Exhibit A

TEXAS TRANSPORTATION COMMISSION

QUARTERLY INVESTMENT REPORT

AS OF
MAY 31, 2009

Exhibit A

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Exhibit A

MANAGEMENT'S CERTIFICATION OF THE QUARTERLY INVESTMENT REPORT

I certify that I have reviewed the Quarterly Investment Report as of and for the period ended May 31, 2009 that is being submitted for acceptance by the Texas Transportation Commission. To the best of my knowledge and belief:

1. In all material respects the Investment Report was prepared in accordance with the guidelines presented in Government Code, Chapter 2256 (Public Funds Investment Act) and Section 9.0 of the investment policy. The investments have been accorded consistent treatment in accordance with generally accepted accounting principles.

2. There have been no material misrepresentations in the report by the inclusion or exclusion of information.

3. An effective system of internal controls has been established to ensure that material financial information is recorded in the accounting system and properly reported in the report and there were no material weaknesses in internal control during the period covered by the report or thereafter.

Amadeo Saenz, P.E. — 7/17/09 Date
Amadeo Saenz, Jr., P.E.
Executive Director

James M Bass — 7-15-09 Date
James M. Bass
Chief Financial Officer
Investment Officer

7-14-09 Date
Brian D. Ragland, CPA
Director, Finance Division
Investment Officer

7/14/09 Date
John Munoz, CPA
Deputy Director, Finance Division
Investment Officer

José Hernández — 7/20/09 Date
Jose Hernandez
Director, Debt Management, Finance Division
Investment Officer

Duane K. Sullivan — 7/14/09 Date
Duane K. Sullivan, CPA
Director, Accounting Management, Finance Division

Exhibit A

INVESTMENT DISCUSSION – 2002 PROJECT

INTRODUCTION

This section relates to investments made by the Texas Transportation Commission (commission) and held by The Bank of New York Mellon, acting as trustee. The investments include bond proceeds and other contributions for the purpose of financing the ("2002 Project") Central Texas Turnpike System.

The commission's investment strategy identifies four fund types in association with its Trust Indenture dated July 15, 2002.

Type I Funds: Funds in the Revenue Fund, General Reserve Fund and Debt Service Funds, other than Capitalized Interest Funds

Type II Funds: Funds in the Rate Stabilization Fund

Type III Funds: Funds in the Construction Fund and Capitalized Interest Funds

Type IV Funds: Funds in the Debt Service Reserve Fund

Proceeds from the sale of the Series 2002 Bonds were deposited to Type III and Type IV funds in August 2002. Type I and Type II funds consist primarily of toll revenues, funded after the opening of the 2002 Project of the Central Texas Turnpike System. The commission has entered into agreements with local governments whereby the local governments transfer funds to the Texas Department of Transportation to fund purchases of right of way land and other project-related costs. The commission has executed separate contribution agreements with the City of Austin, the City of Round Rock, and Travis and Williamson counties. The contributing subdivisions contribute to the right of way costs of portions of the 2002 Project located within their respective boundaries. The monies collected from the contributing subdivisions are deposited with the trustee and are characterized as Type III funds and are referred to as capital contribution funds. These amounts are included in this report.

The investments suitable for each fund type have been determined using the following criteria pursuant to the commission's investment strategy:

1) suitability of the investment to the financial requirements of the entity;
2) preservation and safety of principal;
3) liquidity;
4) marketability of the investment if the need arises to liquidate the investment before maturity;
5) diversification of the investment portfolio; and,
6) yield.

The investment of bond proceeds and toll revenues has been made in accordance with the criteria specified in the commission's investment policy and strategy as described above. Investments were made based primarily on preservation and safety of principal. After preservation of principal, consideration was given to liquidity and marketability needs for each fund. Diversification criteria were met by staggering the maturity dates of the investments and the use of different security types. Lastly, yield was considered to maximize return. The table on the following page summarizes the initial investments.

