TEXAS TRANSPORTATION COMMISSION

VARIOUS Counties

MINUTE ORDER

VARIOUS Districts

Government Code, Chapter 2256 (Public Funds Investment Act) authorizes the Texas Transportation Commission (commission) to purchase, sell, and invest its funds and funds under its control in investments authorized under the Public Funds Investment Act, in accordance with investment policies approved by the commission.

Government Code, §2256.005 requires the commission to adopt a written investment policy regarding the investment of its funds and funds under its control, including a separate written investment strategy for each of the funds or group of funds under its control, and to designate one or more officers or employees of the Texas Department of Transportation (department) as investment officer to be responsible for the investment of funds consistent with the investment policy.

Pursuant to this legislation and as documented in Minute Order 108970, dated July 25, 2002, the commission approved and adopted a written investment policy and investment strategy applicable to funds of the commission held under the Indenture of Trust dated July 15, 2002, securing the outstanding bonds, notes, and other obligations issued by the commission to finance a portion of the cost of the initial phase of the Central Texas Turnpike System, also known as the 2002 Project. The commission has also approved and adopted a written investment policy and investment strategy applicable to funds in the prepaid TxTag custodial account under the Master Lockbox and Custodial Account Agreement by and between the Bank of New York Mellon Trust Company, N.A., as custodian, and the department.

The commission has designated the department's Chief Financial Officer and Innovative Financing/Debt Management Officer as investment officers. The Chief Financial Officer is primarily responsible for the execution of investment strategy and activities on a daily basis. However, in his/her absence, the Department's Innovative Financing/Debt Management Officer, or a designee of any of the investment officers (as evidenced in a delegation memorandum) shall perform these duties and responsibilities.

Pursuant to Government Code §2256.005(e) and Section 20 of the investment policy, the investment policy and investment strategies of the commission have been reviewed and revised annually by minute order since 2003, most recently by Minute Order 114360, dated August 27, 2015.

Government Code, §2256.023 requires the designated investment officer to prepare and submit to the commission and the executive director, not less than quarterly, a written report of investment transactions for all funds covered by the Public Funds Investment Act for the preceding reporting period. The report must describe in detail the investment position of the department on the date of the report, and must be prepared jointly and signed by each investment officer.

Section 9.0 of the investment policy requires the investment officer to prepare and submit to each member of the commission and the executive director of the department an investment report on no less than a quarterly basis. The report must be prepared in accordance with the requirements of that section, including containing sufficient information to provide for a comprehensive review of investment activity and current investment instruments and performance for the reporting period. A quarterly investment report for the department for the period ending November 30, 2015, attached as Exhibit A, has been prepared in accordance with Government Code §2256.023 and Section 9.0 of the investment policy.

IT IS THEREFORE ORDERED by the commission that the quarterly investment report attached as Exhibit A is accepted.

Submitted and reviewed by:

Interim Chief Financial Officer

Recommended by:

Executive Director

114471 JAN 28 16

Minute Number

Date Passed

Texas Transportation Commission

Quarterly Investment Report

November 30, 2015

Exhibit A

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MANAGEMENT'S CERTIFICATION OF THE QUARTERLY INVESTMENT REPORT

I certify that I have reviewed the Quarterly Investment Report as of and for the period ending November 30, 2015 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.

4. The Investment Report is formally reviewed in compliance with the annual audit of the Central Texas Turnpike System financial statements. An independent accountant's report on agreed-upon procedures to review management's compliance with the Public Funds Investment Act is conducted annually. The report is presented to the Commission.

James Bass
Executive Director
Investment Officer

Benjamin H. Asher
Interim Chief Financial Officer
Investment Officer

2002 PROJECT OF THE CENTRAL TEXAS TURNPIKE SYSTEM

MANAGEMENT DISCUSSION

During the reporting period, all investment funds of the Texas Transportation Commission (Commission) were associated with the Central Texas Turnpike System (the System) obligations. The investments are held by The Bank of New York Mellon, acting as trustee. The funding of investments includes bond proceeds, capital contributions for the purpose of financing the 2002 Project of the System, revenues derived from operation of the System's toll roads and related investment earnings.

Suitable investments have been determined using the following criteria and priorities pursuant to the Commission's investment policy and the investment strategy relating to the System:

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 instruments described in Schedule 1 are in compliance with the Public Funds Investment Act, investment policy and strategy of the Commission.

