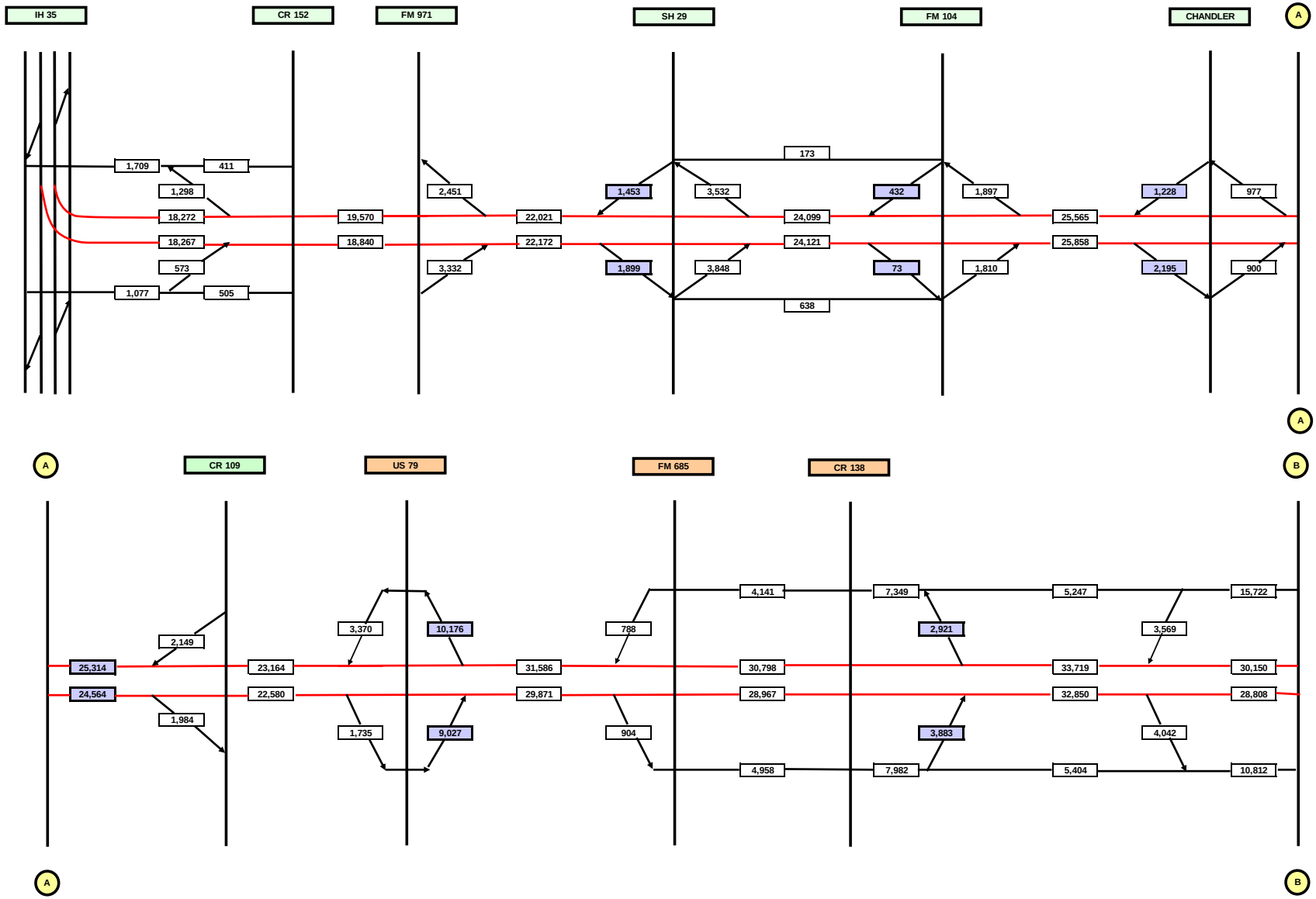


Figure 6-13: SH 130 - Average Weekday Traffic – 2035 (Continued)

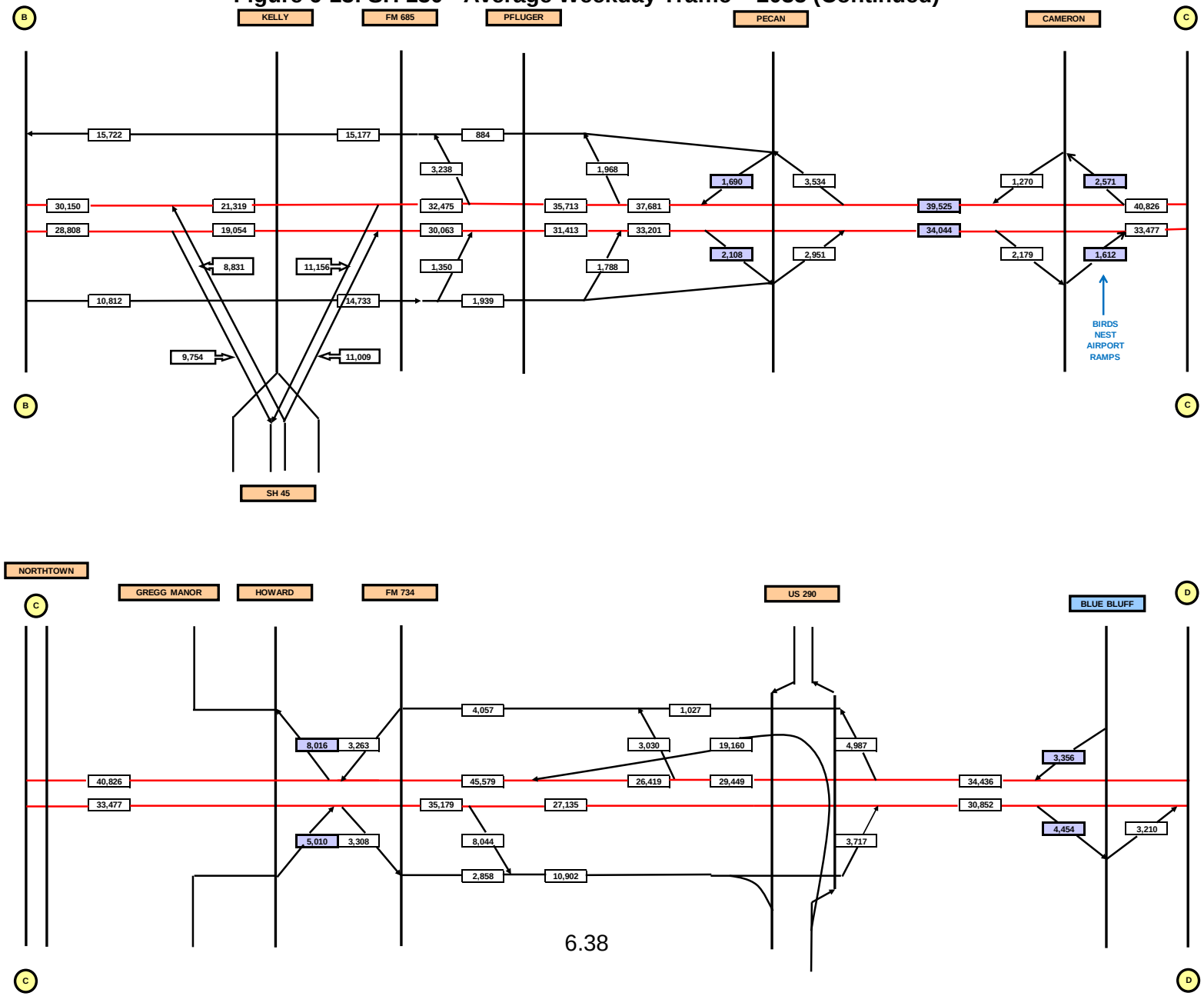
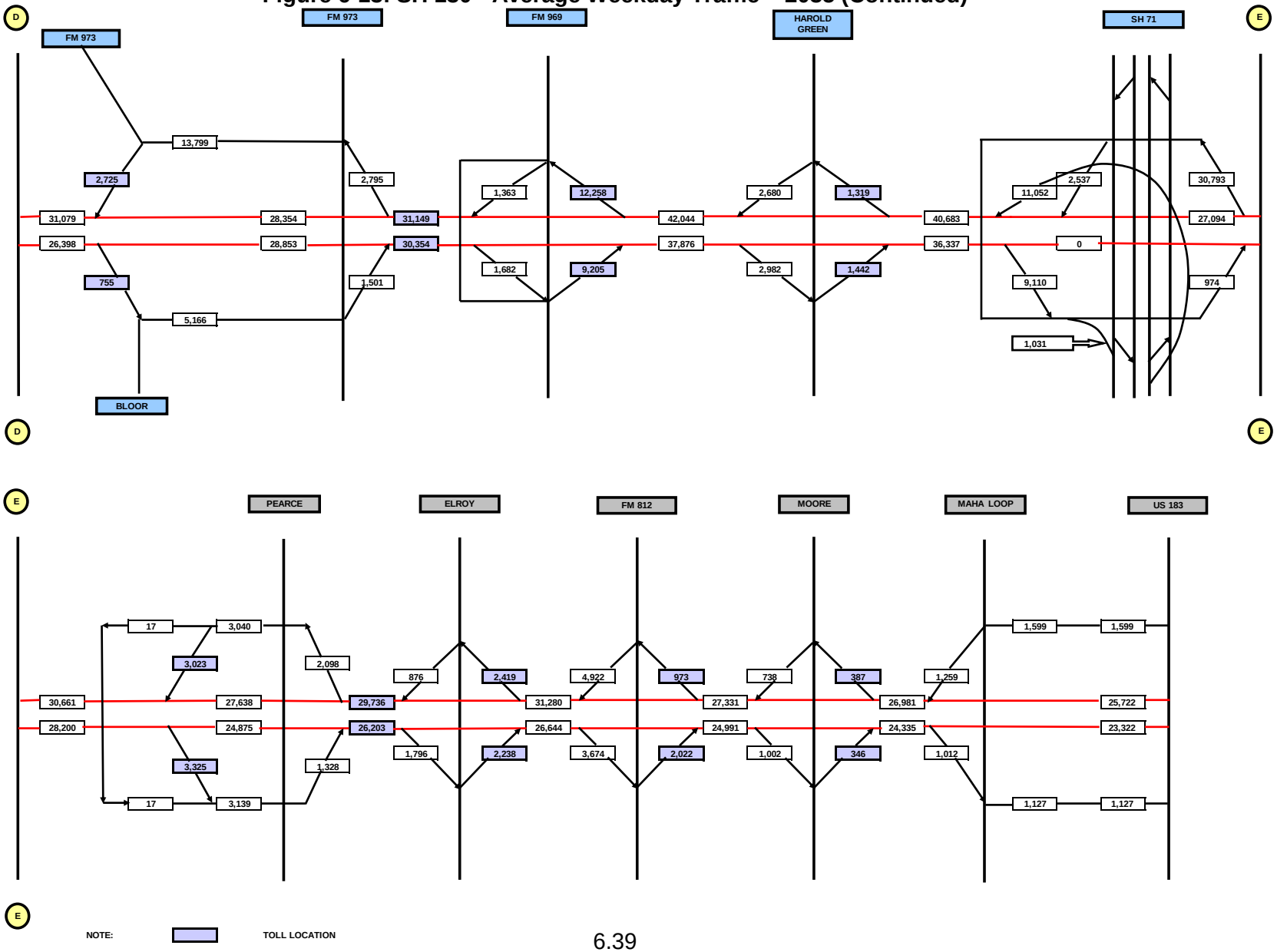


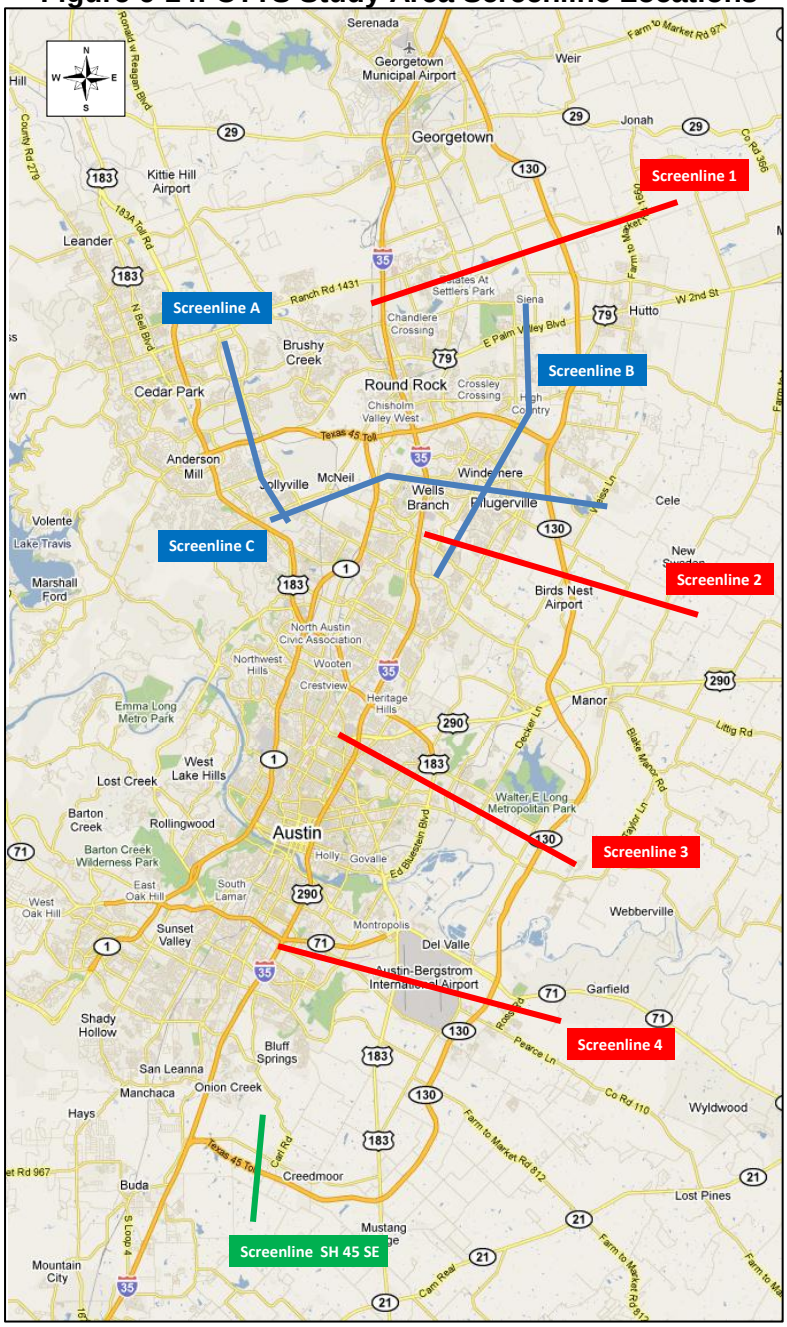
Figure 6-13: SH 130 - Average Weekday Traffic – 2035 (Continued)



6.6.2 Screenline Analysis

For the purpose of the SH 130 screenline analysis, four screenlines were selected, with each screenline including a segment of SH 130 with mainline toll barrier. Figure 6-14 shows the locations of the four screenlines; all four screenlines extend from IH 35 eastward (i.e., bounded on the western edge by IH 35), as representative of the SH 130 corridor.

Figure 6-14: CTTS Study Area Screenline Locations



Source: maps.google.com

Traffic on individual routes for each screenline is shown in Table 6-17. Note that these values are unadjusted model estimates and intended to indicate the future demand of traffic in the corridor as estimated by the model as well as the share of traffic using SH 130. In the year 2010, SH 130 has values ranging from 4.3 percent to 11.5 percent of the corridor traffic with the highest percent share in Segment 2, represented by Screenline 2. In contrast, IH-35 dominates the share of corridor traffic with values ranging from 61.2 percent to 79.4 percent.

In future years, the share of traffic on SH 130 increases as congestion along IH-35 reduces the attractiveness of that roadway and future growth in population and employment occurs in the areas adjacent to SH 130. As a result SH 130 increases its share of traffic to values ranging from 10.7 percent to 19.7 percent by 2035. It should be noted that the percent share of traffic on each roadway by year will vary due to changes in nearby development along with improvements to individual roadways that either complement or compete with a given road.

Table 6-17: SH 130 Element Screenline Analysis – Amended Toll Plan

Screenline 1 - SH 130

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
IH 35	135,894	79.4%	146,805	74.7%	167,083	69.4%	193,825	65.9%
CR 115	11,314	6.6%	13,162	6.7%	12,232	5.1%	15,097	5.1%
FM 1460	6,832	4.0%	7,014	3.6%	14,616	6.1%	19,052	6.5%
CR 110	1,911	1.1%	2,315	1.2%	8,782	3.6%	8,890	3.0%
SH 130	12,693	7.4%	19,526	9.9%	32,290	13.4%	49,878	16.9%
CR 100	567	0.3%	5,607	2.9%	3,862	1.6%	1,098	0.4%
FM 1660	1,917	1.1%	2,083	1.1%	2,004	0.8%	6,469	2.2%
TOTAL	**171,128**	**100.0%**	**196,510**	**100.0%**	**240,869**	**100.0%**	**294,309**	**100.0%**

Screenline 2 - SH 130

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
IH 35	161,685	71.0%	171,690	66.5%	200,520	65.1%	211,615	56.7%
Heatherwilde Blvd	9,318	4.1%	9,124	3.5%	11,298	3.7%	13,795	3.7%
Dessau / FM 685	18,080	7.9%	23,916	9.3%	28,604	9.3%	41,528	11.1%
Immanuel	2,773	1.2%	3,233	1.3%	4,406	1.4%	6,197	1.7%
SH 130	26,254	11.5%	37,765	14.6%	48,920	15.9%	73,569	19.7%
Cameron Rd	2,755	1.2%	4,446	1.7%	9,445	3.1%	18,291	4.9%
Fuchs Grove	6,915	3.0%	7,879	3.1%	4,828	1.6%	8,335	2.2%
TOTAL	**227,780**	**100.0%**	**258,053**	**100.0%**	**308,022**	**100.0%**	**373,330**	**100.0%**

Screenline 3 - SH 130

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
IH 35	239,945	61.2%	253,677	56.9%	268,454	56.2%	290,514	50.4%
Cameron Rd.	11,237	2.9%	17,327	3.9%	19,252	4.0%	22,687	3.9%
Berkman Dr.	7,151	1.8%	8,780	2.0%	9,771	2.0%	9,512	1.6%
Manor Rd.	8,706	2.2%	10,480	2.3%	15,222	3.2%	18,892	3.3%
Springdale Rd.	11,696	3.0%	18,170	4.1%	15,350	3.2%	21,521	3.7%
US 183	65,609	16.7%	66,642	14.9%	51,770	10.8%	66,162	11.5%
Johnny Morris Rd.	6,932	1.8%	9,711	2.2%	10,358	2.2%	7,928	1.4%
FM 3177	14,235	3.6%	17,774	4.0%	26,897	5.6%	36,527	6.3%
FM 973	3,834	1.0%	8,269	1.9%	8,833	1.8%	10,094	1.7%
SH 130	16,958	4.3%	28,066	6.3%	38,622	8.1%	61,503	10.7%
FM 969	5,821	1.5%	7,255	1.6%	13,111	2.7%	31,477	5.5%
TOTAL	**392,123**	**100.0%**	**446,150**	**100.0%**	**477,639**	**100.0%**	**576,819**	**100.0%**

Table 6-17: SH 130 Element Screenline Analysis – Amended Toll Plan (continued)

Screenline 4 - SH 130

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
IH 35	187,233	61.3%	227,054	61.7%	226,086	54.8%	237,209	50.2%
Todd Ln.	9,457	3.1%	19,582	5.3%	23,820	5.8%	31,616	6.7%
Stassney Ln.	30,564	10.0%	31,473	8.5%	44,689	10.8%	45,018	9.5%
US 183	36,990	12.1%	35,554	9.7%	44,968	10.9%	45,764	9.7%
FM 973	17,592	5.8%	24,102	6.5%	26,595	6.4%	36,526	7.7%
SH 130	15,133	5.0%	22,549	6.1%	32,805	7.9%	55,939	11.8%
Ross Rd.	8,455	2.8%	7,940	2.2%	13,979	3.4%	20,899	4.4%
TOTAL	**305,423**	**100.0%**	**368,254**	**100.0%**	**412,942**	**100.0%**	**472,972**	**100.0%**

6.6.3 Truck Growth Analysis

Stantec is aware that the truck growth on SH 130 appears relatively high, especially for 2035 in which truck traffic comprises approximately 21% of total traffic. These are in part due to the congestion levels forecasted for competing IH 35, but also because the forecast includes 2 axle 6-tire trucks. Stantec has provided a discussion below for both the 2015 and 2035 forecast years and the rationale regarding their truck levels.

2015 Forecast – In making the forecast, Stantec took into consideration the large truck volumes already in the north-south corridors. Screenlines 1 through 4, shown in Table 6-18 below, have high concentrations of trucks, as evidenced by the 2015 forecast. In 2015 total truck traffic crossing the screenlines, which include 2 axle 6-tire trucks, ranged between 12.2 and 17.1 percent, with IH 35 consisting of between 15.3 and 20.2 percent. In 2015, which includes the completion and opening of SH 130 segments 5 and 6, truck shares on SH 130 are forecasted to range between 11.0 and 16.0 percent.

The 2015 truck levels on SH 130 are consistent with the levels seen in 2012 and the rapid growth that has been occurring, in part, because of the temporary toll reductions that were implemented during the Christmas Holiday period in December 2011 as part of a strategic marketing plan. After the temporary discounted truck toll rates were terminated in late January of 2012, the increase in truck usage is largely attributed to improving economic conditions. Between February and May of 2012, truck volumes have increased year over year by between 12.0 and 27.1 percent. These data are presented in Table 6-19, below. It should be noted that the observed truck transactions presented in Table 6-19 do not include 2-axle 6-tire vehicles,

Table 6-18: Average Weekday Traffic for 2015 and 2035 Model Output - Unadjusted

	2015 Unadjusted Average Weekday Traffic				2035 Unadjusted Average Weekday Traffic			
	Auto	Truck	Total	% TRUCK	Auto	Truck	Total	% TRUCK
Screenline 1								
IH 35	117,381	29,424	146,805	20.0%	148,949	44,876	193,825	23.2%
SH 130	17,382	2,144	19,526	11.0%	41,482	8,396	49,878	16.8%
Screenline 2								
IH 35	143,161	28,528	171,689	16.6%	160,478	51,137	211,615	24.2%
SH 130	33,399	4,366	37,765	11.6%	56,716	16,853	73,569	22.9%
Screenline 3								
IH 35	214,940	38,737	253,677	15.3%	220,152	70,362	290,514	24.2%
SH 130	23,701	4,364	28,065	15.5%	45,298	16,205	61,503	26.3%
Screenline 4								
IH 35	181,236	45,817	227,053	20.2%	172,756	64,454	237,210	27.2%
SH 130	18,950	3,599	22,549	16.0%	39,916	16,022	55,938	28.6%

Note: Truck volumes and percentages include 2 axle 6-tire trucks.

Table 6-19: Truck Transaction Growth for the Same Month 2011 and 2012 (Jan - Jun)

	AUTO			TRUCK(*)		
MONTH	2011	2012	11-12 Growth	2011	2012	11-12 Growth
January	74,390	82,718	11.2%	5,245	7,241	38.1%
February	74,660	89,689	20.1%	5,409	6,792	25.6%
March	87,323	97,060	11.2%	6,832	7,652	12.0%
April	88,872	98,908	11.3%	6,693	7,801	16.6%
May	86,596	100,887	16.5%	6,608	8,123	22.9%
June	86,242	104,791	21.5%	6,856	8,714	27.1%
	Truck Growth (Mar-Jun 2012 / Mar-Jun 2011 -1)					19.6%

Note:

Truck Pay Auto Rates

Truck Toll Rate capped at 4-axles (March 1, 2011)

(*) Truck only includes 3+axle vehicles and does not include 2-axle 6-tire vehicles

Table 6-20: Average Weekday Traffic for 2035 Model Output - Unadjusted and Adjusted

	2035 Unadjusted Average Weekday Traffic				2035 Adjusted Average Weekday Traffic			
	Auto	Truck	Total	% TRUCK	Auto	Truck	Total	% TRUCK
Screenline 1								
IH 35	148,949	44,876	193,825	23.2%	148,949	44,876	193,825	23.2%
SH 130	41,482	8,396	49,878	16.8%	33,891	5,894	39,785	14.8%
Screenline 2								
IH 35	160,478	51,137	211,615	24.2%	160,478	51,137	211,615	24.2%
SH 130	56,716	16,853	73,569	22.9%	46,851	11,831	58,682	20.2%
Screenline 3								
IH 35	220,152	70,362	290,514	24.2%	220,152	70,362	290,514	24.2%
SH 130	45,298	16,205	61,503	26.3%	37,681	11,376	49,057	23.2%
Screenline 4								
IH 35	172,756	64,454	237,210	27.2%	172,756	64,454	237,210	27.2%
SH 130	39,916	16,022	55,938	28.6%	33,371	11,248	44,619	25.2%

Note: Truck volumes and percentages include 2 axle 6-tire trucks.

2035 Forecast – Upon review, the high growth rates on SH 130 are largely due to the severity of the congestion level on IH-35 during the off-peak period, in 2035, the volume-capacity (V/C) ratios on IH-35 were estimated near or above1.0, indicating slow speeds and saturation. The congestion level along SH 130, however, is low, thus, making this facility increasing more attractive as an alternative route for longer trips, most of which are truck trips.

Nonetheless, as a comparison of 2035 forecast values in Table 6-20 indicates, Stantec made significant post processing adjustments to lower traffic levels on SH 130. The adjustments reduced the total traffic by 20 percent. Car trips were reduced by 17 percent and truck trips along the four screenline locations were reduced by approximately 30%, from 57,477 vehicles per day to 40,349. The compounded annual growth rate (CAGR) from the model had indicated 7.1 percent per year growth; via post processing, growth was reduced to approximately 5.3 percent per year. However, it should be noted that the estimated annual growth of 5.3% represents approximately 2,100 vehicles per day across the four screenlines in 2035. Meanwhile, the total number of trucks in the corridor (including IH-35) traversing those four screenlines in 2035 is estimated at approximately 271,000 per day. Therefore, this absolute number of 2,100 only represents less than one percent (0.8%) of truck trips in the corridor traversing the four SH 130 screenlines. IH 35 and SH 130 corridor total traffic growth averages 1.1 percent a year with truck growth at 2.9 percent a year.

Stantec believes that the 5.3 percent annual growth rate for SH 130 is reasonable considering that the free alternative route (IH-35) will be considerably congested in the future.

6.6.4 Revenue Forecasts

Using the average weekday traffic forecasts from the model outputs, the revenue forecasts for the Base Case and the Amended Toll Plan alternative for the SH 130 element were developed. As an initial step, the transactions on a yearly basis were estimated for the entire forecast period from 2012 to 2042. Using the forecasts from the model years (2010, 2013, 2015, 2025, 2035), the volumes by year were calculated by interpolation. Due to the limited background network improvements beyond 2025, Stantec applied a reduction to the model forecasts from 2025 to 2035 by reducing the 2035 transactions by approximately 20.0 percent and the years beyond 2035 were extrapolated based on a tapering annual rate of growth. As a final step the transactions were then converted from calendar year to fiscal year. The average weekday toll transactions for the Base Case and Amended Toll Plan alternative are shown in Table 6-22.

Note that the transactions for the first four fiscal years reflect the observed transactions as provided by TxDOT's annual reports. For the current fiscal year, the transactions are estimated from the Fiscal Year 2011 observed transactions and a growth rate developed from actual results for the first four months of 2012. Note that the traffic reductions shown in selected horizon years reflect the impact of the toll increases as discussed in 6.2 and listed in Table 6-2 and Table 6-3. These reductions reflect the adjustment from the forecasts initially developed on a calendar year basis to the forecasts stated on a fiscal year basis, with the fiscal year beginning September 1 and ending August 31. For example, the toll increase in September 2015 affects the traffic forecast in fiscal year 2016 (the fiscal year ending August 2016). Accordingly, the toll increase in January 2013 will mostly affect the traffic forecast in fiscal year 2014 and only part of fiscal year 2015.

The revenue forecasts developed from the adjusted transaction estimates described above are shown in Table 6-23 for the Base Case and the Amended Toll Plan alternative. The estimates include several assumptions regarding toll rates by payment type and changes in the share of transactions by payment type. Video tolling includes a 33 percent surcharge over the ETC rates. The share of transactions by payment type will change over the forecast period, with ETC transaction shares increasing from approximately 67.2 percent in 2010 to 80.1 percent by 2035. Note that SH 130 has exhibited a lower transponder share than SH 45N and Loop 1 as more SH 130 patrons are traveling from areas outside of the Austin region.

The revenue forecasts for SH 130 also include a ramp-up period since the alignment is primarily east of the major developed areas of Austin. In the forecasts previously prepared, a six-year ramp up period was assumed as shown in Table 6-21. SH 130 is now in the fifth year of the ramp-up period and therefore the revenue forecasts for the fiscal years of 2012-2013 include discounts for the remaining ramp-up period.

Table 6-21: SH 130 Estimated Ramp-Up Factors

Calendar Year	Fiscal Year	Ratio to Raw Model Output
2007	2008	0.54
2008	2009	0.65
2009	2010	0.78
2010	2011	0.83
2011	2012	0.92
2012	2013	0.97
2013	2014	1.00

The average weekday traffic volumes from the model have been annualized conservatively using a factor of 330, which is slightly higher than the factor of 320 used in the previous studies. The annualization factor of 330 was derived from the observed SH 130 transactions.

Table 6-22: 2012 CTTS Update Average Weekday Toll Transactions – SH 130

Fiscal Year	SH 130				Ratio = Amended Trans / Base Trans
	Base Case		Amended Toll Plan		
	Transactions	Yr / Yr Growth	Transactions	Yr / Yr Growth	
2008	***51,747***		***51,747***		***1.00***
2009	***64,875***	***25.4%***	***64,875***	***25.4%***	***1.00***
2010	***74,547***	***14.9%***	***74,547***	***14.9%***	***1.00***
2011	***79,840***	***7.1%***	***79,840***	***7.1%***	***1.00***
2012	90,971	*13.9%*	90,971	*13.9%*	**1.00**
2013	104,617	*15.0%*	90,483	*-0.5%*	**0.86**
2014	116,436	*11.3%*	100,681	*11.3%*	**0.86**
2015	128,256	*10.2%*	110,880	*10.1%*	**0.86**
2016	112,865	*-12.0%*	118,601	*7.0%*	**1.05**
2017	123,194	*9.2%*	126,322	*6.5%*	**1.03**
2018	133,523	*8.4%*	134,043	*6.1%*	**1.00**
2019	143,852	*7.7%*	141,764	*5.8%*	**0.99**
2020	154,182	*7.2%*	149,485	*5.4%*	**0.97**
2021	164,511	*6.7%*	157,206	*5.2%*	**0.96**
2022	174,840	*6.3%*	164,928	*4.9%*	**0.94**
2023	185,169	*5.9%*	172,649	*4.7%*	**0.93**
2024	195,498	*5.6%*	180,370	*4.5%*	**0.92**
2025	205,827	*5.3%*	188,091	*4.3%*	**0.91**
2026	189,599	*-7.9%*	193,948	*3.1%*	**1.02**
2027	198,644	*4.8%*	199,805	*3.0%*	**1.01**
2028	207,689	*4.6%*	205,663	*2.9%*	**0.99**
2029	216,734	*4.4%*	211,520	*2.8%*	**0.98**
2030	225,779	*4.2%*	217,377	*2.8%*	**0.96**
2031	234,825	*4.0%*	223,234	*2.7%*	**0.95**
2032	243,870	*3.9%*	229,092	*2.6%*	**0.94**
2033	252,915	*3.7%*	234,949	*2.6%*	**0.93**
2034	261,960	*3.6%*	240,806	*2.5%*	**0.92**
2035	271,005	*3.5%*	246,663	*2.4%*	**0.91**
2036	258,416	*-4.6%*	252,521	*2.4%*	**0.98**
2037	269,234	*4.2%*	258,378	*2.3%*	**0.96**
2038	279,108	*3.7%*	264,235	*2.3%*	**0.95**
2039	287,896	*3.1%*	270,092	*2.2%*	**0.94**
2040	295,467	*2.6%*	275,950	*2.2%*	**0.93**
2041	302,743	*2.5%*	281,807	*2.1%*	**0.93**
2042	310,047	*2.4%*	287,664	*2.1%*	**0.93**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Actual Average Weekday Traffic - violations excluded

Table 6-23: 2012 CTTS Update Annual Revenue Projections – SH 130 (in $000s)

Fiscal Year	SH 130				Ratio = Amended Rev / Base Rev
	Base Case		Amended Toll Plan		
	Revenue	Yr / Yr Growth	Revenue	Yr / Yr Growth	
2008	***$19,456***		***$19,456***		***1.00***
2009	***$27,114***	***39.4%***	***$27,114***	***39.4%***	***1.00***
2010	***$34,415***	***26.9%***	***$34,415***	***26.9%***	***1.00***
2011	***$36,237***	***5.3%***	***$36,237***	***5.3%***	***1.00***
2012	$39,852	*10.0%*	$39,852	*10.0%*	**1.00**
2013	$45,950	*15.3%*	$47,767	*19.9%*	**1.04**
2014	$51,031	*11.1%*	$56,656	*18.6%*	**1.11**
2015	$56,450	*10.6%*	$66,255	*16.9%*	**1.17**
2016	$74,383	*31.8%*	$75,136	*13.4%*	**1.01**
2017	$81,857	*10.0%*	$84,018	*11.8%*	**1.03**
2018	$89,331	*9.1%*	$92,899	*10.6%*	**1.04**
2019	$96,805	*8.4%*	$101,780	*9.6%*	**1.05**
2020	$104,279	*7.7%*	$110,662	*8.7%*	**1.06**
2021	$111,753	*7.2%*	$119,543	*8.0%*	**1.07**
2022	$119,227	*6.7%*	$128,424	*7.4%*	**1.08**
2023	$126,701	*6.3%*	$137,305	*6.9%*	**1.08**
2024	$134,175	*5.9%*	$146,187	*6.5%*	**1.09**
2025	$141,649	*5.6%*	$155,068	*6.1%*	**1.09**
2026	$173,357	*22.4%*	$166,040	*7.1%*	**0.96**
2027	$181,627	*4.8%*	$177,012	*6.6%*	**0.97**
2028	$189,897	*4.6%*	$187,984	*6.2%*	**0.99**
2029	$198,168	*4.4%*	$198,957	*5.8%*	**1.00**
2030	$206,438	*4.2%*	$209,929	*5.5%*	**1.02**
2031	$214,708	*4.0%*	$220,901	*5.2%*	**1.03**
2032	$222,979	*3.9%*	$231,873	*5.0%*	**1.04**
2033	$231,249	*3.7%*	$242,845	*4.7%*	**1.05**
2034	$239,519	*3.6%*	$253,817	*4.5%*	**1.06**
2035	$247,790	*3.5%*	$264,790	*4.3%*	**1.07**
2036	$271,167	*9.4%*	$275,762	*4.1%*	**1.02**
2037	$282,519	*4.2%*	$286,734	*4.0%*	**1.01**
2038	$292,880	*3.7%*	$297,706	*3.8%*	**1.02**
2039	$302,102	*3.1%*	$308,678	*3.7%*	**1.02**
2040	$310,046	*2.6%*	$319,650	*3.6%*	**1.03**
2041	$317,681	*2.5%*	$330,623	*3.4%*	**1.04**
2042	$325,345	*2.4%*	$341,595	*3.3%*	**1.05**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue

6.7 SH 45 SE TRAFFIC AND REVENUE FORECASTS

The traffic model produces average weekday traffic projections for SH 45 SE for each of the four analysis years for which land use information was developed: 2010, 2015, 2025, and 2035. Gross toll revenues are calculated by multiplying traffic adjusted for calibration at the toll locations by the effective toll structure for that year. An annualization factor of 300 was applied to transactions to convert the average weekday traffic outputs from the model to annual transaction estimates. A multiplier of 2.1 is applied to the passenger car toll to obtain the truck toll based on actual data regarding number of axles for larger vehicles. A screenline analysis was also performed to determine whether traffic capture rates for the toll road elements are reasonable, given the level of traffic on the nearby, parallel toll-free alternative roadways.

6.7.1 Traffic Forecasts

Traffic volumes on the model network links that represent toll locations were summarized to provide forecasts of toll transactions on SH 45 SE. Table 6-24 presents the forecasts of average weekday toll transactions, passenger car tolls and revenues for each toll location for calendar years 2010, 2015, 2025, and 2035. Also shown are the assumptions used in preparing the revenue estimates. The forecasts in this table have been adjusted to account for toll evasion.

The calculated revenue shown in Table 6-24 is the traffic volumes broken down by vehicle and payment type multiplied by their respective toll rates. The current percentage of trucks on SH 45 SE is approximately 10.0 percent of the total traffic. In model year 2010, about 7,200 toll transactions are estimated per average weekday on SH 45 SE; in 2015, 2025, and 2035 will average 11,500; 16,100; and 22,500 transactions on an average weekday, respectively.