Exhibit A

SUMMARY OF INITIAL INVESTMENTS

Fund Type	Fund Invested	Product	Security Type or Collateral	Initial Deposit/ Contract Amount	Yield/ Rate	Provider[1]
III	CapI (First Tier)	Individual Securities	Treasuries/Agencies	210,970,479	3.0600%	BofA [4]
III	CapI (First Tier)	Money Market Fund	Treasuries/Agencies	1,656,374	1.3000%	BO
III	CapI (Second Tier)	Individual Securities	Treasuries/Agencies	227,876,048	3.0600%	BofA [4]
III	CapI (Second Tier)	Money Market Fund	Treasuries/Agencies	1,568,259	1.3000%	BO
III	Construction	Forward Purchase Agmt	CP/Treasuries/Agencies	274,999,847	2.5000%	SSB
III	Construction	Individual Securities	Treasuries/Agencies	548,743,394	3.0600%	BofA [4]
III	Construction	Forward Purchase Agmt	Treasuries/Agencies	199,985,908	1.8350%	ML
III	Construction	Forward Purchase Agmt	Treasuries/Agencies	339,560,338	1.8475%	SSB
III	Construction	Forward Purchase Agmt	Treasuries/Agencies	99,999,942	1.7960%	BofA
III	Construction	Money Market Fund	Treasuries/Agencies	250,073,838	1.3000%	BO
III	Construction	Money Market Fund	Treasuries/Agencies	30,000,000	1.4500%	BO
IV	DSRF[3]	Flexible Repurchase Agmt	104% UST/105% Agencies[2]	114,999,378	5.2000%	SSB
IV	DSRF[3]	Forward Purchase Agmt	Treasuries/Agencies	14,999,950	4.4750%	WB
Total				$2,315,433,755		

(1) Key:

SSB = Salomon Smith Barney

BofA = Bank of America

ML = Merrill Lynch

WB = Wachovia Bank

BO = Bank One

(2) Collateralized Repurchase Agreement

(3) Debt Service Reserve Fund

(4) Individual Securities were competitively bid and purchased from BofA and delivered to the Commission. There is no ongoing relationship with BofA for these securities.

Management Discussion of Investments

Type I and Type II funds are funded primarily from daily toll revenues and are used for making semi-annual debt service payments to bondholders, funding the rate stabilization fund, and operating and maintaining the system . These funds have a very short investment horizon as operating and maintenance expenses are paid frequently and debt service funds are typically depleted at least annually. (The commission, however, is permitted a reasonable carryover in the debt service fund, which may be up to 1/12 of the prior year's debt service.) Various portions of the 2002 Project opened in fiscal year 2007and no tolls were levied for the first two months after the opening of each section of the road as a promotional incentive. The last section of the 2002 Project opened in April 2008. Revenues are being deposited into the Revenue Fund (Type I funds). In August 2008, $63.6 million of toll revenue deposits were transferred from the Revenue Fund to the Rate Stabilization Fund. The rate stabilization fund requirement is an amount equal to the greater of (a) all revenues, less required deposits, through August 31, 2008, or (b) $10 million.

The capitalized interest account is used to make payments to bondholders during the construction period and through a portion of the ramp up period after the project is completed and toll revenues are being collected. At the time of the initial financing, debt service payments were capitalized through December 1, 2008. Draws from the capitalized interest accounts for fixed rate bonds are certain as to amount and timing because they are tied to the debt service schedules. Draws from the capitalized interest accounts for variable rate bonds are uncertain therefore such accounts were funded assuming higher-than-market interest rates. The most recent projection on capitalized interest sufficiency shows that amounts available are expected to be adequate to provide for debt service payments throughout fiscal 2009, or nine months longer than initially planned. The reasons for the extended period that capitalized interest expected to be available are a slower than anticipated draw on construction funds, which resulted in greater interest earnings, higher than projected interest earnings for a period of time, and lower than modeled variable rate interest costs from September 2002 through December 2007.

In regard to variable interest rate costs on the Series 2002-B bonds, on February 26, 2009 the commission priced $149,425,000 in refunding bonds that defeased all of the Series 2002-B bonds. Credit ratings on the credit support providers, namely the bond insurer and the liquidity provider, for the Series 2002-B bonds had been downgraded, resulting in higher than comparable interest rates on the variable rate bonds. The refunding bonds provided a fixed interest rate of five percent for a period of two years, which will make the interest payments from capitalized interest and toll revenues lower and more predictable.