INVESTMENT ACTIVITY

Interest and Investment Income for the quarter: $1,783,486: yield 1.25%.

Schedule 1 outlines all investments outstanding for the quarter ending November 30, 2015. The Guaranteed investment Contract is intended to be held to the maturity date of August 15, 2022.

CURRENT STRATEGY

Due to historically low interest rates, our strategy has been to limit our investments to a maturity of less than one year. This approach will enable us to obtain a higher return when, as expected, the Federal Reserve increases the Federal Funds interest rate. Our strategy, however, will remain guided by the following principles: safety of principal, liquidity, and yield, in that order.

CURRENT MARKET CONDITIONS

3-Month Treasury:	0.13%
2-Year Treasury:	0.88%
10-Year Treasury:	2.26%
Discount Rate:	0.75%

U.S. Treasury yields reflect monthly averages for November 2015 as posted by the Federal Reserve.
Schedule 2 presents the U.S. Treasury Historical Yields.

TEXAS DEPARTMENT OF TRANSPORTATION
CENTRAL TEXAS TURNPIKE SYSTEM
SCHEDULE 1
Investments Outstanding
Book Value to Fair Value Comparison
November 30, 2015

Interest and Investment Income	1,783,486
Yield for Quarter	1.25%

Description	Yield	Maturity Date	November 30, 2015 Book Value	Fair Value [1]
Money Market Investments				
JP Morgan Govt MMKT Fund	0.010%		$ 57,683,092	$ 57,683,092
Morgan Stanley Govt MMKT Fund	0.040%		$ 37,320,046	$ 37,320,046
U.S Government Securities				
U.S. Treasury Note	0.322%	Apr-16	$ 25,005,472	$ 25,005,472
U.S. Treasury Note	0.361%	Jul-16	$ 20,277,344	$ 20,123,400
U.S. Treasury Notes	0.593%	Nov-16	$ 14,985,352	$ 14,967,150
U.S. Agency Note	0.800%	May-17	$ 10,000,000	$ 10,008,900
U.S. Agency Discount Note	0.160%	Feb-16	$ 28,891,394	$ 28,891,394
Lone Star Investment Pool [2]				
Government Overnight Fund	0.094%		$ 77,217,415	$ 77,217,415
TexPool [2]				
Local Government Investment Pool	0.120%		$ 66,866,485	$ 66,866,485
Prime	0.183%		$ 87,111,751	$ 87,111,751
Guaranteed Investment Contract [3]				
Citigroup Global Markets Inc. GIC (CUSIP S86538450)	5.20%	Aug-22	$ 114,999,379	$ 114,999,379
Funds Held by State Highway Fund				
Operating, Maint. and Reserve Maint.	0.60%		$ 43,778,506	$ 43,778,506
			$ 584,136,236	$ 583,972,990

Notes:

[1] For the quarter, ($75,800) was booked for changes in the Fair Value of investments. All investments are intended to held to maturity.

[2] These local government investment pools seek to maintain a one dollar per share as required by the Texas Public Funds Investment Act.

[3] This security was purchased under the terms of a forward purchase agreement that was executed in August 2002 at rates that were currently available at that time.

"Weighted average yield to maturity" is the portfolio performance measurement standard.
Yields and fair values as reported on monthly account statements.
Totals may not add due to rounding.

Schedule 2
U.S. Treasury Historical Yields

SCHEDULE 3
Allocation by Account
Quarters Ending August and November, 2015

8/31/2015

Description	Revenue Fund	1st Tier Interest Account A	1st Tier Principal Account	1st Tier Debt Service Reserve	2nd Tier Interest	2nd Tier Debt Service Reserve	Rate Stabilization Fund	Capital Contributions Account	Reserves held by SHF	Portfolio Total
JP Morgan Govt MMKT Fund	$	24,610,429	872,612	9,955,461			150,000	3,410,532		$ 38,999,034
Morgan Stanley Govt MMKT Fund					28,935,781	52,246,023				81,181,805
U.S. Treasury Notes							20,198,000			20,198,000
U.S. Govt Agency Securities							9,991,900			9,991,900
Lonestar Govt Overnight Fund							12,644,160	64,555,749		77,199,909
TexPool Fund							2,247,914	64,602,343		66,850,257
TexPool Prime Fund							22,462,211	64,612,858		87,075,069
Guaranteed Investment Contract				114,999,379						114,999,379
Reserves Held by SHF									43,729,769	43,729,769
Totals	$ -	24,610,429	872,612	124,954,840	28,935,781	52,246,023	67,694,185	197,181,482	43,729,769	$ 540,225,122