Assigned traffic at the mainline plazas, ramps, and frontage roads on SH 45 SE for model years 2010, 2015, and 2035 are presented in through Figure 6-15 and Figure 6-17. These diagrams represent unadjusted model output for average weekday transactions and are intended to give the reader a sense of scale of the traffic movements from end-to-end, as well as entry/exit activity. By comparing each diagram the change in transactions over time can be seen

Table 6-24: SH 45 SE - Model Year Average Weekday Toll Transactions and Revenue (Adjusted for evasion)

Toll Location	2010			2015			2025			2035		
	Transactions	Avg Toll	Revenue	Transactions	Avg Toll	Revenue	Transactions	Avg Toll	Revenue	Transactions	Avg Toll	Revenue
SH 45 SE												
Mainline Plaza - 45 SE	6,833	$ 1.62	$ 11,052	10,846	$ 1.76	$ 19,072	14,320	$ 2.37	$ 33,958	19,762	$ 3.18	$ 62,803
Turnserville Rd	226	$ 1.07	$ 241	293	$ 1.16	$ 340	1,071	$ 1.56	$ 1,676	1,567	$ 2.10	$ 3,286
FM 1625	112	$ 1.07	$ 120	354	$ 1.16	$ 411	699	$ 1.56	$ 1,094	1,197	$ 2.10	$ 2,511
SH 45 SE total	**7,171**		**$ 11,413**	**11,493**		**$ 19,823**	**16,090**		**$ 36,728**	**22,526**		**$ 68,600**
SH 45 SE Annual Rev in Millions			**$ 3.4**			**$ 5.9**			**$ 11.0**			**$ 20.6**

Assumptions				
Truck / Auto Toll Ratio	2.7	2.1	2.1	2.1
Video / ETC Toll Ratio	1.33	1.33	1.33	1.33
Payment Type				
Video	40%	40%	40%	40%
ETC	60%	60%	60%	60%
% Evasion				
Video	45.0%	45.0%	45.0%	45.0%
ETC	1.2%	1.0%	1.0%	1.0%
Vehicle Type				
% Auto	90.0%	90.0%	90.0%	90.0%
% Truck	10.0%	10.0%	10.0%	10.0%

Annualization of 300

Figure 6-15: Average Weekday Traffic SH 45 SE – 2010 Model Calibration Year

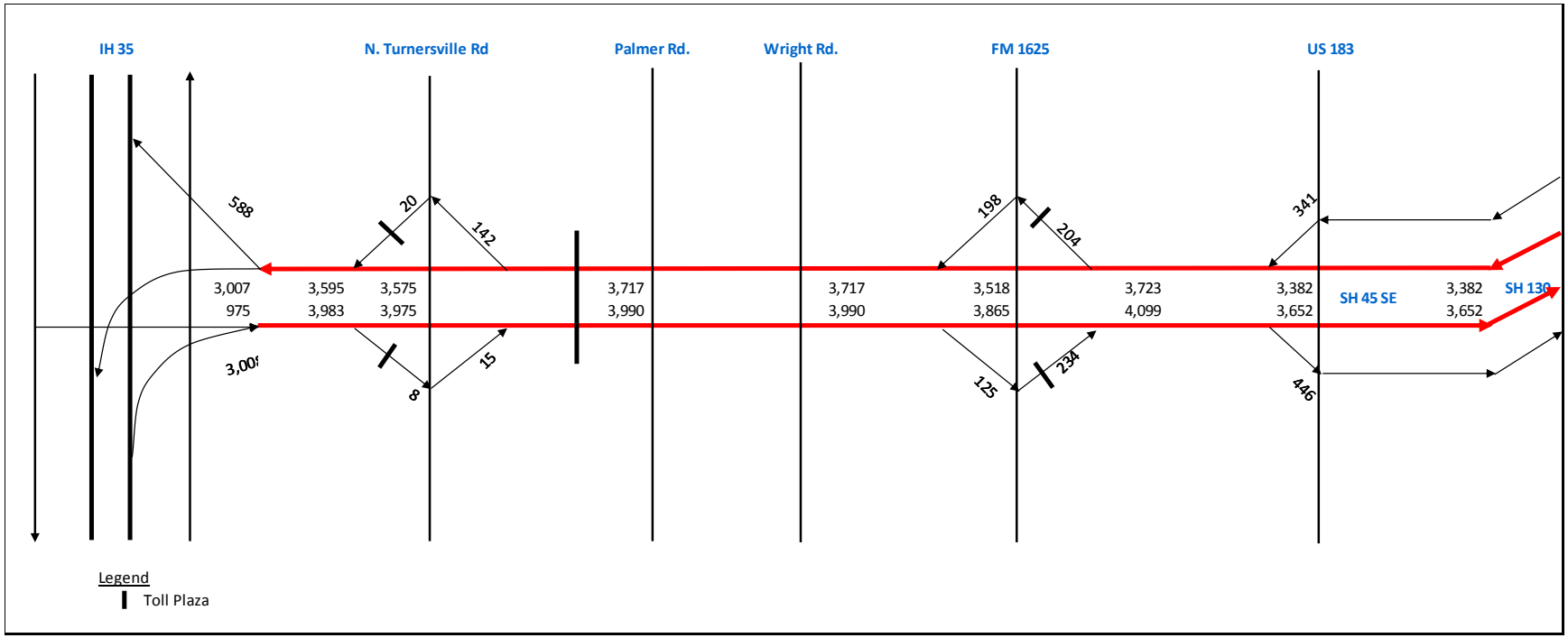


Figure 6-16: Average Weekday Traffic SH 45 SE – 2015 Amended Toll Plan

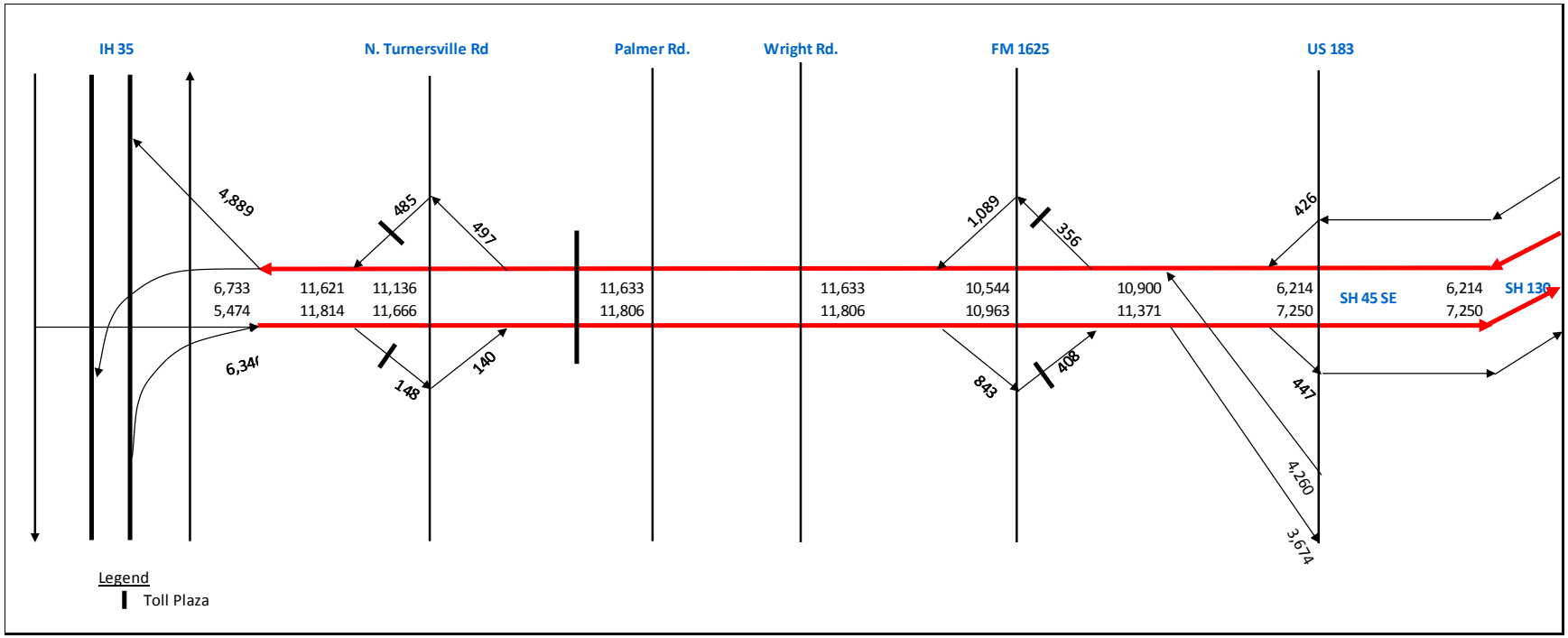
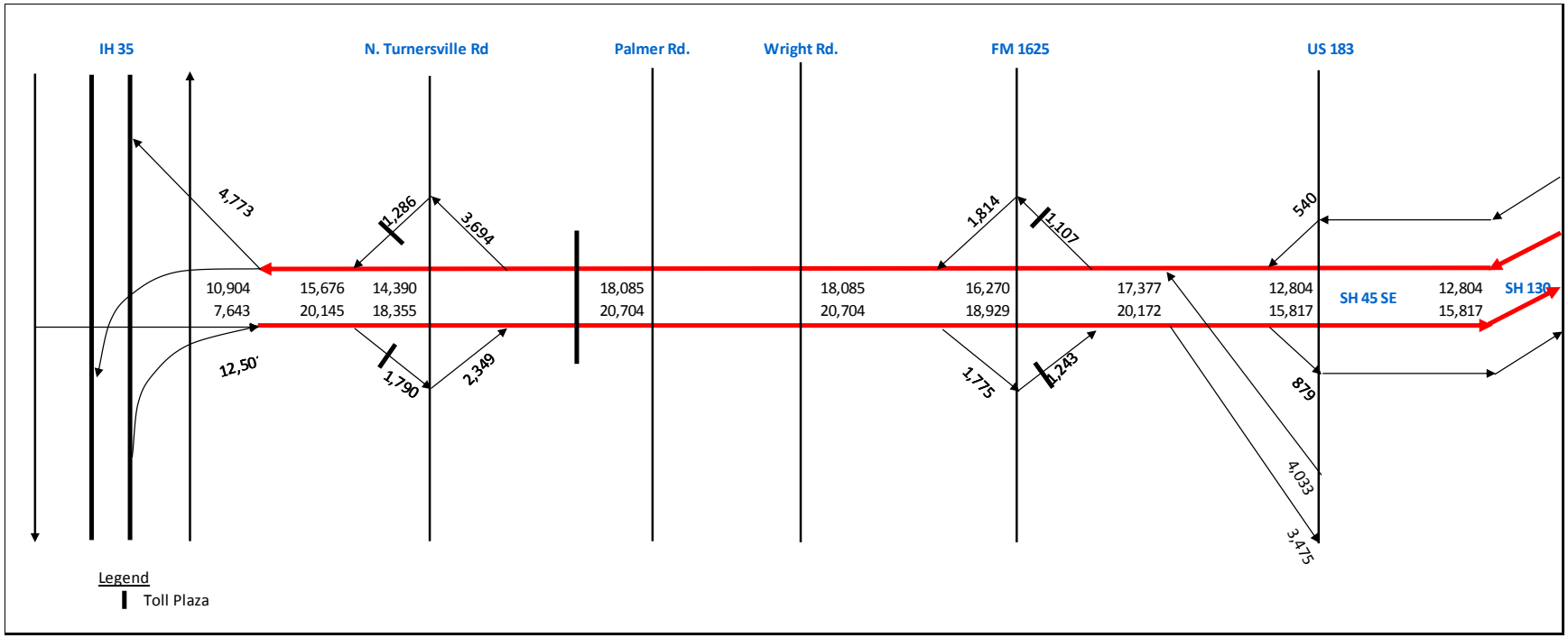


Figure 6-17: Average Weekday Traffic SH 45 SE – 2035 Amended Toll Plan



6.7.2 Screenline Analysis

One screenline was chosen for the SH 45 SE toll road and can be seen in Figure 6-10 on page 6.21 or Figure 6-14 on page 6.40. Average weekday traffic volumes are shown for each model year on three individual roadways including the SH 45 SE Mainline Toll Plaza. It should be noted that the traffic represents unadjusted traffic model output and was not used directly to calculate revenues.

Table 6-25: SH 45 SE Screenline

Location	2010	% of Screenline	2015	% of Screenline	2025	% of Screenline	2035	% of Screenline
FM 1327	14,817	62.0%	13,144	34.8%	13,848	29.6%	14,214	21.7%
SH 45 SE ML	7,706	32.2%	23,439	62.1%	29,663	63.5%	38,789	59.3%
Turnersville Rd.	1,386	5.8%	1,133	3.0%	3,224	6.9%	12,437	19.0%
TOTAL	**23,909**	**100.0%**	**37,716**	**100.0%**	**46,736**	**100.0%**	**65,440**	**100.0%**

6.7.3 Revenue Forecasts

Average weekday toll transactions and annual revenue forecasts for SH 45 SE are displayed in Table 6-26 for the Amended Toll Plan alternative. Stantec applied a reduction to the average weekday volumes to the initial model years 2010 and 2015 and then followed the overall screenline growth from 2015 to 2035. The elasticity factors discussed in Chapter 3 were used to determine the effect of toll increases on traffic volumes. SH 45 SE is already using the peak toll rate and therefore raising tolls would not produce a higher revenue stream. Consequently toll rates on this facility will not be increased until January 1, 2014 when annual toll escalation tied to the CPI-U commences. Transactions are expected to grow from 8,500 in FY 2012 to 24,100 by FY 2042. Revenue is expected to grow from $4.0 million in 2012 to $26.8 million in 2042. For the years beyond 2035 growth transactions were assumed to grow at 1.0 percent a year and revenue at 4.0 percent a year. For forecasting purposes, toll increases of 3.0 percent a year have been assumed so as to follow the annual toll escalation policy bound to the CPI-U.

As a final step the transactions were then converted from calendar year to fiscal year. Note that the transactions and revenue for the first three fiscal years reflect actual data.

Table 6-26: SH 45 SE Average Weekday Toll Transactions and Annual Revenue Amended Toll Plan (Revenue in $000s)

Fiscal Year	SH 45 SE			
	Avg Wkdy Trans	Yr / Yr Growth	Annual Revenue	Yr / Yr Growth
2009*	***6,609***		***$475***	
2010	***6,952***		***$3,210***	***576.1%***
2011	***7,659***	***10.2%***	***$3,596***	***12.0%***
2012	8,485	*10.8%*	$3,978	*10.6%*
2013	9,336	*10.0%*	$4,440	*11.6%*
2014	10,247	*9.8%*	$5,047	*13.7%*
2015	11,239	*9.7%*	$5,762	*14.2%*
2016	11,788	*4.9%*	$6,231	*8.1%*
2017	12,191	*3.4%*	$6,627	*6.4%*
2018	12,608	*3.4%*	$7,048	*6.4%*
2019	13,040	*3.4%*	$7,497	*6.4%*
2020	13,486	*3.4%*	$7,974	*6.4%*
2021	13,948	*3.4%*	$8,481	*6.4%*
2022	14,425	*3.4%*	$9,020	*6.4%*
2023	14,918	*3.4%*	$9,594	*6.4%*
2024	15,429	*3.4%*	$10,204	*6.4%*
2025	15,957	*3.4%*	$10,854	*6.4%*
2026	16,503	*3.4%*	$11,551	*6.4%*
2027	17,068	*3.4%*	$12,296	*6.4%*
2028	17,652	*3.4%*	$13,088	*6.4%*
2029	18,256	*3.4%*	$13,932	*6.4%*
2030	18,880	*3.4%*	$14,830	*6.4%*
2031	19,527	*3.4%*	$15,787	*6.4%*
2032	20,195	*3.4%*	$16,804	*6.4%*
2033	20,886	*3.4%*	$17,888	*6.4%*
2034	21,600	*3.4%*	$19,041	*6.4%*
2035	22,340	*3.4%*	$20,268	*6.4%*
2036	22,695	*1.6%*	$21,197	*4.6%*
2037	22,922	*1.0%*	$22,045	*4.0%*
2038	23,151	*1.0%*	$22,927	*4.0%*
2039	23,383	*1.0%*	$23,844	*4.0%*
2040	23,616	*1.0%*	$24,798	*4.0%*
2041	23,853	*1.0%*	$25,790	*4.0%*
2042	24,091	*1.0%*	$26,821	*4.0%*

Notes: Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Actual Average Weekday Traffic - violations excluded
Actual Revenue
Revenue includes pay-by-mail surcharge (33% of ETC toll).
*2009 average weekday is calculated from Jul and Aug 09 data.

6.8 TOTAL CTTS TRAFFIC AND REVENUE FORECASTS AND COMPARISON

Total estimated average weekday toll transactions for the four facilities included in the 2012 Update's Amended Toll Plan alternative are shown in Table 6-27. Table 6-28 presents the annual revenue forecasts.

Table 6-29 provides a listing of the estimated toll transactions for the combined elements of the CTTS for the original 2002 Report, the 2005 Report, the 2008 Review, 2010 Update, and 2012 Update results for the Base Case and the Amended Toll Plan alternative. Table 6-30 includes the revenue forecasts for each of the studies. These values are fiscal year values and it should be noted that the first four years of the 2012 Update include the observed transactions and revenue as reported by TxDOT in their respective annual reports.

It is important to note that the SH 45 SE roadway has not been included in any of the previous forecasts or the Base Case 2012 Update and is only presented in the Amended Toll Plan alternative.

The 2012 Update Base Case forecast was based on updated socioeconomic forecasts, a revised travel demand model, and a review of the current performance on the existing toll roads. Compared to the 2010 Update, the 2012 Base Case toll transactions are 9 to 14 percent lower with toll revenues 3 to 8 percent lower. The existing toll transactions and revenue for fiscal year 2008 through 2011 in the 2012 Update have been updated to exclude violations, while the 2008 Review and 2010 Update actual volumes represent the most recent information we had at the time of the forecast, but more importantly include these violations.

The 2012 Amended Toll Plan forecast implements a toll increase on January 1, 2013 and then assumes an annual increase every year thereafter (please see Chapter 6 for detailed Amended Toll Plan schedule), while the Base Case forecast uses the original toll structure set to increase every ten years. The Amended Toll Plan results in 8 to 10 percent less toll transactions in fiscal years 2013 through 2015 then ranges from 4 to 5 percent higher or lower than the Base Case forecast from fiscal year 2016 to 2042. Toll revenues are expected to produce 11 to 34 percent more than the Base Case annual toll revenues from fiscal year 2013 to 2042.

TxDOT's modified toll policy allows for free passage on the CTTS for ETC and PBM customers who have registered with the TxDMV and displaying a registered disabled veteran, Purple Heart, or Medal of Honor specialty license plate. TxDOT will establish a monitoring program, prior to implementation, to identify the number of eligible transactions and associated revenues to be reimbursed. TxDOT will then reimburse the appropriate CTTS Indenture account the cost of tolls not paid by those customers with eligible plates.

Table 6-31 shows the estimated customer service center (CSC) revenue for the 2012 Update Amended Toll Plan alternative. This additional revenue reflects various fees and charges associated with the PBM payment option[1]. Under the existing payment options, when a vehicle travels on the CTTS and does not pay cash or by tag at the time of the transactions, they are sent a pay by mail (PBM) bill. Depending on when the transaction occurred, the bill is sent between one and fifteen days later and the customer has 30 days to pay at the PBM rate (33

[1] Minute Order No. 110816 (Appendix F) and Minute Order No. 112971 (Appendix G)

percent above tag rate or 25 percent above cash rate), plus a $1.15 statement fee is added. If they don't pay within 30 days, another invoice is sent, plus an additional $1.15 statement fee. If that is not paid, the account ages to violation where the violation administrative fee is added per transaction. The account stays in violations for at least 30 days and, if not paid, ages to collections which is a vendor under contract to TxDOT. At collections, the $5 violation administrative fee is removed and replaced with a $25 collection administrative fee. After 30 days in collections, the account then eligible for court action, where the $25 fee is removed and replaced with the $100 court administrative fee. TxDOT typically takes three transactions to court and the judges have always ruled in their favor and orders the defendant to pay the transaction, plus court costs on one transaction, dismisses one, and defers adjudication on the other contingent on the defendant entering into payment plan with TxDOT.

Table 6-27: 2012 CTTS Update Average Weekday Toll Transactions – All CTTS Elements

Fiscal Year	Amended Toll Plan				
	SH 45 N	Loop 1	SH 130	45 SE	CTTS Total
2008	***84,058***	***50,560***	***51,747***		***186,366***
2009	***88,687***	***50,871***	***64,875***	***6,609***	***211,042***
2010	***90,879***	***52,527***	***74,547***	***6,952***	***224,905***
2011	***94,478***	***54,587***	***79,840***	***7,659***	***236,564***
2012	99,735	57,211	90,971	8,485	256,401
2013	92,437	55,336	90,483	9,336	247,592
2014	92,286	54,819	100,681	10,247	258,034
2015	95,885	58,115	110,880	11,239	276,119
2016	99,696	60,144	118,601	11,788	290,229
2017	103,682	61,451	126,322	12,191	303,647
2018	107,828	62,788	134,043	12,608	317,267
2019	112,139	64,153	141,764	13,040	331,096
2020	116,623	65,548	149,485	13,486	345,142
2021	121,286	66,973	157,206	13,948	359,413
2022	126,135	68,429	164,928	14,425	373,917
2023	131,178	69,917	172,649	14,918	388,663
2024	136,423	71,438	180,370	15,429	403,659
2025	141,878	72,991	188,091	15,957	418,917
2026	146,363	74,578	193,948	16,503	431,392
2027	150,597	76,200	199,805	17,068	443,670
2028	154,953	77,857	205,663	17,652	456,124
2029	159,436	79,550	211,520	18,256	468,761
2030	164,048	81,279	217,377	18,880	481,585
2031	168,794	83,047	223,234	19,527	494,601
2032	173,677	84,852	229,092	20,195	507,815
2033	178,701	86,698	234,949	20,886	521,233
2034	183,870	88,583	240,806	21,600	534,860
2035	189,190	90,509	246,663	22,340	548,701
2036	191,958	91,675	252,521	22,695	558,849
2037	193,877	92,592	258,378	22,922	567,769
2038	195,816	93,518	264,235	23,151	576,720
2039	197,774	94,453	270,092	23,383	585,702
2040	199,752	95,398	275,950	23,616	594,716
2041	201,749	96,352	281,807	23,853	603,761
2042	203,767	97,315	287,664	24,091	612,837

Notes: Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Actual Average Weekday Traffic - violations excluded

Table 6-28: 2012 CTTS Update Annual Revenue Projections All CTTS Elements (in $000s)

Fiscal Year	Amended Toll Plan				
	SH 45 N	Loop 1	SH 130	45 SE	CTTS Total
2008	***$17,971***	***$11,448***	***$19,456***		***$48,875***
2009	***$19,878***	***$11,915***	***$27,114***	***$475***	***$59,382***
2010	***$19,799***	***$11,937***	***$34,415***	***$3,210***	***$69,360***
2011	***$20,268***	***$12,317***	***$36,237***	***$3,596***	***$72,418***
2012	$21,489	$12,888	$39,852	$3,978	$78,208
2013	$27,450	$17,028	$47,767	$4,440	$96,685
2014	$32,840	$20,815	$56,656	$5,047	$115,359
2015	$33,743	$21,377	$66,255	$5,762	$127,138
2016	$35,487	$22,126	$75,136	$6,231	$138,980
2017	$38,057	$23,282	$84,018	$6,627	$151,984
2018	$40,814	$24,499	$92,899	$7,048	$165,261
2019	$43,770	$25,780	$101,780	$7,497	$178,827
2020	$46,940	$27,127	$110,662	$7,974	$192,703
2021	$50,340	$28,545	$119,543	$8,481	$206,909
2022	$53,987	$30,037	$128,424	$9,020	$221,468
2023	$57,897	$31,606	$137,305	$9,594	$236,403
2024	$62,090	$33,258	$146,187	$10,204	$251,740
2025	$66,588	$34,997	$155,068	$10,854	$267,506
2026	$70,870	$36,862	$166,040	$11,551	$285,323
2027	$75,248	$38,839	$177,012	$12,296	$303,395
2028	$79,897	$40,922	$187,984	$13,088	$321,892
2029	$84,833	$43,117	$198,957	$13,932	$340,839
2030	$90,075	$45,429	$209,929	$14,830	$360,263
2031	$95,640	$47,866	$220,901	$15,787	$380,193
2032	$101,548	$50,433	$231,873	$16,804	$400,659
2033	$107,822	$53,138	$242,845	$17,888	$421,693
2034	$114,484	$55,987	$253,817	$19,041	$443,329
2035	$121,557	$58,990	$264,790	$20,268	$465,605
2036	$127,052	$61,543	$275,762	$21,197	$485,554
2037	$132,134	$64,005	$286,734	$22,045	$504,918
2038	$137,419	$66,565	$297,706	$22,927	$524,617
2039	$142,916	$69,228	$308,678	$23,844	$544,666
2040	$148,632	$71,997	$319,650	$24,798	$565,077
2041	$154,578	$74,876	$330,623	$25,790	$585,867
2042	$160,761	$77,872	$341,595	$26,821	$607,049

Notes: Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue

Table 6-29: Average Weekday Toll Transactions Forecast Comparison
All CTTS Elements

Fiscal Year	2002 Forecast	2005 Update	2008 Review	2010 Update	2012 Update		Ratio = Amended Trans / Base Trans
					Base Case	Amended Toll Plan (includes SH 45 SE)	
2008	118,360	138,492	***202,269***	***204,133***	***186,365***	***186,366***	***1.00***
2009	169,103	182,163	***220,937***	***224,276***	***204,433***	***211,042***	***1.03***
2010	206,917	226,221	237,493	***239,343***	***217,953***	***224,905***	***1.03***
2011	244,235	265,528	256,845	252,931	***228,905***	***236,564***	***1.03***
2012	270,361	291,858	276,433	275,508	247,917	256,401	**1.03**
2013	286,652	308,460	294,893	296,472	268,346	247,592	**0.92**
2014	299,981	321,743	312,989	316,168	287,242	258,034	**0.90**
2015	313,309	335,026	330,670	335,845	306,444	276,119	**0.90**
2016	287,287	303,598	322,450	315,830	281,120	290,229	**1.03**
2017	300,831	307,145	340,249	332,677	297,236	303,647	**1.02**
2018	314,374	318,864	359,924	349,727	313,566	317,267	**1.01**
2019	327,918	333,307	380,220	366,987	330,117	331,096	**1.00**
2020	341,461	347,751	397,996	384,463	346,897	345,142	**0.99**
2021	366,425	361,549	415,060	402,162	363,917	359,413	**0.99**
2022	389,357	376,000	432,846	420,091	381,184	373,917	**0.98**
2023	412,291	398,873	451,233	438,259	398,708	388,663	**0.97**
2024	435,223	420,697	469,484	456,672	416,500	403,659	**0.97**
2025	458,156	441,236	487,625	475,339	434,570	418,917	**0.96**
2026	427,217	428,172	467,082	455,416	410,186	431,392	**1.05**
2027	443,203	449,074	485,245	475,316	425,364	443,670	**1.04**
2028	459,181	469,976	503,408	495,600	440,717	456,124	**1.03**
2029	475,108	490,879	521,571	516,232	456,248	468,761	**1.03**
2030	490,938	502,381	525,258	537,179	471,962	481,585	**1.02**
2031	506,627	518,068	536,045	558,404	487,866	494,601	**1.01**
2032	522,129	536,840	550,644	579,872	503,964	507,815	**1.01**
2033	537,396	555,062	565,597	601,544	520,262	521,233	**1.00**
2034	552,380	572,597	579,962	623,387	536,766	534,860	**1.00**
2035	567,034	589,313	594,602	645,363	553,482	548,701	**0.99**
2036	546,799	563,528	572,113	621,641	532,465	558,849	**1.05**
2037	559,815	577,195	585,706	632,083	546,023	567,769	**1.04**
2038	572,749	590,639	599,301	642,465	558,665	576,720	**1.03**
2039	585,707	604,111	612,923	652,912	570,249	585,702	**1.03**
2040	598,681	617,604	626,567	663,412	580,643	594,716	**1.02**
2041	611,667	631,111	640,223	673,962	590,771	603,761	**1.02**
2042	624,659	644,626	653,886	684,556	600,955	612,837	**1.02**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
2012 Update Actual Average Weekday Traffic - violations excluded
2002, 2005, 2008, and 2010 Forecasts Actual Average Weekday Traffic violations included
SH 45 SE opened in FY 2009 and is ONLY included in the "Amended Toll Plan" alternative

Table 6-30: Annual Revenue Forecast Comparison
All CTTS Elements (in $000s)

Fiscal Year	2002 Forecast	2005 Update	2008 Review	2010 Update	2012 Update		Ratio = Amended Rev / Base Rev
					Base Case	Amended Toll Plan (includes SH 45 SE)	
2008	$34,996	$40,019	***$48,905***	***$48,875***	***$48,875***	***$48,875***	***1.00***
2009	$49,654	$53,322	***$57,882***	***$58,907***	***$58,907***	***$59,382***	***1.01***
2010	$59,693	$66,764	$63,629	***$66,151***	***$66,151***	***$69,360***	***1.05***
2011	$72,167	$79,021	$69,572	$70,525	***$68,822***	***$72,418***	***1.05***
2012	$80,209	$87,259	$75,374	$77,690	$74,229	$78,208	**1.05**
2013	$85,791	$93,388	$80,988	$84,250	$81,729	$96,685	**1.18**
2014	$90,060	$98,221	$86,535	$90,619	$88,271	$115,359	**1.31**
2015	$94,330	$103,055	$91,993	$97,016	$95,209	$127,138	**1.34**
2016	$117,342	$126,359	$122,393	$129,281	$124,372	$138,980	**1.12**
2017	$124,053	$127,907	$131,973	$138,901	$133,583	$151,984	**1.14**
2018	$130,764	$133,734	$141,765	$148,576	$142,859	$165,261	**1.16**
2019	$137,476	$140,987	$151,609	$158,309	$152,202	$178,827	**1.17**
2020	$144,187	$148,240	$160,053	$168,100	$161,616	$192,703	**1.19**
2021	$154,764	$155,304	$168,286	$177,953	$171,102	$206,909	**1.21**
2022	$164,852	$162,560	$176,734	$187,870	$180,665	$221,468	**1.23**
2023	$174,940	$176,702	$187,636	$197,851	$190,306	$236,403	**1.24**
2024	$185,028	$188,809	$196,912	$207,900	$200,029	$251,740	**1.26**
2025	$195,115	$199,473	$205,376	$218,019	$209,838	$267,506	**1.27**
2026	$232,938	$243,320	$251,597	$272,816	$256,814	$285,323	**1.11**
2027	$242,654	$256,823	$262,641	$285,478	$267,522	$303,395	**1.13**
2028	$252,361	$270,325	$273,685	$298,264	$278,302	$321,892	**1.16**
2029	$262,025	$283,827	$284,730	$311,134	$289,157	$340,839	**1.18**
2030	$271,611	$287,308	$284,251	$324,045	$300,089	$360,263	**1.20**
2031	$281,080	$295,710	$289,272	$336,954	$311,100	$380,193	**1.22**
2032	$290,393	$307,011	$297,786	$349,817	$322,193	$400,659	**1.24**
2033	$299,512	$317,946	$306,261	$362,586	$333,370	$421,693	**1.26**
2034	$308,397	$328,428	$314,670	$375,218	$344,634	$443,329	**1.29**
2035	$317,370	$338,374	$322,987	$388,145	$355,987	$465,605	**1.31**
2036	$356,750	$387,085	$376,212	$436,128	$398,918	$485,554	**1.22**
2037	$365,448	$396,677	$385,366	$446,471	$412,825	$504,918	**1.22**
2038	$374,070	$406,096	$394,499	$456,772	$425,793	$524,617	**1.23**
2039	$382,713	$415,541	$403,657	$467,161	$437,672	$544,666	**1.24**
2040	$391,372	$425,006	$412,832	$477,632	$448,328	$565,077	**1.26**
2041	$400,042	$434,484	$422,021	$486,590	$457,346	$585,867	**1.28**
2042	$408,717	$443,968	$431,216	$495,571	$466,407	$607,049	**1.30**

Notes: Toll rate increased Sep 1, 2015 (FY 2016) and every ten years therafter.
Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue
SH 45 SE opened in FY 2009 and is ONLY included in the "Amended Toll Plan" alternative

Table 6-31: Annual Revenue Forecast including CSC Revenues - Amended Toll Plan (in $000s)

Fiscal Year	Amended Toll Plan (includes SH 45 SE)	Amended Toll Plan CSC Revenue	Amended Toll Plan including CSC Revenue
2008	***$48,875***		***$48,875***
2009	***$59,382***	***$5,320***	***$64,702***
2010	***$69,360***	***$7,172***	***$76,532***
2011	***$72,418***	***$6,562***	***$78,980***
2012	$78,208	$10,800	$89,008
2013	$96,685	$10,429	$107,114
2014	$115,359	$10,869	$126,227
2015	$127,138	$11,631	$138,768
2016	$138,980	$12,225	$151,205
2017	$151,984	$12,790	$164,774
2018	$165,261	$13,364	$178,624
2019	$178,827	$13,946	$192,773
2020	$192,703	$14,538	$207,241
2021	$206,909	$15,139	$222,048
2022	$221,468	$15,750	$237,218
2023	$236,403	$16,371	$252,774
2024	$251,740	$17,003	$268,743
2025	$267,506	$17,645	$285,151
2026	$285,323	$18,171	$303,494
2027	$303,395	$18,688	$322,083
2028	$321,892	$19,213	$341,105
2029	$340,839	$19,745	$360,584
2030	$360,263	$20,285	$380,548
2031	$380,193	$20,833	$401,026
2032	$400,659	$21,390	$422,048
2033	$421,693	$21,955	$443,648
2034	$443,329	$22,529	$465,858
2035	$465,605	$23,112	$488,717
2036	$485,554	$23,540	$509,093
2037	$504,918	$23,915	$528,833
2038	$524,617	$24,292	$548,909
2039	$544,666	$24,671	$569,336
2040	$565,077	$25,050	$590,128
2041	$585,867	$25,431	$611,298
2042	$607,049	$25,814	$632,862

Notes: Toll rate increased Jan 1, 2013 and 3% annually thereafter.
Revenue includes pay-by-mail surcharge (33% of ETC toll).
Actual Revenue

7.0 Sensitivity Analysis

As noted later in this document in Chapter 8, in connection with the 2012 CTTS traffic and revenue forecasts and the assumptions upon which those forecasts were based, in many instances, a broad range of alternative assumptions could be considered reasonable, which would result in material differences in the forecasts. This chapter of the report provides estimates of the forecast's sensitivity to changes in selected assumptions related to future inflation as reflected in the CPI term used to escalate tolls, the anticipated growth in population and employment that generate trips, the value of time that influences the willingness to pay tolls, and the diversion of truck traffic to the SH 130 Element.

7.1 OVERVIEW OF ANALYSES

As a result of discussions with TxDOT staff and the financing team, a decision was made to conduct four sensitivity trials to assess the impacts to the forecasts:

- Reduced CPI Factor
- Reduced Trip Growth
- Reduced Value of Time
- Reduced SH 130 Truck Traffic

All of these sensitivity trials were conducted for the model years of 2013, 2015, 2025, and 2035. Annual revenues for each sensitivity test and the corresponding percent change in annual toll revenue when compared to the Amended Toll Plan is provided in Table 6-27.

Table 7-1: Annual Revenue Comparison for the Sensitivity Trials

FISCAL YEAR	ANNUAL TOLL REVENUE (IN 000$)								
	Amended Toll Plan	Sensitivity 1 (Reduced CPI)	% Change	Sensitivity 2 (Reduced Growth)	% Change	Sensitivity 3 (Reduced VOT)	% Change	Sensitivity 4 (Reduced SH 130 Truck Traffic)	% Change
2013	$96,685	$95,875	-0.8%	$92,233	-4.6%	$92,570	-4.3%	$94,125	-2.6%
2015	$127,138	$124,511	-2.1%	$117,046	-7.9%	$121,369	-4.5%	$121,364	-4.5%
2025	$267,506	$250,547	-6.3%	$223,831	-16.3%	$256,130	-4.3%	$238,581	-10.8%
2035	$465,605	$423,377	-9.1%	$368,645	-20.8%	$449,391	-3.5%	$389,143	-16.4%

7.2 REDUCED CPI FACTOR

As part of the amended toll plan, toll rates are escalated annually based on the changes in the CPI-U value. The household income of traveler's which influences the ability to pay tolls is also anticipated to increase over time. As discussed in Section 6.2, based on the 30-year period from 1983 the Amended Toll Plan forecast assumed that the CPI term would increase at 3.0% per year. To be conservative it was assumed that household incomes would increase at a lower rate of 2.5% percent per year. Under the sensitivity trial, CPI was assumed to increase at 2.5%

and the household income was assumed to increase at 2.08%, retaining the same, lagging relationship as the Amended Toll Plan.

As expected, this sensitivity trial results in lower revenue estimates both due to lower toll rates from the escalation process and from reduced growth in household incomes. The reduced revenue ranges from 0.8% in 2013 to 9.1% in 2035. The impact is less in the early years of the forecasts as the toll rates and income changes are minimal in comparison to the Amended Toll Plan forecast.