The construction fund (Type III) fund was initially invested in Forward Purchase Agreements (FPAs) and U.S. Treasury and Agency securities held in the Structured Portfolio (described below). All FPAs established for the benefit of the construction fund have terminated on their respective scheduled termination dates. All securities held in the Structured Portfolio Fund for the benefit of the construction fund have been expended. As all construction expenditures have now been made for the 2002 Project, the construction fund has been closed. The balance in the construction fund was transferred to the 1st Tier Interest Account.

A portfolio of U.S. Treasury and Agency securities was purchased in 2002 to fund cash flow requirements for the capitalized interest fund and a portion of the construction fund (the Structured Portfolio Fund). During this reporting period, the last of the securities held in the Structured Portfolio Fund matured and the balance of the account was transferred to the 1st Tier Interest Account.

All of the capitalized interest and capital contribution funds are invested in money market funds that are in compliance with the commission's investment policy. These funds have the highest degree of liquidity and preservation of principal.

The Debt Service Reserve Fund (DSRF), a Type IV Fund, is generally invested for a longer time period but may be called upon at any time to make a debt service payment. Therefore this fund type requires a high degree of market value protection in the event it is drawn upon. Protection against market value declines can be provided either by rolling short-term securities or purchasing an investment agreement product. A portion of the DSRF ($15 million) was invested in a FPA consisting of U.S. Treasury and Agency securities. The balance was invested in a repurchase agreement collateralized by U.S. Treasury and Agency securities. Diversity in maturities was achieved with a 10-year term for the FPA and a 20-year term for the repurchase agreement.

A. INVESTMENT ACTIVITY FOR PERIOD ENDING MAY 31, 2009

Investment activity for the period consisted of securities maturing and the purchase and sale of money market funds. Attached as Schedule 1 is a summary statement that presents the beginning and ending fair values, purchases, sales and maturities, and accrued interest for the period ending May 31, 2009.

Per GASB Statement 31, governmental entities should report investments at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The trustee provides the fair value for all department investments. The change in the fair value of investments is calculated by the difference between the fair value of investments at the beginning of the period and at the end of the period, taking into consideration investment purchases, sales, and redemptions. The fair value of investments at the end of the reporting period translates to the beginning book value for the subsequent reporting period.

Following the methodology in GASB 31, instead of amortizing premiums and discounts on debt securities the investments are shown at fair value. Fair value information is more useful than cost-based information in evaluating performance because it portrays the market's estimate of the net future cash flows of investments, discounted to reflect both time value and risk. Fair value provides users with information to help them assess a government's accountability, the level of services that it potentially can provide, and its financial position and condition. Recognizing changes in value when they occur, rather than when they are realized, provides a measure of current performance. Consistent with reporting investments at their fair value, interest income is reported at the stated interest rate; and any premiums or discounts on debt securities are not amortized. All investment income, including changes in the fair value of investments, is reported as revenue in the operating statement. Realized gains and losses

are reported as a single line item in combination with the net increase (decrease) in the fair value of investments in the financial statements.

B. INVESTMENT PORTFOLIO VALUE

See Schedule 1 for a schedule of investments including maturity dates, fair value at the beginning and end of this reporting period, investment activity, yield and interest earned.

C. INVESTMENT STRATEGY

The investment instruments described in Schedule 1 are in compliance with the investment strategy of the commission.

D. CURRENT MARKET CONDITIONS AND RECOMMENDED POLICY AMENDMENTS

Various Interest Rates as of May 31, 2009:

Discount Rate – .50%
3-Month Treasury – .18%
90-Day LIBOR – .82%
5-Year Treasury – 2.13%
10-Year Treasury – 3.29%
20-Year Treasury – 4.22%

See attached Schedule 2 – History of Interest Rates Graph.

E. DIVERSIFICATION

The commission's investment policy sets out certain diversification requirements in order to reduce risk. The following is a statement of compliance with such diversity requirements:

(a) Portfolio maturities have been matched versus liabilities to avoid undue market risk as discussed above.

(b) As described above, all investments provide for stability of income and liquidity.

(c) The majority of the portfolio has been invested in securities and investment agreements with maturities ranging from one month to twenty years. The structured portfolio fund has maturities and investment income that match estimated draws from the capitalized interest fund. Additionally, a portion of the portfolio has been invested in cash equivalent instruments (money market mutual funds) to provide daily liquidity.

(d) No investments have maturities in excess of the maximum maturity permitted by the trust indenture or the limits specified in the commission's investment strategy.