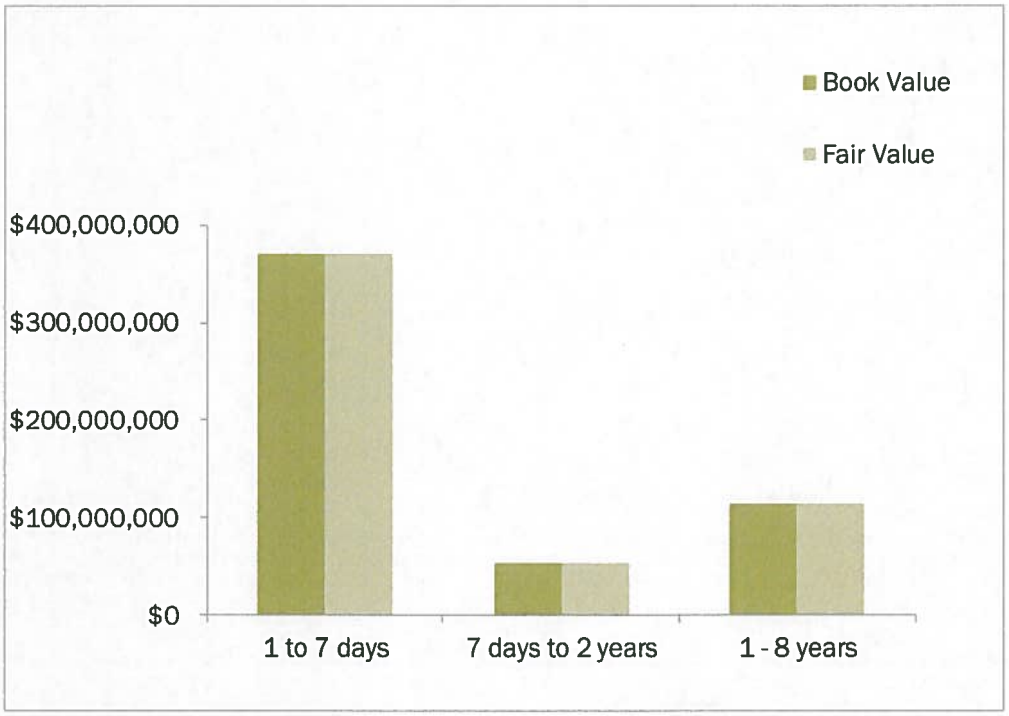
11/30/2015

Description	Revenue Fund	1st Tier Interest Account	1st Tier Principal Account	1st Tier Debt Service Reserve	2nd Tier Interest	2nd Tier Debt Service Reserve	Rate Stabilization Fund	Capital Contributions Account	Reserves held by SHF	Portfolio Total
JP Morgan Govt MMKT Fund	18,662,330	24,611,008	872,665	9,955,723			190,004	3,391,362		57,683,092
Morgan Stanley Govt MMKT Fund					49,780	37,270,267				37,320,046
U.S. Treasury Notes	25,005,472					14,967,150	20,123,400			60,096,022
U.S. Govt Agency Securities							10,008,900			10,008,900
U.S. Govt Agency Discount Notes					28,891,394					28,891,394
Lonestar Govt Overnight Fund							12,647,027	64,570,388		77,217,415
TexPool Fund							2,248,460	64,618,025		66,866,485
TexPool Prime Fund							22,471,673	64,640,078		87,111,751
Guaranteed Investment Contract				114,999,379						114,999,379
Reserves Held by SHF									43,778,506	43,778,506
Totals	$ 43,667,803	24,611,008	872,665	124,955,102	28,941,174	52,237,417	67,689,464	197,219,852	43,778,506	$ 583,972,990

Note [A] - In August, $64.3 million in debt service was paid
Fair Values as reported on monthly acc
Totals may not add due to rounding.

