

# **CAMINO REAL REGIONAL MOBILITY AUTHORITY BOARD RESOLUTION**

**WHEREAS**, the Camino Real Regional Mobility Authority (CRRMA) submitted a Request for Financial Assistance for a Tolled Facility to the Texas Department of Transportation (TxDOT) for the operations and maintenance funds necessary for the early years of the Loop 375 César Chávez – Border Highway Managed Lanes Project (Project);

**WHEREAS**, on June 27, 2013, the Texas Transportation Commission of TxDOT provided final approval to the CRRMA for the requested financial assistance, thereby providing access to \$9,400,000 that would be used to pay for the operations and maintenance costs of the Project in excess of toll revenues generated in the early years of operation; and

**WHEREAS**, the contemplated financial assistance agreement also consolidates two prior loans with the repayment of the requested operations and maintenance funds, which simplifies the repayments required of the CRRMA for the various financial assistance agreements entered into between the parties for the Project and both parties therefore desire to enter into the new Financial Assistance Agreement for the Project;

**NOW, THEREFORE, BE IT RESOLVED BY THE CAMINO REAL REGIONAL MOBILITY AUTHORITY:**

**THAT** the Executive Director be authorized to execute a Financial Assistance Agreement in the amount of \$9,400,000 with the Texas Department of Transportation in relation to the operations and maintenance of the Loop 375 César Chávez – Border Highway Managed Lanes Project.

**PASSED AND APPROVED THIS 10<sup>TH</sup> DAY OF JULY 2013.**

**CAMINO REAL REGIONAL  
MOBILITY AUTHORITY**

**ATTEST:**

\_\_\_\_\_  
Scott McLaughlin, Chair

\_\_\_\_\_  
Susan A. Melendez, Board Secretary

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
Raymond L. Telles  
Executive Director

FINANCIAL ASSISTANCE AGREEMENT  
LOOP 375 CÉSAR CHÁVEZ  
BORDER HIGHWAY MANAGED LANES  
PROJECT

This financial assistance agreement ("Agreement") is made by and between the Texas Department of Transportation, an agency of the State of Texas and any successor to its duties and functions related to this Agreement ("TxDOT"), and the Camino Real Regional Mobility Authority, a political subdivision ("Authority"), for the purpose of providing financial assistance in connection with the development, operation, and maintenance of certain toll facilities.

RECITALS

The parties acknowledge the following:

A. The Authority is a regional mobility authority formed pursuant to Chapter 370 of the Transportation Code and 43 Tex. Admin. Code § 26.1 *et seq.*

B. The Authority's goals are to improve mobility by implementing projects within the El Paso region, such as those proposed by the 2008 Comprehensive Mobility Plan, including the Southern Corridor Projects, comprising four distinct toll projects along Loop 375 and IH-10, and the Northeast Parkway Toll Project for a total of five toll projects.

C. TxDOT, pursuant to Article III, Section 52-b of the Texas Constitution and Tex. Trans. Code § 222.103, is authorized to participate, through the expenditure of money from any source, in the acquisition, construction, maintenance, or operation of a toll facility.

D. TxDOT has adopted rules at 43 Tex. Admin. Code Chapter 27, Subchapter E ("Toll Equity Rules") setting forth the policies and procedures by which it will participate in the financing of a toll facility.

E. On June 14, 2007, the Texas Transportation Commission ("Commission") adopted Minute Order No. 110964 which approved a list of 12 candidate projects for development, construction, and operation as toll projects, and authorized the initiation of the process for establishing terms and conditions for the development of market valuations for those projects. The Commission subsequently amended the list of projects by Minute Order No. 110974, dated June 28, 2007. Among the projects on the amended list is the Loop 375, César Chávez – Border Highway project ("Project"), consisting of the construction of two tolled lanes (one managed lane in each direction) (hereinafter "Managed Lanes"), and the reconstruction of the existing non-tolled facility (four general purpose lanes, two in each direction), for approximately 8.9 miles, from just east of US 54 to just west of Zaragoza Road.