(e) All securities meet the rating restrictions defined in Sections 13 and 14 of the commission's investment policy.

Exhibit A

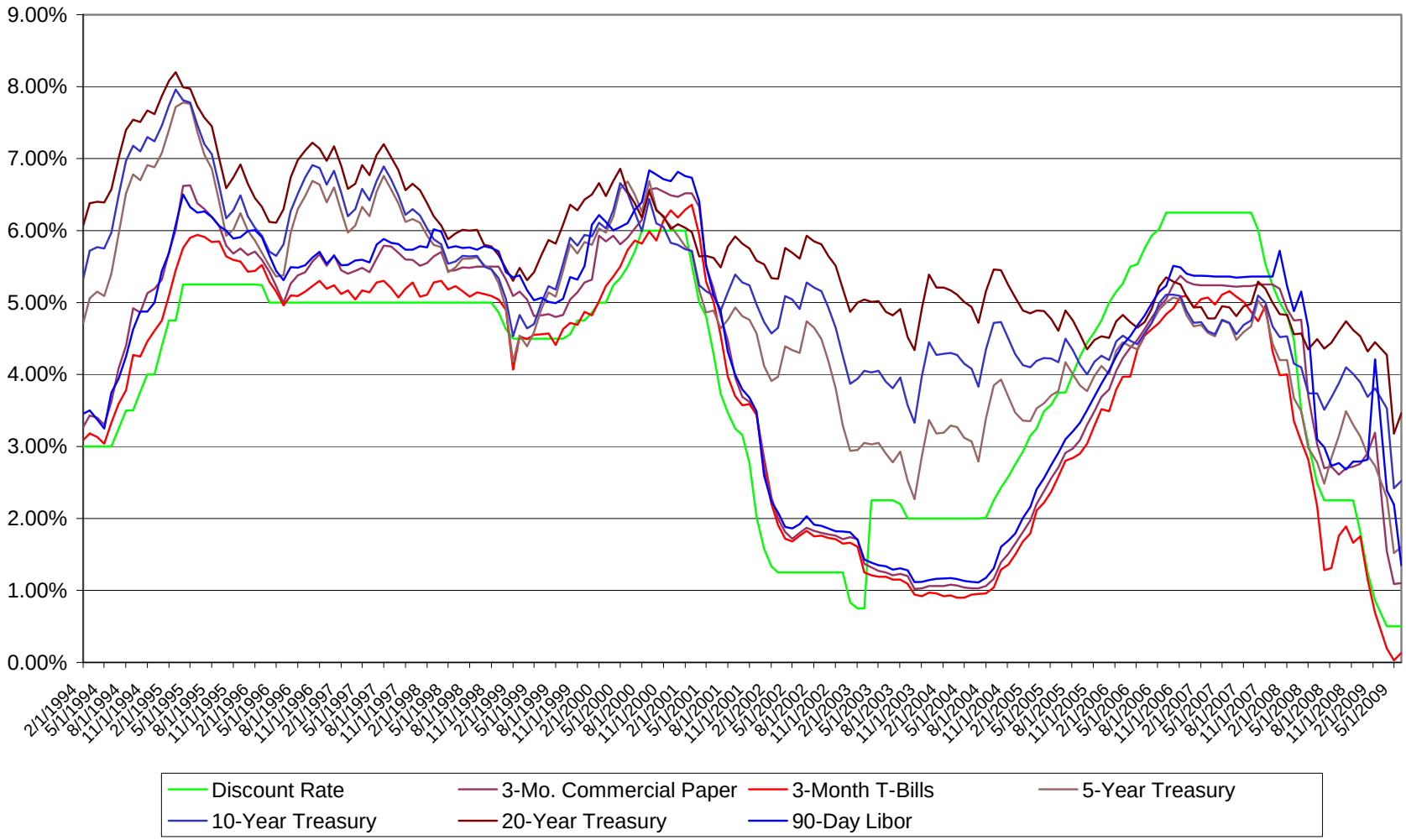
TEXAS DEPARTMENT OF TRANSPORTATION
CENTRAL TEXAS TURNPIKE SYSTEM
SCHEDULE 1
Public Funds Investment Act
Quarterly Investment Activity
For the Period Ending May 31, 2009