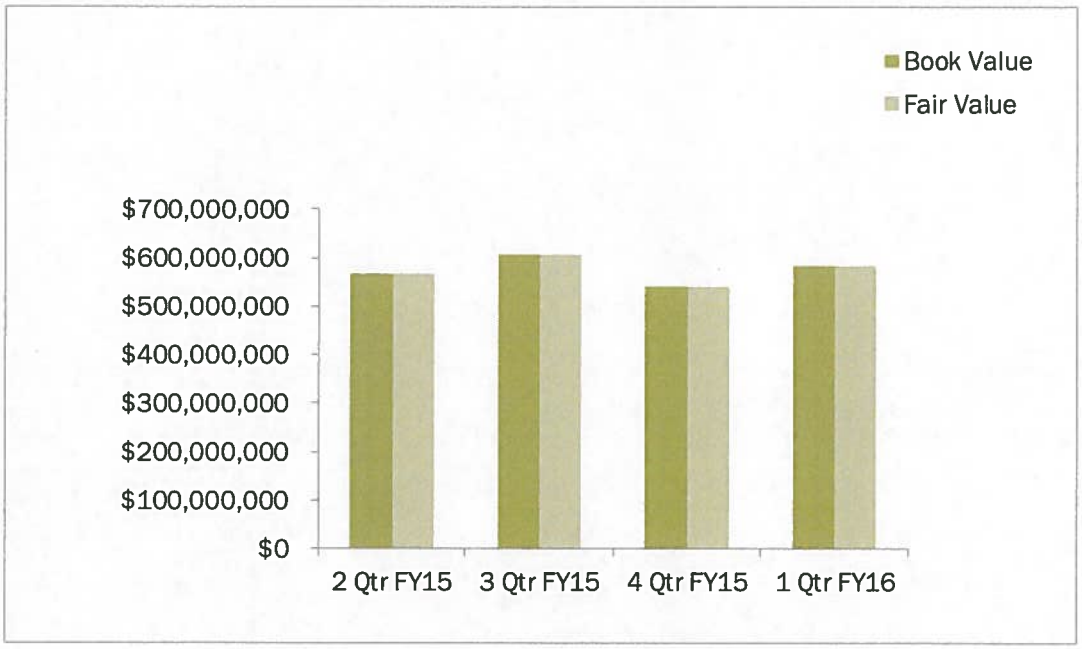
SCHEDULE 4
Maturity Distribution
November 30, 2015

Maturity Date	Book Value	Fair Value
1 to 7 days	$369,977,295	$369,977,295
7 days to 2 years	$53,896,867	$53,896,867
1 - 8 years	114,999,379	114,999,379
Total Investments	**$538,873,540**	**$538,873,540**



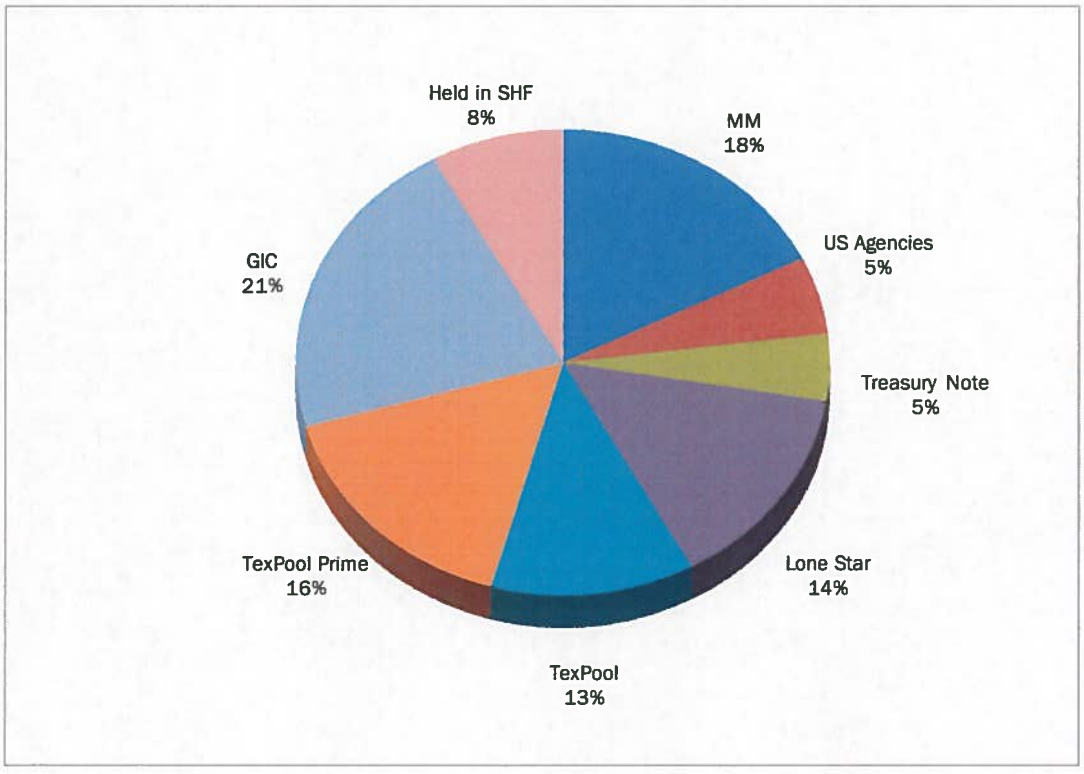
SCHEDULE 5
Investment Portfolio Quarter End Values
November 30, 2015