7.3 REDUCED TRIP GROWTH

Under this sensitivity trial, the projected growth of trips was reduced by 25%. This reduction implies that a lower level of population and employment growth would occur, such that the level of trip growth would be reduced.

The lower level of trip growth from this sensitivity trial results in lower revenue estimates in response to lower traffic levels in the study area. This provides both fewer available trips for each facility and reduces congestion on competing facilities which provides less of a competitive advantage for the CTTS facilities. The reduced revenue ranges from 4.6% in 2013 to 20.8% in 2035. The impact is less in the early years of the forecasts as the loss of potential growth is a lower amount of the forecast in the early years, but increases significantly in the later horizon years.

7.4 REDUCED VALUE OF TIME

For this sensitivity trial, the estimated value of time for all trip purposes and trucks was reduced by 10%. This reduction would result in a lower willingness to pay tolls. It should be noted that the value of time would still increase over time as discussed in the first sensitivity test. However the reduced values would remain 10% lower than the values of the Amended Toll Plan.

The reduction in the value of time results in a loss of revenue as travelers are less willing to pay tolls in order to save travel time. The loss of revenue is less variable, with a range of 3.5% to 4.5% over the entire forecast period. This more-uniform response is due to the general reduction of the value of time across the horizon years, which tends to impact the diversion estimates equally.

7.5 REDUCED SH 130 TRUCK TRAFFIC

Truck traffic is a significant component of the SH 130 Element revenue. SH 130 provides a competing route for truck traffic on I-35 and due to increasing congestion on I-35 over the forecast period, SH 130 attracts a greater share of truck traffic that could choose among these two competing roadways. Under this sensitivity trial, the shares of total truck traffic using SH 130 and I-35 are held constant to the shares that exist in the 2010 model calibration year. While truck traffic continues to increase on both roadways, the existing shares for these competing

roadways were held constant. This assumption results in a significant reduction in SH 130 truck transactions in comparison to the Amended Toll Plan.

Table 7-2 provides a summary of the total truck traffic across both I-35 and SH 130 for the four SH 130 screenlines described in Section 6.6.2. The shares of truck traffic for the 2010 model calibration and the Amended Toll Plan estimates by horizon year are listed in the top row of the table and bottom row has the same estimates under the assumption for this sensitivity trial. Note that the truck traffic volumes are unadjusted model estimates that include all trucks which are defined as commercial vehicles with 2-axle, 6-tires, or 3+ axles.

Table 7-2: Total Truck Traffic Across the SH 130 Screenlines

Scenario	Facility	2010				2013		2015		2025		2035	
		Total Observed	%Share	Total Estimated	% Share	Total Estimated	% Share	Total Estimated	% Share	Total Estimated	% Share	Total Estimated	% Share
AMENDED TOLL PLAN	IH-35	96,944	94.4%	98,238	94.5%	120,936	91.9%	142,507	90.8%	189,003	87.0%	230,829	85.1%
	SH 130	5,760	5.6%	5,701	5.5%	10,709	8.1%	14,473	9.2%	28,279	13.0%	40,349	14.9%
	Total	**102,704**	**100.0%**	**103,939**	**100.0%**	**131,645**	**100.0%**	**156,980**	**100.0%**	**217,282**	**100.0%**	**271,178**	**100.0%**
SENSITIVITY 4	IH-35	N/A				124,405	94.5%	148,346	94.5%	205,331	94.5%	256,263	94.5%
	SH 130					7,240	5.5%	8,634	5.5%	11,951	5.5%	14,915	5.5%
	Total					**131,645**	**100.0%**	**156,980**	**100.0%**	**217,282**	**100.0%**	**271,178**	**100.0%**
	Trucks assigned back to IH-35 for sensitivity test 4					**3,469**		**5,839**		**16,328**		**25,434**	

Note:
1. Model is calibrated in 2010
2. Unadjusted truck trips include 2-axle 6-tire vehicles

As shown in the table, the share of truck traffic using SH 130 in 2010 is approximately 5.5%. Holding this share constant over the forecast period reduces the number of truck transactions on SH 130 by approximately 3,500 in 2013 to 25,400 by 2035. Revenue for the total CTTS is reduced by 2.6% for 2013 while for the year 2035 revenue is reduced by 16.4%

8.0 Assumptions and Disclaimer

8.1 LIST OF ASSUMPTIONS

The estimates of CTTS transactions and toll revenues presented in this 2012 Update Report have been prepared by Stantec based on the following assumptions and conditions:

1. The revised toll rates for the entire system presented in this report, including the rate at the ramps at the new SH 45 N / O'Connor Drive interchange scheduled for completion in December 2013, will take effect at all existing paypoints on January 1, 2013.

2. Toll rates will be escalated on an annual basis with the first increase based on the CPI-U beginning on January 1, 2014. The rate of inflation as indicated by the CPI-U will continue at 3.0 percent annually during the forecast period through 2042.

3. CTTS toll collection will be converted to cashless operations and the pilot program known as pay-by-mail (PBM) will be converted to a permanent payment method effective January 1, 2013.

4. Transponder market shares the CTTS Project will occur as discussed in Chapter 6.

5. The traffic mix using the CTTS Project will result in a toll multiplier (used for revenue estimation purposes) for trucks with 3+ axles as discussed in Chapter 6 of this report.

6. The socioeconomic growth discussed in the Traffic and Revenue Report will occur as forecast.

7. The highway network improvements will be constructed as planned and in accordance with the schedule discussed in Chapter 5 of this Traffic and Revenue Report.

8. The traffic on SH 130, during the early years of operation, will continue to ramp up as formulated in Chapter 6.

9. The CTTS Project will be efficiently maintained and operated, but even under the most efficient operation, there will be some toll evasion and revenue "leakage" that have been deducted from the model-produced traffic and revenue forecasts (after ramp-up).

10. Motor fuel will remain in adequate supply during the forecast period, and sustained motor fuel prices (i.e., the average price for regular gasoline) in the foreseeable future will not be more than $4.50 per gallon, adjusted for inflation.

11. Federal and State tax increases will not increase to the extent that, together with fuel price increases, sustained motor fuel prices exceed $4.50 per gallon, adjusted for inflation.

12. No radical change in travel modes that would drastically curtail motor vehicle use is expected during the forecast period.

13. In the longer term, generally normal economic conditions will prevail in the State and the United States, and there will not occur a major depression, national emergency or prolonged fuel shortage.

14. TxDOT will reimburse the appropriate CTTS Indenture account the cost of tolls not paid by those customers with eligible specialty license plates registered with TxDMV to disabled veterans, Purple Heart recipients, or Medal of Honor recipients.

8.2 DISCLAIMER

It is Stantec's opinion that the revenue projections are reasonable and that they have been prepared in accordance with accepted practice for investment-grade studies. However, given the uncertainties within the current international and economic climate, Stantec considers it is necessary to state that the traffic and revenue projections are based on the following caveats:

1. This report presents the results of Stantec's consideration of the information available to us as of the date hereof and the application of Stantec's experience and professional judgment to that information. It is not a guarantee of any future events or trends.

2. The traffic and revenue forecasts will be subject to future economic and social conditions and demographic developments that cannot be predicted with certainty.

3. The projections contained in this report, while presented with numerical specificity, are based on a number of estimates and assumptions which, though considered reasonable to us, are inherently subject to significant economic and competitive uncertainties and contingencies, many of which will be beyond Stantec's control and that of TxDOT. In many instances, a broad range of alternative assumptions could be considered reasonable. Changes in the assumptions used could result in material differences in projected outcomes.

4. If, for any reason, any of these conditions should change due to changes in the economy or competitive environment, or other factors, the consultant team's opinions or estimates may require amendment or further adjustments.

5. Stantec's toll revenue projections only represent its best judgment and Stantec does not warrant or represent that actual toll revenues will not vary from its projections, estimates and forecasts.

Many statements contained in this report that are not historical facts are forward-looking statements, which are based on Stantec's beliefs, as well as assumptions made by, and information currently available to, the management and staff of Stantec. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words

"anticipate", "assume", "estimate", "expect", "objective", "projection", "plan", "forecast", "goal", "budget", or similar words are intended to identify forward-looking statements. The words or phrases "to date", "now", "currently", and the like are intended to mean as of the date of this official statement.

Stantec shall have the right to review, and to require any changes it believes to be appropriate be made to any official statement, prospectus, private placement memorandum or other document used in connection with any such financing that refers to Stantec, its reports, opinions or other documents, or the Services TxDOT shall provide copies of any such materials to Stantec for review by Stantec and its legal counsel at a reasonable time prior to the use of any such materials. Stantec shall have the right to retain copies of all such materials.

Appendix A
Detailed Travel Time Runs

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
IH 35 NB	US 29	SH 130	4.2	3.6	72	3.7	69	3.5	74
	INNER LOOP	US 29	1.8	1.6	67	1.5	70	1.5	72
	UNIVERSITY BLVD	INNER LOOP	3.5	2.9	72	3.1	68	3.0	70
	US 79	UNIVERSITY BLVD	2.9	2.5	68	2.6	65	2.6	66
	SH 45 SE	US 79	2.7	2.3	69	5.5	29	2.4	69
	WELLS BRANCH PKWY	SH 45 SE	2.8	2.6	66	4.1	41	2.5	69
	FM 734	WELLS BRANCH PKWY	2.3	2.0	69	2.5	54	2.0	70
	EAST BRAKER	FM 734	2.2	2.0	67	4.6	29	2.0	66
	EAST RUNIBERG	EAST BRAKER	1.5	1.5	60	1.7	52	1.4	66
	US 183	EAST RUNDBERG	1.5	1.3	68	1.4	64	1.4	65
	US 290 E	US 183	1.3	1.2	65	1.7	45	1.1	68
	AIRPORT BLVD	US 290 E	1.5	1.6	58	2.3	40	1.5	60
	MLK BLVD	AIRPORT BLVD	1.8	2.0	56	3.8	29	1.9	59
	IH 35 NB - TOTAL		**30.0**	**26.9**	**66.8**	**38.6**	**46.6**	**26.6**	**67.7**
IH 35 NB	EAST RIVERSIDE	MLK BLVD	2.2	3.5	37	8.8	15	2.8	47
	US 71	EAST RIVERSIDE	2.4	9.6	15	4.5	32	4.6	32
	WILLIAM CANNON	US 71	2.1	6.5	20	1.9	69	2.2	57
	SLAUGHTER LN	WILLIAM CANNON	1.9	6.4	17	1.6	69	1.6	69
	SH 45 N	SLAUGHTER LN	4.0	12.0	20	3.3	73	3.3	72
	FM 2001	SH 45 N	2.5	2.1	72	2.1	71	2.0	74
	FM 1626	FM 2001	5.1	4.2	74	4.2	72	4.2	73
	CENTER STREET	FM 1626	1.9	1.5	75	1.5	72	1.5	74
	YARRINGTON	CENTER STREET	2.9	2.4	71	2.5	71	2.4	73
	SH 80	YARRINGTON	5.1	4.4	70	4.4	70	4.3	71
	IH 35 NB - TOTAL		**30.1**	**52.5**	**34.4**	**34.8**	**51.9**	**29.0**	**62.3**
Loop 1 NB	US 290	SH 360	1.6	3.3	28	1.5	64	1.4	66
	SH 360	FM 2244(BEE CAVE)	1.9	3.9	29	2.5	46	1.8	65
	FM 2244(BEE CAVE)	ENFIELD ROAD(15TH)	1.8	2.2	50	5.2	21	1.7	63
	ENFIELD ROAD(15TH)	W 35TH ST	1.7	1.5	68	8.3	12	1.7	60
	W 35TH ST	RM 2222(NORTHLAND)	1.9	1.7	67	4.7	24	2.0	56
	FM 2222(NORTHLAND)	W ANDERSON LN	1.8	1.6	66	2.2	50	1.8	61
	W ANDERSON LN	US 183	1.4	1.2	72	1.3	65	1.4	62
	US 183	FM 734(W PARMER LN)	3.7	3.3	68	3.4	66	3.4	65
	FM 734(W PARMER LN)	W HOWARD(WELLS BRANCH)	1.4	1.2	70	1.2	69	1.4	60
	W HOWARD(WELLS BRANCH)	SH 45 N	2.7	2.2	73	2.5	63	2.3	69
	Loop 1 NB - TOTAL		**19.9**	**22.0**	**54.1**	**32.7**	**36.4**	**18.9**	**63.0**
SH 130 NB	FM 971	IH 35	1.7	1.4	72	1.4	74	1.5	68
	SH 29	FM 971	1.8	1.5	74	1.5	71	1.5	71
	UNIVERSITY BLVD	SH 29	4.5	3.6	74	3.6	74	3.7	72
	US 79	UNIVERSITY BLVD	3.8	3.2	72	3.1	73	3.2	71
	GATTIS SCHOOL RD	US 79	2.7	2.1	77	2.2	74	2.3	71
	SH 45 N	GATTIS SCHOOL RD	2.0	1.7	70	1.7	72	1.7	69
	CAMERON	SH 45 N	4.8	3.9	74	3.9	74	4.0	73
	US 290	CAMERON	4.7	4.0	70	4.0	70	4.0	70
	FM 973	US 290	4.1	3.2	76	3.3	74	3.4	72
	FM 969	FM 973	3.0	2.4	76	2.6	71	2.5	72
	US 71	FM 969	4.3	3.6	71	3.8	69	3.7	69
	FM 812	US 71	4.6	3.6	76	3.8	73	3.8	73
	US 183	FM 812	4.9	4.1	71	4.2	71	4.2	71
	SH 130 NB - TOTAL		**46.9**	**38.4**	**73.3**	**39.0**	**72.1**	**39.6**	**71.1**
SH 45 EB	US 183	FM 734	2.0	1.9	64	1.8	68	1.6	75
	FM 734	LOOP 1	3.7	3.4	65	3.3	67	3.2	69
	LOOP 1	IH 35	1.9	1.6	70	1.7	69	1.5	75
	IH 35	A.W. GRIMES BLVD	1.5	1.3	65	1.1	78	1.2	72
	A.W. GRIMES BLVD	HEATHERWILDE BLVD	2.3	2.1	66	2.1	65	2.0	68
	HEATHERWILDE BLVD	SH 130	1.5	1.4	66	1.3	68	1.3	72
	SH 45 EB - TOTAL		**12.8**	**11.7**	**66.0**	**11.3**	**68.2**	**10.8**	**71.2**

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
IH 35 SB	SH 130	SH 29	4.2	3.8	67	3.7	67	3.5	71
	SH 29	INNER LOOP	1.8	1.6	67	1.6	69	1.6	66
	INNER LOOP	UNIVERSITY BLVD	3.5	3.1	68	3.1	68	2.9	73
	UNIVERSITY BLVD	US 79	2.9	6.4	27	2.6	67	2.7	64
	US 79	SH 45 SE	2.7	4.7	35	2.5	66	2.2	73
	SH 45 SE	WELLS BRANCH PKWY	2.8	5.5	31	2.5	68	2.1	80
	WELLS BRANCH PKWY	FM 734	2.3	4.8	29	2.1	64	2.2	61
	FM 734	EAST BRAKER	2.2	3.8	35	2.0	67	2.0	68
	EAST BRAKER	EAST RUNDBERG	1.5	4.0	22	1.3	66	1.3	70
	EAST RUNDBERG	US 183	1.5	4.4	20	1.5	61	1.4	67
	US 183	US 290	1.3	4.5	17	1.2	61	1.2	65
	US 290	AIRPORT BLVD	1.5	4.1	22	3.5	25	1.7	52
	AIRPORT BLVD	MLK BLVD	1.8	2.5	44	13.1	8	1.6	68
	IH 35 SB - TOTAL		**29.9**	**53.1**	**33.8**	**40.8**	**43.9**	**26.3**	**68.1**
IH 35 SB	MLK BLVD	EAST RIVERSIDE	2.2	2.3	57	10.5	12	2.3	56
	EAST RIVERSIDE	US 71	2.4	2.5	58	4.4	33	2.3	64
	US 71	WILLIAM CANNON	2.1	1.9	69	3.7	34	2.0	65
	WILLIAM CANNON	SLAUGHTER LN	1.9	1.7	64	2.7	42	1.6	69
	SLAUGHTER LN	SH 45 N	4.0	3.8	64	3.7	66	3.4	71
	SH 45 N	FM 2001	2.5	2.1	71	2.2	67	2.0	72
	FM 2001	FM1626	5.1	4.3	72	4.5	69	4.2	73
	FM 1626	CENTER STREET	1.9	1.6	69	1.7	67	1.6	71
	CENTER STREET	YARRINGTON	2.9	2.4	74	2.4	72	2.4	73
	YARRINGTON	SH 80	5.1	4.2	73	4.6	68	4.2	74
	IH 35 SB - TOTAL		**30.1**	**26.8**	**67.5**	**40.3**	**44.8**	**25.9**	**69.7**
Loop 1 SB	SH 360	US 290	1.6	1.4	68	1.7	54	1.6	57
	FM 2244(BEE CAVE)	SH 360	1.9	1.7	69	3.6	32	1.9	61
	ENFIELD ROAD(15TH)	FM 2244(BEE CAVE)	1.8	1.6	68	6.2	18	1.7	64
	W 35TH ST	ENFIELD ROAD(15TH)	1.7	1.6	65	5.8	18	1.5	66
	RM 2222(NORTHLAND)	W 35TH ST	1.9	2.6	45	4.6	25	1.8	62
	W ANDERSON LN	RM 2222(NORTHLAND)	1.8	6.5	17	2.0	53	1.4	76
	US 183	W ANDERSON LN	1.4	6.0	14	1.3	64	1.5	56
	FM 734(W PARMER LN)	US 183	3.7	9.3	24	3.4	65	3.4	66
	W HOWARD(WELLS BRANCH)	FM 734(W PARMER LN)	1.4	2.1	41	1.1	73	1.2	73
	SH 45 N	W HOWARD(WELLS BRANCH)	2.7	2.3	69	2.5	65	2.3	69
	Loop 1 SB - TOTAL		**19.9**	**34.9**	**34.1**	**32.2**	**37.0**	**18.3**	**65.0**
SH 130 SB	IH 35	FM 971	1.7	1.4	72	1.4	71	1.5	67
	FM 971	SH 29	1.8	1.5	71	1.6	66	1.6	68
	SH 29	UNIVERSITY BLVD	4.5	3.7	73	3.7	72	3.8	70
	UNIVERSITY BLVD	US 79	3.8	3.3	70	3.3	70	3.3	70
	US 79	GATTIS SCHOOL RD	2.7	2.3	71	2.3	71	2.3	70
	GATTIS SCHOOL RD	TEXAS 45 TOLL	2.0	1.8	68	1.7	71	1.7	71
	TEXAS 45 TOLL	CAMERON	4.8	4.0	72	3.9	73	4.1	70
	CAMERON	US 290	4.7	3.9	72	3.9	72	4.1	70
	US 290	FM 973	4.1	3.2	76	3.4	72	3.4	72
	FM 973	FM 969	3.0	2.5	73	2.4	74	2.5	73
	FM 969	US 71	4.3	3.5	74	3.7	71	3.6	71
	US 71	FM 812	4.6	3.8	73	3.7	74	3.8	73
	FM 812	US 183	4.9	4.0	73	4.1	72	4.0	73
	SH 130 SB - TOTAL		**46.9**	**38.9**	**72.4**	**39.2**	**71.8**	**39.7**	**70.9**
SH 45 WB	FM 734	US 183	2.0	1.8	65	1.9	64	1.6	75
	LOOP 1	FM 734	3.7	3.3	66	3.5	64	3.2	70
	IH 35	LOOP 1	1.9	1.5	77	1.6	70	1.4	81
	A.W. GRIMES BLVD	IH 35	1.5	1.3	67	1.3	66	1.2	73
	HEATHERWILDE BLVD	A.W. GRIMES BLVD	2.3	2.0	68	2.1	66	1.9	73
	SH 130	HEATHERWILDE BLVD	1.5	1.4	64	1.2	74	1.2	78
	SH 45 WB - TOTAL		**12.8**	**11.4**	**67.6**	**11.6**	**66.2**	**10.4**	**74.1**

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
US 183 NB	ANDERSON MILL RD	SH 45 N	1.4	1.2	69	1.3	67	1.3	66
	McNEIL DR	ANDERSON MILL RD	1.6	1.4	68	1.5	63	1.5	66
	DUVAL RD	McNEIL DR	1.8	1.8	60	2.1	51	1.7	63
	LOOP 360	DUVAL RD	2.1	1.7	72	5.2	24	1.9	65
	LOOP 1	LOOP 360	0.8	0.8	66	2.1	24	0.8	64
	BURNET RD	LOOP 1	0.8	0.7	69	0.8	59	0.7	69
	SH 275	BURNET RD	2.1	1.9	64	2.3	55	1.9	66
	IH 35	SH 275	1.0	0.9	64	0.9	61	0.9	62
	CAMERON RD	IH 35	0.9	0.8	66	0.9	64	0.9	64
	US 290	CAMERON RD	0.9	0.8	67	0.9	62	0.9	63
	MANOR RD	US 290	0.9	0.9	64	0.8	64	0.9	64
	US 183 NB - TOTAL		**14.3**	**13.1**	**65.9**	**18.9**	**45.5**	**13.3**	**64.6**
US 183 NB	LOYOLA LN	MANOR RD	0.9	1.1	52	1.1	51	1.1	51
	51 ST	LOYOLA LN	0.7	3.4	13	2.6	17	1.6	27
	FM 969	51 ST	0.5	1.1	25	0.8	36	0.6	48
	BOLM RD	FM 969	2.4	2.8	51	2.7	53	2.6	56
	LEVANDER LOOP	BOLM RD	0.8	1.0	51	0.9	57	1.1	46
	VARGAS RD	LEVANDER LOOP	0.5	1.0	31	0.9	36	0.6	49
	US 71	VARGAS RD	1.3	3.5	22	2.1	37	1.8	44
	McKINNEY FALLS PKWY	US 71	1.6	2.5	39	1.8	55	1.7	58
	BURLESON RD	McKINNEY FALLS PKWY	1.1	1.9	35	1.4	48	1.2	53
	FM 812	BURLESON RD	1.3	1.9	42	2.3	35	1.5	52
	FM 973	FM 812	3.4	3.7	55	3.5	58	3.6	57
	FM 1327	FM 973	1.5	1.7	55	1.5	59	1.5	59
	SH 130	FM 1327	0.8	1.3	38	0.9	57	1.1	48
	US 183 NB - TOTAL		**17.1**	**27.0**	**38.0**	**22.4**	**45.6**	**20.1**	**51.0**
SH 21 NB	US 80	FM 1966	5.3	5.9	54	5.6	56	5.4	59
	FM 1966	FM 2720	3.0	3.0	59	2.9	62	2.8	62
	FM 2720	CR 129	1.0	1.0	58	1.0	58	1.0	57
	CR 129	FM 2001	3.6	3.6	61	3.5	62	3.6	61
	FM 2001	US 183	4.2	4.5	55	4.5	56	4.2	59
	SH 21 NB - TOTAL		**17.0**	**18.0**	**56.7**	**17.5**	**58.3**	**17.0**	**60.0**
SH 360 NB	LP 1 NB FRTG	LP 1 SB FRTG	0.3	0.6	28	0.5	35	0.4	43
	LP 1 SB FRTG	WALSH TARLTON	0.6	1.2	28	0.8	46	0.7	50
	WALSH TARLTON	SCOTTISH WOODS-WESTBANK	1.5	4.1	22	1.6	56	2.1	42
	SCOTTISH WOODS-WESTBANK	LOST CREEK	0.5	0.9	33	0.6	49	1.3	25
	LOST CREEK	RM 2244-BEE CAVE	0.9	1.0	52	1.4	39	1.1	47
	RM 2244-BEE CAVE	WESTLAKE	3.3	4.6	43	7.4	27	3.5	55
	WESTLAKE	FM 2222	1.9	2.0	58	5.3	21	2.2	53
	FM 2222	LAKEWOOD	1.0	1.4	42	3.9	15	1.2	48
	LAKEWOOD	SPICEWOOD SPRINGS	1.1	1.3	52	5.7	12	1.4	50
	SPICEWOOD SPR	SPICEWOODS SPR-BLUFFS	0.3	1.0	19	1.4	14	0.7	28
	SPICEWOODS SPR-BLUFFS	GREAT HILLS TRL	0.5	0.9	32	0.7	43	0.7	41
	GREAT HILLS TRL	US 183	0.9	2.1	26	3.2	17	1.3	42
	SH 360 NB - TOTAL		**12.7**	**21.1**	**36.1**	**32.3**	**23.6**	**16.5**	**46.2**

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
US 183 SB	SH 45 N	ANDERSON MILL RD	1.4	3.1	27	1.2	70	1.3	68
	ANDERSON MILL RD	McNEIL DR	1.6	6.1	16	1.4	70	1.4	67
	McNEIL DR	DUVAL RD	1.8	4.3	25	1.6	65	1.6	67
	DUVAL RD	LOOP 360	2.1	2.5	49	2.0	64	1.9	64
	LOOP 360	LOOP 1	0.8	0.9	56	0.7	67	0.7	70
	LOOP 1	BURNET RD	0.8	1.0	49	0.8	65	0.7	66
	BURNET RD	SH 275	2.1	3.0	41	1.9	64	1.8	67
	SH 275	IH 35	1.0	1.3	44	0.9	63	0.9	68
	IH 35	CAMERON RD	0.9	0.9	60	0.8	70	0.8	70
	CAMERON RD	US 290	0.9	0.9	64	0.8	69	0.8	68
	US 290	MANOR RD	0.9	0.9	62	0.9	61	0.8	65
	US 183 SB - TOTAL		**14.3**	**24.9**	**34.5**	**13.1**	**65.8**	**12.9**	**66.9**
US 183 SB	MANOR RD	LOYOLA LN	0.9	2.2	25	2.6	21	1.3	44
	LOYOLA LN	51 ST	0.7	0.9	49	1.5	30	1.0	44
	51 ST	FM 969	0.5	0.5	55	0.5	53	0.7	42
	FM 969	BOLM RD	2.4	3.2	45	3.0	49	2.6	56
	BOLM RD	LEVANDER LOOP	0.8	0.9	55	0.7	73	1.1	48
	LEVANDER LOOP	VARGAS RD	0.5	1.1	28	2.7	12	0.6	51
	VARGAS RD	US 71	1.3	1.5	50	1.9	42	1.6	50
	US 71	McKINNEY FALLS PKWY	1.6	1.8	54	2.2	44	1.9	52
	McKINNEY FALLS PKWY	BURLESON RD	1.1	2.1	31	2.5	26	1.6	40
	BURLESON RD	FM 812	1.3	2.3	35	2.9	28	1.9	42
	FM 812	FM 973	3.4	3.5	59	3.5	58	3.4	60
	FM 973	FM 1327	1.5	1.6	57	1.9	47	1.6	56
	FM 1327	SH 130	0.8	1.4	37	1.8	29	1.2	42
	US 183 SB - TOTAL		**17.1**	**23.0**	**44.5**	**27.6**	**37.1**	**20.4**	**50.1**
SH 21 SB	FM 1966	US 80	5.3	5.4	58	5.4	59	5.5	57
	FM 2720	FM 1966	3.0	2.8	63	3.0	60	2.9	62
	CR 129	FM 2720	1.0	1.0	58	1.1	51	1.1	55
	FM 2001	CR 129	3.6	3.4	63	3.5	61	3.4	64
	US 183	FM 2001	4.2	4.4	57	4.7	54	4.0	63
	SH 21 SB (S6) - TOTAL		**17.0**	**17.1**	**59.6**	**17.7**	**57.6**	**16.8**	**60.6**
SH 360 SB	LP 1 SB FRTG	LP 1 NB FRTG	0.3	0.5	34	0.3	51	0.4	45
	WALSH TARLTON	LP 1 SB FRTG	0.6	1.1	31	1.9	19	1.5	24
	SCOTTISH WOODS-WESTBANK	WALSH TARLTON	1.5	1.5	58	2.4	37	1.6	57
	LOST CREEK	SCOTTISH WOODS-WESTBANK	0.5	0.6	54	0.7	45	0.6	51
	RM 2244-BEE CAVE	LOST CREEK	0.9	2.1	25	1.6	34	1.7	30
	WESTLAKE	RM 2244-BEE CAVE	3.3	3.4	57	3.5	57	3.7	53
	FM 2222	WESTLAKE	1.9	7.6	15	3.6	31	3.0	38
	LAKEWOOD	FM 2222	1.0	1.0	57	1.0	56	1.0	57
	SPICEWOOD SPRINGS	LAKEWOOD	1.1	1.3	52	3.1	23	1.2	59
	SPICEWOODS SPR-BLUFFS	SPICEWOOD SPR	0.3	0.4	48	0.6	30	0.4	52
	GREAT HILLS TRL	SPICEWOODS SPR-BLUFFS	0.5	2.3	13	1.6	18	0.7	43
	US 183	GREAT HILLS TRL	0.9	3.9	14	2.0	26	1.2	46
	SH 360 SB - TOTAL		**12.7**	**25.8**	**29.5**	**22.3**	**34.2**	**16.8**	**45.4**

Stantec

CTTS TRAFFIC AND REVENUE FORECAST 2012 UPDATE

Appendix A

October 2012

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
US 183 NB	IH 10	US 90-PIERCE	3.9	4.7	49	4.8	49	4.7	50
	US 90-PIERCE	AUSTIN ST-CR122	0.2	0.5	23	0.5	22	0.7	17
	AUSTIN ST-CR 122	FM 86	0.8	0.9	52	1.1	43	1.0	46
	FM 86	CR 114-TULIP TRAIL	6.3	5.9	64	5.9	64	6.1	63
	CR 114-TULIP TRAIL	FM 671	2.0	1.6	73	1.8	66	1.8	66
	FM 671	FM 20(BLACK JACK)	4.2	5.3	48	5.3	48	5.2	49
	FM 20(BLACK JACK)	FM 20(STATE PARK)	0.1	0.2	29	0.3	26	0.2	26
	FM 20(STATE PARK)	PRAIRIE LEA	0.8	1.5	30	1.4	34	1.3	35
	PRAIRIE LEA	SH 142	0.1	0.4	17	0.3	23	0.2	32
	SH 142	FM 672	0.5	0.9	33	0.8	40	0.8	36
	FM 672	FM 2001	0.5	0.7	45	0.7	45	0.7	44
	FM 2001	FM 1185	3.8	3.9	58	4.0	56	3.9	58
	FM 1185	SH 21	5.4	5.3	60	5.3	61	5.4	60
	SH 21	SH 130 EB FRTG	3.7	4.1	54	4.7	47	4.1	54
	SH 130 EB FRTG	SH 130 WB FRTG	0.1	0.1	43	0.2	32	0.2	27
	US 183 NB - TOTAL		**32.3**	**36.1**	**53.6**	**36.9**	**52.5**	**36.3**	**53.5**
US 79 EB	IH 35	MAYS ST	0.3	0.8	23	0.9	21	1.1	17
	MAYS ST	GEORGETOWN ST	0.7	1.6	28	1.4	31	1.6	27
	GEORGETOWN ST	SUNRISE ROAD	0.2	0.3	32	0.3	36	0.3	35
	SUNRISE ROAD	A W GRIMES BLVD	0.7	1.2	36	1.8	25	1.0	43
	A W GRIMES BLVD	RED BUDD LN	2.6	3.4	46	3.9	40	4.0	40
	RED BUDD LN	SH 130	2.4	3.1	45	2.9	48	2.5	57
	US 79 EB - TOTAL		**6.9**	**10.5**	**39.7**	**11.2**	**37.2**	**10.5**	**39.6**
FM 973 NB	US 183	FM 812	2.5	3.4	43	3.2	47	3.0	50
	FM 812	BURLESON-ELROY	1.8	2.1	49	2.8	37	2.5	41
	BURLESON-ELROY	PEARCE LN	1.2	1.5	48	1.7	42	1.7	43
	PEARCE LN	SH 71 SOUTH	1.7	4.6	23	3.7	29	3.0	35
	SH 71 SOUTH	SH 71 NORTH	0.1	0.5	15	0.4	20	0.4	18
	SH 71 NORTH	FM 969	4.2	6.1	41	5.7	44	5.2	48
	FM 969	DECKER LAKE	1.5	1.3	69	1.5	58	1.6	55
	DECKER LAKE	SH 130 SB FRTG	1.9	2.2	50	1.8	62	1.9	60
	SH 130 SB FRTG	SH 130 NB FRTG	0.1	0.2	34	0.1	54	0.1	54
	SH 130 NB FRTG	PARSONS	3.9	4.4	54	4.9	48	4.5	52
	PARSONS	US 290	0.7	2.4	17	3.4	12	3.2	12
	FM 973 NB - TOTAL		**19.5**	**28.7**	**40.8**	**29.1**	**40.2**	**27.2**	**43.1**
IH 10 EB	LOOP 410	FOSTER RD	1.9	1.7	65	1.8	61	1.8	64
	FOSTER RD	FM 1516	2.8	2.3	72	2.3	72	2.4	69
	FM 1516	LOOP 1604	1.6	1.3	72	1.3	72	1.4	68
	LOOP 1604	FM 1518	4.4	3.8	70	3.7	71	3.8	70
	FM 1518	FM 2538	1.8	1.5	71	1.5	74	1.6	70
	FM 2538	CR 315-SANTA CLARA	3.7	3.1	72	3.0	74	3.2	71
	CR 315-SANTA CLARA	FM 775	4.3	3.6	72	3.5	74	3.6	72
	FM 775	FM 725	2.9	2.4	72	2.3	74	2.4	72
	FM 725	SH 46	2.9	2.4	72	2.3	74	2.4	71
	SH 46	SH 123	2.9	2.4	72	2.3	77	2.4	73
	IH 10 EB - TOTAL		**29.1**	**24.5**	**71.3**	**24.1**	**72.5**	**24.8**	**70.4**
IH 35 NB	LOOP 82	SH 80	1.4	1.2	71	1.1	74	1.3	66
	FM 1102	LOOP 82	7.2	6.0	72	5.8	75	6.3	70
	FM 306	FM 1102	5.6	4.5	75	4.7	72	4.7	72
	SH 46	FM 306	2.3	1.9	71	1.9	71	1.9	71
	FM 725	SH 46	1.1	1.0	72	1.1	65	1.0	67
	LOOP 337 S	FM 725	3.0	2.4	75	2.4	75	2.5	73
	FM 1103	LOOP 337 S	6.1	5.0	75	5.0	73	5.2	71
	FM 3009	FM 1103	2.9	2.3	74	2.3	75	2.5	69
	LOOP 1604	FM 3009	4.1	3.4	71	4.2	58	3.6	69
	IH 35 NB - TOTAL		**33.7**	**27.7**	**73.1**	**28.5**	**71.1**	**28.8**	**70.2**