Security Type	Description	Current Maturity Date	Book Value/Fair Value @ 2/28/09*	Accretion/ Purchases	Sales/ Maturities	Book Value @05/31/2009	Fair Value @05/31/2009	Yield to Market (ST)	Yield to Maturity (LT)	FY 09 3rd Quarter Interest
Money Market Funds (Short Term)										
	JPM US GOVT MMKT FD 3164 CAPITAL		347,563,298	27,088,701	14,897,442	359,754,557	359,754,557			432,178
	JPM US TREAS PLUS MMKT FD 3126 INVESTOR					0	0			
	DREYFUS INST''L CASH ADV 99 INST'L		27,191,274	3,146,647	3,477,085	26,860,836	26,860,836			65,846
U.S. Government Agencies (Short Term)										
	FHLB Disc	3/2/2009	15,027,000		14,999,031	0	0			27,969
	FNMA	4/1/2009	0	14,999,997	15,054,070	0	0	3.940%		
	FNMA	7/1/2009	0	14,999,998	0	14,999,998	14,981,106			
Flexible Repurchase Agreement (Long Term)										
	SALOMON MASTER REPO	8/15/2022	114,999,378			114,999,378	114,999,378		5.200%	
			504,780,950			516,614,769	516,595,877			525,993

* Per GASB 31, Investments are to be reported at their fair value and any premiums or discounts should not be amortized. The resulting beginning book value of the investments is adjusted to fair value at the end of the previous reporting period.

Key:
ST = Short Term
LT = Long Term
FHLB = Federal Home Loan Bank
FHLMC = Federal Home Loan Mortgage Company
FNMA = Federal National Mortgage Association