F. On August 27, 2007, by Minute Order 111070, the Commission authorized an interest-free loan to the Authority in the amount of \$330,000 to be used to pay, among other things,

the costs of independent financial, engineering, and other advisors necessary for the evaluation of and negotiation with TxDOT of the 12 candidate toll projects described in Attachment A hereto, including the Managed Lanes) (the “Candidate Toll Projects”). On September 27, 2007, TxDOT and the Authority entered into a financial assistance agreement memorializing the terms and conditions of the \$330,000 loan, which required repayment by the Authority from the toll revenues of any of the 12 candidate toll projects, including the Managed Lanes (hereinafter “2007 FAA”).

G. On March 26, 2009, the Commission adopted Minute Order No. 111743, approving an interest-free loan to the Authority in the amount of \$1.1 million to be used to pay the costs of project management, data collection and evaluation, and preparation of a regional toll plan for five toll projects, including the Managed Lanes (each a “Toll Project”, collectively, the “Toll Projects”). On April 2, 2009, TxDOT and the Authority entered into a financial assistance agreement which memorialized the terms and conditions of the \$1.1 million loan and required repayment by the Authority from toll revenues generated by any opened Toll Project for the portion of loan proceeds that was used on such opened Toll Project (the “2009 FAA”). Of the total \$1.1 million loaned, \$343,594.59 was spent on the Managed Lanes and is therefore subject to repayment from toll revenues of the Managed Lanes. The \$343,594.59 portion of the 2009 FAA spent on the Managed Lanes, collectively with the \$330,000 disbursed under the 2007 FAA, are referred to as the “Pre-Development Loans”.

H. On June 4, 2009, the Federal Highway Administration (“FHWA”), the Authority, and TxDOT entered into an agreement under 23 U.S.C. Section 129(a) concerning federal participation in the initial construction of a toll highway (the “Section 129 Agreement”). Under the Section 129 Agreement, FHWA authorized the use of federal funds for the Project including the Managed Lanes, required certain annual certifications regarding maintenance of the Project, and authorized the use by the Authority of excess toll revenues for any purpose for which federal funds can be obligated by the State under Title 23, United States Code.

I. On July 29, 2010, the Commission Minute Order No. 112349 approved the Authority’s proposal to develop the Project as improvements to the state highway system. The order also approved the Authority’s application for financing in the amount of \$80.25 million, in the form of equity, and authorized TxDOT to enter into a project development agreement with the Authority.

J. On April 18, 2011, TxDOT and the Authority executed an Amended and Restated Market Valuation Agreement for the Loop 375 César Chávez – Border Highway Managed Lanes Project (the “Market Valuation Agreement”), which, among other things: (1) waived the requirements under Tex. Trans. Code §228.0111 to develop a market valuation for the Project and (2) set forth the terms and conditions for the development, construction, and operation of the Project. On April 13, 2011, the Authority’s Board of Directors passed a resolution by which the Authority exercised its option to develop the Managed Lanes, subject to the Authority’s right to rescind its decision prior to the date the Managed Lanes open to traffic.

K. On March 7, 2012, TxDOT and the Authority entered into the “Project Development Agreement – Loop 375 César Chávez – Border Highway Managed Lanes Project” (“Project Development Agreement”) under which TxDOT agreed to develop, design, and construct the Project on behalf of the Authority, and to operate and maintain the non-tolled portion of the

Project. Also pursuant to the Project Development Agreement, the Authority agreed to design, construct, and install the tolling improvements, and to operate and maintain the Managed Lanes, subject to the Authority's right to rescind its option to do so prior to the opening date of the Managed Lanes.

L. Also on March 7, 2012, TxDOT and the Authority executed a Second Amended and Restated Financial Assistance Agreement (hereinafter "2012 FAA") by which TxDOT agreed to provide a grant to the Authority in an amount not to exceed \$80.25 million to be used for the procurement, design, and construction of the Project. The 2012 FAA imposes certain obligations on the Authority with respect to the assets of the Project, and requires that the Authority use any surplus revenue from the Project to pay the costs of other transportation projects, as authorized by Tex. Trans. Code §370.174(b).

M. In [July] of 2013, TxDOT and the Authority executed a Project Operating Agreement - Loop 375 César Chávez Border Highway Managed Lanes Project pursuant to the provisions of the Project Development Agreement.