Quarter End Values	Book Value	Fair Value
2 Qtr FY15	566,997,802	566,997,910
3 Qtr FY15	607,825,833	607,822,306
4 Qtr FY15	540,225,122	540,225,122
1 Qtr FY16	584,136,236	583,972,990



SCHEDULE 6
Investments by Security Type
November 30, 2015

Security Type	Fair Value
Money Market Investments	$95,003,139
US Government Agency Securities	28,891,394
US Treasury Notes	25,005,472
Lone Star Government Overnight Fund	77,217,415
TexPool Local Government Investment Pool	66,866,485
TexPool Prime	87,111,751
Guaranteed Investment Contract (GIC)	114,999,379
Operating, Maint. and Reserve Maint. held in SFH	43,778,506
Total Investments	**$538,873,540**



PRE-PAID TX TAG ACCOUNT

MANAGEMENT DISCUSSION

During the investment policy update in August 2015, the Texas Transportation Commission (Commission) adopted an investment strategy for the Pre-paid Tx Tag account held by The Bank of New York Mellon, acting as custodian.

Suitable investments have been determined using the following criteria and priorities pursuant to the Commission's investment policy and the investment strategy relating to the System:

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.

Investments in this portfolio are restricted to:

1) US Treasury and other government obligations that carry the full faith and credit guarantee of the United States for the payment of principal and interest.
2) Federal Agency or U.S. government sponsored enterprises (GSE) obligations, participations or other instruments.
3) Securities and Exchange Commission registered money market funds.

Further restrictions on the portfolio include:

1) Only 20% of the Custodial Account can be investment with a final maturity not to exceed two years from the date of purchase
2) Maximum weighted average maturity for the investments may not exceed 240 days at any time.

The investment instruments described in Schedule 1 are in compliance with the Public Funds Investment Act, investment policy and strategy of the Commission.

INVESTMENT ACTIVITY

Interest and Investment Income for the quarter: $ 3,434: yield 0.06%. Investment purchases began in mid-October. Schedule 1 outlines all investments outstanding for the quarter ending November 30, 2015.

CURRENT STRATEGY

Invest the portfolio for diversification into 6-9 month maturity sector. Our strategy, however, will remain guided by the following principles: safety of principal, liquidity, and yield, in that order.

CURRENT MARKET CONDITIONS

3-Month Treasury:	0.13%
6-Month Treasury:	0.33%
1-Year Treasury:	0.48%
2-Year Treasury:	0.88%

U.S. Treasury yields reflect monthly averages for November 2015 as posted by the Federal Reserve.

TEXAS DEPARTMENT OF TRANSPORTATION
PRE-PAID TX TAG ACCOUNT
SCHEDULE 1
Investments Outstanding
Book Value to Fair Value Comparison
November 30, 2015

Interest and Investment Income	3,434
Yield for Quarter	0.06%

Description	Yield	Maturity Date	November 30, 2015 Book Value	Fair Value [1]
Money Market Investments				
BNY Mellon Cash Reserve Fund	0.010%		$ 13,442,796	$ 13,442,796
U.S Government Securities				
U.S. Treasury Note	0.203%	May-16	$ 6,001,292	$ 6,001,292
U.S. Agency Discount Note	0.190%	Mar-16	$ 5,996,612	$ 5,996,612
			$ 25,440,701	$ 25,440,701