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
US 183 SB	US 90-PIERCE	IH 10	3.9	5.0	47	5.2	45	5.4	43
	AUSTIN-CR 122	US 90-PIERCE	0.2	1.2	10	1.2	9	0.4	26
	FM 86	AUSTIN-CR 122	0.8	1.0	47	1.1	43	1.0	45
	CR 114-TULIP TRAIL	FM 86	6.3	6.2	61	6.1	62	6.0	64
	FM 671	CR 114-TULIP TRAIL	2.0	1.9	61	1.9	62	1.9	63
	FM 20(BLACK JACK)	FM 671	4.2	4.8	53	4.7	55	4.9	52
	FM 20(STATE PARK)	FM 20(BLACK JACK)	0.1	0.2	32	0.3	23	0.2	27
	PRAIRIE LEA	FM 20(STATE PARK)	0.8	1.7	27	1.5	31	2.4	19
	SH 142	PRAIRIE LEA	0.1	0.4	17	0.4	18	0.2	30
	FM 672	SH 142	0.5	0.8	38	1.0	30	0.8	38
	FM 2001	FM 672	0.5	0.7	42	0.8	37	0.7	46
	FM 1185	FM 2001	3.8	4.0	57	4.0	57	4.0	57
	SH 21	FM 1185	5.4	5.5	59	5.6	57	5.5	58
	SH 130 EB FRTG	SH 21	3.7	3.9	57	4.2	52	4.0	55
	SH 130 WB FRTG	SH 130 EB FRTG	0.1	0.1	41	0.2	33	0.1	39
	US 183 SB - TOTAL		**32.3**	**37.6**	**51.6**	**38.2**	**50.7**	**37.6**	**51.6**
US 79 WB	MAYS ST	IH 35	0.3	1.7	11	1.3	14	1.2	16
	GEORGETOWN ST	MAYS ST	0.7	2.3	19	2.0	22	1.8	24
	SUNRISE ROAD	GEORGETOWN ST	0.2	0.3	35	0.3	33	0.3	32
	A W GRIMES BLVD	SUNRISE ROAD	0.7	1.3	34	1.1	42	1.3	35
	RED BUDD LN	A W GRIMES BLVD	2.6	4.1	38	4.7	34	4.4	36
	SH 130	RED BUDD LN	2.4	3.8	37	4.2	34	3.6	39
	US 79 WB - TOTAL		**6.9**	**13.6**	**30.6**	**13.6**	**30.6**	**12.6**	**33.1**
FM 973 SB	FM 812	US 183	2.5	4.4	34	3.6	41	3.5	43
	BURLESON-ELROY	FM 812	1.8	2.1	50	2.0	53	2.4	44
	PEARCE LN	BURLESON-ELROY	1.2	1.7	42	1.8	41	2.2	33
	SH 71 SOUTH	PEARCE LN	1.7	2.3	46	2.5	41	2.2	47
	SH 71 NORTH	SH 71 SOUTH	0.1	0.3	26	0.3	26	0.3	22
	FM 969	SH 71 NORTH	4.2	5.0	51	5.5	46	6.5	39
	DECKER LAKE	FM 969	1.5	2.5	35	2.5	36	2.0	46
	SH 130 SB FRTG	DECKER LAKE	1.9	1.9	58	2.0	55	2.0	56
	SH 130 NB FRTG	SH 130 SB FRTG	0.1	0.1	61	0.1	54	0.1	61
	PARSONS	SH 130 NB FRTG	3.9	4.4	53	4.7	50	4.0	58
	US 290	PARSONS	0.7	2.2	18	2.6	15	1.4	28
	FM 973 SB - TOTAL		**19.5**	**26.9**	**43.6**	**27.6**	**42.5**	**26.6**	**44.0**
IH 10 WB	FOSTER RD	LOOP 410	1.9	2.7	41	1.5	73	1.6	72
	FM 1516	FOSTER RD	2.8	2.5	68	2.4	70	2.3	72
	LOOP 1604	FM 1516	1.6	1.6	59	1.4	70	1.3	70
	FM 1518	LOOP 1604	4.4	3.7	72	3.6	73	3.6	74
	FM 2538	FM 1518	1.8	1.5	74	1.5	71	1.5	72
	CR 315-SANTA CLARA	FM 2538	3.7	3.0	74	3.0	74	3.1	73
	FM 775	CR 315-SANTA CLARA	4.3	3.8	67	3.8	67	3.7	70
	FM 725	FM 775	2.9	2.3	73	2.4	72	2.4	72
	SH 46	FM 725	2.9	2.4	72	2.4	72	2.4	72
	SH 123	SH 46	2.9	2.4	71	2.5	69	2.4	71
	IH 10 WB - TOTAL		**29.1**	**25.9**	**67.2**	**24.6**	**71.0**	**24.3**	**71.9**
IH 35 SB	SH 80	LOOP 82	1.4	1.1	76	1.2	72	1.3	66
	LOOP 82	FM 1102	7.2	5.9	73	6.1	72	6.1	72
	FM 1102	FM 306	5.6	4.7	72	4.6	73	4.6	73
	FM 306	SH 46	2.3	1.8	75	1.9	71	1.9	72
	SH 46	FM 725	1.1	0.9	80	1.0	73	0.9	79
	FM 725	LOOP 337 S	3.0	2.5	72	2.4	75	2.6	68
	LOOP 337 S	FM 1103	6.1	5.1	72	5.1	73	5.1	72
	FM 1103	FM 3009	2.9	2.4	71	2.4	72	2.2	79
	FM 3009	LOOP 1604	4.1	7.8	31	3.7	66	3.8	64
	IH 35 SB - TOTAL		**33.7**	**32.3**	**62.6**	**28.3**	**71.6**	**28.5**	**71.1**

Stantec

CTTS TRAFFIC AND REVENUE FORECAST 2012 UPDATE

Appendix A

October 2012

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
SH 123 NB	STAPLES-HAYS	IH 35	0.3	0.6	28	0.6	26	1.2	14
	BROADWAY	STAPLES-HAYS	0.4	0.7	37	0.6	40	0.6	39
	DE ZAVALA	BROADWAY	0.3	0.6	33	0.6	30	0.8	25
	WONDER WORLD	DE ZAVALA	0.6	0.8	47	1.0	39	0.8	46
	CR 266	WONDER WORLD	1.2	1.7	41	1.4	51	1.9	38
	FM 1979	CR 266	3.9	4.1	58	4.6	51	4.4	54
	FM 1101	FM 1979	2.3	2.2	64	2.1	64	2.2	64
	FM 758	FM 1101	2.8	2.6	64	2.5	66	2.5	65
	FM 2623	FM 758	2.2	2.1	62	2.1	63	2.1	62
	LAUBACH-CORDOVA	FM 2623	3.0	3.4	52	3.6	50	3.5	51
	FM 20	LAUBACH-CORDOVA	0.6	0.8	49	0.9	41	0.7	51
	IH 10	FM 20	1.7	1.9	53	1.9	54	2.0	52
	SH 123 NB - TOTAL		**19.2**	**21.3**	**54.3**	**21.9**	**52.7**	**22.6**	**51.0**
FM 685 NB	US 290 EB FRTG	US 290 WB FRTG	0.1	0.2	31	0.2	28	0.2	30
	US 290 WB FRTG	ST JOHNS	0.3	0.7	29	0.8	24	0.6	32
	ST JOHNS	MCKIE-CORONADO HILLS	0.2	0.5	28	0.5	26	0.6	26
	MCKIE-CORONADO HILLS	US 183 SB FRTG	0.3	1.7	12	1.6	13	1.7	12
	US 183 SB FRTG	US 183 NB FRTG	0.0	0.1	22	0.2	19	0.1	32
	US 183 NB FRTG	RUTHERFORD	0.4	0.7	30	1.6	13	0.7	30
	RUTHERFORD	CROSS PARK	0.6	0.9	39	0.9	37	0.7	48
	CROSS PARK	FERGUSON	0.1	0.2	34	0.3	24	0.2	48
	FERGUSON	RUNDBERG	0.4	0.5	41	0.7	32	0.7	32
	RUNDBERG	BRAKER	1.7	2.2	46	2.2	46	2.3	44
	BRAKER	SHROPSHIRE	0.5	0.7	47	1.3	24	0.8	40
	SHROPSHIRE	FM 734	0.9	2.5	22	2.2	26	2.4	23
	FM 734	HOWARD	1.3	2.0	39	2.9	27	1.9	42
	HOWARD	WELLS BRANCH	1.6	2.5	40	2.7	36	2.0	48
	WELLS BRANCH	PECAN	1.1	1.5	47	2.1	33	2.6	26
	PECAN	PFLUGERVILLE	1.5	2.5	36	3.8	24	2.8	33
	PFLUGERVILLE	SH 130 SB FRTG	0.8	1.5	30	1.4	33	1.1	42
	SH 130 SB FRTG	SH 45-KELLY	0.6	1.0	38	2.3	16	1.0	37
	FM 685 NB - TOTAL		**12.5**	**21.8**	**34.5**	**27.5**	**27.3**	**22.2**	**33.9**
RM 620 EB	US 183	N LAKE CREEK PKWY	0.4	1.4	19	1.3	19	1.3	21
	N LAKE CREEK PKWY	FM 734-PARMER	1.6	2.9	32	3.6	26	2.3	41
	FM 734-PARMER	SH 45	1.3	1.8	44	2.3	34	1.7	46
	SH 45	GREAT OAKS	1.4	2.0	44	2.1	41	2.0	44
	GREAT OAKS	O'CONNER	0.5	0.8	33	0.8	35	0.7	38
	O'CONNER	WYOMING SPRINGS	0.7	1.4	29	1.1	36	0.9	45
	WYOMING SPRINGS	CR 173-CHISHOLM TRL	1.7	3.4	30	3.8	27	3.3	30
	CR 173-CHISHOLM TRL	IH 35	0.2	0.5	26	0.7	18	0.9	15
	RM 620 EB - TOTAL		**7.8**	**14.2**	**32.9**	**15.7**	**29.7**	**13.1**	**35.8**
GATTIS SCHOOL E	S MAYS ST	GREENLAWN BLVD	0.7	1.4	28	1.9	21	1.6	25
	GREENLAWN BLVD	AW GRIMES BLVD	0.5	1.3	24	1.0	32	1.9	16
	AW GRIMES BLVD	DOUBLE CREEK DR	0.7	1.4	29	2.2	18	1.1	36
	DOUBLE CREEK DR	HIGH COUNTRY BLVD	1.4	3.6	23	3.1	26	2.9	29
	HIGH COUNTRY BLVD	RED BUDD LN	0.2	0.8	17	0.9	15	0.5	25
	RED BUD LN	PRIEM LN	1.2	1.6	45	1.6	44	1.9	39
	PRIEM LN	SH 130	0.8	1.9	24	2.3	21	1.1	44
	GATTIS SCHOOL EB - TOTAL		**5.4**	**12.0**	**27.3**	**13.0**	**25.1**	**11.0**	**29.8**

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
SH 123 SB	IH 35	STAPLES-HAYS	0.3	0.6	27	0.4	41	0.6	29
	STAPLES-HAYS	BROADWAY	0.4	0.8	31	1.1	23	1.0	24
	BROADWAY	DE ZAVALA ST	0.3	0.6	33	0.6	32	0.6	33
	DE ZAVALA ST	WONDER WORLD	0.6	1.0	37	0.9	40	1.0	36
	WONDER WORLD	CR 266	1.2	1.7	43	2.0	36	1.0	69
	CR 266	FM 1979	3.9	4.1	57	4.1	58	4.2	55
	FM 1979	FM 1101	2.3	2.1	67	2.1	65	2.1	66
	FM 1101	FM 758	2.8	2.5	67	2.6	64	2.8	60
	FM 758	FM 2623	2.2	2.0	65	2.2	59	2.2	60
	FM 2623	LAUBACH-CORDOVA	3.0	4.0	44	3.6	49	3.1	57
	LAUBACH-CORDOVA	FM 20	0.6	0.8	48	0.7	51	1.0	36
	FM 20	IH 10	1.7	1.8	57	1.9	53	2.6	40
	SH 123 SB - TOTAL		**19.2**	**21.8**	**52.9**	**22.3**	**51.9**	**22.1**	**52.1**
FM 685 SB	US 290 WB FRTG	US 290 EB FRTG	0.1	0.2	33	0.2	33	0.2	30
	ST JOHNS	US 290 WB FRTG	0.3	1.4	14	0.9	23	0.7	31
	MCKIE-CORONADO HILLS	ST JOHNS	0.2	0.6	25	0.9	15	0.6	25
	US 183 SB FRTG	MCKIE-CORONADO HILLS	0.3	0.5	39	1.0	20	0.8	24
	US 183 NB FRTG	US 183 SB FRTG	0.0	0.1	29	0.1	27	0.1	32
	RUTHERFORD	US 183 NB FRTG	0.4	3.3	6	1.8	12	0.9	22
	CROSS PARK	RUTHERFORD	0.6	1.5	22	1.2	29	0.6	55
	FERGUSON	CROSS PARK	0.1	0.2	34	0.6	13	0.4	23
	RUNDBERG	FERGUSON	0.4	0.5	42	0.5	45	0.4	51
	BRAKER	RUNDBERG	1.7	2.3	43	2.2	45	2.1	49
	SHROPSHIRE	BRAKER	0.5	1.7	20	1.7	19	0.7	44
	FM 734	SHROPSHIRE	0.9	1.6	36	1.5	39	1.1	54
	HOWARD	FM 734	1.3	6.0	13	2.8	28	2.4	32
	WELLS BRANCH	HOWARD	1.6	4.3	23	2.6	38	2.0	49
	PECAN	WELLS BRANCH	1.1	2.4	29	1.3	52	1.7	40
	PFLUGERVILLE	PECAN	1.5	2.3	40	2.5	37	3.4	27
	SH 130 SB FRTG	PFLUGERVILLE	0.8	1.1	40	1.4	34	1.6	29
	SH 45-KELLY	SH 130 SB FRTG	0.6	1.0	36	0.7	49	0.8	46
	FM 685 SB - TOTAL		**12.5**	**30.9**	**24.3**	**23.6**	**31.8**	**20.3**	**36.9**
RM 620 WB	N LAKE CREEK PKWY	US 183	0.4	0.9	30	1.1	23	0.8	33
	FM 734-PARMER	N LAKE CREEK PKWY	1.6	2.9	32	3.6	26	2.3	41
	SH 45	FM 734-PARMER	1.3	2.1	38	3.2	25	2.0	41
	GREAT OAKS	SH 45	1.4	2.3	38	1.7	50	1.8	48
	O'CONNER	GREAT OAKS	0.5	1.5	18	0.6	46	0.6	44
	WYOMING SPRINGS	O'CONNER	0.7	1.0	41	0.9	45	0.8	50
	CR 173-CHISHOLM TRL	WYOMING SPRINGS	1.7	4.1	24	4.0	25	3.3	30
	IH 35	CR 173-CHISHOLM TRL	0.2	0.5	25	0.6	20	0.3	38
	RM 620 WB - TOTAL		**7.8**	**15.3**	**30.4**	**15.7**	**29.8**	**11.9**	**39.2**
GATTIS SCHOOL	GREENLAWN BLVD	S MAYS ST	0.7	1.7	23	2.7	14	2.3	17
	AW GRIMES BLVD	GREENLAWN BLVD	0.5	1.0	31	0.9	34	0.9	35
	DOUBLE CREEK DR	AW GRIMES BLVD	0.7	2.0	20	1.6	25	1.4	29
	HIGH COUNTRY BLVD	DOUBLE CREEK DR	1.4	4.5	18	3.1	27	3.1	26
	RED BUD LN	HIGH COUNTRY BLVD	0.2	0.4	30	0.7	18	0.4	32
	PRIEM LN	RED BUD LN	1.2	2.4	30	2.9	25	1.8	40
	SH 130	PRIEM LN	0.8	1.2	38	1.2	38	1.3	37
	GATTIS SCHOOL WB - TOTAL		**5.4**	**13.3**	**24.5**	**13.2**	**24.7**	**11.2**	**29.0**

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
PARMER LN NB	LOOP 1 NB FRTG	LOOP 1 SB FRTG	0.1	0.2	29	0.1	57	0.1	57
	LOOP 1 SB FRTG	AMHERST	0.6	0.9	38	0.8	47	0.7	49
	AMHERST	RIATA VISTA-LEGENDARY	1.6	1.8	54	2.2	44	1.7	57
	RIATA VISTA-LEGENDARY	MCNEIL	0.6	1.5	24	0.8	45	0.7	56
	MCNEIL	TAMAYO	1.1	1.2	52	1.8	36	1.2	55
	TAMAYO	ANDERSON MILL	0.3	0.4	56	0.4	52	0.4	56
	ANDERSON MILL	SH 45 EB FRTG	1.3	2.3	33	1.4	55	1.3	59
	SH 45 EB FRTG	SH 45 WB FRTG	0.1	0.1	32	0.1	44	0.1	44
	SH 45 WB FRTG	SPECTRUM	0.4	0.5	40	0.5	47	0.4	55
	SPECTRUM	LAKELINE-NEENAH	0.5	0.8	37	1.2	26	0.6	51
	LAKELINE-NEENAH	AVERY RANCH	0.7	1.6	27	1.3	34	1.4	31
	AVERY RANCH	BRUSHY CREEK	0.7	1.4	29	1.3	31	1.6	26
	BRUSHY CREEK	KENAI-RANCH TRAIL	1.1	1.3	51	1.7	39	1.3	49
	KENAI-RANCH TRAIL	COLONIAL PKWY	0.7	0.7	57	0.8	51	0.8	52
	COLONIAL PKWY	FM 1431	0.3	1.1	15	1.0	16	0.4	44
	PARMER LN NB - TOTAL		**9.9**	**15.8**	**37.7**	**15.2**	**39.2**	**12.5**	**47.5**

				AM		PM		OP	
			DIST (mile)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)	Time (Min)	Speed (MPH)
PARMER LN SB	LOOP 1 SB FRTG	LOOP 1 NB FRTG	0.1	0.1	36	0.2	26	0.2	26
	AMHERST	LOOP 1 SB FRTG	0.6	0.8	43	2.0	18	2.3	16
	RIATA VISTA-LEGENDARY	AMHERST	1.6	1.7	55	2.0	49	2.0	47
	MCNEIL	RIATA VISTA-LEGENDARY	0.6	0.7	52	1.3	29	0.7	50
	TAMAYO	MCNEIL	1.1	2.1	30	1.7	38	1.5	42
	ANDERSON MILL	TAMAYO	0.3	0.4	48	0.8	25	0.6	31
	SH 45 EB FRTG	ANDERSON MILL	1.3	1.5	52	2.1	36	1.7	43
	SH 45 WB FRTG	SH 45 EB FRTG	0.1	0.1	32	0.1	32	0.1	40
	SPECTRUM	SH 45 WB FRTG	0.4	0.9	23	2.0	11	1.2	18
	LAKELINE-NEENAH	SPECTRUM	0.5	1.8	17	0.7	45	0.6	55
	AVERY RANCH	LAKELINE-NEENAH	0.7	1.7	27	1.2	37	0.9	53
	BRUSHY CREEK	AVERY RANCH	0.7	2.3	18	1.6	26	0.9	47
	KENAI-RANCH TRAIL	BRUSHY CREEK	1.1	2.1	32	1.9	34	1.4	45
	COLONIAL PKWY	KENAI-RANCH TRAIL	0.7	0.8	51	0.7	55	1.1	37
	FM 1431	COLONIAL PKWY	0.3	0.5	36	0.6	28	0.5	33
	PARMER LN SB - TOTAL		**9.9**	**17.5**	**34.0**	**18.8**	**31.7**	**15.7**	**38.0**

Appendix B
Minute Order 113243

TEXAS TRANSPORTATION COMMISSION

Transportation Code Section 228.051 provides that the Texas Transportation Commission (commission) by order may designate one or more lanes of a segment of the state highway system as a toll project or system.

By Minute Order 108873, dated April 25, 2002, SH 130 was designated as a toll project and a controlled access state highway from I-35 north of Georgetown to the intersection of US 183 and SH 130 at SH 45 Southeast (SH 130).

By Minute Order 108896, dated May 30, 2002, SH 45 N was designated as a toll project and a controlled access state highway from west of US 183 to SH 130/SH 45 North interchange (SH 45 N).

By Minute Order 108896, dated May 30, 2002, Loop 1 was designated as a toll project and a controlled access state highway from the existing Loop 1 and FM 734 (Parmer Lane) to the Loop 1/SH 45 North interchange (Loop 1).

The commission has previously issued $2,199,268,781.80 in aggregate principal amount of obligations (including $1,149,993,781.80 original aggregate principal amount First Tier Revenue Bonds, Series 2002-A (2002-A Bonds); $900,000,000 original aggregate principal amount TIFIA Loan Agreement and 2002 TIFIA Bond; $149,275,000 original aggregate principal amount First Tier Revenue Refunding Put Bonds, Series 2009 (2009 Bonds) (collectively, the system obligations) to finance a portion of the costs of the Central Texas Turnpike System (system), composed initially of the SH 130, SH 45 N, and Loop 1 project elements, described above, pursuant to an Indenture of Trust (indenture) and five supplemental indentures. Any terms not otherwise defined in this order have the meaning given in the indenture.

The indenture defines the system as being comprised of initially the 2002 Project, and any project to expand, enlarge or extend the system, any project pooled with the system pursuant to the Transportation Code and any other roads, bridges, tunnels or other toll facilities for which the commission has operational responsibility and is collecting tolls, unless the commission identifies, in writing delivered to the trustee, as defined in the indenture, such roads, bridges, tunnels or other toll facilities as not being part of the system for the purposes of the indenture.

By Minute Order 109729 dated July 29, 2004, SH 45 Southeast was designated as a toll project and a controlled access state highway from I-35 at FM 1327 south of Austin to the SH 130/US 183 interchange (SH 45 SE); however, by Minute Order 10994, dated December 16, 2004, the commission determined that SH 45 SE was not a part of the system.

Transportation Code Section 228.010 provides that the commission is authorized to create a system composed of existing tolled projects, if it is determined that the mobility needs of a region or a system could be more efficiently and economically met by jointly operating two or more toll projects in that region as one operational and financial enterprise.

The Texas Department of Transportation (department) has received updated traffic and revenue information from its traffic consultant in connection with the department's review of system operations.

Based upon the information provided by the traffic consultant, the commission has determined that expansion of the system to include the existing SH 45 SE will more efficiently and

economically meet the mobility needs of the Central Texas region by operating the system and SH 45 SE as one operational and financial enterprise.

To incorporate SH 45 SE into the system the commission must adopt a supplemental indenture to legally combine SH 45 SE with the system.

Pursuant to Section 501(a) of the indenture, prior to adopting any change in the toll rate schedule, such as the SH 45 SE expansion, the commission shall obtain and file with the trustee a certificate by the traffic and revenue consultant that, in the consultant's opinion, the adoption of such proposed toll rate schedule will not adversely affect the ability of the commission to comply with its rate covenant in the indenture. The commission has received such certification from the traffic and revenue consultant and filed it with the trustee.

Under Section 17(r) of the TIFIA Master Secured Loan Agreement for the system, the commission may not amend or supplement the CTTS Traffic and Revenue Forecast without the prior written consent of the U.S. Department of Transportation.

The commission is further authorized pursuant to Chapters 1207 and 1371, Texas Government Code, as amended, and Chapter 228, Texas Transportation Code, as amended, to refund, refinance and restructure outstanding toll revenue obligations such as the system obligations and the department is reviewing all outstanding system obligations for refunding opportunities to achieve debt service savings.

The 2009 Bonds are subject to mandatory tender on February 15, 2013 and, if such bonds are not remarketed, the 2009 Bonds will bear interest at an increased rate of 12% per annum.

The commission has determined it to be in the best interest of the State and the system to issue additional obligations pursuant to the indenture to refund all or any portion of the 2002-A Bonds for debt service savings and to refund or remarket the 2009 Bonds prior to the mandatory tender date.

The indenture authorizes the issuance of additional obligations to refund all or any portion of the system obligations upon compliance with certain conditions as set forth in the indenture.

The indenture, together with the "Sixth Supplemental Indenture of Trust" (sixth supplement), prescribes the terms, provisions and covenants related to the proposed issuance of refunding obligations in one or more series with such name, series designation and other terms and provisions as provided in the sixth supplement and a related award certificate, so long as the aggregate principal amount of one or more series of refunding obligations does not exceed $900 million and the issuance of such refunding obligations results in a net present value debt service savings of at least 3% of the 2002-A Bonds refunded.

Government Code Section1231.041 provides that a state agency may not issue a state security unless the issuance is approved by the Texas Bond Review Board (board) or exempted under law, including by board rule, from review by the board.

Under the sixth supplement, a Chief Financial Officer, as defined in the sixth supplement, includes the Chief Financial Officer of the department, the Director, Finance Division, the Innovative Financing/Debt Management Officer and the Deputy Director, Innovative Financing/Debt Management Office, who is authorized to determine whether the 2009 Bonds are remarketed or

refunded and the method of sale for each series of refunding obligations as well as the price, lien status and other terms of each series of the refunding obligations as prescribed in each award certificate.

The commission understands that the remarketing agents, selected by the Chief Financial Officer of the department, will distribute a remarketing memorandum in connection with any remarketing of the 2009 Bonds and the underwriters in connection with any refunding obligations intend to distribute a preliminary official statement (POS) and final official statement (Official Statement) in substantially the form provided to the commission with such changes as approved by a Chief Financial Officer, on behalf of the commission, in connection with the remarketing and/or public offering and sale of one or more series of the refunding obligations.

Under the sixth supplement, a Chief Financial Officer is authorized to price one or more series of the refunding obligations with various interest rate and other structures including variable rate bonds, put bonds, index bonds and others, which may require the use of liquidity provider(s), tender agents, remarketing agents and other entities performing various functions in connection with any such interest rate structures.

Pursuant to Minute Order dated August 30, 2012, the commission approved a revised Derivative Management Policy which established a Derivative Committee to review and make recommendations regarding the commission's use of derivative financial products. The commission is authorized, pursuant to this order and the sixth supplement, to enter into credit agreements related to the outstanding system obligations and the refunding obligations with some or all of the existing swap providers previously approved by the commission and any qualified swap providers as determined by a Chief Financial Officer, on behalf of the commission, in compliance with the Derivative Management Policy when, in the judgment of a Chief Financial Officer, on behalf of the commission, and in accordance with the commission's Derivative Management Policy, Government Code, Chapter 1371 and the sixth supplement, the transaction is expected to benefit the commission, the State and the system.

IT IS THEREFORE ORDERED by the commission that the Chairman and Executive Director are authorized and directed to execute and deliver each series of the refunding obligations and such other documents and certificates to carry out the intent of this order and a Chief Financial Officer, on behalf of the commission, is authorized and directed to execute and deliver the sixth supplement, each bond purchase agreement, as applicable, escrow agreement, paying agent agreement, award certificate and similar agreements necessary for any series of the refunding obligations (collectively, program documents), in the form approved by a Chief Financial Officer or in substantially the form previously approved by the commission in connection with the outstanding system obligations, as applicable, with such changes as a Chief Financial Officer, on behalf of the commission, 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 a Chief Financial Officer, on behalf of the commission, is authorized and directed to execute and deliver any remarketing agreement, liquidity agreement, tender agent agreement and other agreements necessary for any remarketing of the 2009 Bonds and any variable rate refunding obligations (collectively, variable rate documents), and the variable rate documents and similar agreements in connection with any remarketing of the 2009 Bonds and any variable rate refunding obligations are authorized in such form approved by a

Chief Financial Officer executing the same may approve, such approval to be conclusively evidenced by execution of the variable rate documents.

IT IS FURTHER ORDERED by the commission that any necessary ancillary documents in connection with the issuance of the refunding obligations, the program documents, the variable rate documents, if any, and any remarketing of the 2009 Bonds are hereby approved, and a Chief Financial Officer, on behalf of the commission, is authorized and directed to execute and deliver such documents, including the application and submission to the board, as necessary.

IT IS FURTHER ORDERED by the commission that a Chief Financial Officer, on behalf of the commission, is hereby authorized to enter into master swap agreements similar to the master swap agreements executed in connection with the outstanding Texas Mobility Fund debt and any appropriate confirmation for any interest rate swap transaction relating to system obligations or the obligations with any or all of the existing swap providers previously approved by the commission and any other qualified swap providers as determined by a Chief Financial Officer in compliance with the Derivative Management Policy, with such changes as a Chief Financial Officer 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 sixth supplement.

IT IS FURTHER ORDERED by the commission that any remarketing memorandum, POS and Official Statement are approved for distribution with such changes as a Chief Financial Officer, on behalf of the commission, executing the same may approve, such approval to be conclusively evidenced by execution of such remarketing memorandum, POS and Official Statement, and a Chief Financial Officer, on behalf of the commission, is authorized to deem any remarketing memorandum, POS and Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (rule) with such omissions as permitted by the rule.

IF IS FURTHER ORDERED by the commission that a Chief Financial Officer, on behalf of the commission, is authorized and directed to file with the board an application for approval or exemption, as applicable, and necessary in connection with the issuance of each series of refunding obligations.

IT IS FURTHER ORDERED that, subject to the approval of the U. S. Department of Transportation, SH 45 SE is designated as a part of the system pursuant to the indenture and the terms of the sixth supplement.

IT IS FURTHER ORDERED by the commission that, upon receipt of the approval of the U.S. Department of Transportation and execution of the sixth supplement, the Executive Director of the department is directed to submit to the system trustee written notification that includes a copy of this order and the sixth supplement.

IT IS FURTHER ORDERED by the commission that each member of the commission, each Chief Financial Officer, the Executive Director and General Counsel are authorized and directed to perform all such acts and execute such documents and notices, including execution of certifications to any remarketing agents, underwriters or purchasers, 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 system, the program documents and the variable rate documents.

Submitted and reviewed by:

James M Bass

Chief Financial Officer

Recommended by:

Executive Director

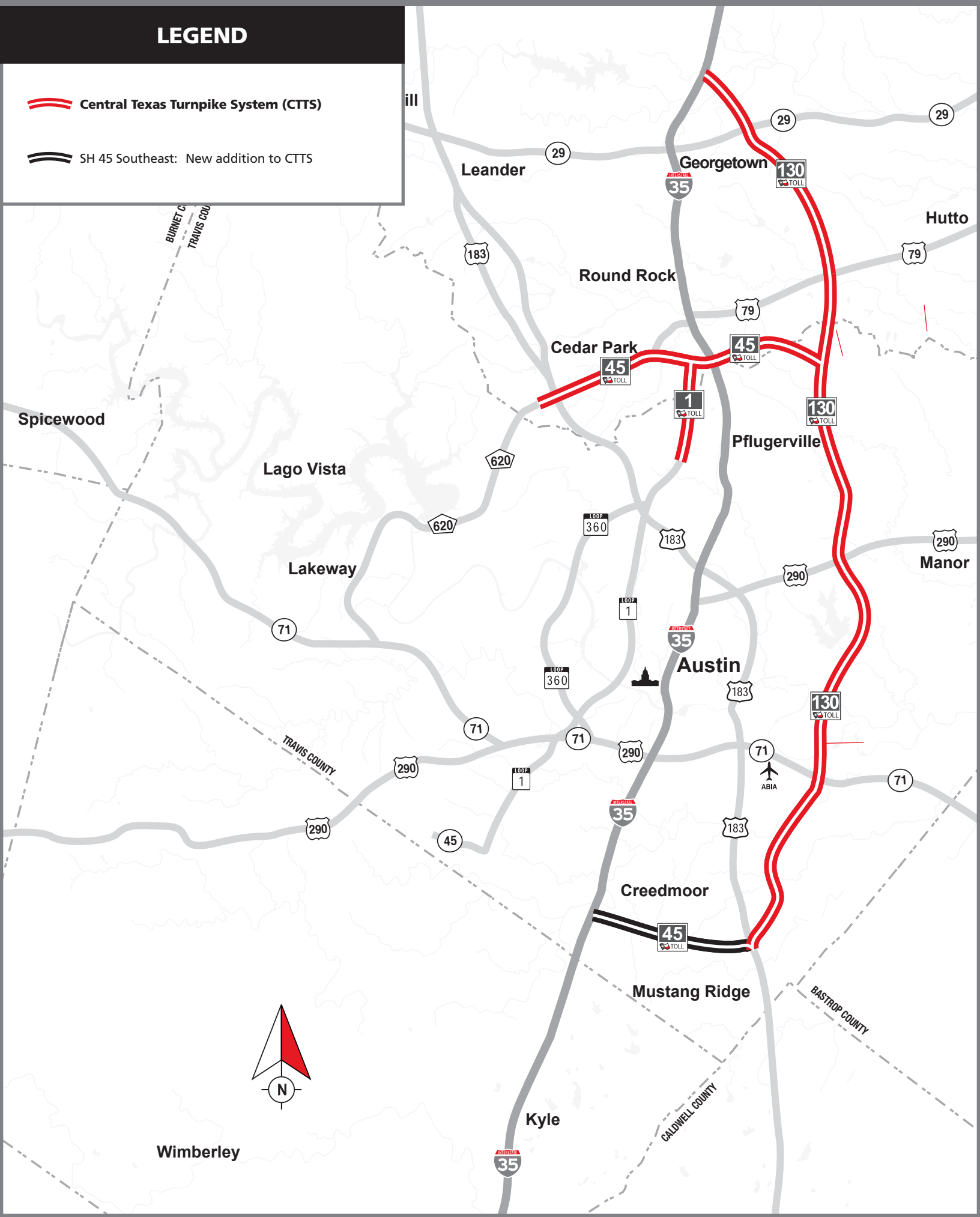
113243 AUG 30 12

Minute Number Date Passed

EXHIBIT A

The proposed Toll Rate Structure change includes the addition of SH 45 Southeast to the System. By Minute Order 109729 dated July 29, 2004, SH 45 Southeast was designated as a toll project and a controlled access state highway which runs from I-35 at FM 1327 south of Austin to the SH 130/US183 interchange as depicted on the map shown on Attachment 1. SH 45 Southeast opened to traffic in May 2009 and has no outstanding debt. The previously adopted toll rates for SH 45 Southeast are shown on Attachment 2.

ATTACHMENT 1



Attachment 2

Tolling Point SH 45 SE	Passenger Car, Light Truck, SUV Toll Rate		Passenger Vehicle with Trailer Toll Rate		Commercial Vehicle Toll Rate		Commercial Vehicle with One (1) Trailer Toll Rate		Commercial Vehicle with Two (2) Trailers Toll Rate	
	TxTag	**PBM**	**TxTag**	**PBM**	**TxTag**	**PBM**	**TxTag**	**PBM**	**TxTag**	**PBM**
Mainline Plaza between N. Turnersville Road and Palmer Road	$1.00	$1.33	$2.00	$2.66	$3.00	$3.99	$3.00	$3.99	$3.00	$3.99
Entrance and Exit Ramps at N. Turnersville Road	$0.66	$0.88	$1.32	$1.76	$1.98	$2.59	$1.98	$2.59	$1.98	$2.59
Entrance and Exit Ramps at RM 1625	$0.66	$0.88	$1.32	$1.76	$1.98	$2.59	$1.98	$2.59	$1.98	$2.59

Notes:

1.) Pay By Mail (PBM) rates do not include $1.15 statement fee.
2.) A 33% surcharge (for PBM) over the TxTag rate is applied.

Historical Annual Toll Revenues

Month	Year	CTTS	SH 45 SE	Total
June	2011	$ 5,913,600	$ 314,700	$ 6,228,300
July	2011	$ 5,808,900	$ 308,400	$ 6,117,300
August	2011	$ 6,076,900	$ 324,000	$ 6,400,900
September	2011	$ 6,069,800	$ 338,000	$ 6,407,800
October	2011	$ 6,039,700	$ 321,200	$ 6,360,900
November	2011	$ 5,795,500	$ 310,600	$ 6,106,100
December	2011	$ 5,995,000	$ 324,200	$ 6,319,200
January	2012	$ 5,693,700	$ 284,700	$ 5,978,400
February	2012	$ 5,766,800	$ 305,900	$ 6,072,700
March	2012	$ 6,556,300	$ 367,700	$ 6,924,000
April	2012	$ 6,355,800	$ 327,900	$ 6,683,700
May	2012	$ 6,651,400	$ 402,600	$ 7,054,000
12-month Total		$ 72,723,400	$ 3,929,900	$ 76,653,300

Source:

CTTS revenues from FY 2011 Report (June to Aug 2011) and FY to Date Report (Sept '11 to May '12);

SH 45 SE revenues from Nancy Reinert email attachments (Aug 22, 2012)

Appendix C
Minute Order 113244

TEXAS TRANSPORTATION COMMISSION

TRAVIS and WILLIAMSON Counties **MINUTE ORDER**

AUSTIN District

Title 43, Texas Administrative Code, §27.82(d) provides that the Texas Transportation Commission (commission) will establish toll rates for the use of a toll project on the state highway system. In setting toll rates, the commission is required to consider: (1) the results of traffic and revenue studies and any schedule of toll rates established in traffic and revenue report; (2) the requirements of project bond covenants, if applicable; and (3) vehicle classifications, type and location of the facility, and similar criteria that apply to a specific project.

The Central Texas Turnpike System (CTTS) consists of the following elements: State Highway 130, which runs from I-35 North of Georgetown to the intersection of US 183 and SH 130 at SH 45 Southeast; SH 45 North, which runs from west of US 183 to SH 130/SH 45 North interchange; Loop 1, which runs from existing Loop 1 and Farm to Market 734 (Parmer Lane) to the Loop 1 / SH 45 North interchange; and SH 45 Southeast, which runs from I-35 at FM 1327 south of Austin to the SH 130 / US 183 interchange.

The Texas Department of Transportation (department) desires to establish new toll rate tables for the CTTS and eliminate cash collection, in an effort to ensure that the CTTS remains in a sound financial condition. The department has analyzed the current rate structure and alternatives rates and toll collection methodologies to determine the best combination of measures consistent with other toll rates and toll rate structures in the Central Texas region. The results of the toll rate analysis for the subject segments of the CTTS provide for rates at each tolling point as shown on Exhibit A.

Pursuant to Section 501(a) of the CTTS Indenture of Trust (indenture), prior to adopting any change in the toll rate schedule, the commission shall obtain and file with the trustee a certificate by the traffic and revenue consultant that, in the consultant's opinion, the adoption of such proposed toll rate schedule will not adversely affect the ability of the commission to comply with its rate covenant in the indenture. The commission has received such certification from the traffic and revenue consultant and filed it with the trustee.

Under Section 17(r) of the TIFIA Master Secured Loan Agreement for the CTTS, the commission may not amend or supplement the CTTS Traffic and Revenue Forecast without the prior written consent of the U.S. Department of Transportation.

IT IS THEREFORE ORDERED that, subject to the approval of the U.S. Department of Transportation, the department is authorized to charge tolls on the CTTS in the amounts stated in Exhibit A, and eliminate cash collection, effective January 1, 2013.

IT IS FURTHER ORDERED that the executive director is authorized to annually escalate toll rates on the CTTS in accordance with established indices and toll escalation policy as shown in Exhibit A.

Submitted and reviewed by:

James M Bass

Chief Financial Officer

Recommended by:

Executive Director

113244 AUG 30 12

Minute Number — Date Passed

Exhibit A

The proposed Toll Rate Schedule (Attachment 1) includes an increase of toll rates for the CTTS as shown in this exhibit; the adoption of rates for the ramps at the new SH 45 North/O'Connor Drive interchange scheduled for completion in December 2013; the conversion of CTTS toll collection system to cashless operations; the conversion of the pilot video billing program to a permanent payment method; and the adoption of annual toll escalation (Attachment 2) in accordance with a calculation process provided in Minute Order _____ dated August 30, 2012. The effective date of the new toll rates is January 1, 2013 and the date of the first annual escalation of toll rates is January 1, 2014.