N. As the Authority has exercised its right to primacy as to the operation and maintenance of the Managed Lanes and will require financial assistance to pay operation and maintenance costs of the Managed Lanes until toll revenues are sufficient to cover those costs, the Authority submitted a request to TxDOT for a toll equity loan of up to \$9.4 million. The information and data required by 43 TAC §27.53(b) is either contained in the request for financing, in the petition for authorization to form the Authority filed with TxDOT on January 27, 2009, or is already in TxDOT's possession.

O. By Minute Order 113533 adopted on March 28, 2013, it was determined that the request for financial assistance submitted by the Authority met the applicable requirements of 43 TAC §§ 27.53 and 27.54(a) and, in accordance with those provisions, the Commission granted preliminary approval of the request for financing in an amount not to exceed \$9.4 million to cover certain operation and maintenance expenses of the Managed Lanes.

P. On June 27, 2013, the Commission adopted Minute Order 113622 (the "Minute Order"), providing final approval for a toll equity loan for the Authority in a principal amount not to exceed \$9.4 million to pay those operation and maintenance costs of the Managed Lanes that are in excess of toll revenues in any given fiscal year (the "O&M Loan"), with interest to be paid as a flat fee of \$6 million, all as further described herein.

Q. As the terms of the Pre-Development Loans require the Authority to begin making annual repayments of certain amounts due thereunder from toll revenues from certain toll projects, including the Managed Lanes, the Minute Order also authorized the consolidation of the Pre-Development Loans with the O&M Loan to allow for a more efficient administration and accounting of loan repayments due from toll revenues of the Managed Lanes.

## AGREEMENT

In light of the foregoing recitals, and for good and other valuable consideration, the parties agree as follows:

1. Definitions. As used in this Agreement:

(a) “Budget” means the annual budget for O&M Costs (“Budgeted O&M Costs”) for the upcoming Fiscal Year and the updated forecast of toll revenues provided to TxDOT, such budget and cash flows to be in a form and in sufficient detail as may be reasonably requested by TxDOT.

(b) “Candidate Toll Projects” has the meaning assigned in the recitals hereto.

(c) “Consolidated Loan” means the amount of \$673,594.59 due under the Pre-Development Loans and the amount disbursed hereunder as the O&M Loan, such Consolidated Loan to be for a maximum aggregate principal amount of \$10,073,594.59.

(d) “Effective Date” means the date on which the last party to execute this Agreement does so.

(e) “Fiscal Year” means the Authority’s fiscal year starting on September 1 and ending on August 31 of each year.

(f) “IFDMO” means TxDOT’s Innovative Financing/Debt Management Office or any office or division of TxDOT that assumes the responsibilities of IFDMO.

(g) “Managed Lanes” has the meaning assigned in the recitals hereto.

(h) “Net Revenues” means the toll revenue received from operation of the Managed Lanes in any Fiscal Year that is in excess of the actual O&M Costs incurred in the same Fiscal Year.

(i) “O&M Costs” shall mean the operation and maintenance costs of the Managed Lanes.

(j) “O&M Loan Disbursement” means the annual disbursement of a portion of the O&M Loan made to the Authority by IFDMO pursuant to Schedule 1 attached hereto as may be revised pursuant to the terms hereof.

(k) “Opening Date” is the date all or a portion of the Managed Lanes and all or a portion of the Non-Tolled Lanes are open to traffic.

(l) “Toll Project” and “Toll Projects” have the meanings assigned in the recitals hereto.

## 2. Pre-Development Loans.

(a) TxDOT and the Authority hereby stipulate that the full amount available to the Authority under the Pre-Development Loans has been disbursed to the Authority, and that the amount due under the terms of the Pre-Development Loans as of the Effective Date is a total of \$673,594.59. That amount represents the consolidated amount outstanding (recognizing that only the \$343,594.59 portion of the 2009 FAA amount is to be repaid from Net Revenues), and the Authority is not required to pay interest on such amount. The Authority's financial obligation to repay the amount due on the Pre-Development Loans without interest is incorporated herein, such amount to be repaid pursuant to the terms of this Agreement as described in Section 6 below. The parties agree that upon the execution and delivery of this Agreement by TxDOT, compliance with the terms of the 2007 FAA and the payment terms for the \$343,594.59 portion of the 2009 FAA relating to the Managed Lanes will be suspended until the Opening Date (provided that the Authority is operating and maintaining the Managed Lanes), at which time the 2007 FAA and the payment terms for the \$343,594.59 portion of the 2009 FAA relating to the Managed Lanes will be superseded by this Agreement, subject to the terms and conditions of Section 8 of this Agreement.