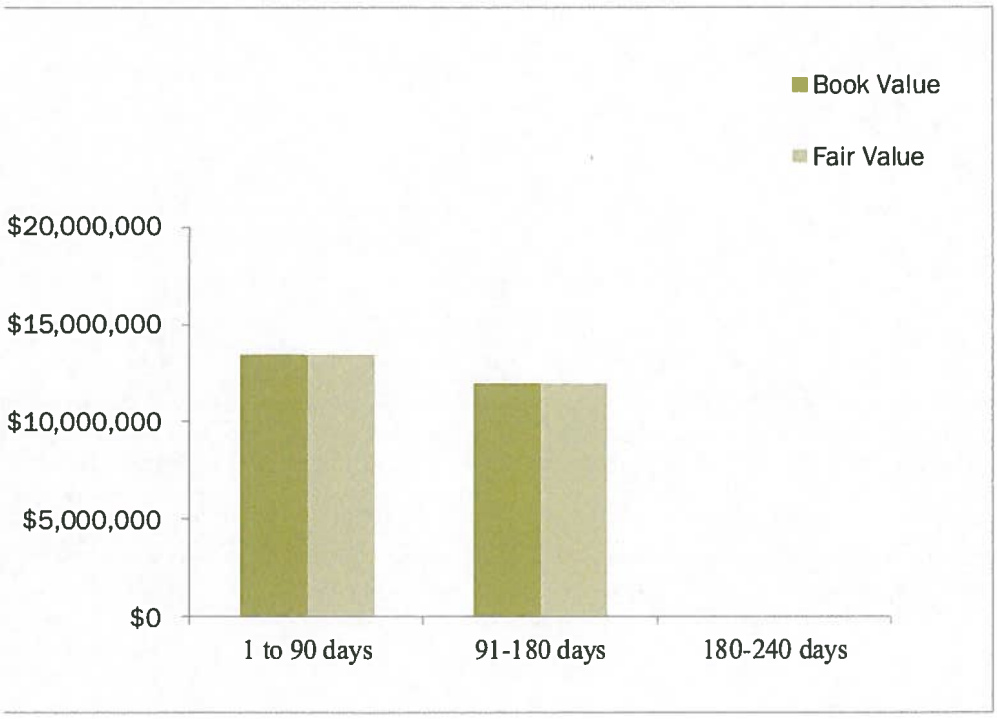
Notes:

[1] For the quarter, ($0) was booked for changes in the Fair Value of investments. All investments are intended to held to maturity.

"Weighted average yield to maturity" is the portfolio performance measurement standard.
Yields and fair values as reported on monthly account statements.
Totals may not add due to rounding.

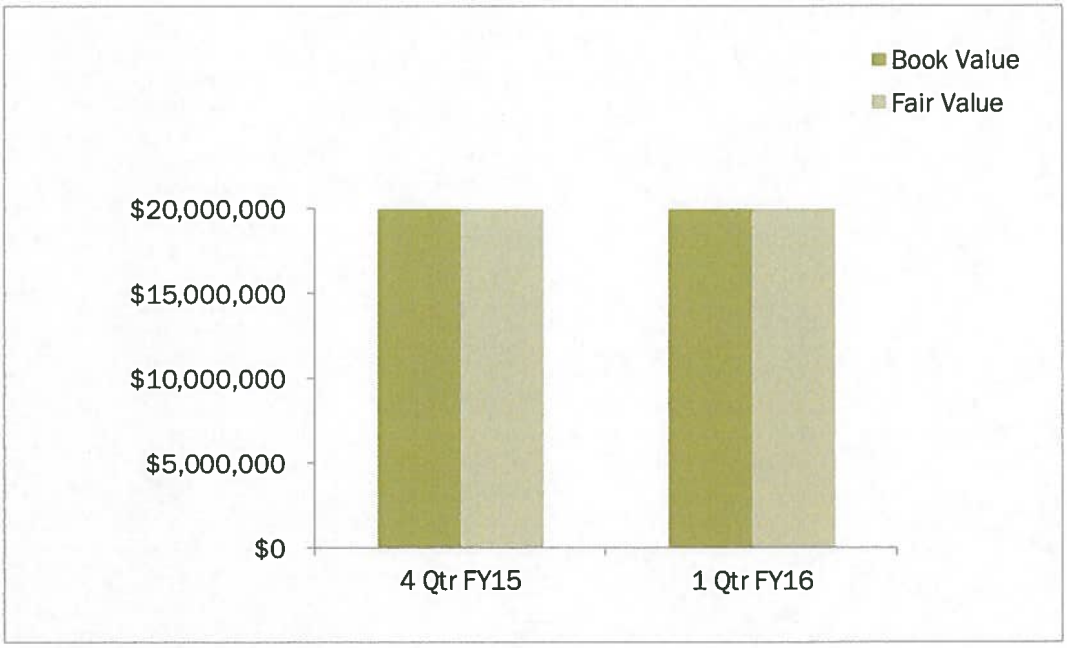
SCHEDULE 2
Maturity Distribution
November 30, 2015