Attachment 1

SH 130 (Segments 1-4) Toll Rates										
Tolling Point	Two-Axle		Three-Axle		Four-Axle		Five-Axle		Six-Axle	
	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM
SH 130 (Segments 1-4) From I-35 at SH 195 to US 183: Mainline Plazas	$1.69	$2.25	$3.38	$4.50	$5.07	$6.75	$5.07	$6.75	$5.07	$6.75
Entrance and Exit Ramps at: SH 29, Blue Bluff,Harold Green, and Moore Rd.	$0.45	$0.60	$0.90	$1.20	$1.35	$1.80	$1.35	$1.80	$1.35	$1.80
Entrance and Exit Ramps at: FM 104, Pecan St./Pflugerville, Gregg Manor, FM 973, Fm 969, Pearce Ln, and FM 812	$0.56	$0.74	$1.12	$1.48	$1.68	$2.22	$1.68	$2.22	$1.68	$2.22
Entrance and Exit Ramps at: US 79, CR 138, Chandler Rd., and Elroy Rd.	$0.73	$0.97	$1.46	$1.94	$2.19	$2.91	$2.19	$2.91	$2.19	$2.91
Tolling Point	Passenger Car, Light Truck, SUV		Passenger Vehicle with Trailer		Commercial Vehicle		Commercial Vehicle with One (1) Trailer		Commercial Vehicle with Two (2) Trailers	
	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM
Entrance and Exit Ramps at: Cameron Rd.	$1.69	$2.25	$3.38	$4.50	$5.07	$6.75	$5.07	$6.75	$5.07	$6.75

SH 45 Southeast Toll Rates										
Tolling Point	Passenger Car, Light Truck, SUV		Passenger Vehicle with Trailer		Commercial Vehicle		Commercial Vehicle with One (1) Trailer		Commercial Vehicle with Two (2) Trailers	
	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM
Mainline Plaza between N. Turnersville Road and Palmer Road	$1.00	$1.33	$2.00	$2.66	$3.00	$3.99	$3.00	$3.99	$3.00	$3.99
Entrance and Exit Ramps at: N. Turnersville Road, and FM 1625	$0.66	$0.88	$1.32	$1.76	$1.98	$2.64	$1.98	$2.64	$1.98	$2.64

Attachment 1

SH 45 North Toll Rates										
Tolling Point	Two-Axle		Three-Axle		Four-Axle		Five-Axle		Six-Axle	
	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM
Mainline Plazas: Lake Creek and Heatherwilde	$1.02	$1.36	$2.04	$2.72	$3.06	$4.08	$4.08	$5.44	$5.10	$6.80
Entrance and Exit Ramps at: Parmer Ln.(FM 734), and RM 620	$0.88	$1.17	$1.76	$2.34	$2.64	$3.51	$3.52	$4.68	$4.40	$5.85
Entrance and Exit Ramps at: O'Connor Drive	$0.90	$1.20	$1.80	$2.40	$2.70	$3.60	$3.60	$4.80	$4.50	$6.00
Entrance and Exit Ramps at: Greenlawn, and AW Grimes	$0.68	$0.90	$1.36	$1.80	$2.04	$2.70	$2.72	$3.60	$3.40	$4.50
Entrance and Exit Ramps at: Schultz Lane, Wilke Lane (Heatherwilde)	$1.02	$1.36	$2.04	$2.72	$3.06	$4.08	$4.08	$5.44	$5.10	$6.80

Loop 1 Toll Rates										
Tolling Point	Two-Axle		Three-Axle		Four-Axle		Five-Axle		Six-Axle	
	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM	TxTag	PBM
Mainline Plaza at: Merrilltown	$1.02	$1.36	$2.04	$2.72	$3.06	$4.08	$4.08	$5.44	$5.10	$6.80
Entrance and Exit Ramps at: Shoreline Drive, and Howard Ln./Wells Branch	$0.68	$0.90	$1.36	$1.80	$2.04	$2.70	$2.72	$3.60	$3.40	$4.50
Entrance and Exit Ramps at: O'Connor Drive	$0.90	$1.20	$1.80	$2.40	$2.70	$3.60	$3.60	$4.80	$4.50	$6.00

Notes:

1.) Pay By Mail (PBM) rates do not include $1.15 statement fee.

2.) A 33% surcharge (for PBM) over the TxTag rate is applied.

Attachment 2

Toll Rate Escalation Policy

Subject in all instances to the provisions, requirements and restrictions of the indenture, as amended and supplemented from time to time, beginning on October 1, 2013 and on each October 1 thereafter (the "Toll Escalation Determination Date"), a percentage increase in the toll rates charged on all toll facilities in the CTTS will be determined in an amount equal to the Toll Rate Escalation Percentage. The Toll Rate Escalation Percentage, as calculated on each Toll Escalation Determination Date, shall be reported to the commission each year at its October meeting. The percentage increase in the toll rates shall be effective automatically on January 1 of the next calendar year and implemented by the executive director, unless the commission affirmatively votes prior to January 1 to modify the Toll Rate Escalation Percentage. If the commission votes to modify the Toll Rate Escalation Percentage, the toll rate increase to be effective on January 1 of the next calendar year shall be based on the modified Toll Rate Escalation Percentage.

For purposes of determining the Toll Rate Escalation Percentage, the following capitalized terms shall have the meanings given below:

"Toll Rate Escalation Percentage" = shall mean a percentage amount equal to $[(CPI^{t} - CPI^{t-12})/CPI^{t-12}]$. In the event the Toll Rate Escalation Percentage is calculated to equal less than 0%, then the Toll Rate Escalation Percentage shall be deemed to equal 0%.

"CPI^{t}" = the most recently published non-revised index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment ("CPI"), as published by the Bureau of Labor Statistics of the U.S. Department of Labor ("BLS") prior to the Toll Escalation Determination Date for which such calculation is being made. The CPI is published monthly and the CPI for a particular month is generally released and published during the following month. The CPI is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors' and dentists' services, and drugs. In calculating the index, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the BLS to take into account changes in consumer expenditure patterns. The CPI is expressed in relative terms in relation to a time base reference period for which the level is set at 100.0. The base reference period for the CPI is the 1982-1984 average.

"CPI^{t-12}" = the CPI published by the BLS in the month that is 12 months prior to the month used to established CPI^{t}.

If the CPI is discontinued or substantially altered, as determined in the sole discretion of the department, the department will determine an appropriate substitute index or, if no such substitute index is able to be determined, the commission reserves the right to modify its obligations under this policy.

Appendix D
Minute Order 113246

TEXAS TRANSPORTATION COMMISSION

TRAVIS and WILLIAMSON Counties **MINUTE ORDER**

AUSTIN District

Title 43, Texas Administrative Code, §27.82(d) provides that the Texas Transportation Commission (commission) will establish toll rates for the use of a toll project on the state highway system. In setting toll rates, the commission is required to consider: (1) the results of traffic and revenue studies and any schedule of toll rates established in a traffic and revenue report; (2) the requirements of project bond covenants, if applicable; and (3) vehicle classifications, type and location of the facility, and similar criteria that apply to a specific project.

In Minute Order 110817, dated January 25, 2007, the commission determined that a toll rate charged to customers that do not have a transponder affixed to their vehicle, or that have a transponder, but have an insufficiently funded or closed customer account (video toll rate), should be offered as part of a pilot program (known as pay-by-mail) to determine its value to the operation of the Central Texas Turnpike System 2002 Project (CTTS). The video toll rate was set 33 percent higher than the electronic toll collection rate in order to cover the additional costs to the Texas Department of Transportation (department) attributable to video transactions.

Minute Order 110817 also provided that after an analysis of the benefit and value of the introductory video toll rate option, the commission would take further action to permanently adopt the video toll rate pricing in accordance with the requirements of the CTTS Indenture of Trust (indenture) or would discontinue the video toll rate option.

The pay-by-mail program was subsequently offered as an option on other toll facilities operated by the department.

Pursuant to Section 501(a) of the indenture, prior to adopting any change in the toll rate schedule, the commission shall obtain and file with the trustee a certificate by the traffic and revenue consultant that, in the consultant's opinion, the adoption of such proposed toll rate schedule will not adversely affect the ability of the commission to comply with its rate covenant in the indenture. The commission has received such certification from the traffic and revenue consultant and filed it with the trustee.

Under Section 17(r) of the TIFIA Master Secured Loan Agreement for the CTTS, the commission may not amend or supplement the CTTS Traffic and Revenue Forecast without the prior written consent of the U.S. Department of Transportation.

The commission has determined that the pay-by-mail program provides a benefit to the traveling public and enhances the operation of the CTTS and other toll facilities.

IT IS THEREFORE ORDERED that, subject to the approval of the U.S. Department of Transportation, the pay-by-mail program is permanently adopted for use on the CTTS and other toll facilities operated by the department.

Submitted and reviewed by:

James M Bass

Chief Financial Officer

Recommended by:

Executive Director

113246 AUG 30 12

Minute Number Date Passed

Appendix E
Minute Order 113247

Free passage on toll projects on the state highway system is governed by the Transportation Code, the administrative rules of the Texas Department of Transportation (department), and applicable trust agreements and bond indentures.

Transportation Code, §228.054(a) provides that the operator of a vehicle, other than an authorized emergency vehicle, that is driven or towed through a toll collection facility shall pay the proper toll. Section 228.054(e) further provides that the department may waive the requirement of the payment of a toll or may authorize the payment of a reduced toll for any vehicle or class of vehicles.

In Minute Order 110911, dated April 26, 2007, the Texas Transportation Commission (commission) adopted a policy defining the circumstances under which free passage on department toll projects shall be provided (free passage policy).

Transportation Code, §372.053 authorizes a toll project entity, including the department, to establish a discount program for electronic toll collection customers that, if established, must include free or discounted use of toll projects by an electronic toll collection customer whose account relates to a vehicle registered (1) under Transportation Code. §504.202 (disabled veterans), (2) under Transportation Code, §504.315(g) (Purple Heart recipients), or (3) by a person who has received the Medal of Honor.

Section 502(b) of the Indenture of Trust (indenture) for the Central Texas Turnpike System (CTTS) provides that the commission shall not grant free passage or reduced tolls within a class, except that, in its discretion, it may:

• reduce tolls through the use of commutation or other tickets or privileges based upon frequency or volume if the reduction is expected to result in an increase in revenues;

• grant free passage or reduce tolls for operational, emergency, or safety reasons;

• grant free passage to members, officers and employees of the department acting in the discharge of their official duties related to the state highway system;

• grant free passage for use by the Army, Air Force, Navy, Coast Guard, Marine Corps, or militia or any branch thereof in time of war or other emergency;

• grant free passage to public safety officers of the United States, the State and its agencies and political subdivisions when any of them (1) are acting in the discharge of their official duties, (2) can provide proper identification, (3) are using marked public safety vehicles, and (4) are traveling under flashing lights and sirens; and

• grant temporary free access for agents and contractors of the department acting on behalf of the department in connection with the construction, improvement, maintenance or operation of the toll system.

Section 502(b) of the indenture is narrowly written and does not permit free or discounted use of toll projects as authorized in Transportation Code, §372.053. However, providing such free or discounted use of toll projects is possible under the indenture if the department pays to the appropriate indenture account the cost of tolls not paid by those veterans.

The commission has determined that the expenditure of public funds to pay the cost of tolls not paid by veterans is a public purpose as established by the Texas Legislature under Transportation Code, §372.053.

IT IS THEREFORE ORDERED by the commission that the free passage policy is amended to provide that free passage on department toll projects shall be granted to vehicles registered under Transportation Code, §504.202 (disabled veterans) and Transportation Code, §504.315(g) (Purple Heart recipients), and to vehicles registered by a person who has received the Medal of Honor, as authorized in Title 10, U.S. Code, §6241. Free passage shall be provided by the department no later than January 1, 2013, and shall be provided for both TxTAG customers and pay by mail customers.

IT IS FURTHER ORDERED that the department shall pay to the appropriate indenture account from lawfully available funds the cost of tolls not paid by persons operating vehicles registered under Transportation Code, §504.202 (disabled veterans) and Transportation Code, §504.315(g) (Purple Heart recipients), or vehicles registered by a person who has received the Medal of Honor.

Submitted and reviewed by:

James M Bass

Chief Financial Officer

Recommended by:

Executive Director

113247 AUG 30 12

Minute Number

Date Passed

Appendix F
Minute Order 110816

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

ALL Districts

Transportation Code, Section 228.055(b) provides that the Texas Department of Transportation (department) may impose and collect an administrative fee, so as to recover the cost of collecting an unpaid toll on a department toll project, not to exceed $100.00.

43 Texas Administrative Code §27.82(e) states that the Texas Transportation Commission (commission) by minute order will establish administrative fees charged to owners and lessees of vehicles that use a department toll project without paying the proper toll. In establishing an administrative fee, the commission will consider the estimated cost to the department to collect unpaid tolls on department toll projects, which will be determined by: (1) the existing or estimated violation rate on toll projects; and (2) the estimated number of violations that the department will collect.

The department projects a 10 percent violation rate on toll projects. The department anticipates that approximately 75 percent of toll violations will be resolved through a notice of nonpayment. Of the remaining violations, approximately 50 percent will be resolved following submission to a collection agency. Violations ultimately submitted to court will be resolved on a case-by-case basis.

In order to recoup the costs of processing toll violations, considering the estimated violation and collection rates, the department recommends the following fee structure:

Level 1 – Notice of nonpayment - $5.00 administrative fee

Level 2 – Submission to collection agency - $25.00 administrative fee

Level 3 – Submission to court - $100.00 administrative fee

IT IS THEREFORE ORDERED that the department may impose and collect administrative fees in the following amounts: (1) $5.00 for a violation resulting in a notice of nonpayment; (2) $25.00 for a violation submitted to a collection agency; and (3) $100.00 for a violation submitted to court.

IT IS FURTHER ORDERED that the administrative fee imposed for a particular violation is not cumulative and the total amount assessed for each violation shall not exceed $100.00.

Submitted and reviewed by:

Director, Turnpike Authority Division

Recommended by:

M. W. Behrens

Executive Director

110816 JAN 25 '07

Minute Number | Date Passed

Appendix G
Minute Order 112971

VARIOUS Counties

VARIOUS Districts

TEXAS TRANSPORTATION COMMISSION
MINUTE ORDER

Transportation Code §228.057(d) provides that the Texas Department of Transportation (department) may charge reasonable fees for administering electronic toll collection customer accounts.

Title 43, Texas Administrative Code, §27.82(c) provides that the Texas Transportation Commission (commission) by minute order will establish customer account fees. In establishing customer account fees, the commission will consider the cost of operations, including the estimated cost to the department for labor, materials, storage, and bank fees as well as the requirements of project bond covenants.

The department offers customers the opportunity to use auto-replenishment, which allows them to keep sufficient funds in their accounts by automatically charging a credit card when the funds in the account fall below a pre-set low balance threshold. The use of auto-replenishment is the most efficient way to pay tolls and reduces the likelihood that the customer will incur toll violations. In order to encourage increased use of auto-replenishment, the commission has determined that those customers will not be charged a fee for the issuance of a standard tag.

The department has conducted an analysis of annual operational costs and recommends the following fee structure:

Standard tags (including replacement tags) - $13.85 per tag for accounts that do not participate in auto-replenishment;

Specialty tags - $45.00 per tag, which includes a $35.00 refundable deposit;

Mailed or faxed account statements - $1.15 per statement;

Checks returned for insufficient funds - $25.00 per check;

Account reactivation - $8.50 per account, per reactivation.

IT IS THEREFORE ORDERED by the commission that the department is authorized to charge customer account fees in the amounts stated above, effective March 1, 2012.

Submitted and reviewed by:

Interim Director, Toll Operations Division

Recommended by:

Executive Director

112971 JAN 26 12

Minute Number | Date Passed

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APPENDIX E

PEER REVIEW REPORT

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Jacobs Engineering Group Inc.
2 Penn Plaza, Suite 0603
New York, New York 10121
Telephone: 1.212.944.2000
Fax: 1.212.302.4645

October 25, 2012

Ms. Marcella (Marcy) M. Saenz, P.E.
Texas Department of Transportation
12719 Burnet Road
Austin, Texas 78727

Subject: 2012 CTTS Traffic and Toll Revenue Update Study Due Diligence

Dear Ms. Saenz:

Jacobs Engineering Group Inc. (Jacobs) is pleased to submit this letter report documenting the results of our due diligence of the 2012 traffic and toll revenue update study of the Central Texas Turnpike System (CTTS) as prepared by Stantec and documented in the CTTS Traffic and Revenue Forecast 2012 Update, dated September 20, 2012 (CTTS 2012 T&R Study). This review was conducted under a constrained timeline with attention focused on the major drivers of the traffic and toll revenue forecasts. Jacobs would like to acknowledge the excellent cooperation provided by the Stantec team.

Summary of Findings

Based on Jacobs review of the assumptions, methodology and results of the CTTS 2012 T&R Study, the following has been concluded:

- Traffic forecasts
  - The short-term traffic forecasts for all elements of the CTTS including SH 130, SH 45N, SH 45SE and Loop 1 are considered reasonable and attainable;
  - The long-term traffic forecasts for all elements of the CTTS including SH 130, SH 45N, SH 45SE and Loop 1 are considered reasonable and attainable;
  -
- Toll Revenue forecasts
  - The short-term toll revenue forecasts for all elements of the CTTS including SH 45N, SH 45SE, Loop 1 and SH 130 are considered reasonable and attainable;
  - The long-term toll revenue forecasts for all the elements of the CTTS including SH 45N, SH 45SE, Loop 1 and SH 130 are considered somewhat aggressive due to the assumption of a constant 3 percent growth of consumer price index (CPI-U) which is at the high end of a reasonable range that serves as the annual toll escalation rate for the long-term forecast;
- Sensitivity Analysis
  - The impacts on revenues in the immediate term for the sensitivity analyses for the CPI Sensitivity and for the Reduced Growth Sensitivity may be overstated, as the Fiscal Year 2013 is already in progress and most likely will not be as affected as the long-term forecasts by these particular tests;
  - The impacts on revenues in immediate term for the sensitivity analyses for the Value of Time Sensitivity and for the Reduced SH 130 Truck Traffic Sensitivity are considered reasonable.
  - The impacts on long-term revenues under all sensitivity analyses are considered reasonable.
- Other factors driving forecasts
  - The underlying population and employment forecasts are considered reasonable and attainable;
  - The methodology for development of the traffic and toll revenue forecasts includes various standards for the industry and is considered reasonable for an existing toll facility.

Jacobs Engineering Group Inc.
2 Penn Plaza, Suite 0603
New York, New York 10121
Telephone: 1.212.944.2000
Fax: 1.212.302.4645

Introduction

The CTTS as defined for this study includes SH 130 segments 1 through 4, the Northwest Elements consisting of Loop 1 and SH 45N and the new addition of SH 45SE. Segments 1 through 4 of SH 130 stretches approximately 47 miles from IH 35 north of the City of Georgetown to the intersection of US 183 and SH 45SE in the southeastern section of the City of Austin. The SH 130 corridor parallels IH 35, offering an easterly relief route of the congested interstate, as well as opening eastern Williamson and Travis Counties to development opportunities.

The Northwest Elements offer improved mobility for motorists in northern Travis and southern Williamson Counties. Loop 1 Toll Road extends the toll-free portion of Loop 1 north from Parmer Lane to SH 45N, while SH 45N runs east west connecting US 183 in the west with SH 130 in the east with major intermediate junctions at Loop 1 and IH 35.

The newly added SH 45SE connects IH 35 and segment 4 of SH 130 in the southern portion of the region.

This due diligence effort reviewed the assumptions, methodology and results of the Stantec traffic and toll revenue analysis as documented in the CTTS 2012 T&R Study as well as subsequent datasets provided by Stantec. This letter report follows the same format of the CTTS 2012 T&R Study Report presenting and commenting on the existing travel patterns (including the data collection effort), model validation and refinement, socioeconomic forecasts, roadway networks and revenue forecasts.

Existing Travel Patterns

The purpose of understanding the existing travel patterns in the region is to provide a dataset in which to calibrate a base year model. In this section the appropriateness of the data collection effort is reviewed with respect to providing the appropriate dataset in which to effectively calibrate the base year model.

Data Collection Program

The Stantec Team undertook a traffic data collection effort that consisted of both primary and secondary sources. The primary data collection occurred in September 2010 and March 2011 and included sixty traffic counts that comprised the screenlines for the mainline plazas of the subject toll roads detailed by vehicle class (passenger car and truck) and hour. Additionally, Stantec collected time and distance surveys for 15 corridors in both directions and during three time periods: AM peak, PM peak and off-peak.

Stantec utilized actual 2010 traffic and toll revenue data by month detailed by vehicle class and payment type for each toll plaza in the Central Texas region including SH 130, Loop1, SH 45N, SH 45SE and US 183A. TxDOT 2010 traffic maps and traffic data from previous studies were also used to round out the traffic calibration dataset.

An origin and destination survey, trip characteristics survey or a stated preference survey was not conducted for this effort.

The calibration dataset consisted of 2010 daily traffic by vehicle and payment class for screenlines along SH 130, Loop 1N, SH 45N, US 183A and SH 45 SE and travel speeds for AM, PM and off-peak travel on relevant roadways in the region. The travel speeds collected in 2010 were also used for the 2010 calibration data set.

Jacobs Assessment

It is Jacobs' view that Stantec generally conducted the appropriate data collection effort for this study. There are, however, some aspects of the development of the calibration dataset that could have consequences on the calibration effort and subsequent forecast of traffic and toll revenue.

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A screenline for traffic counts at the SH 45 SE mainline would have been appropriate since this connection from IH 35 is critical to SH 130 traffic levels. Additionally, traffic speeds on the following roadway segments would have provided a comprehensive understanding of delay on all competing and feeding roadways for the CTTS:

1. IH 35 from IH 410 to IH 10;
2. IH 10 from IH 410 to IH 35;
3. SH 71 from Loop 1 to SH 130;
4. SH 45 SE from IH 35 to SH 130; and
5. US 290E from IH 35 to SH 130.

It is possible that previous studies provided information on the speeds on these links and general estimates could be sufficient for modeling purposes.

It is also understood that the 2010 calibration dataset assumed 2012 infrastructure to be able to include SH 45 SE, a vital connection for the SH 130 corridor to IH 35 at the southern terminus of segment 4. This is deemed to be a reasonable assumption for calibration since this connection exists and is vital.

In order to have a more robust calibration set, conduct of an origin and destination survey and a trip characteristics survey could have been helpful. However, that effort is not deemed necessary due to the wealth of existing data available from actual transactions on the CTTS.

The conduct of a stated preference survey would be superfluous for this analysis, as there have been numerous stated preference surveys conducted in the area, from which to start the toll diversion analysis and the revealed preference of the tolled corridors provide a much more robust data point for calibration procedures.

Overall the data collection program set is deemed adequate for an investment grade analysis of existing toll roads.

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Model Validation and Refinement

A travel demand model has been paramount in the development of traffic and toll revenue estimates for the CTTS since the first study in 2002. In the 2012 study, the integrated model that was created for the 2010 T&R Study was updated to afford the analysis the most recent data available as well as more accurately forecast the impact of the opening of segments 5 and 6 of SH 130 in 2012. A significant update was the use of generalized cost to determine route choice allowing for the tolled path that provides the lowest cost to be compared to the toll-free path as opposed to strictly time savings.

Model Development, Calibration and Toll Sensitivity Analyses

For this project, Stantec created the Integrated Traffic Model (the model), defined as the combination of the Capital Area Metropolitan Planning Organization (CAMPO) travel demand model and the San Antonio-Bexar County Metropolitan Planning Organization (SABCMPO) travel demand model. The model stitched all the external zones of the SABCMPO model and the southern and eastern external zones of the CAMPO model to create one roadway network. The individual models were used for the first three steps of the travel demand modeling process of trip generation, trip distribution and mode choice. After the individual trip tables by trip purpose are created in each model, they were joined together by means of an in-house application developed by Stantec, which distributed the inter-model trips in the same fashion that the original models distribute their respective Internal-External and the External-Internal trips. Stantec made a decision to adopt the network parameters and trip purposes from the CAMPO model and applied these to the final integrated model.

The model also made use of the toll diversion assignment created by Stantec. Basic binary logit equations were used to determine the share of traffic destined for the toll facility between an origin and destination with a specific trip purpose, vehicle class and payment type. Key to the assumptions of this decision was the value of time, again a function of trip purpose, payment and vehicle class and estimated median income by zone in some cases, and the toll road travel time as well as the non-toll road travel time.

The model was then calibrated against the calibration dataset described in the previous section. The steps in calibration were as follows: adjust capacities and queuing formula for speed calibration; trip table adjustment for screenline calibration by vehicle type; and revision of the toll diversion model equations to accurately estimate usage by payment class at each pay point as well as video tolling, toll discounts, configuration-based tolls, managed lanes with variable pricing, variations by sub-region and a generalized cost function instead of a time-based function. After the base year model (2010) was calibrated, certain calibration factors were carried through the future years.

Stantec also conducted toll sensitivity analyses for each of the tolled elements individually to understand price elasticity of demand, a measurement of the amount of traffic diversion from the toll road with the implementation of various tolls.

Jacobs Assessment

The review of the Integrated Traffic Model focused on the assumptions, calibration and future year estimates of traffic on the CTTS as it relates to the final traffic and toll revenue estimates.

The values of time that were developed by trip purpose, vehicle class, payment class and time period were reasonable as they ranged from 26 to 54 percent of median income. Additionally, the toll bias factors by the same categories are reasonable as is the transition of toll share to zero for time savings less than 2 minutes.

Validation tests for the highway assignment process focused on the relevant corridors to the CTTS. Using the model results provided by Stantec for the validation year 2010 and the reported available counts from 2010, the first test was

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to compare observed traffic volumes with those estimated by the model on the highway network. This test was conducted for the screenlines along SH 130, Loop 1N, SH 45N, US 183A and SH 45 SE.

Figure 1, Figure 2 and Figure 3 summarize the correlation between counts and assigned volumes for all facility types, for toll facilities only, and for all screenline totals respectively.

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Figure 1: Assigned Volumes versus Counts, All Facility Types

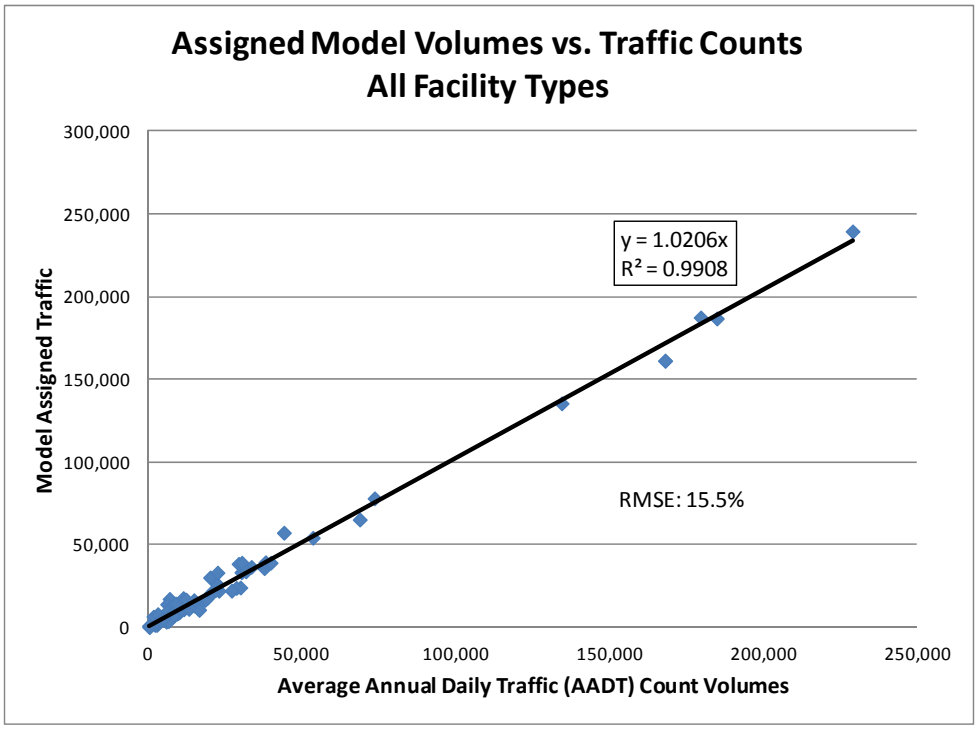

Figure 2: Assigned Volumes versus Counts, Toll Facility Only

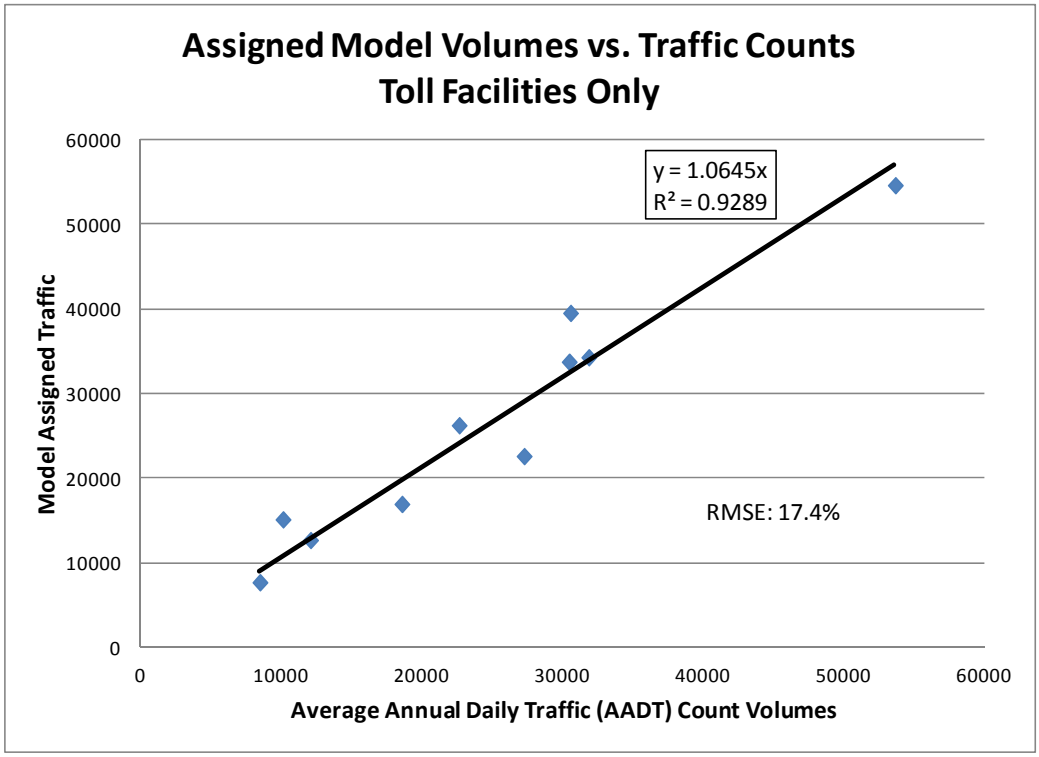

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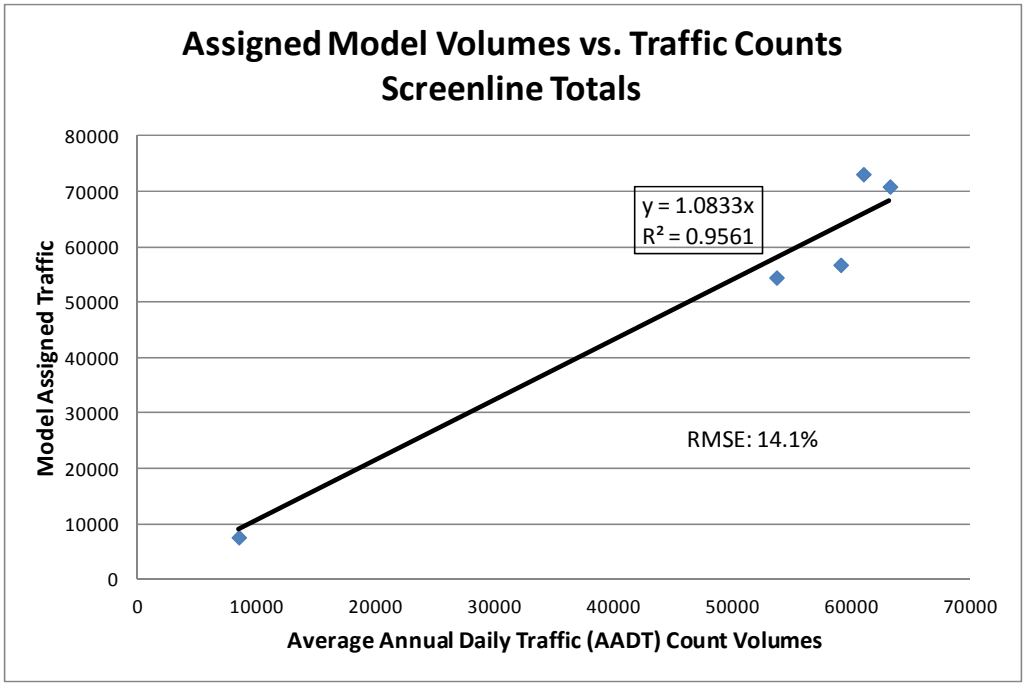
Figure 3: Assigned Volumes versus Counts, Screenline Totals



In all three cases, the coefficient of determination (R^2) is greater than the recommended 0.88 value. Also the Percent Root Mean Square of the Error (%RSME) is less than the generally accepted 30 percent threshold. Both statistics seem to indicate a very good correlation. In general, the model slightly overestimates the traffic volumes.

Nevertheless, since the trip tables seemed to have been adjusted to match the screenline counts, it is difficult to assess—without further information—whether this excellent fit is due to the appropriateness of the models (both individuals as well as integrated), or the result of the algorithm(s) applied to integrate the individual trip tables into a general one.

In addition to reviewing the calibration based on traffic counts, a review of the speed calibration was conducted. This test compared observed travel times measured in 2010 against those estimated by the model. The corridors chosen to conduct this test included IH 35, Loop 1, SH 130, SH 45N, US 183, SH 45 SE. Figure 4, Figure 5 and Figure 6 summarize the correlation between observed travel times and assigned travel times for the AM peak, PM peak and off-peak periods respectively.

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Figure 4: Assigned Travel Times versus Observed Travel Times, AM Peak Period

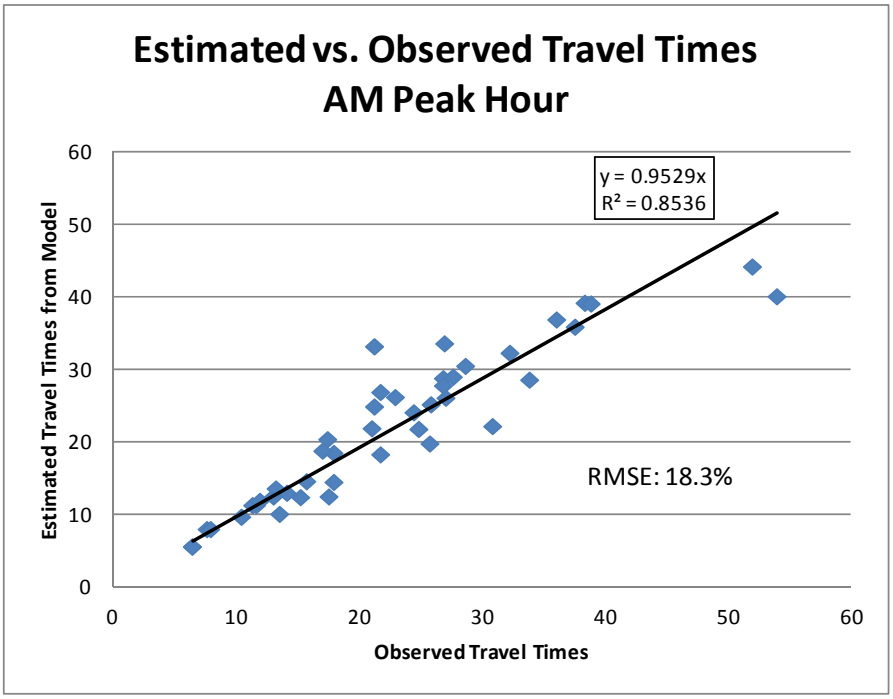

Figure 5: Assigned Travel Times versus Observed Travel Times, PM Peak Period

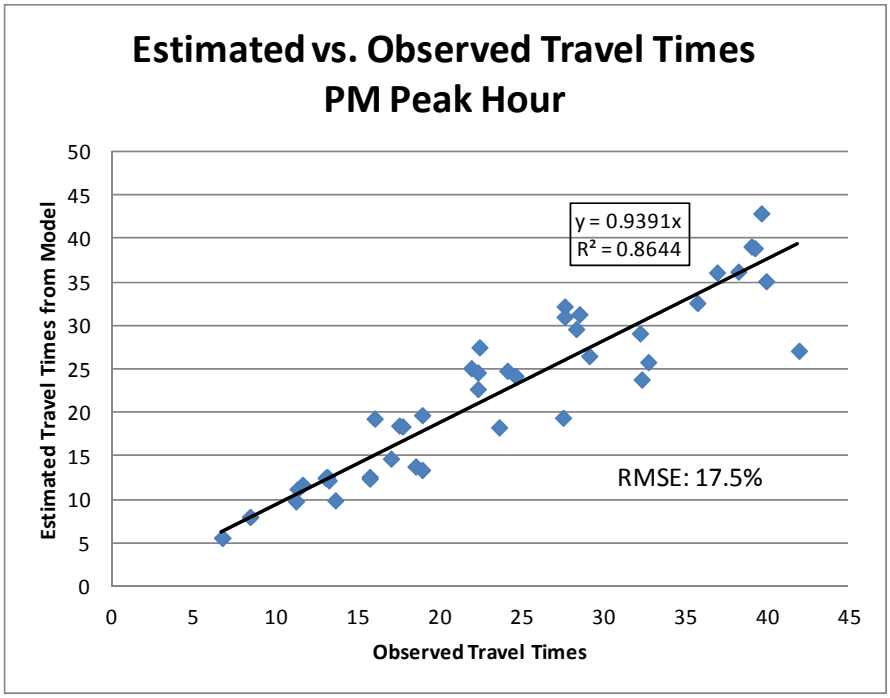

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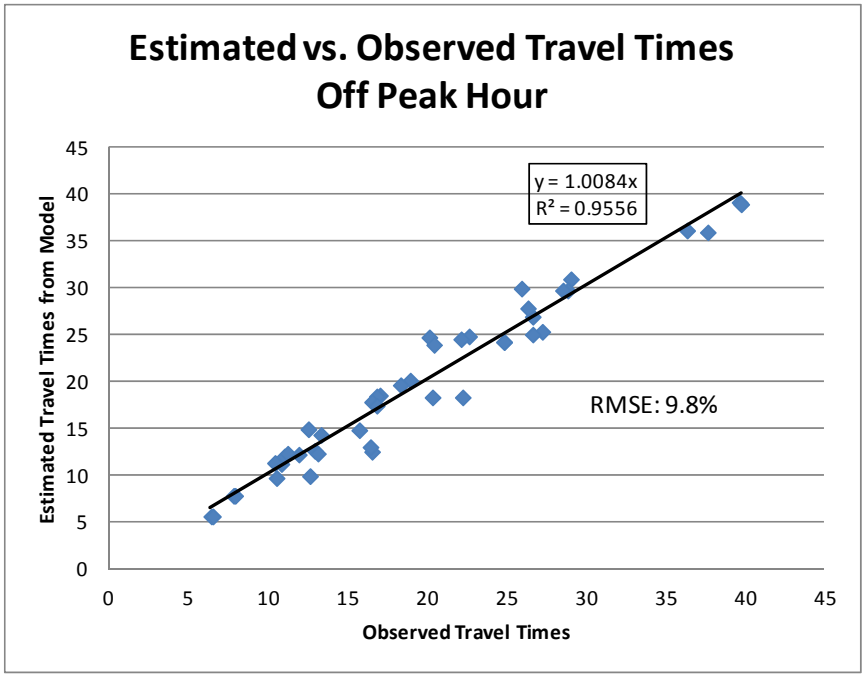
Figure 6: Assigned Travel Times versus Observed Travel Times, Off Peak Period



Although the Percent Root Mean Square of the Error (%RSME) is less than the generally accepted 30 percent threshold for all three time periods, only in the Off Peak Period is the coefficient of determination (R^2) greater than the recommended 0.88 value. This indicates that the model estimates travel times (and vehicle speeds) reasonably well the off peak period and not as well in the AM and PM peak periods. From the trendline equations, it appears that the model generally underestimates the vehicle travel times (and speeds) in the peak periods.