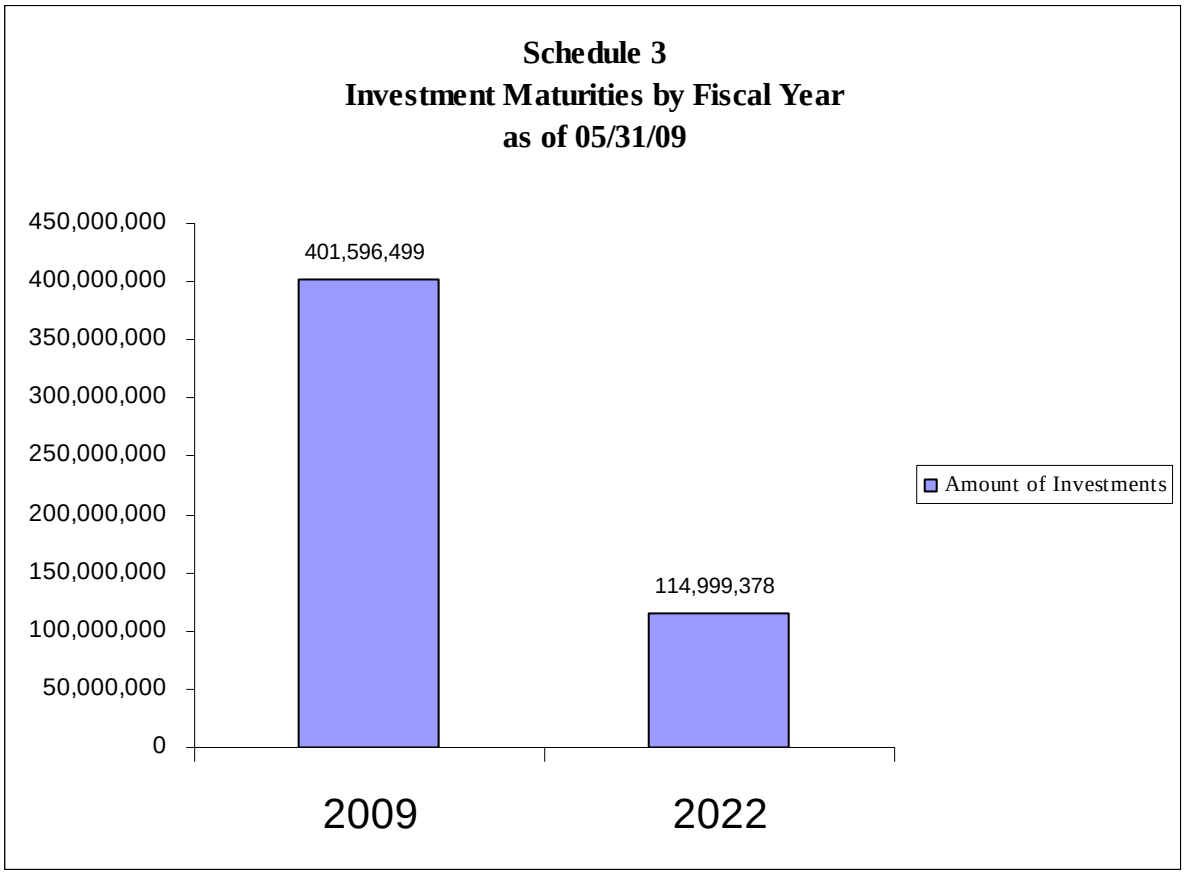
Schedule 2:
History of Interest Rates



Schedule 3

Texas Department of Transportation
Central Texas Turnpike System
Investment Maturities by Fiscal Year

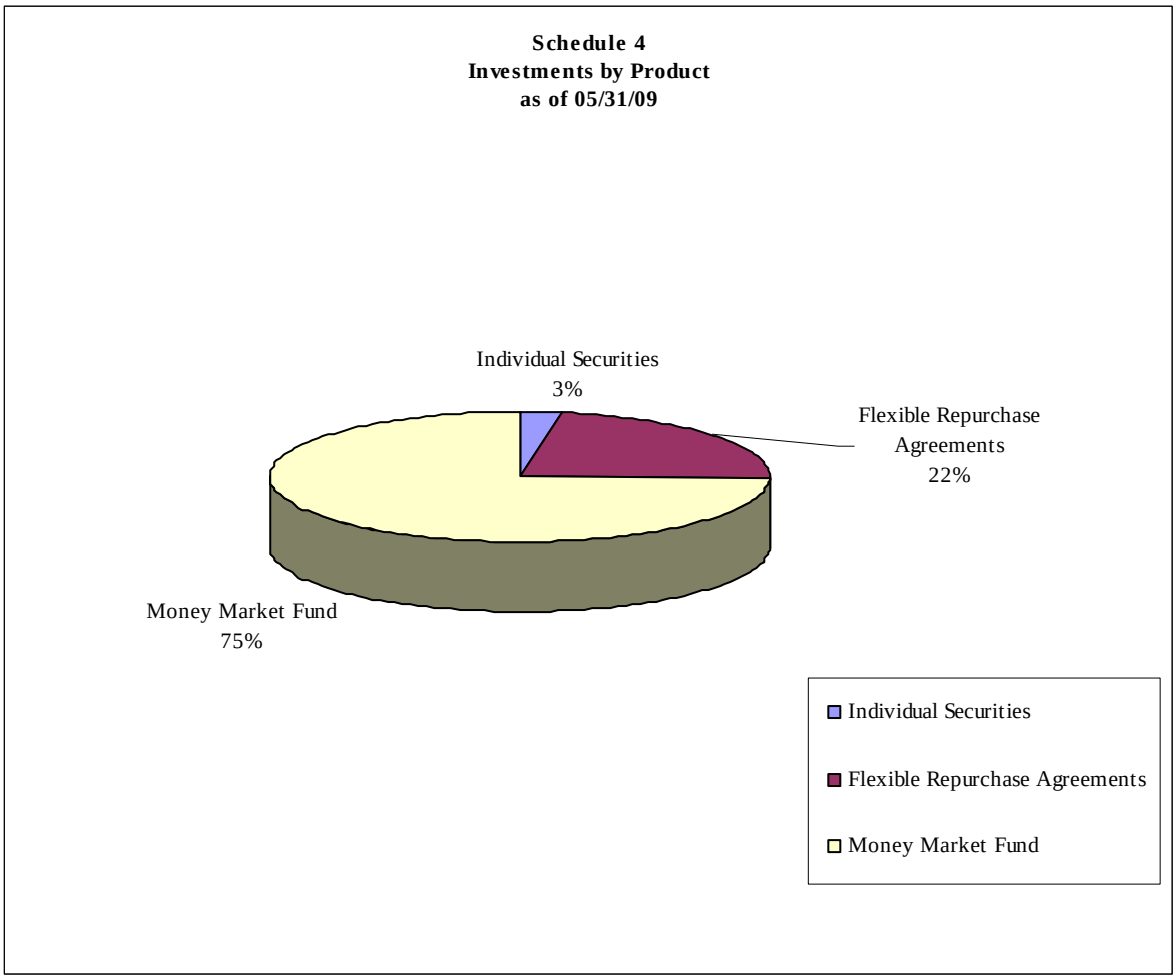
Total Investments at Fair Value - Maturity by Fiscal Year	**05/31/2009**
	Fair Value
2009	401,596,499
2022	114,999,378
TOTAL INVESTMENTS - ALL FUNDS	516,595,877