Maturity Date	Book Value	Fair Value
1 to 90 days	$13,442,796	$13,442,796
91-180 days	$11,997,904	$11,997,904
180-240 days	0	0
Total Investments	**$25,440,701**	**$25,440,701**

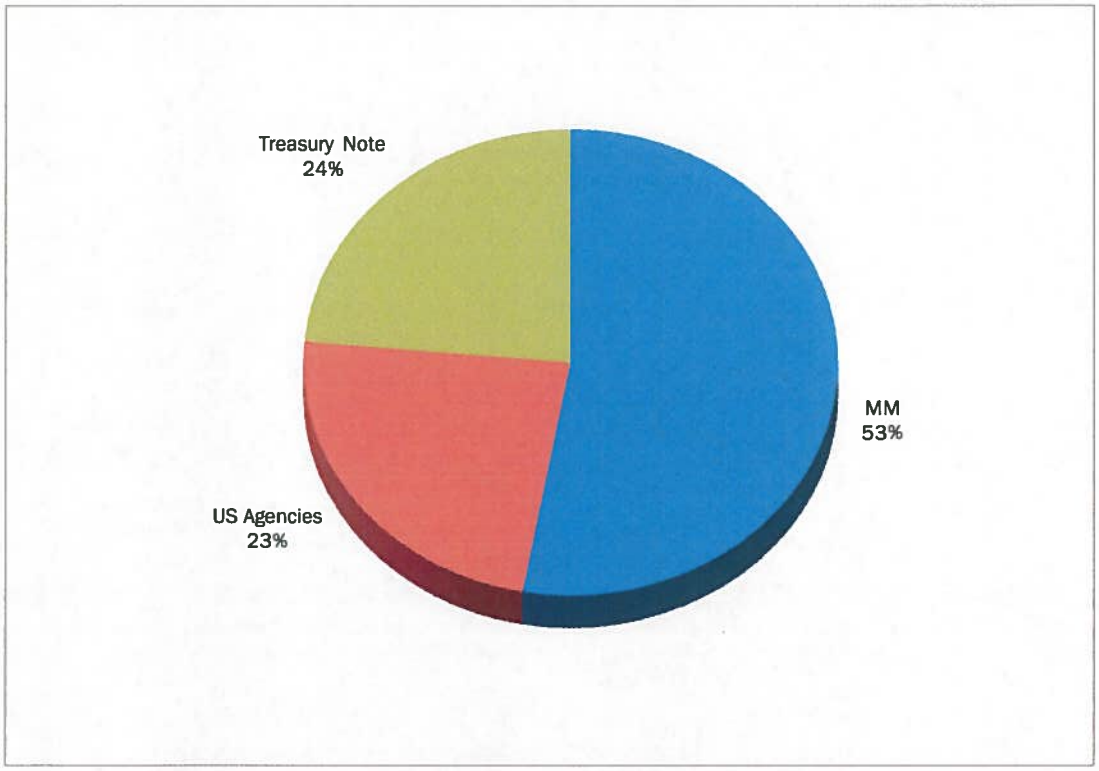


SCHEDULE 3
Investment Portfolio Quarter End Values
November 30, 2015

Quarter End Values	Book Value	Fair Value
4 Qtr FY15	23,704,464	23,704,464
1 Qtr FY16	25,440,701	25,440,701



Strategy for this portfolio was authorized in August 2015

SCHEDULE 4
Investments by Security Type
November 30, 2015

Security Type	Fair Value
Money Market Investments	$13,442,796
US Government Agency Securities	5,996,612
US Treasury Notes	6,001,292
Total Investments	**$25,440,701**