The results of the toll sensitivity analyses estimated the following elasticity factors: Loop 1: -0.21; SH 45N: -0.31; SH 45 SE: -0.64; and SH 130: -0.54. These were developed through the assignment process of the toll diversion model and with multiple runs at various toll levels. These resulting elasticity factors, defined as the estimated loss in traffic with an increase in tolls of 100 percent, are considered conservative comparing to toll elasticity of existing toll facilities with the implementation of toll adjustments.

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Socioeconomic Forecasts

The socioeconomic projections are key inputs to the forecast of traffic and toll revenue. These datasets, including population, employment, households and median income generate the trips that access the roadway network.

Update to Demographic Projections

The Stantec Team updated the estimates of population, employment, households and median income by traffic analysis zone (TAZ) for the ten county model. The baseline estimates used were from the respective MPO for each component model. Additionally, the analysis benefited from previous demographic analysis in the region for previous updates to the CTTS 2012 T&R Study. Population and employment estimates were updated for TAZs within the SH 130 study area as appropriate based on windshield surveys, interviews with local planning agencies, digital aerial photography and other relevant literature, as described in the CTTS 2012 T&R Study. After such adjustments, the other TAZ population and employment estimates were adjusted to conform to county control totals.

Employment by sector was reviewed on a limited basis within the study corridor and adjusted at the TAZ and county level as appropriate. Median household income by TAZ that was provided by the MPO was deemed reasonable on all accounts except for rural zones that gained significant population. In those cases the median income was adjusted consistent with neighboring TAZs. Households were maintained in the same proportion to population as estimated by the respective MPOs.

Jacobs Assessment

The update of the socioeconomic datasets, both the methodology and results are reasonable. This conclusion is based upon the comparison of the population estimates to other available and sound sources, the review of the relationship between population and employment and the general economic outlook in the region.

To understand the population estimate, first the 2010 base data was verified against the US Census, then the forecast of various levels of geography were reviewed against other sources, starting with the full 10 county region, then the more applicable counties within CAMPO jurisdiction and then the sub-county areas that make up the study corridors for the CTTS. Then the resulting growth rates were compared to historical growth by county to understand predicted future potential.

Table 1 presents the 2010 population estimates that were used in the base year calibration compared to 2010 estimates from the US Census. For the full ten county region, the CTTS 2012 T&R Study estimates 1.8 percent less population than is reported by the US Census. Mostly the differences by county are very small, with the exception being Bexar, Comal and Guadalupe Counties. It is estimated that this discrepancy is a function of allocation along the county lines as both sources are very similar for the total for the five county region. This may be of concern if the roadways under study lay on the borders of these counties, but since the CTTS are counties away this appears not to be an issue. Overall the base year of 2010 is slightly conservative with regards to population estimates.

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Table 1: Comparison of 2010 Population Estimates by County

County	2010 Population Estimate		Difference	
	Census	2012 T&R Study	Absolute	Percent
Travis	1,024,266	1,006,258	-18,008	-1.8%
Williamson	422,679	423,832	1,153	0.3%
Hays	157,107	147,062	-10,045	-6.4%
Bastrop	74,171	71,800	-2,371	-3.2%
Caldwell	38,066	36,125	-1,941	-5.1%
CAMPO Total	**1,716,289**	**1,685,077**	**-31,212**	**-1.8%**
Bexar	1,714,773	1,735,565	20,792	1.2%
Comal	108,472	94,351	-14,121	-13.0%
Guadalupe	131,533	90,729	-40,804	-31.0%
Kendall	33,410	33,181	-229	-0.7%
Wilson	42,918	42,572	-346	-0.8%
SABCMPO Total	**2,031,106**	**1,996,398**	**-34,708**	**-1.7%**
Grand Total	**3,747,395**	**3,681,475**	**-65,920**	**-1.8%**

For comparison of population projections of the CTTS 2012 T&R Study the following data sources were used: CAMPO, SABCMPO, Texas State Data Center (TSDC) and the Texas Water Development Board (TWDB). For the ten counties that comprise the CAMPO and SABCMPO area these sources were compared to the population estimates that were used in the Study. Table 2 presents population estimates for these counties which include Williamson, Travis, Caldwell, Hays, Bastrop, Bexar, Wilson, Kendall, Guadalupe, and Comal Counties. This information is also shown in Figure 7.

The TSDC offers four scenarios of projections, each using different historical perspective to estimate net migration for the county. The 0.0 scenario assumes zero net migration and therefore only population growth based on fertility and mortality estimates. The 0.5 scenario assumes approximately half of the rate of net migration that was experienced between 1990 and 2000 and the 1.0 scenario assumes the same rate of net migration for that same time period. The 2000 -2007 scenario assumes the same rate of net migration that occurred between 2000 and 2007 will occur in perpetuity. Depending on the region or county any of these scenarios may be deemed the most accurate. For the central and south central Texas region the 1.0 and 2000-2007 scenarios are aggressive views of the future, while the 0.0 scenario is the most conservative.

As shown in the table and figure, the CTTS 2012 T&R Study assumes population levels below both of the most aggressive scenarios from the TSDC and the MPOs. The CTTS 2012 T&R Study assumes higher growth than the 0.5 scenario and dramatically more than the 0.0. The forecast for the CTTS 2012 T&R Study is very much in line with the TWDB forecasts.

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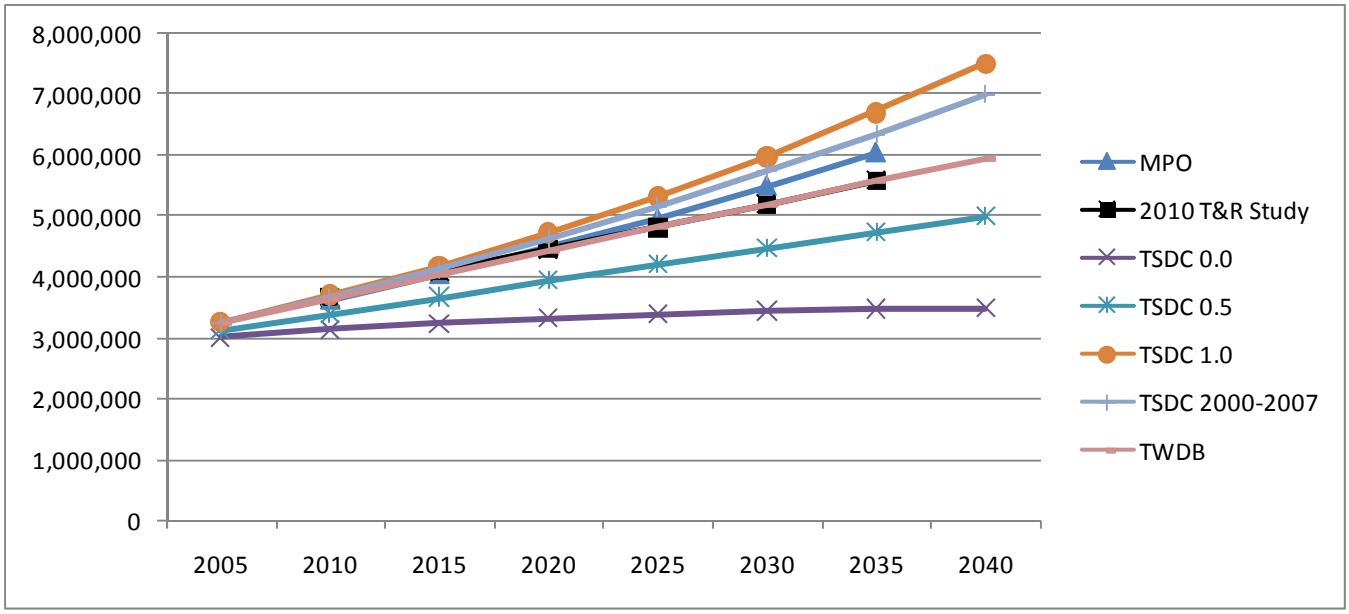
Table 2: Population Estimates for Ten County Area

Year	Population Estimates for 10 County Area						
	MPO	2012 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			3,011,930	3,133,532	3,262,310	3,254,420	3,250,317
2010	3,629,880	3,681,475	3,135,506	3,402,717	3,703,585	3,680,152	3,643,575
2015	4,052,882	4,096,283	3,239,090	3,672,866	4,190,918	4,139,693	4,040,392
2020	4,507,533	4,456,316	3,324,987	3,942,900	4,726,198	4,634,080	4,437,209
2025	4,962,184	4,816,349	3,395,233	4,213,629	5,319,257	5,166,072	4,818,709
2030	5,509,380	5,199,503	3,447,037	4,483,348	5,977,516	5,738,683	5,200,208
2035	6,056,576	5,582,656	3,476,789	4,746,063	6,704,775	6,352,983	5,575,381
2040			3,483,835	4,998,895	7,504,162	7,003,463	5,950,554

Figure 7: Population Estimates for Ten County Area



Moving closer to the CTTS corridors, the population estimates for the five counties that make up the CAMPO region were compared to the same data sources. Table 3 and Figure 8 present this information. Again the CTTS 2012 T&R Study assumes population estimates less than the two most aggressive scenarios from the TSDC and the estimates from CAMPO. The estimates are slightly higher than the TWDB in the out years, and again much higher than the 0.5 and 0.0 scenarios from the TWDB.

The same analysis was done for each of the 10 counties in the region and similar patterns emerged. This information is provided in Appendix A of this report.

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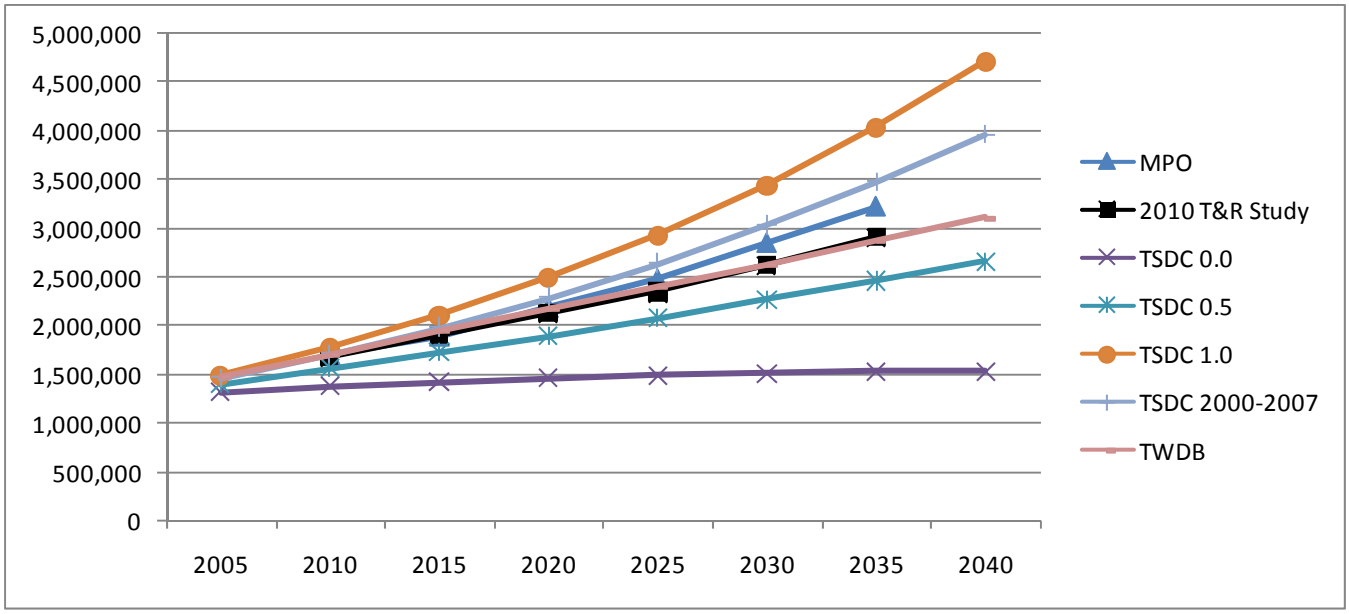
Table 3: Population Estimates for CAMPO region

Year	Population Estimates for 5 County CAMPO Area						
	MPO	2012 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			1,320,079	1,405,087	1,496,971	1,466,939	1,474,839
2010	1,703,975	1,685,077	1,377,195	1,565,051	1,784,518	1,712,647	1,708,745
2015	1,898,683	1,905,347	1,424,072	1,730,267	2,115,353	1,986,359	1,942,963
2020	2,192,116	2,128,138	1,462,552	1,901,433	2,495,476	2,292,737	2,177,181
2025	2,485,549	2,350,928	1,495,444	2,082,566	2,937,076	2,638,667	2,403,143
2030	2,857,398	2,629,927	1,519,673	2,272,224	3,449,906	3,030,478	2,629,105
2035	3,229,246	2,908,925	1,532,702	2,466,185	4,040,489	3,471,516	2,869,510
2040			1,534,056	2,661,842	4,713,339	3,958,933	3,109,914

Figure 8: Population Estimates for CAMPO Region



While the population forecasts used for the CTTS 2012 T&R Study are within the range of forecasts from other sources, it is important to understand the projected growth rates in a historical context. The historical population totals and growth rates by county are presented in Table 4 and Table 5 for each region. The average annual growth rate in the CAMPO region decreased from 4.0 percent from 1990 to 2000 to 3.2 percent from 2000 to 2010, still representing strong growth in the region. The SABCMPO region growth rate grew slightly from decade to decade with 1.9 and 2.3 annual growth rates for those same period respectively.

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Table 4: Historical Population Trends, CAMPO Region

Year	County					
	Travis	Williamson	Hays	Bastrop	Caldwell	Total
1990	576,407	139,551	65,614	38,263	26,392	846,227
2000	812,280	249,967	97,589	57,733	32,194	1,249,763
2010	1,024,266	422,679	157,107	74,171	38,066	1,716,289
Average Annual Percent Change						
1990 - 2000	3.5%	6.0%	4.0%	4.2%	2.0%	4.0%
2000 - 2010	2.3%	5.4%	4.9%	2.5%	1.7%	3.2%

Table 5: Historical Population Trends, SABCMPO Region

Year	County					
	Bexar	Comal	Guadalupe	Kendall	Wilson	Total
1990	1,185,394	51,832	64,873	14,589	22,650	1,339,338
2000	1,392,931	78,021	89,023	23,743	32,408	1,616,126
2010	1,714,773	108,472	131,533	33,410	42,918	2,031,106
Average Annual Percent Change						
1990 - 2000	1.6%	4.2%	3.2%	5.0%	3.6%	1.9%
2000 - 2010	2.1%	3.4%	4.0%	3.5%	2.8%	2.3%

The purpose for the presentation of historical population trends is to understand the forecasted growth rates in the historical context. Table 6 and Table 7 present the historical and projected population estimates and growth that is assumed in the CTTS 2012 T&R Study by region. This information is also illustrated in Figure 9, Figure 10 and Figure 11, presenting the CAMPO, SABCMPO and totals respectively. The projected population growth rates at the county, 5 county (for each respective MPO) and the 10 county level are all lower than historical growth rates, except for three of the smaller counties, which are anticipated to mimic growth patterns of neighboring counties during the previous decade. While it would not be anticipated that future growth would outpace historical growth in this region, it is a reasonable assumption that growth would continue, albeit at this lesser rate.

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Table 6: Historical and Forecasted Population Estimates, CAMPO Region

Year	County					
	Travis	Williamson	Hays	Bastrop	Caldwell	Total
1990	576,407	139,551	65,614	38,263	26,392	846,227
2000	812,280	249,967	97,589	57,733	32,194	1,249,763
2010	1,006,258	423,832	147,062	71,800	36,125	1,685,077
2015	1,101,163	498,105	180,045	85,777	40,257	1,905,347
2020	1,192,517	579,252	211,839	101,168	43,363	2,128,138
2025	1,283,870	660,398	243,632	116,559	46,469	2,350,928
2030	1,388,812	773,018	284,297	134,776	49,025	2,629,927
2035	1,493,754	885,637	324,961	152,992	51,581	2,908,925
Average Annual Percent Change						
1990 - 2000	3.5%	6.0%	4.0%	4.2%	2.0%	4.0%
2000 - 2010	2.2%	5.4%	4.2%	2.2%	1.2%	3.0%
2010 - 2015	1.8%	3.3%	4.1%	3.6%	2.2%	2.5%
2015 - 2020	1.6%	3.1%	3.3%	3.4%	1.5%	2.2%
2020 - 2025	1.5%	2.7%	2.8%	2.9%	1.4%	2.0%
2025 - 2030	1.6%	3.2%	3.1%	2.9%	1.1%	2.3%
2030 - 2035	1.5%	2.8%	2.7%	2.6%	1.0%	2.0%

Table 7: Historical and Forecasted Population Estimates, SABCMPO Region

Year	County					
	Bexar	Comal	Guadalupe	Kendall	Wilson	Total
1990	1,185,394	51,832	64,873	14,589	22,650	1,339,338
2000	1,392,931	78,021	89,023	23,743	32,408	1,616,126
2010	1,735,565	94,351	90,729	33,181	42,572	1,996,398
2015	1,897,870	107,085	98,069	39,638	48,274	2,190,936
2020	1,993,584	122,949	112,442	45,503	53,702	2,328,179
2025	2,089,298	138,812	126,815	51,367	59,129	2,465,421
2030	2,161,662	143,151	144,289	56,285	64,190	2,569,576
2035	2,234,025	147,490	161,763	61,202	69,251	2,673,731
Average Annual Percent Change						
1990 - 2000	1.6%	4.2%	3.2%	5.0%	3.6%	1.9%
2000 - 2010	2.2%	1.9%	0.2%	3.4%	2.8%	2.1%
2010 - 2015	1.8%	2.6%	1.6%	3.6%	2.5%	1.9%
2015 - 2020	1.0%	2.8%	2.8%	2.8%	2.2%	1.2%
2020 - 2025	0.9%	2.5%	2.4%	2.5%	1.9%	1.2%
2025 - 2030	0.7%	0.6%	2.6%	1.8%	1.7%	0.8%
2030 - 2035	0.7%	0.6%	2.3%	1.7%	1.5%	0.8%

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Figure 9: Historical and Forecasted Population, CAMPO Region

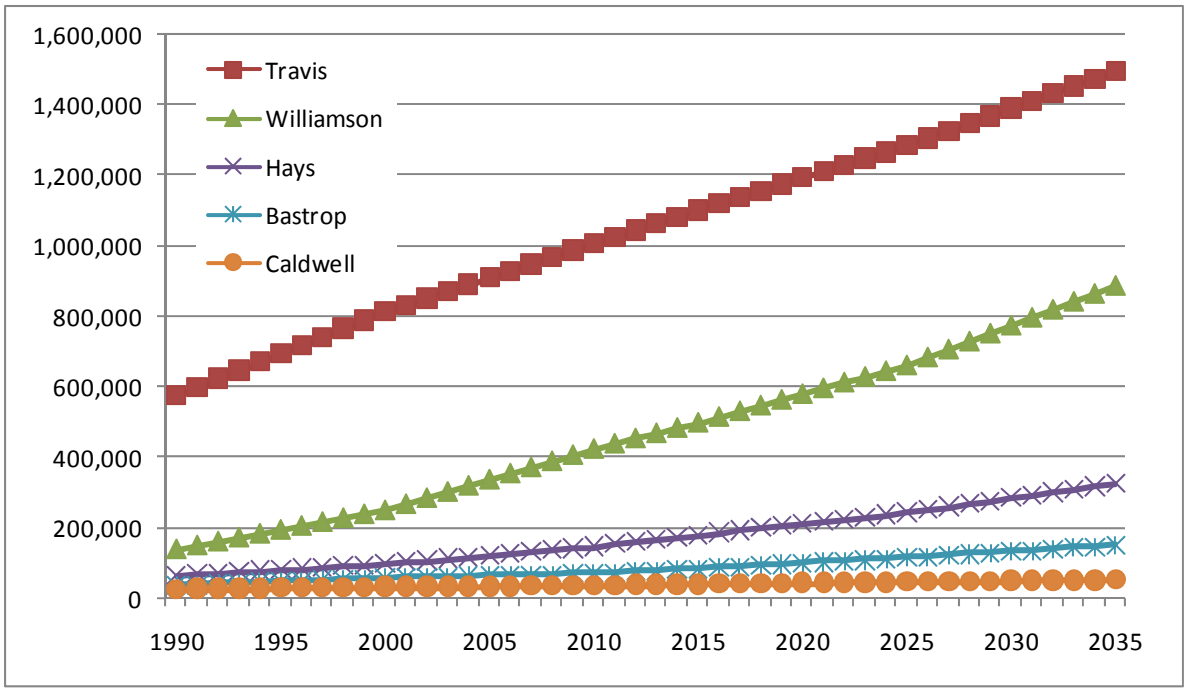

Figure 10: Historical and Forecasted Population, SABCMPO Region

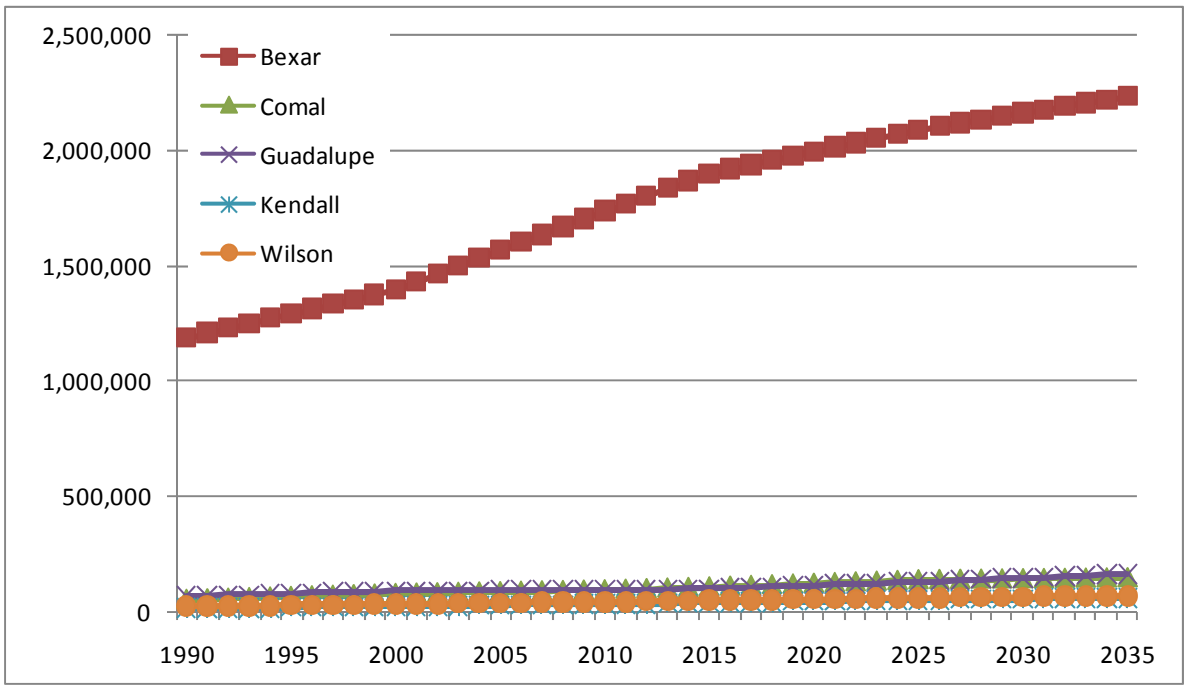

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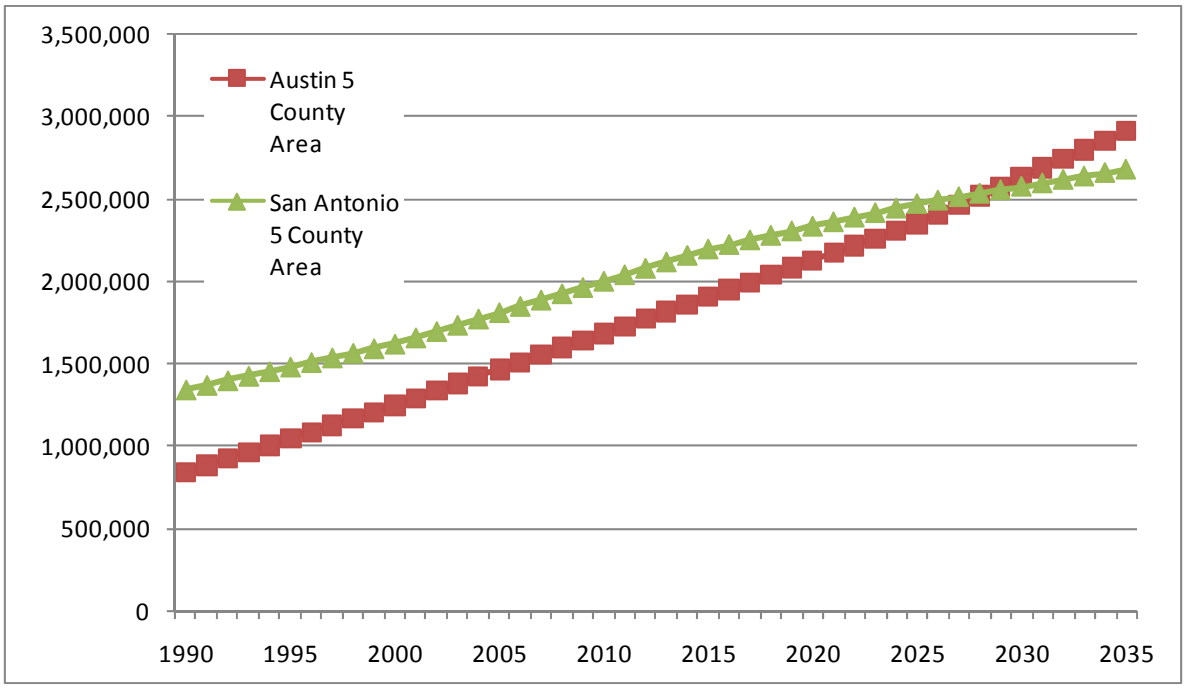
Figure 11: Historical and Forecasted Population, Totals



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After review of the population at the county level, the allocation of the county totals to the sub-county was reviewed. The entire 10 county region that make up the integrated model was broken into districts as described in the CTTS 2012 T&R Study. The map of these districts is provided in Appendix B. Table 8 and Table 9 compare the population estimates of CAMPO and the CTTS 2012 T&R Study for the districts that comprise Travis, Williamson and Hays County. The highlighted districts are in the SH 45 N, Loop 1 N and SH 130 corridor, with districts 4 and 6 in the SH 45 N and Loop 1 N corridor and districts 8 and 9 in the SH 130 corridor. As presented, the CTTS 2012 T&R Study estimates population growth to be allocated slightly differently than the MPO, with higher estimates in the SH 130 corridor and lower estimates in the SH 45N and Loop 1 corridor. While there are differences, it is reasonable to expect higher population growth in southeastern Travis County (District 9) as transportation access is provided to less expensive tracts of land. Additionally, it is reasonable to assume slow steady growth in the mature areas of Travis and Williamson County (Districts 4 and 6, respectively).

Table 8: Sub-County Population Comparison, 2010 and 2015

Map Number	Name	County	2010				2015			
			MPO	2012 T&R Study	Difference		MPO	2012 T&R Study	Difference	
					Absolute	Percent			Absolute	Percent
1	Central	Travis	356,416	328,893	-27,523	-7.7%	368,838	341,851	-26,987	-7.3%
2	South	Travis	166,795	159,584	-7,211	-4.3%	175,571	178,466	2,895	1.6%
3	Southwest	Travis	67,926	65,919	-2,007	-3.0%	71,634	70,693	-941	-1.3%
4	Northwest	Travis	189,714	179,099	-10,615	-5.6%	201,026	189,160	-11,866	-5.9%
5	Post Oak	Travis	29,023	28,545	-478	-1.6%	30,872	33,528	2,656	8.6%
6	Williamson Urban	Williamson	283,744	284,407	663	0.2%	330,449	333,382	2,933	0.9%
7	Georgetown	Williamson	60,298	59,741	-557	-0.9%	63,215	67,216	4,001	6.3%
8	Northeast	Travis	146,211	167,440	21,229	14.5%	167,009	196,989	29,980	18.0%
9	Southeast	Travis	71,360	76,778	5,418	7.6%	78,983	90,476	11,493	14.6%
10	Buda/Kyle	Hays	57,651	64,870	7,219	12.5%	86,845	80,404	-6,441	-7.4%
11	San Marcos	Hays	51,584	52,075	491	1.0%	58,570	64,048	5,478	9.4%
12	Western Hays Co.	Hays	36,585	30,117	-6,468	-17.7%	37,378	35,593	-1,785	-4.8%
13	Northwest W.C.	Williamson	16,322	16,829	507	3.1%	16,607	19,949	3,342	20.1%
14	Granger Lake	Williamson	8,789	8,754	-35	-0.4%	8,869	9,786	917	10.3%
15	Hutto	Williamson	27,990	34,511	6,521	23.3%	33,168	44,080	10,912	32.9%
16	Taylor	Williamson	19,430	19,590	160	0.8%	19,581	23,692	4,111	21.0%
4,6	NW Corridor		473,458	463,506	-9,952	-2.1%	531,475	522,542	-8,933	-1.7%
8,9	SH 130 Corridor		217,571	244,218	26,647	12.2%	245,992	287,465	41,473	16.9%

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Table 9:-County Population Comparison, 2025 and 2035

Map Number	Name	County	2025				2035			
			MPO	2012 T&R Study	Difference		MPO	2012 T&R Study	Difference	
					Absolute	Percent			Absolute	Percent
1	Central	Travis	413,577	372,303	-41,274	-10.0%	452,397	419,602	-32,795	-7.2%
2	South	Travis	209,630	209,482	-148	-0.1%	228,774	234,974	6,200	2.7%
3	Southwest	Travis	88,485	86,108	-2,377	-2.7%	107,516	106,129	-1,387	-1.3%
4	Northwest	Travis	242,007	202,398	-39,609	-16.4%	283,830	209,830	-74,000	-26.1%
5	Post Oak	Travis	37,063	41,088	4,025	10.9%	47,354	46,408	-946	-2.0%
6	Williamson Urban	Williamson	445,186	435,102	-10,084	-2.3%	594,158	559,412	-34,746	-5.8%
7	Georgetown	Williamson	128,634	95,199	-33,435	-26.0%	213,189	164,301	-48,888	-22.9%
8	Northeast	Travis	215,206	255,142	39,936	18.6%	307,032	325,137	18,105	5.9%
9	Southeast	Travis	100,923	117,349	16,426	16.3%	117,228	151,674	34,446	29.4%
10	Buda/Kyle	Hays	139,840	116,785	-23,055	-16.5%	175,365	161,347	-14,018	-8.0%
11	San Marcos	Hays	82,402	83,343	941	1.1%	121,074	109,708	-11,366	-9.4%
12	Western Hays Co.	Hays	42,991	43,504	513	1.2%	68,446	53,906	-14,540	-21.2%
13	Northwest W.C.	Williamson	19,154	26,168	7,014	36.6%	26,176	32,768	6,592	25.2%
14	Granger Lake	Williamson	9,098	12,684	3,586	39.4%	13,180	16,882	3,702	28.1%
15	Hutto	Williamson	79,443	60,506	-18,937	-23.8%	151,973	74,646	-77,327	-50.9%
16	Taylor	Williamson	19,752	30,739	10,987	55.6%	26,381	37,628	11,247	42.6%
4,6	NW Corridor		687,193	637,500	-49,693	-7.2%	877,988	769,242	-108,746	-12.4%
8,9	SH 130 Corridor		316,129	372,491	56,362	17.8%	424,260	476,811	52,551	12.4%

Since growth in these districts (4, 6, 8 and 9) are key to the traffic and toll revenue forecasts, the growth rates assumed in the study are presented in Table 10. As shown, there is modest growth anticipated in these corridors, well within reason, especially based on past growth trends in the region.

Table 10: Population Estimates and Growth in Study Corridors

Year	NW Corridor		SH 130	
	Population	Growth	Population	Growth
2008	463,506		244,218	
2015	522,542	1.7%	287,465	2.4%
2025	637,500	2.0%	372,491	2.6%
2035	769,242	1.9%	476,811	2.5%

Employment totals were also reviewed focusing on the relationship to population estimates. Overall the employment estimates that were assumed for the CTTS 2012 T&R Study are much lower than those estimated by the respective MPOs. Table 11 presents the employment estimates from the MPO and the CTTS 2012 T&R Study. Table 12 presents the absolute and percent differences of these estimates. This reduction of employment for the Study could be considered a conservative approach, however since it is reduced in the base year, 2010, in which model calibration occurs, the trend over time must be understood, specifically the relationship to population, to fully gauge the impact of such an assumption.