Schedule 4

Texas Department of Transportation
Central Texas Turnpike System
Investments by Product

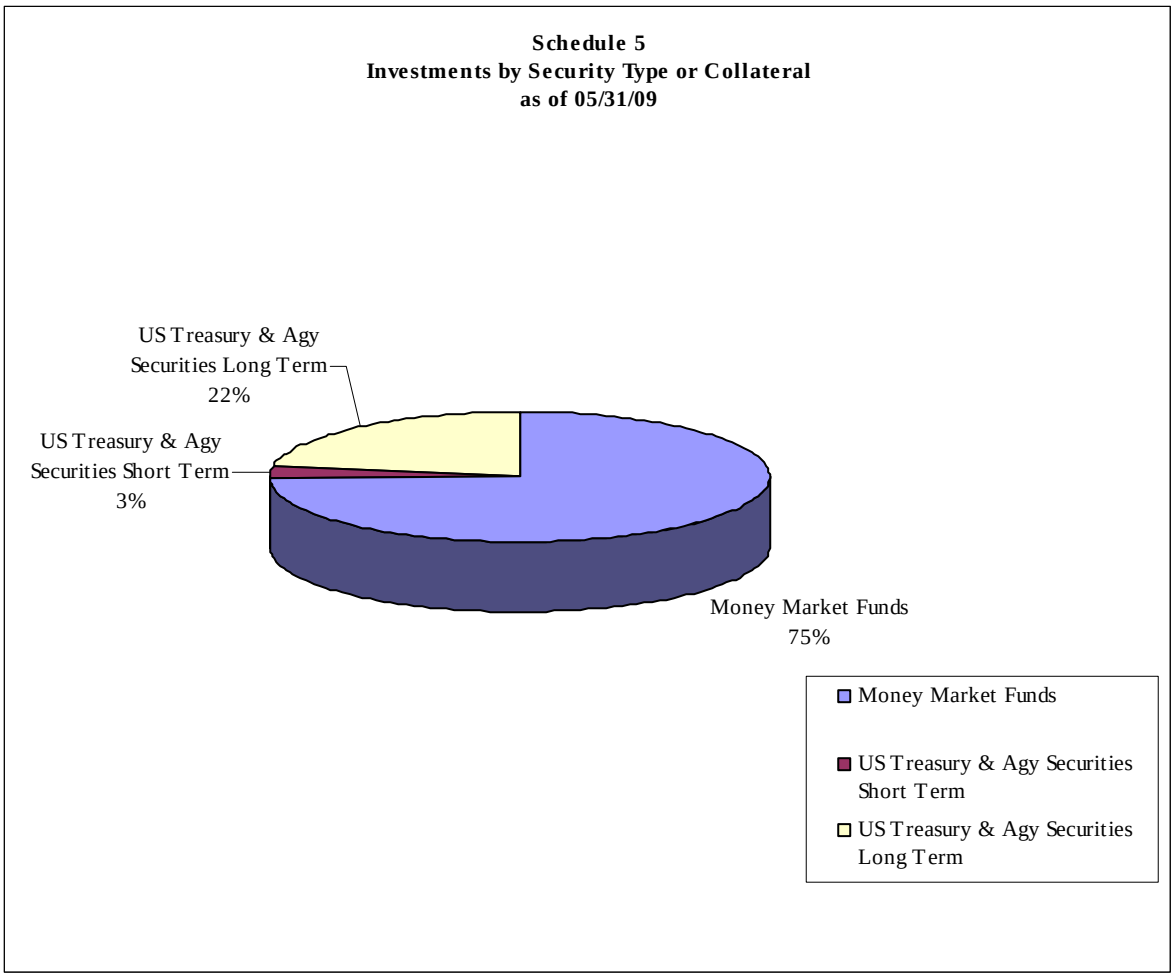
Investment Product	5/31/2009 Fair Value
Individual Securities	14,981,106
Flexible Repurchase Agreements	114,999,378
Money Market Fund	386,615,393
	516,595,877