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Table 11: Employment Estimates, 10 County Region

County	2008		2015		2025		2035	
	MPO	2012 T&R Study	MPO	2012 T&R Study	MPO	2012 T&R Study	MPO	2012 T&R Study
Travis	591,450	551,219	642,577	579,678	775,769	698,383	955,046	831,253
Williamson	134,875	122,859	152,962	136,815	236,110	186,565	377,524	243,674
Hays	48,217	44,832	62,996	50,989	94,014	69,799	131,768	92,256
Bastrop	15,130	15,952	21,144	17,984	33,993	24,824	53,242	32,822
Caldwell	8,364	6,923	10,826	7,766	14,907	10,765	18,934	14,243
CAMPO Total	**798,036**	**741,785**	**890,505**	**793,232**	**1,154,793**	**990,336**	**1,536,514**	**1,214,248**
Bexar	796,353	733,560	922,611	780,913	1,049,363	889,776	1,195,940	1,013,444
Comal	30,819	31,042	38,347	37,041	55,773	51,243	73,110	64,008
Guadalupe	24,016	23,685	29,978	25,730	44,024	32,343	57,949	40,073
Kendall	10,727	10,573	14,760	11,828	20,357	12,615	27,261	17,980
Wilson	7,382	6,450	9,719	7,230	13,446	9,078	16,985	10,388
SABCMPO Total	**869,297**	**805,310**	**1,015,415**	**862,742**	**1,182,963**	**995,055**	**1,371,245**	**1,145,893**
Grand Total	**1,667,333**	**1,547,095**	**1,905,920**	**1,655,974**	**2,337,756**	**1,985,391**	**2,907,759**	**2,360,141**

Table 12: Difference in Employment Estimates between MPO and CTTS 2012 T&R Study

County	2008		2015		2025		2035	
	Absolute	Percent	Absolute	Percent	Absolute	Percent	Absolute	Percent
Travis	-40,231	-6.8%	-62,899	-9.8%	-77,386	-10.0%	-123,793	-13.0%
Williamson	-12,016	-8.9%	-16,147	-10.6%	-49,545	-21.0%	-133,850	-35.5%
Hays	-3,385	-7.0%	-12,007	-19.1%	-24,215	-25.8%	-39,512	-30.0%
Bastrop	822	5.4%	-3,160	-14.9%	-9,169	-27.0%	-20,420	-38.4%
Caldwell	-1,441	-17.2%	-3,060	-28.3%	-4,142	-27.8%	-4,691	-24.8%
CAMPO Total	**-56,251**	**-7.0%**	**-97,273**	**-10.9%**	**-164,457**	**-14.2%**	**-322,266**	**-21.0%**
Bexar	-62,793	-7.9%	-141,698	-15.4%	-159,587	-15.2%	-182,496	-15.3%
Comal	223	0.7%	-1,306	-3.4%	-4,530	-8.1%	-9,102	-12.4%
Guadalupe	-331	-1.4%	-4,248	-14.2%	-11,681	-26.5%	-17,876	-30.8%
Kendall	-154	-1.4%	-2,932	-19.9%	-7,742	-38.0%	-9,281	-34.0%
Wilson	-932	-12.6%	-2,489	-25.6%	-4,368	-32.5%	-6,597	-38.8%
SABCMPO Total	**-63,987**	**-7.4%**	**-152,673**	**-15.0%**	**-187,908**	**-15.9%**	**-225,352**	**-16.4%**
Grand Total	**-120,238**	**-7.2%**	**-249,946**	**-13.1%**	**-352,365**	**-15.1%**	**-547,618**	**-18.8%**

Table 13 presents the ratio of employment to population assumed from the MPO estimates and that used for the CTTS 2012 T&R Study for the base and future years. As seen in the table, the CTTS 2012 T&R Study assumes a lower ratio than the MPO, as would be expected from the previous data. Additionally, the ratio decreases over time for the CAMPO region which is the most critical to the corridors under study. The ratio decreases from 0.47 to 0.41, exhibiting a conservative approach to the employment forecast, again understanding that the 2010 data calibrated the toll diversion model.

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Table 13: Ratio of Employment to Population, 10 County Region

County	2008		2015		2025		2035	
	MPO	2012 T&R Study	MPO	2012 T&R Study	MPO	2012 T&R Study	MPO	2012 T&R Study
Travis	0.58	0.55	0.59	0.53	0.59	0.54	0.62	0.56
Williamson	0.32	0.29	0.32	0.27	0.34	0.28	0.37	0.28
Hays	0.33	0.30	0.34	0.28	0.35	0.29	0.36	0.28
Bastrop	0.20	0.22	0.21	0.21	0.23	0.21	0.25	0.21
Caldwell	0.22	0.19	0.22	0.19	0.23	0.23	0.23	0.28
CAMPO Total	**0.47**	**0.44**	**0.47**	**0.42**	**0.46**	**0.42**	**0.48**	**0.42**
Bexar	0.48	0.42	0.51	0.41	0.52	0.43	0.54	0.45
Comal	0.32	0.33	0.30	0.35	0.30	0.37	0.30	0.43
Guadalupe	0.29	0.26	0.29	0.26	0.31	0.26	0.31	0.25
Kendall	0.33	0.32	0.33	0.30	0.33	0.25	0.34	0.29
Wilson	0.18	0.15	0.17	0.15	0.17	0.15	0.17	0.15
SABCMPO Total	**0.45**	**0.40**	**0.47**	**0.39**	**0.48**	**0.40**	**0.48**	**0.43**
Grand Total	**0.46**	**0.42**	**0.47**	**0.40**	**0.47**	**0.41**	**0.48**	**0.42**

The final two socioeconomic datasets that used as input to the estimation of tolled traffic and toll revenue are the number of households and median income by TAZ. The methodology employed by the Stantec Team is a reasonable approach, relying on the estimates of population and existing data for the median income. The relationship between population and households was maintained based on MPO estimates at the TAZ level, which is a reasonable assumption. The median income by TAZ was not changed from MPO assumptions, unless dramatic changes in population necessarily caused a demographic profile for the TAZ. Again, this is a reasonable approach.

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Roadway Networks

The existing and planned future roadway networks are critical to understand as improvements to competing or feeding routes could have a positive or negative impact on SH 130, SH 45 N, Loop 1 N and SH 45 SE tolled traffic and subsequently toll revenue.

Assumptions of Future Roadway Improvements

The Stantec Team reviewed the CAMPO 2035 Regional Transportation Plan, dated May 24, 2010 and interviewed officials in the region to understand the timing of improvements to transportation infrastructure in the region. Based on those discussions the roadway network in the model was updated for 2015, 2025 and 2035: the model years that were run. A similar procedure was used for the verification and update of the roadway networks in the SABCMPO area.

Jacobs Assessment

The methodology of reviewing the long range transportation plan, interviewing officials in the region to understand more detailed timing of the improvements and coding those improvements in the model that determine traffic demand for the project is a standard and reasonable approach to accurately reflect potential future build scenarios. It is assumed that as is presented in Section 5 of the CTTS 2012 T&R Study accurately portrays the anticipated future roadway networks based on the Stantec Team's data collection effort. It is impossible for Jacobs to comment on the accuracy of such information.

Traffic and Revenue Forecast

The culmination of the analysis in a traffic and toll revenue study is the estimation of tolled traffic and toll revenue for the forecast period. The data collection, travel demand modeling and socioeconomic update provide estimates of weekday traffic by payment and vehicle class that is then converted to annual toll revenue through assumptions of ramp-up, annualization factors, toll schedule and others. In this section the methodology and assumptions of the development of the final traffic and toll revenue are reviewed.

Estimates of Traffic and Revenue

The toll schedules presented in the CTTS 2012 T&R Study report is consistent with the existing toll schedule and the amended toll schedule as adopted at the August 30, 2012 meeting of the Texas Transportation Commission. The axle factor to arrive at the toll schedule for vehicles with more than 2 axles is consistent with the existing toll schedule and operation on many toll facilities throughout the nation.

It is understood that these toll schedules were coded into the roadway network at the appropriate pay points (toll plazas) by vehicle and payment class. Then the highway assignment for the toll diversion model was run which determines route choice using a basic binary-logit equation that takes into account the utility of each route which includes the toll cost among other variables. At the completion of the model run, when equilibrium is achieved, traffic is assigned to each segment of the roadway network. Predetermined screenlines are then extracted from the network and post model adjustments are conducted to account for the discrepancies at paypoints that remained upon the completion of the calibration process. It is understood that the magnitude and design of post-processing was different for the NW elements, SH 130, and SH 45SE. For the NW Elements, historical screenline growth was used for estimates of future travel demand in the facility. For SH 130 and SH 45SE, the model results were more heavily relied upon.

The resulting weekday traffic by vehicle and payment class is then converted to annual traffic, through an annualization factor, maintaining the same classes. The annual traffic is then reduced by violation rates by class (both

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vehicle and payment it is assumed) and ramp up factors, if applicable, to arrive at annual revenue traffic. This traffic is then multiplied by the applicable toll rate to estimate annual toll revenue. This is done for the model years 2010, 2015, 2025 and 2035 by paypoint for each facility under study.

Jacobs Assessment

The methodology the Stantec Team employed to arrive at annual toll traffic and toll revenue is industry standard and deemed reasonable. In this section, the assumptions that are imbedded in the conversion from weekday traffic to annual toll revenue are reviewed. These assumptions include annualization factor, violation rates and toll truck multiplier. Additionally, the overall forecast is assessed for reasonableness, which includes review of the following factors: screenline growth, screenline share, toll facility growth rates, payment class share and vehicle class share.

The annualization factor used for SH 130 was 330 , for SH 45N and Loop 1 N it was assumed to be 320, and for SH 45 SE it was assumed to be 300 for the entirety of the forecast. These annualization factors of 320 and 300 previously used for SH 130 and the NW Elements, respectively. No annualization was assumed for SH 45 SE previously. Based on FY11 data, the actual annualization factors, the ratio of annual traffic to weekday traffic, for SH 130 was 340. For SH 45 N and Loop 1 N, it was stated in the Stantec report that the annualization factor was approximately 320. The increased annualization assumptions in the CTTS 2012 T&R Study represent current conditions. As the corridors develop it is possible that the ratios will decrease as more commuters use the facility but in reality this should be balanced by the increase in commercial development that will spur higher weekend traffic maintaining the same relationship throughout the forecast period.

The violation rates assumed in the forecast were based upon existing violation experience. It is possible that when segments 5 and 6 of SH 130 open there could be slightly higher violation rates due to the increased traffic but overall this assumption is reasonable.

The toll truck multiplier was also taken from existing data at the toll plazas. This factor, which is a function of the average number of axles of vehicles with more than 2 axles is estimated to be 2.5 for the full forecast of the Northwest elements, which is a reasonable assumption assuming that the current multiplier is 2.5. The truck toll multiplier for SH 130 is assumed to be 2.3 for the full forecast. This in contrast to the 2010 multiplier of 2.9 due to the reduction of toll rates for five and six axle vehicles to the 4 axle rate in March 2011. Similarly the previous truck toll multiplier for SH 45 SE was 2.7 which is reduced to 2.1 for the forecast period.

It is assumed the SH 130 is still in the ramp-up stage, with anticipated completion in calendar year 2013. This is difficult to pinpoint and such an assumption, can greatly affect the near term forecast, however, SH 130 has shown strong growth rates by plaza, beyond that of the demographic growth in the area and therefore it is reasonable to assume that SH 130 is in the tail end of such a ramp-up period.

The traffic forecasts from the travel demand model for SH 45 N, Loop 1 N, SH 130 and SH 45 SE were reviewed with focus on screenline growth, screenline share, payment class share and vehicle class share. First the Northwest elements will be discussed and then SH 130 and SH 45 SE.

The estimated traffic and growth of the screenlines from the travel demand model for the Northwest elements is presented in Table 14. There is strong growth expected for all years. It is questionable whether such year over year growth can be attained. The ultimate forecast of traffic and toll revenue for the Northwest elements was much lower than what is presented in the table below based on a significant post-processing analysis which took into account historical growth trends as well. That forecast will be reviewed in more detail later in this memo.

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Table 14: Screenline Traffic for NW Elements

Year	Screenline Total Volume		
	SH 45 N - West	SH 45 N - East	Loop 1
2010	187,666	118,737	543,699
2015	224,177	144,082	633,447
2025	303,194	170,327	713,838
2035	381,587	214,335	818784
Average Annual Percent Change			
2010 - 2015	3.62%	3.95%	3.10%
2015 - 2025	3.07%	1.69%	1.20%
2025 - 2035	2.33%	2.32%	1.38%

The percent share of screenline traffic at each of the mainlines of the NW elements is presented in Table 15. It is expected that the percent share would grow over time as non-toll routes become increasingly congested and the tolled routes have available capacity to accommodate more traffic while still maintaining free flow speeds. As shown in Table 15, the share of screenline traffic does slightly increase over time and to reasonable levels.

Table 15: Screenline Share of Traffic at Mainline Plazas of NW Elements

Year	Screenline Share at Mainline Plazas		
	SH 45 N - West	SH 45 N - East	Loop 1
2010	18.3%	19.0%	10.0%
2015	21.2%	19.5%	10.7%
2025	22.0%	23.1%	10.8%
2035	23.3%	25.3%	12.5%

The traffic forecasts for all the toll plazas on SH 45 N and Loop 1 N are presented in Table 16. For fiscal years 2008 through 2011, actual transactions are shown. Apparent from the table, the forecast predicts reasonable losses in traffic for both facilities with the January 1, 2013 toll adjustment and no impact on growth with the annual increases thereafter. Long term growth seems reasonable for both of these facilities.

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Table 16: Estimated Weekday Transaction for NW Elements

Fiscal Year	Weekday Transactions			
			Annual Growth	
	SH 45 N	Loop 1	SH 45 N	Loop 1 N
2008	***84,058***	***50,560***		
2009	***88,687***	***50,871***	5.5%	0.6%
2010	***90,879***	***52,527***	2.5%	3.3%
2011	***94,478***	***54,587***	4.0%	3.9%
2012	99,735	57,211	5.6%	4.8%
2013	92,437	55,336	-7.3%	-3.3%
2014	92,286	54,819	-0.2%	-0.9%
2015	95,885	58,115	3.9%	6.0%
2016	99,696	60,144	4.0%	3.5%
2017	103,682	61,451	4.0%	2.2%
2018	107,828	62,788	4.0%	2.2%
2019	112,139	64,153	4.0%	2.2%
2020	116,623	65,548	4.0%	2.2%
2021	121,286	66,973	4.0%	2.2%
2022	126,135	68,429	4.0%	2.2%
2023	131,178	69,917	4.0%	2.2%
2024	136,423	71,438	4.0%	2.2%
2025	141,878	72,991	4.0%	2.2%
2026	146,363	74,578	3.2%	2.2%
2027	150,597	76,200	2.9%	2.2%
2028	154,953	77,857	2.9%	2.2%
2029	159,436	79,550	2.9%	2.2%
2030	164,048	81,279	2.9%	2.2%
2031	168,794	83,047	2.9%	2.2%
2032	173,677	84,852	2.9%	2.2%
2033	178,701	86,698	2.9%	2.2%
2034	183,870	88,583	2.9%	2.2%
2035	189,190	90,509	2.9%	2.2%
2036	191,958	91,675	1.5%	1.3%
2037	193,877	92,592	1.0%	1.0%
2038	195,816	93,518	1.0%	1.0%
2039	197,774	94,453	1.0%	1.0%
2040	199,752	95,398	1.0%	1.0%
2041	201,749	96,352	1.0%	1.0%
2042	203,767	97,315	1.0%	1.0%

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The same review of screenline growth, screenline share and toll facility growth that was conducted for SH 45 N and Loop 1 N above is provided for SH 130 below.

The forecasted screenline traffic from the travel demand model for each segment of SH 130 at the mainline plaza is presented in Table 17. There is strong growth estimated for both the near term and the long term for the corridor. Since traffic has actually decreased on IH 35 from 2010 to 2011 and possibly 2012 as well, it may be difficult to achieve the levels of annual growth that is projected from 2010 to 2015. Assuming zero growth from 2010 to 2012 for the screenline for Segment 2 (which is not out of the question since there was 3.3 percent loss in traffic at the Colorado River from 2010 to 2011) would need to grow over 4 percent per year to achieve the projected 2015 volume. The results from the modeling process may be considered aggressive in the short term.

Table 17: Screenline Traffic for SH 130

Year	Screenline Total Volume			
	Segment 1	Segment 2	Segment 3	Segment 4
2010	171,128	227,780	392,123	305,423
2015	196,510	258,053	446,150	368,254
2025	240,869	308,022	477,639	412,942
2035	294,309	373,330	576,819	472,972
Average Annual Percent Change				
2010 - 2015	2.80%	2.53%	2.62%	3.81%
2015 - 2025	2.06%	1.79%	0.68%	1.15%
2025 - 2035	2.02%	1.94%	1.90%	1.37%

The percent share of the screenline that is captured at the mainline plazas is presented in Table 18. As stated before, it is reasonable for the toll facility to increase the percent capture as the competing routes, in this case IH 35 and US 183, become more congested and the feeding routes, US 290E, SH 71E and SH 130 segments 5 and 6 are improved or developed. The increases shown are deemed reasonable.

Table 18: Screenline Share of Traffic at Mainline Plazas of SH 130

Year	Screenline Total Volume			
	Segment 1	Segment 2	Segment 3	Segment 4
2010	7.4%	11.5%	4.3%	5.0%
2015	9.9%	14.6%	6.3%	6.1%
2025	13.4%	15.9%	8.1%	7.9%
2035	16.9%	19.7%	10.7%	11.8%

The traffic forecast for SH 130 is presented in Table 19. Again, there is strong early growth anticipated on SH 130, which includes some ramp-up from the recent opening of SH 45 SE as well as SH 130 segments 5 and 6 in 2012. There are appropriate reductions in the growth rate on January 1, 2013 reflecting the planned toll adjustment with no reductions in growth due to annual adjustments thereafter. . While this forecast does assume strong growth, it is reasonable based upon the demographic growth and implementation of feeding transportation infrastructure on the horizon, over the long term.

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Table 19: Estimated Weekday Transaction for SH 130

Fiscal Year	Weekday Transactions	
	Volume	Annual Growth
2008	***51,747***	
2009	***64,875***	25.4%
2010	***74,547***	14.9%
2011	***79,840***	7.1%
2012	90,971	13.9%
2013	90,483	-0.5%
2014	100,681	11.3%
2015	110,880	10.1%
2016	118,601	7.0%
2017	126,322	6.5%
2018	134,043	6.1%
2019	141,764	5.8%
2020	149,485	5.4%
2021	157,206	5.2%
2022	164,928	4.9%
2023	172,649	4.7%
2024	180,370	4.5%
2025	188,091	4.3%
2026	193,948	3.1%
2027	199,805	3.0%
2028	205,663	2.9%
2029	211,520	2.8%
2030	217,377	2.8%
2031	223,234	2.7%
2032	229,092	2.6%
2033	234,949	2.6%
2034	240,806	2.5%
2035	246,663	2.4%
2036	252,521	2.4%
2037	258,378	2.3%
2038	264,235	2.3%
2039	270,092	2.2%
2040	275,950	2.2%
2041	281,807	2.1%
2042	287,664	2.1%

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The review of screenline growth, screenline share and toll facility growth for SH 45 SE is provided below.

The forecasted screenline traffic from the travel demand model for each segment of SH 45 SE at the mainline plaza is presented in Table 20. There is very strong growth estimated for the near term and fairly robust growth for the long term for the corridor. Traffic levels in 2010 are quite low so while resulting traffic growth rates are high, the overall volume is reasonable. The continued long term growth in the corridor of over 3 percent from 2025 to 2035 is strong.

Table 20: Screenline Traffic for SH 45 SE

Year	Screenline Total Volume
2010	23,909
2015	37,716
2025	46,736
2035	65,440
Average Annual Percent Change	
2010 - 2015	9.55%
2015 - 2025	2.17%
2025 - 2035	3.42%

The percent share of the screenline that is captured at the mainline plazas is presented in Table 21. It is anticipated that the percent share will increase sizably in the short term as new traffic in the corridor is anticipated to access SH 130 and not the local roadways, therefore this jump in percent share is considered reasonable. The consistency in the long term provides a conservative outlook on future capture rates.

Table 21: Screenline Share of Traffic at Mainline Plazas of SH 45 SE

Year	Screenline Total Volume
2010	32.2%
2015	62.1%
2025	63.5%
2035	59.3%

The traffic forecasts for all the toll plazas on SH 45 SE are presented in Table 22. For fiscal years 2010 and 2011, actual transactions are shown. Apparent from the table, the forecast predicts very strong growth in the short term with an average annual growth rate from 2010 to 2015 of approximately 10 percent. It is assumed this is the continuation of the ramp up period and general growth in the area. There are no planned toll increases beyond the annual adjustment of tolls starting January 1, 2014, therefore there are no decreases in the growth rates for the forecast period, which is reasonable. The long term growth rates of the facility are reasonable given the underlying demographic forecasts.

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Table 22: Estimated Weekday Transaction for SH 45 SE

Fiscal Year	Weekday Transactions	
	Volume	Annual Growth
2010	***6,952***	
2011	***7,659***	10.2%
2012	8,485	10.8%
2013	9,336	10.0%
2014	10,247	9.8%
2015	11,239	9.7%
2016	11,788	4.9%
2017	12,191	3.4%
2018	12,608	3.4%
2019	13,040	3.4%
2020	13,486	3.4%
2021	13,948	3.4%
2022	14,425	3.4%
2023	14,918	3.4%
2024	15,429	3.4%
2025	15,957	3.4%
2026	16,503	3.4%
2027	17,068	3.4%
2028	17,652	3.4%
2029	18,256	3.4%
2030	18,880	3.4%
2031	19,527	3.4%
2032	20,195	3.4%
2033	20,886	3.4%
2034	21,600	3.4%
2035	22,340	3.4%
2036	22,695	1.6%
2037	22,922	1.0%
2038	23,151	1.0%
2039	23,383	1.0%
2040	23,616	1.0%
2041	23,853	1.0%
2042	24,091	1.0%

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It is understood that the breakdown of the total traffic numbers just discussed into the constituent payment and vehicle classes was done within the modeling process. Each class was modeled separately and the model assigned traffic to the various roadways. This process resulted in a certain number of vehicles for each class to be on the toll road and a subsequent share could be calculated. These shares for the NW Elements, SH 130 and SH 45 SE are presented in the following tables, with 2010 representing existing experience on the facilities. The most significant difference between actual and forecasted payment and vehicle class shares is the removal of cash payment.

For the NW Elements, there is anticipated to be an increase in the percentage of traffic paying via transponder with the introduction of cashless tolling. It is assumed a portion of the motorists will leave the toll system while others will obtain transponders. It would be reasonable to assume a higher percentage of video transactions than what is currently assumed as cash motorists are most easily converted to the video payment class. Based on the assumed violation rates in the video toll payment class, the current assumption could be considered aggressive. It is reasonable to assume that the share of trucks and autos will stay relatively constant over time, as is shown in Table 23.

Table 23: Class Share for NW Elements

	Payment Class			Vehicle Class	
Year	ETC	Cash	Video	Auto	Truck
2010	78%	7%	15%	98.0%	2.0%
2015	84%	N/A	16%	97.5%	2.5%
2025	84%	N/A	16%	97.0%	3.0%
2035	84%	N/A	16%	96.0%	4.0%

The percent share by class for SH 130 is much different as the facility caters to more regional travel as well as may have the opportunity to service more trucks in the future. The increase in the percent share paying by ETC over time is reasonable, with the general increase in the adoption of such payment but not quite reaching the more local percentages of 80 to 85 percent seen elsewhere. The increase in the percent share of trucks is very strong. There is a limited increase in 2015 after segments 5 and 6 are opened but it is apparent that congestion on IH 35 will push more trucks to SH 130 in the future. The estimated overall growth rate of trucks in the IH 35/SH 130 corridor is 2.9 percent with an increased share of that growth estimated for SH 130. The resulting growth rate of trucks on the SH 130 corridor is approximately 5.3 percent annually which is considered reasonable based on the absolute truck volumes from which to grow. It should be noted that these truck percentage shares include 2 axle/6 tire trucks which inflate the percentage share number.

Table 24:Class Share for SH 130

	Payment Class			Vehicle Class	
Year	ETC	Cash	Video	Auto	Truck
2010	67.2%	6.3%	26.5%	93.2%	6.8%
2015	75.6%	N/A	24.4%	88.1%	11.9%
2025	77.9%	N/A	22.1%	84.0%	16.0%
2035	80.1%	N/A	19.9%	79.0%	21.0%

The payment classes and truck percentages for SH 45 SE are anticipated to be static over time. This facility was opened without the cash payment option and therefore current statistics of payment seem reasonable to use into the

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future. However, there is an inconsistency of payment and vehicle class profiles between SH 45 SE and SH 130 in the future. It would be logical that these statistics would be similar between the facilities as they are adjacent and are complementary to each other. The resulting payment and vehicle class breakdown is considered conservative given the current condition and the experience anticipated on SH 130.

Table 25: Class Share for SH 45 SE

	Payment Class			Vehicle Class	
Year	ETC	Cash	Video	Auto	Truck
2010	60%	N/A	40%	90%	10%
2015	60%	N/A	40%	90%	10%
2025	60%	N/A	40%	90%	10%
2035	60%	N/A	40%	90%	10%

The resulting revenue forecasts from the previously presented transaction forecast by facility are presented in Table 26. The growth rates of the toll revenue forecasts follow the transaction forecasts growth rates fairly closely, except for toll increase years, where they diverge. Additionally the growth rates are slightly higher for the toll revenue estimates due to the annual toll adjustments based on increases in consumer price index (CPI-U). For this analysis, CPI was assumed to be 3 percent. This is equivalent to the average annual growth of CPI-U since 1983. Reviewing annual average growth in CPI-U since the early 1970s, estimates grow to 4.4 percent; however the inclusion of the high inflation of the 1970s and early 1980s may not represent the future. Additionally, average growth rates of CPI-U in the more recent past range between 2.5 and 3.0 percent. Therefore the estimate of 3.0 percent growth of CPI-U for the full forecast period appears to be near the top end of a reasonable range of CPI-U estimates.

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Table 26: Annual Toll Revenue Forecast, NW Elements, SH 130 and SH 45SE

Fiscal Year	Annual Toll Revenue ($Millions)							
	NW Elements	Annual Growth	SH 130	Annual Growth	SH 45 SE	Annual Growth	Total CTTS	Annual Growth
2008	***$29,419***		***$19,456***				***$48,875***	
2009	***$31,793***	8.1%	***$27,114***	39.4%	***$475***		***$59,382***	21.5%
2010	***$31,736***	-0.2%	***$34,415***	26.9%	***$3,210***	575.8%	***$69,361***	16.8%
2011	***$32,585***	2.7%	***$36,237***	5.3%	***$3,596***	12.0%	***$72,418***	4.4%
2012	$34,377	5.5%	$39,852	10.0%	$3,978	10.6%	***$78,207***	8.0%
2013	$44,478	29.4%	$47,767	19.9%	$4,440	11.6%	***$96,685***	23.6%
2014	$53,655	20.6%	$56,656	18.6%	$5,047	13.7%	***$115,358***	19.3%
2015	$55,120	2.7%	$66,255	16.9%	$5,762	14.2%	***$127,137***	10.2%
2016	$57,613	4.5%	$75,136	13.4%	$6,231	8.1%	***$138,980***	9.3%
2017	$61,339	6.5%	$84,018	11.8%	$6,627	6.4%	***$151,984***	9.4%
2018	$65,313	6.5%	$92,899	10.6%	$7,048	6.4%	***$165,260***	8.7%
2019	$69,550	6.5%	$101,780	9.6%	$7,497	6.4%	***$178,827***	8.2%
2020	$74,067	6.5%	$110,662	8.7%	$7,974	6.4%	***$192,703***	7.8%
2021	$78,885	6.5%	$119,543	8.0%	$8,481	6.4%	***$206,909***	7.4%
2022	$84,024	6.5%	$128,424	7.4%	$9,020	6.4%	***$221,468***	7.0%
2023	$89,503	6.5%	$137,305	6.9%	$9,594	6.4%	***$236,402***	6.7%
2024	$95,348	6.5%	$146,187	6.5%	$10,204	6.4%	***$251,739***	6.5%
2025	$101,585	6.5%	$155,068	6.1%	$10,854	6.4%	***$267,507***	6.3%
2026	$107,732	6.1%	$166,040	7.1%	$11,551	6.4%	***$285,323***	6.7%
2027	$114,087	5.9%	$177,012	6.6%	$12,296	6.4%	***$303,395***	6.3%
2028	$120,819	5.9%	$187,984	6.2%	$13,088	6.4%	***$321,891***	6.1%
2029	$127,950	5.9%	$198,957	5.8%	$13,932	6.4%	***$340,839***	5.9%
2030	$135,504	5.9%	$209,929	5.5%	$14,830	6.4%	***$360,263***	5.7%
2031	$143,506	5.9%	$220,901	5.2%	$15,787	6.5%	***$380,194***	5.5%
2032	$151,981	5.9%	$231,873	5.0%	$16,804	6.4%	***$400,658***	5.4%
2033	$160,960	5.9%	$242,845	4.7%	$17,888	6.5%	***$421,693***	5.3%
2034	$170,471	5.9%	$253,817	4.5%	$19,041	6.4%	***$443,329***	5.1%
2035	$180,547	5.9%	$264,790	4.3%	$20,268	6.4%	***$465,605***	5.0%
2036	$188,595	4.5%	$275,762	4.1%	$21,197	4.6%	***$485,554***	4.3%
2037	$196,139	4.0%	$286,734	4.0%	$22,045	4.0%	***$504,918***	4.0%
2038	$203,984	4.0%	$297,706	3.8%	$22,927	4.0%	***$524,617***	3.9%
2039	$212,144	4.0%	$308,678	3.7%	$23,844	4.0%	***$544,666***	3.8%
2040	$220,629	4.0%	$319,650	3.6%	$24,798	4.0%	***$565,077***	3.7%
2041	$229,454	4.0%	$330,623	3.4%	$25,790	4.0%	***$585,867***	3.7%
2042	$238,633	4.0%	$341,595	3.3%	$26,821	4.0%	***$607,049***	3.6%

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Sensitivity Analysis

Stantec conducted four sensitivity analyses to estimate the sensitivity of the revenue forecast to changes to various assumptions including the following:

1. Reduced CPI;
2. Reduced trip growth factor;
3. Reduced value of time; and
4. Reduced SH 130 truck traffic.

Jacobs Assessment

The impacts on revenues in the immediate term for the sensitivity analyses for the CPI Sensitivity and for the Reduced Growth Sensitivity may be overstated, as the Fiscal Year 2013 is already in progress and most likely will not be as affected as the long-term forecasts by these particular tests. The impacts on revenues in immediate term for the sensitivity analyses for the Value of Time Sensitivity and for the Reduced SH 130 Truck Traffic Sensitivity are considered reasonable. The impacts on long-term revenues under all sensitivity analyses are considered reasonable

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Assumptions and Disclaimers

The general assumptions and disclaimers of the 2012 CTTS T&R Study as identified in Section 7.1 are reviewed in Table 27 and Table 28. The assumptions and disclaimers are considered reasonable as detailed in the tables.

Table 27: Review of Stantec Disclaimers and Assumptions

Stantec Disclaimers/Assumptions	Jacobs Comment
1. The revised toll rates for the entire system presented in this report, including the rate at the ramps at the new SH 45 N / O'Connor Drive interchange scheduled for completion in December 2013, will take effect at all existing paypoints on January 1, 2013.	This is reasonable given the Minute Orders.
2. Toll rates will be escalated on an annual basis with the first increase based on the CPI-U beginning on January 1, 2014. The rate of inflation as indicated by the CPI-U will continue at 3.0 percent annually during the forecast period through 2042.	It is reasonable to use CPI-U as the guidance for toll rate escalation given the Minute Orders. The estimate of 3.0 percent annually for the full forecast period is on the high end of a reasonable range.
3. CTTS toll collection will be converted to cashless operations and the pilot program known as pay-by-mail (PBM) will be converted to a permanent payment method effective January 1, 2013.	This is reasonable given the Minute Orders.
4. Transponder market shares the CTTS Project will occur as discussed in Chapter 6.	Transponder market shares are considered to be reasonable and attainable.
5. The traffic mix using the CTTS Project will result in a toll multiplier (used for revenue estimation purposes) for trucks with 3+ axles as discussed in Chapter 6 of this report.	The traffic mix and toll multipliers by facility are considered reasonable and attainable.
6. The socioeconomic growth discussed in the Traffic and Revenue Report will occur as forecast.	The future socioeconomic growth discussed in the Traffic and Revenue Report cannot be guaranteed however the estimates are considered reasonable.
7. The highway network improvements will be constructed as planned and in accordance with the schedule discussed in Chapter 5 of this Traffic and Revenue Report.	The future roadway network discussed in the Traffic and Revenue Report cannot be guaranteed however assumption of improvements is considered reasonable.
8. The traffic on SH 130, during the early years of operation, will continue to ramp up as formulated in Chapter 6.	The estimates of ramp-up are considered reasonable.

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Table 28: Review of Stantec Disclaimers and Assumptions, Continued

Stantec Disclaimers/Assumptions	Jacobs Comment
9. The CTTS Project will be efficiently maintained and operated, but even under the most efficient operation, there will be some toll evasion and revenue "leakage" that have been deducted from the model-produced traffic and revenue forecasts (after ramp-up).	The assumption of maintenance, operation and leakage of the toll system is considered reasonable.
10. Motor fuel will remain in adequate supply during the forecast period, and sustained motor fuel prices (i.e., the average price for regular gasoline) in the foreseeable future will not be more than $4.50 per gallon, adjusted for inflation.	Future gas prices cannot be guaranteed however the assumption is considered reasonable.
11. Federal and State tax increases will not increase to the extent that, together with fuel price increases, sustained motor fuel prices exceed $4.50 per gallon, adjusted for inflation.	Future tax increases cannot be guaranteed however the assumption is considered reasonable.
12. No radical change in travel modes that would drastically curtail motor vehicle use is expected during the forecast period.	It is reasonable to assume that there will be no drastic curtailment of vehicle usage during the forecast period.
13. In the longer term, generally normal economic conditions will prevail in the State and the United States, and there will not occur a major depression, national emergency or prolonged fuel shortage.	It is reasonable to assume that there will not be a major depression, national emergency or prolonged fuel shortage during the forecast period.
14. TxDOT will reimburse the appropriate CTTS Indenture account the cost of tolls not paid by those customers with eligible specialty license plates registered with TxDMV to disabled veterans, Purple Heart recipients, or Medal of Honor recipients.	This is reasonable given the Minute Orders.

Sincerely,
Jacobs Engineering Group Inc.