Schedule 5

Texas Department of Transportation
Central Texas Turnpike System
Investments by Security Type or Collateral

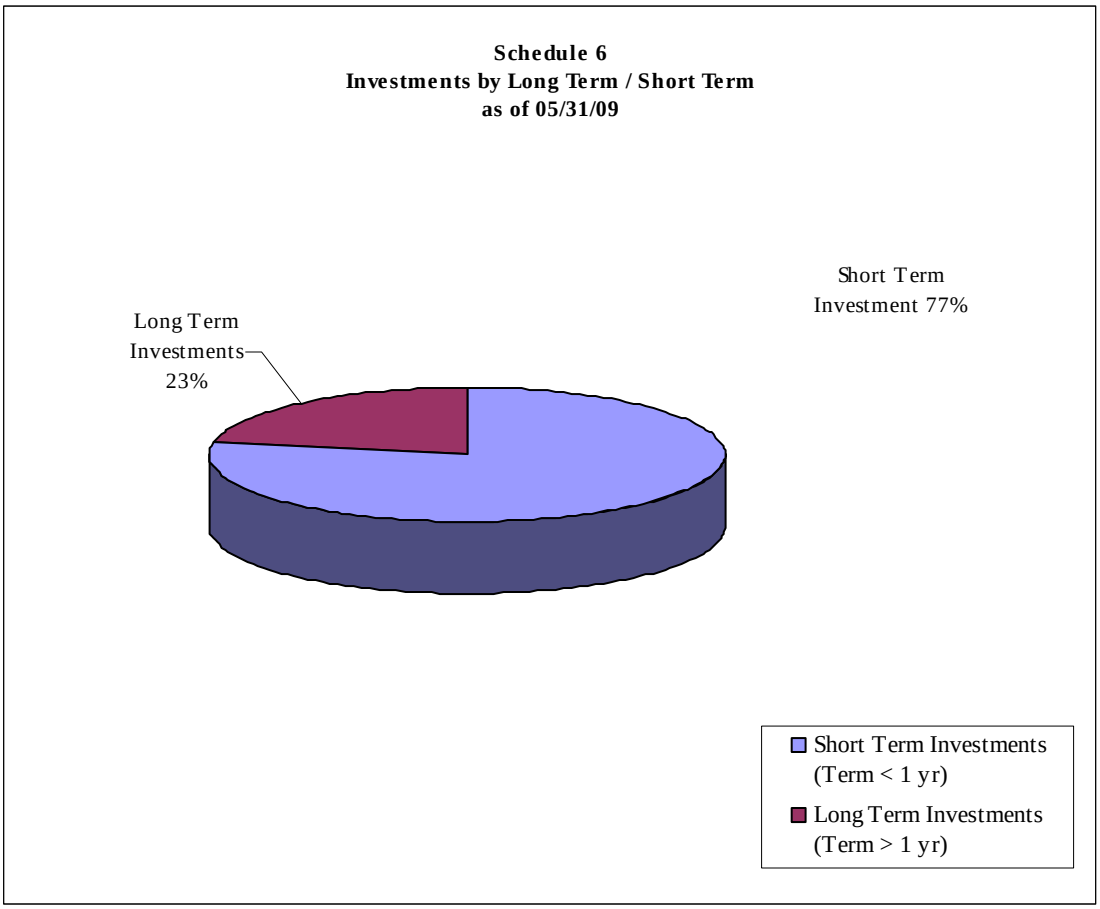
Security Type/Collateral	05/31/2009 Fair Value
Money Market Funds	386,615,393
US Treasury & Agy Securities Short Term	14,981,106
US Treasury & Agy Securities Long Term	114,999,378
	516,595,877



Schedule 6

Texas Department of Transportation
Central Texas Turnpike System
Investments by Long Term/Short Term

Maturity	**05/31/2009 Fair Value**
Short Term Investments (Term < 1 yr)	401,596,499
Long Term Investments (Term > 1 yr)	114,999,378
	516,595,877



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