Richard J. Gobeille

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APPENDIX A

Population Projections by County

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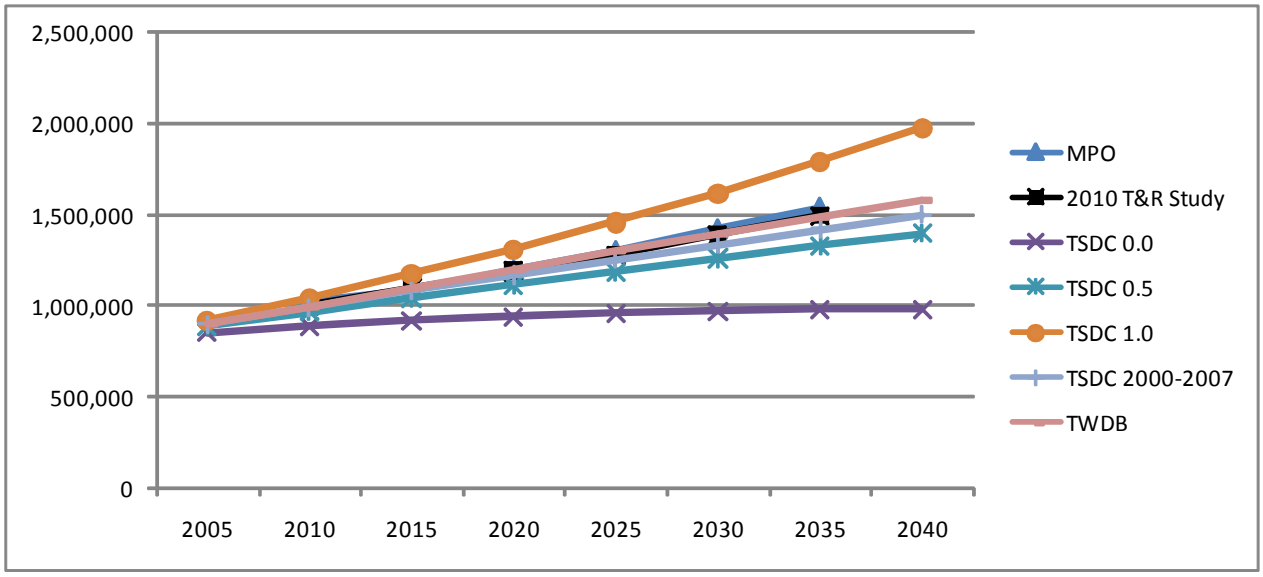
Year	Population Estimates for Travis County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			856,764	889,233	923,390	900,720	907,767
2010	1,027,445	1,006,258	892,889	966,129	1,047,051	992,773	1,003,253
2015	1,093,933	1,101,163	921,100	1,040,606	1,178,607	1,082,986	1,102,255
2020	1,200,412	1,192,517	942,861	1,112,034	1,315,256	1,168,738	1,201,256
2025	1,306,891	1,283,870	961,875	1,184,447	1,461,680	1,252,760	1,301,705
2030	1,425,511	1,388,812	975,929	1,257,213	1,620,878	1,336,648	1,402,153
2035	1,544,131	1,493,754	982,845	1,327,936	1,793,353	1,419,856	1,492,611
2040			981,610	1,394,738	1,977,411	1,498,569	1,583,068



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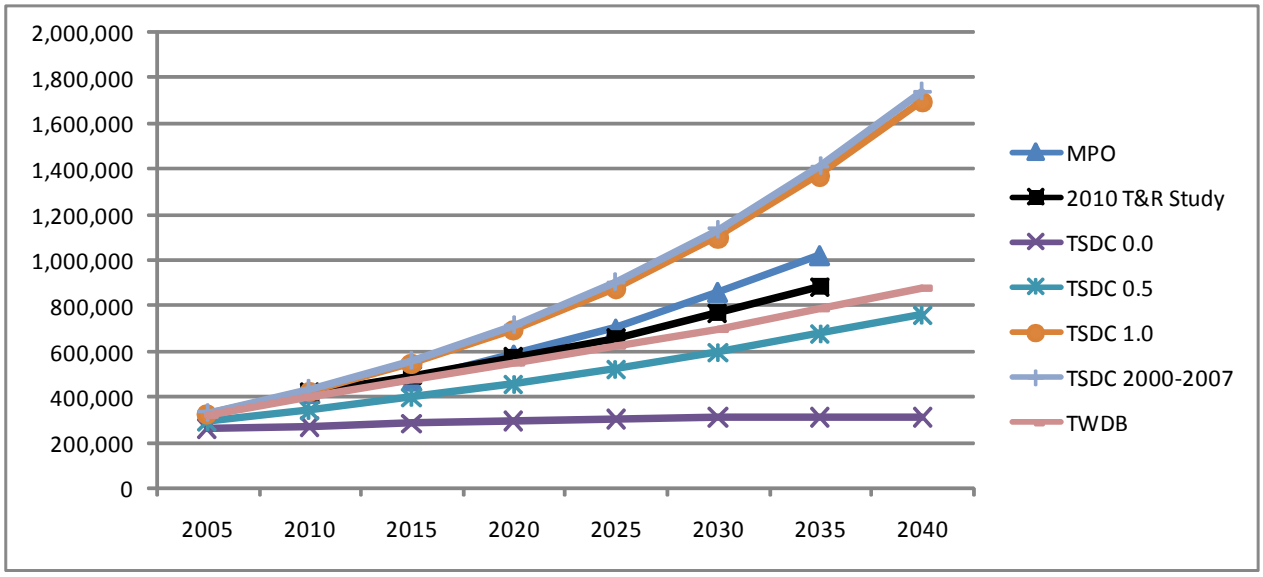
Year	Population Estimates for Williamson County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			263,750	295,615	330,562	332,812	324,940
2010	416,573	423,832	275,068	344,667	428,789	435,355	408,743
2015	471,889	498,105	285,474	398,544	548,339	560,673	481,078
2020	586,578	579,252	295,315	458,587	695,777	715,395	553,412
2025	701,267	660,398	304,125	526,035	879,113	905,742	627,373
2030	863,162	773,018	310,381	599,805	1,103,684	1,137,513	701,334
2035	1,025,057	885,637	313,535	678,352	1,374,393	1,415,185	790,852
2040			314,071	760,632	1,696,161	1,742,619	880,370



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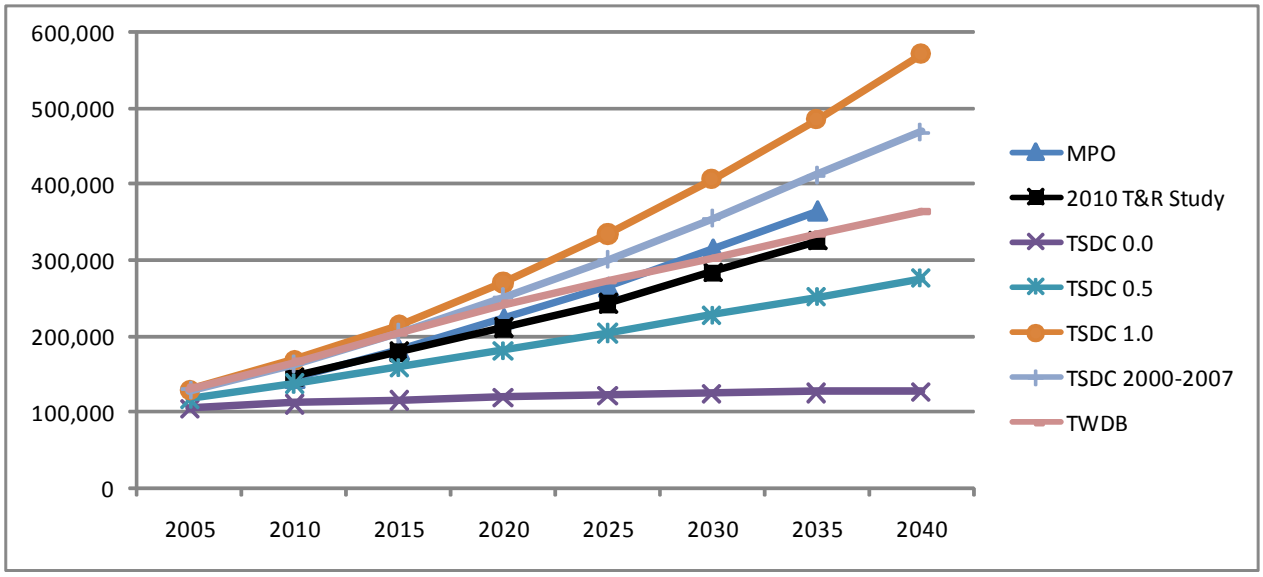
Year	Population Estimates for Hays County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			106,211	117,873	130,895	129,067	131,966
2010	145,820	147,062	112,285	137,816	169,302	164,078	166,342
2015	182,793	180,045	117,095	158,921	215,679	204,397	204,197
2020	224,013	211,839	121,014	181,508	271,388	250,886	242,051
2025	265,233	243,632	123,563	204,357	335,014	301,541	272,423
2030	315,059	284,297	125,493	227,912	406,665	355,508	302,795
2035	364,885	324,961	127,015	251,884	485,731	412,455	333,237
2040			127,983	276,103	570,869	469,394	363,678



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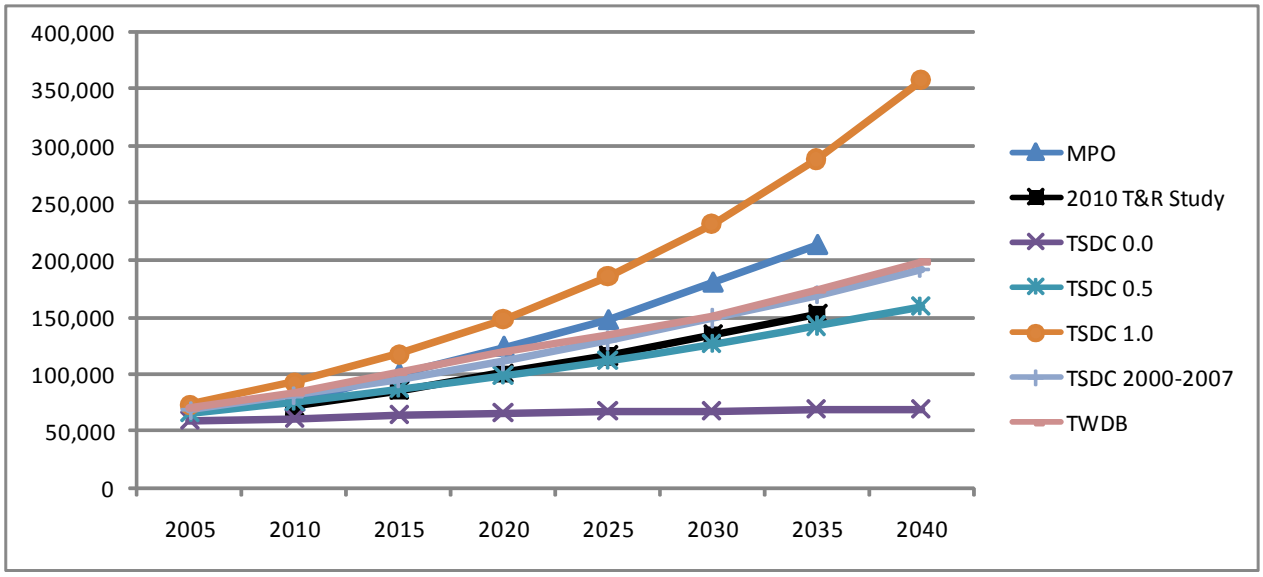
Year	Population Estimates for Bastrop County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			59,913	66,381	73,451	68,987	71,091
2010	76,138	71,800	62,109	76,150	93,068	81,717	84,449
2015	100,942	85,777	64,193	87,133	117,504	96,023	102,595
2020	124,390	101,168	66,007	99,329	147,998	112,096	120,740
2025	147,838	116,559	67,525	112,722	185,630	129,924	136,052
2030	180,972	134,776	68,612	127,167	231,777	149,340	151,364
2035	214,105	152,992	69,278	142,709	288,189	170,164	175,456
2040			69,715	159,776	357,688	192,599	199,548



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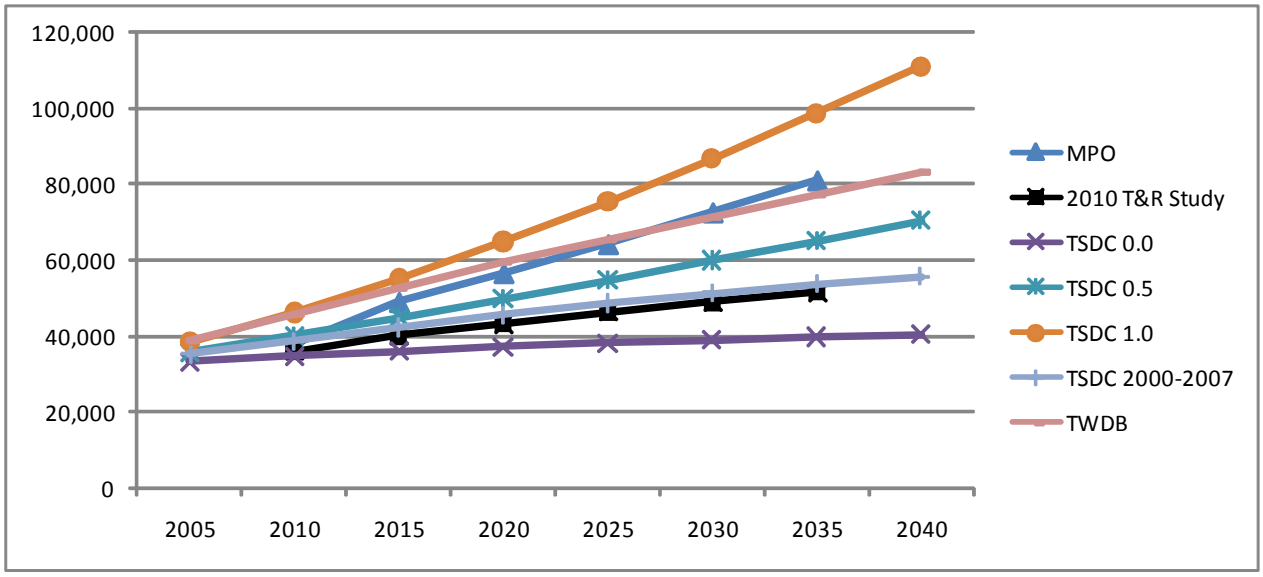
Year	Population Estimates for Caldwell County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			33,441	35,985	38,673	35,353	39,076
2010	37,999	36,125	34,844	40,289	46,308	38,724	45,958
2015	49,126	40,257	36,210	45,063	55,224	42,280	52,840
2020	56,723	43,363	37,355	49,975	65,057	45,622	59,722
2025	64,320	46,469	38,356	55,005	75,639	48,700	65,591
2030	72,694	49,025	39,258	60,127	86,902	51,469	71,459
2035	81,068	51,581	40,029	65,304	98,823	53,856	77,355
2040			40,677	70,593	111,210	55,752	83,250



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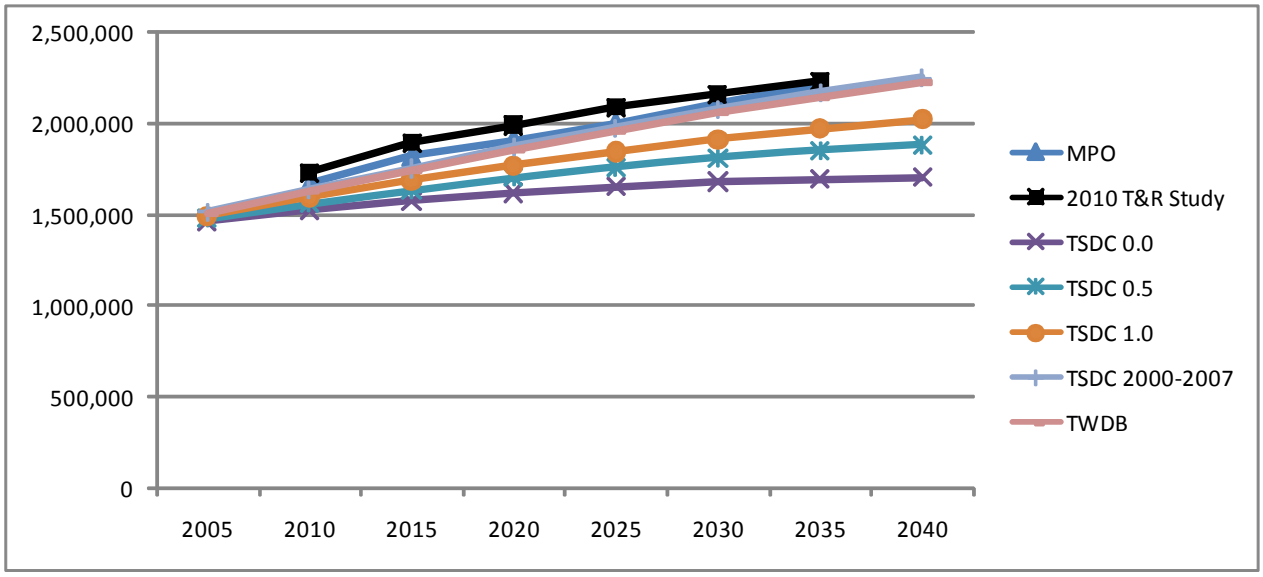
Year	Population Estimates for Bexar County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			1,464,211	1,479,946	1,494,075	1,514,927	1,512,433
2010	1,673,396	1,735,565	1,525,587	1,561,702	1,592,438	1,636,642	1,631,935
2015	1,823,424	1,897,870	1,576,591	1,636,631	1,685,832	1,755,755	1,744,840
2020	1,915,701	1,993,584	1,619,483	1,704,153	1,770,578	1,870,589	1,857,745
2025	2,007,977	2,089,298	1,654,271	1,762,636	1,846,059	1,978,613	1,958,429
2030	2,113,947	2,161,662	1,681,291	1,813,101	1,913,230	2,078,549	2,059,112
2035	2,219,916	2,234,025	1,698,648	1,854,050	1,971,895	2,170,654	2,141,000
2040			1,705,454	1,884,509	2,021,463	2,253,060	2,222,887



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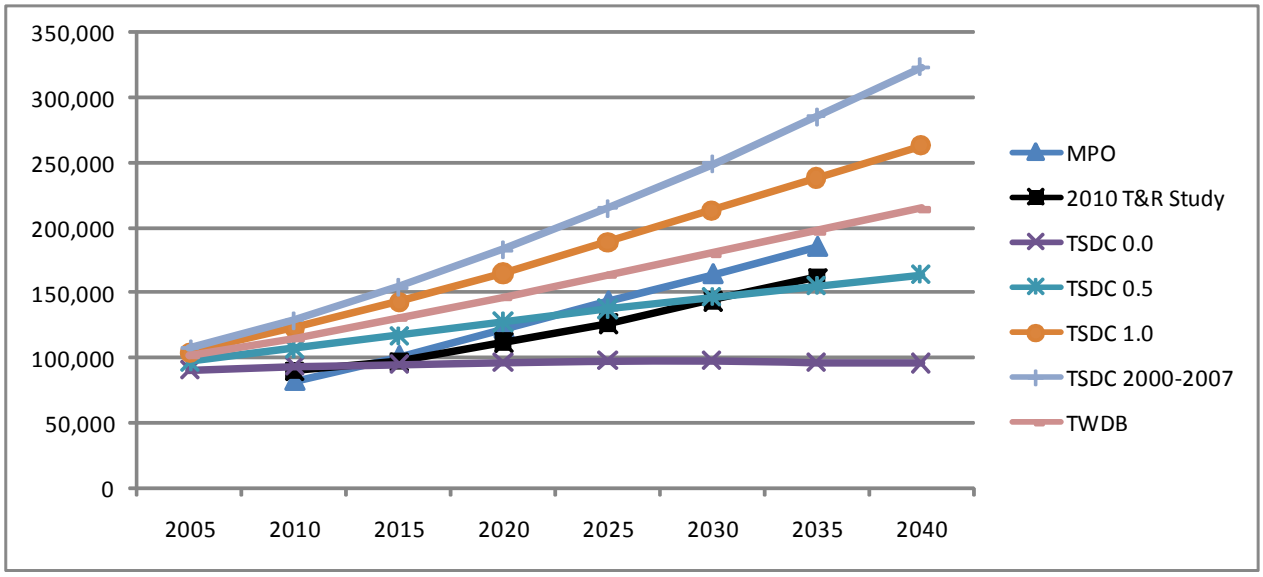
Year	Population Estimates for Guadalupe County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			91,225	97,835	105,000	107,369	101,951
2010	82,516	90,729	93,494	107,310	122,982	128,975	114,878
2015	101,770	98,069	95,780	117,510	143,258	154,221	130,695
2020	122,768	112,442	97,392	127,944	165,613	182,995	146,511
2025	143,765	126,815	98,178	138,045	189,380	214,835	163,618
2030	164,746	144,289	98,072	147,476	213,635	248,990	180,725
2035	185,727	161,763	97,340	156,112	238,150	285,077	197,819
2040			96,197	164,202	262,969	323,129	214,912



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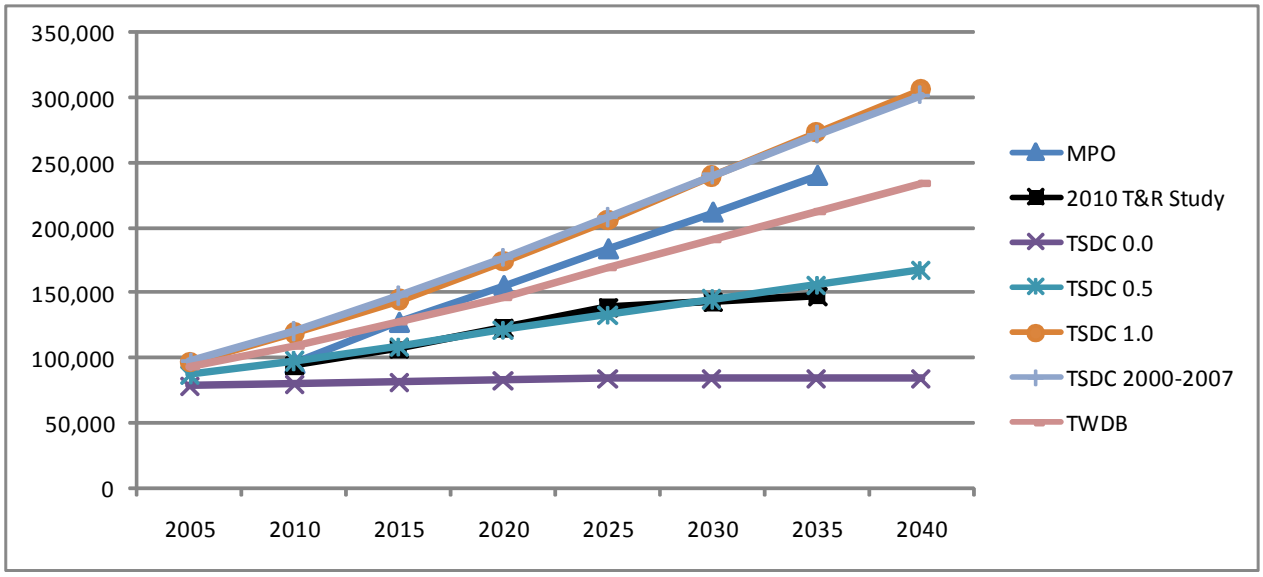
Year	Population Estimates for Comal County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			79,155	87,590	96,954	97,524	93,120
2010	95,863	94,351	80,532	98,015	119,150	121,020	108,219
2015	127,507	107,085	82,124	109,359	144,788	147,869	127,544
2020	155,709	122,949	83,449	121,424	173,922	177,105	146,868
2025	183,911	138,812	84,220	133,621	205,915	208,244	168,871
2030	212,099	143,151	84,497	145,471	239,374	240,383	190,873
2035	240,286	147,490	84,479	156,807	272,873	271,734	212,419
2040			84,441	167,774	305,924	301,616	233,964



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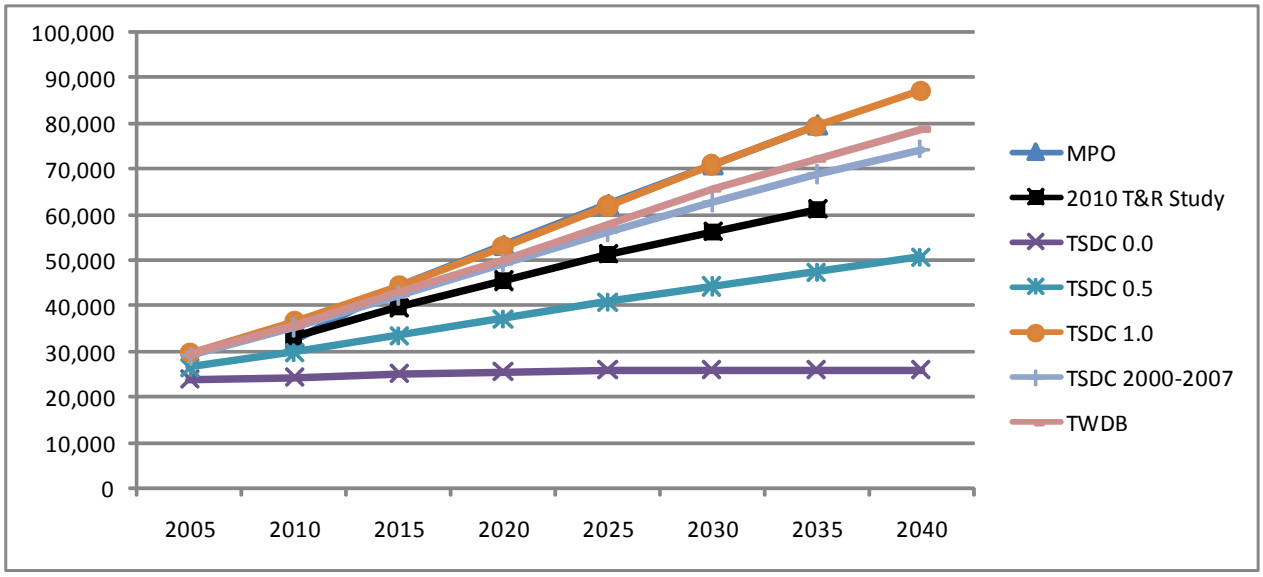
Year	Population Estimates for Kendall County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			23,992	26,692	29,678	29,047	29,732
2010	32,310	33,181	24,427	29,939	36,620	35,351	35,720
2015	44,289	39,638	25,126	33,575	44,466	42,350	43,002
2020	53,235	45,503	25,725	37,307	53,009	49,401	50,283
2025	62,181	51,367	26,039	40,999	62,029	56,223	58,018
2030	70,881	56,285	26,073	44,411	71,052	62,749	65,752
2035	79,580	61,202	26,044	47,603	79,560	68,826	72,221
2040			26,105	50,744	87,319	74,353	78,690



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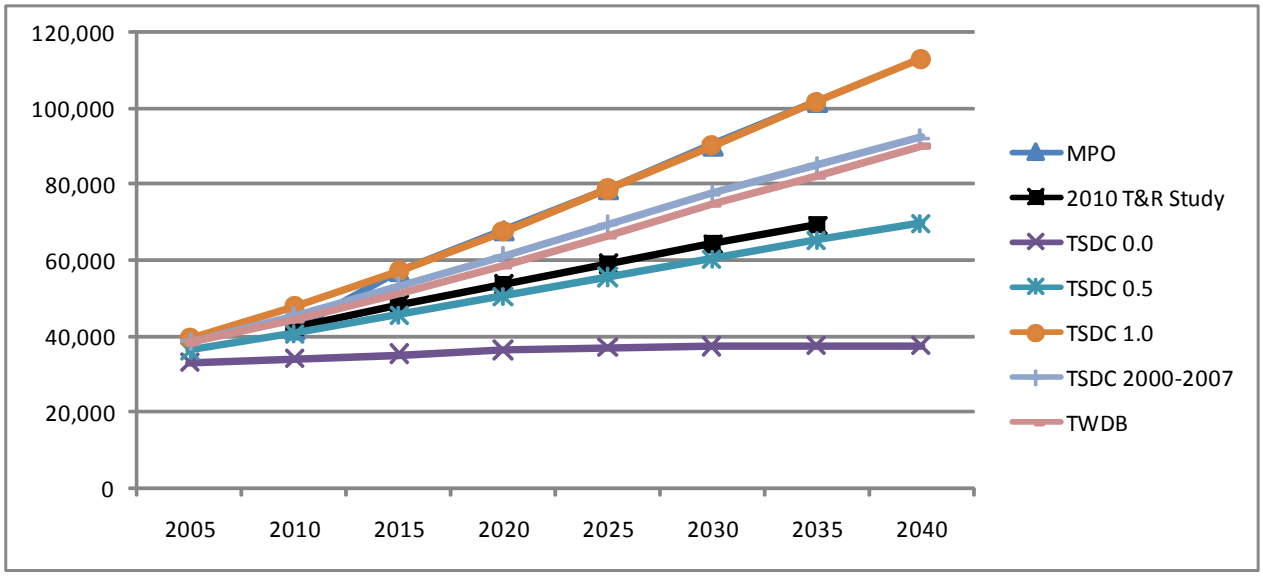
Year	Population Estimates for Wilson County						
	MPO	2010 T&R Study	TSDC 0.0	TSDC 0.5	TSDC 1.0	TSDC 2000-2007	TWDB
2005			33,268	36,382	39,632	38,614	38,243
2010	41,820	42,572	34,271	40,700	47,877	45,517	44,078
2015	57,209	48,274	35,397	45,524	57,221	53,139	51,350
2020	68,005	53,702	36,386	50,639	67,600	61,253	58,621
2025	78,801	59,129	37,081	55,762	78,798	69,490	66,631
2030	90,311	64,190	37,431	60,665	90,319	77,534	74,641
2035	101,821	69,251	37,576	65,306	101,808	85,176	82,414
2040			37,582	69,824	113,148	92,372	90,187



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APPENDIX B

Integrated Model District Map

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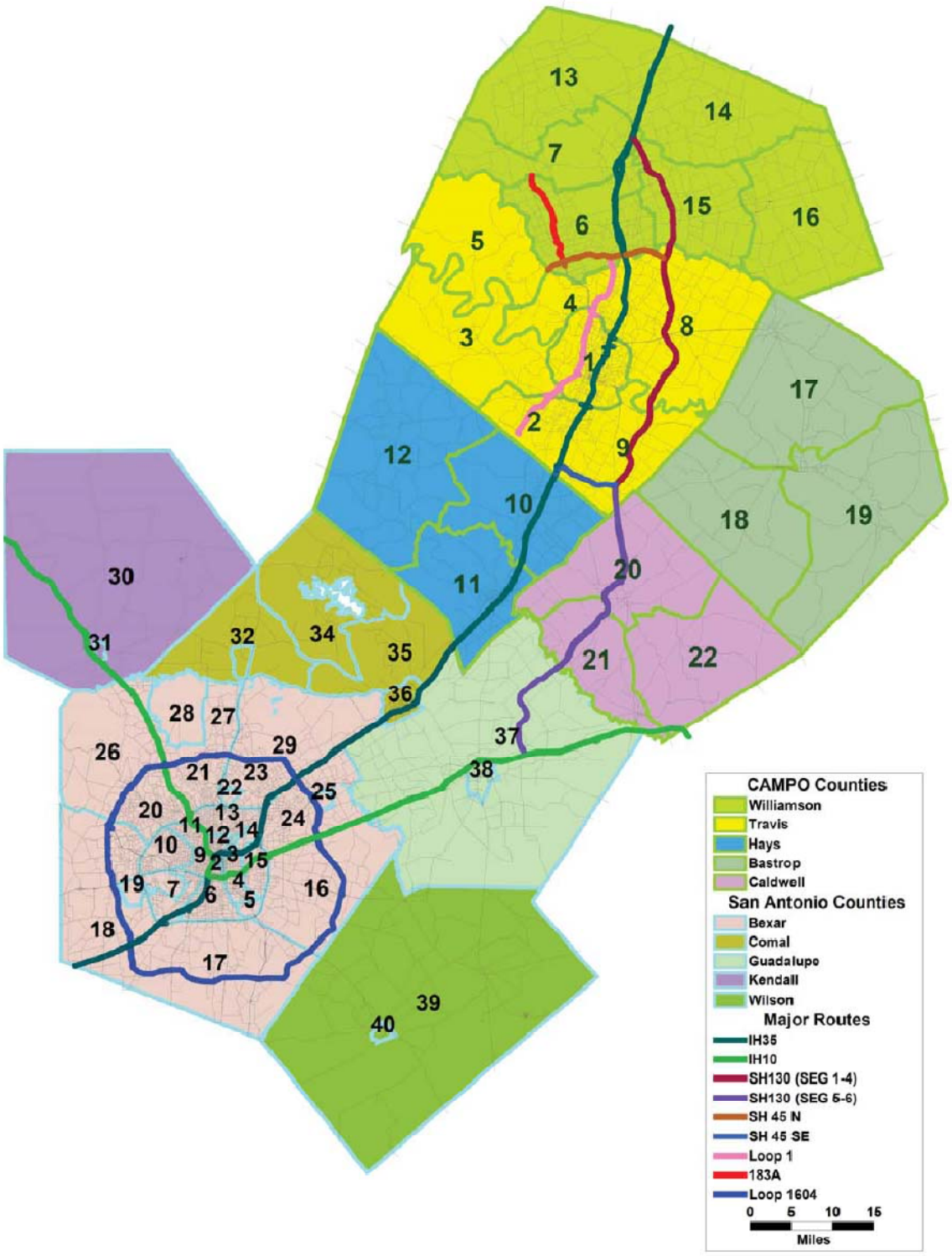
Integrated Model by County and District



APPENDIX F

FORMS OF OPINIONS OF BOND COUNSEL

LAW OFFICES

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[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*]

$585,330,000
TEXAS TRANSPORTATION COMMISSION
CENTRAL TEXAS TURNPIKE SYSTEM
FIRST TIER REVENUE REFUNDING BONDS,
SERIES 2012-A

AS BOND COUNSEL for the Texas Transportation Commission (the "Commission) the governing body of the Texas Department of Transportation (the "Department"), we have examined into the legality and validity of the issue of bonds described above (the "Bonds"), which bear interest from the dates and mature on the dates specified on the face of the Bonds, all in accordance with the minute order of the Commission authorizing the issuance of such Bonds adopted on August 30, 2012 (the "Authorizing Minute Order"), the Indenture of Trust dated as of July 15, 2002, (the "Master Indenture") between the Commission and The Bank of New York Mellon Trust Company, National Association, as Trustee (successor to JPMorgan Trust Company as successor to Bank One, National Association), the Sixth Supplemental Indenture of Trust dated as of November 1, 2012 between the Commission and The Bank of New York Mellon Trust Company, National Association as Trustee (the "Sixth Supplemental Indenture") and the Chief Financial Officer's Award Certificate establishing the pricing terms of the Bonds. The Master Indenture, the Sixth Supplemental Indenture and the Chief Financial Officer's Award Certificate are collectively referenced as the "Indenture." Terms used herein and not otherwise defined shall have the meaning given in the Indenture.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Commission, the executed Indenture and other pertinent instruments relating to the authorization, issuance, and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Commission and the Department upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Commission, as the governing body of the Department, is an agency of the State of Texas, created and operating under the Constitution and laws of the State of Texas and is authorized to issue the Bonds under Chapter 228, Texas Transportation Code, as amended, and Chapters 1207 and 1371, Texas

Government Code, as amended. It is further our opinion that (i) the Bonds have been duly authorized; (ii) all conditions precedent to the delivery of the Bonds have been fulfilled; and (iii) the Bonds have been duly issued and delivered, all in accordance with law. Except as the enforceability may be limited by sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by principles of equity which permit the exercise of judicial discretion the (i) Bonds are First Tier Obligations; (ii) covenants and agreements in the Indenture constitute valid and binding obligations of the Commission, and the Bonds constitute valid and legally binding obligations of the Commission which, together with the outstanding Texas Transportation Commission Central Texas Turnpike System Revenue Bonds, Series 2002-A (the "Series 2002-A Bonds") and the Texas Transportation Commission Central Texas Turnpike System First Tier Revenue Refunding Put Bonds, Series 2012-B (the "Series 2012-B Bonds") are secured equally and ratably, on a parity, by a first lien on, pledge of and security interest in the Trust Estate established by the Indenture and are payable as to principal and interest solely from the sources provided therein, including the Revenues of the Central Texas Turnpike System (the "System"); and (iii) Indenture is authorized by law, has been duly executed and delivered, and is valid and legally binding upon and enforceable by the parties thereto in accordance with its terms and provisions.

THE COMMISSION has reserved the right, subject to the restrictions stated in the Indenture, to issue Additional First Tier Obligations which also may be secured by the Indenture on a parity with the Bonds, the outstanding Series 2002-A Bonds and the Series 2012-B Bonds. The Commission also has reserved the right to amend the Indenture in the manner provided therein and under some (but not all) circumstances amendments thereto must be approved by the Secured Owners of a majority of all Outstanding Obligations secured by the Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation or from any source whatsoever other than as described in the Indenture.

IT IS FURTHER OUR OPINION, that except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Bonds (i) is excludable from the gross income of the owners thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preferred item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Commission with certain representations and covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Commission to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Commission as the taxpayer. We observe that the Commission has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE CALL YOUR ATTENTION TO THE FACT THAT the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

WE HAVE ACTED AS BOND COUNSEL for the Commission for the purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Commission and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

LAW OFFICES

M^C^CALL, PARKHURST & HORTON L.L.P.

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[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*]

$225,000,000
TEXAS TRANSPORTATION COMMISSION
CENTRAL TEXAS TURNPIKE SYSTEM
FIRST TIER REVENUE REFUNDING PUT BONDS,
SERIES 2012-B

AS BOND COUNSEL for the Texas Transportation Commission (the "Commission) the governing body of the Texas Department of Transportation (the "Department"), we have examined into the legality and validity of the issue of bonds described above (the "Bonds"), which bear interest from the dates and mature on the dates specified on the face of the Bonds, all in accordance with the minute order of the Commission authorizing the issuance of such Bonds adopted on August 30, 2012 (the "Authorizing Minute Order"), the Indenture of Trust dated as of July 15, 2002, (the "Master Indenture") between the Commission and The Bank of New York Mellon Trust Company, National Association, as Trustee (successor to JPMorgan Trust Company as successor to Bank One, National Association), the Sixth Supplemental Indenture of Trust dated as of November 1, 2012 between the Commission and The Bank of New York Mellon Trust Company, National Association as Trustee (the "Sixth Supplemental Indenture") and the Chief Financial Officer's Award Certificate establishing the pricing terms of the Bonds. The Master Indenture, the Sixth Supplemental Indenture and the Chief Financial Officer's Award Certificate are collectively referenced as the "Indenture." Terms used herein and not otherwise defined shall have the meaning given in the Indenture.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Commission, the executed Indenture and other pertinent instruments relating to the authorization, issuance, and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Commission and the Department upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Commission, as the governing body of the Department, is an agency of the State of Texas, created and operating under the Constitution and laws of the State of Texas and is authorized to issue the Bonds under Chapter 228, Texas Transportation Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended. It is further our opinion that (i) the Bonds have been duly authorized; (ii) all conditions precedent to the delivery of the Bonds have been fulfilled; and (iii)

the Bonds have been duly issued and delivered, all in accordance with law. Except as the enforceability may be limited by sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by principles of equity which permit the exercise of judicial discretion the (i) Bonds are First Tier Obligations; (ii) covenants and agreements in the Indenture constitute valid and binding obligations of the Commission, and the Bonds constitute valid and legally binding obligations of the Commission which, together with the outstanding Texas Transportation Commission Central Texas Turnpike System Revenue Bonds, Series 2002-A (the "Series 2002-A Bonds") and the Texas Transportation Commission Central Texas Turnpike System First Tier Revenue Refunding Bonds, Series 2012-A (the "Series 2012-A Bonds") are secured equally and ratably, on a parity, by a first lien on, pledge of and security interest in the Trust Estate established by the Indenture and are payable as to principal and interest solely from the sources provided therein, including the Revenues of the Central Texas Turnpike System (the "System"); and (iii) Indenture is authorized by law, has been duly executed and delivered, and is valid and legally binding upon and enforceable by the parties thereto in accordance with its terms and provisions.

THE COMMISSION has reserved the right, subject to the restrictions stated in the Indenture, to issue Additional First Tier Obligations which also may be secured by the Indenture on a parity with the Bonds, the outstanding Series 2002-A Bonds and the Series 2012-A Bonds. The Commission also has reserved the right to amend the Indenture in the manner provided therein and under some (but not all) circumstances amendments thereto must be approved by the Secured Owners of a majority of all Outstanding Obligations secured by the Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation or from any source whatsoever other than as described in the Indenture.

IT IS FURTHER OUR OPINION, that except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Bonds (i) is excludable from the gross income of the owners thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preferred item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Commission with certain representations and covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Commission to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Commission as the taxpayer. We observe that the Commission has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE CALL YOUR ATTENTION TO THE FACT THAT the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

WE HAVE ACTED AS BOND COUNSEL for the Commission for the purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Commission and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,