(b) The \$330,000 disbursed by TxDOT to the Authority under the 2007 FAA must be used to pay for independent financial, engineering and other advisors necessary for the evaluation of and negotiation with TxDOT of the Candidate Toll Projects, and to pay for necessary or incidental administrative, legal and other expenses, provided that such expenses relate to the evaluation, development, acquisition, construction, maintenance or operation of the Candidate Toll Projects. Expenditures made by the Authority from funds disbursed under the 2007 FAA must be made in strict compliance with Attachment B, which is attached hereto and incorporated herein for all purposes.

## 3. O&M Loan.

TxDOT will provide financial assistance to the Authority, in the form of a toll equity loan, in an amount not to exceed \$9.4 million, to be used to pay the Budgeted O&M Costs in any Fiscal Year that are in excess of the projected toll revenues for such Fiscal Year.

## 4. Loan Disbursements.

IFDMO will make scheduled O&M Loan Disbursements in accordance with Schedule 1. Each annual O&M Loan Disbursement shall be made on or before September 1<sup>st</sup> of each year. The first O&M Loan Disbursement will be made within 30 days of receipt of the Authority's written waiver of its right of rescission provided for in Section 2 of the Project Development Agreement, or on the Opening Date, whichever comes first. The second O&M Loan Disbursement will be made on or before September 1, 2014 for Fiscal Year 2015.

(a) If the Authority determines that it will incur O&M Costs that were not included in the Budget, and the Authority requires an O&M Loan Disbursement that varies from the

annual amount shown in Schedule 1, the Authority shall provide a revised Budget and accompanying revised Schedule 1 to IFDMO and to TxDOT's El Paso District.

(b) Per paragraph 4(d) below, IFDMO has 30 calendar days from receipt of a revised Budget and revised Schedule 1 to notify the Authority in writing of IFDMO's approval of the revised Budget submitted per paragraph 4(a) above. Once approved by IFDMO, the remaining O&M Loan Disbursements will be made from the revised Schedule 1 in accordance with this Section 4.

(c) IFDMO shall have the right to deny all or part of a request for funds proposed to be used for purposes not authorized by this Agreement or due to a lack of adequate documentation. In either event, the Authority will have the right to submit additional information to clarify the use of funds requested or to provide any missing documentation. Budgets, and submission of additional information may be made by regular mail, hand delivery, or by email.

(d) Upon receipt of a revised Budget and revised Schedule 1, IFDMO shall have 30 calendar days in which to review and approve, or disapprove, of the submittal. If IFDMO disapproves the submittal it shall specify, in writing (issued within the initial 30 calendar day review period) the reasons for disapproval. The Authority may resubmit the revised Budget and revised Schedule 1 in a manner which addresses the issues raised by IFDMO. IFDMO shall have 10 business days from receipt of the resubmittal to review and approve, or disapprove, of the resubmittal. If IFDMO disapproves the resubmittal, it shall specify, in writing (issued within the 10 business day review period) the reasons for disapproval. Additional resubmittals will be processed in the same manner.

5. Interest Fee for the O&M Loan.

Interest on the O&M Loan will be in the form of a flat fee of \$6 million (the "Interest Fee"). To the extent the maximum O&M Loan amount of \$9.4 million has not been drawn in full by the end of the first Fiscal Year in which Net Revenues are greater than zero, the Interest Fee shall be reduced to an amount equal to (a) \$6 million multiplied by (b) the percentage equal to (i) the amount of the O&M Loan disbursed to the Authority divided by (ii) the maximum principal amount of the O&M Loan.

6. Repayment of the Consolidated Loan.

(a) The Consolidated Loan and the Interest Fee (collectively, a maximum amount due of \$16,073,594.59, subject to adjustment pursuant to paragraph 5 above), shall be repaid by the Authority to TxDOT in annual installments. The first annual installment shall occur no later than December 1, 2027, and payments shall continue annually on each December 1 thereafter until the full amount of the Consolidated Loan is repaid, together with the Interest Fee; provided, however, that the Consolidated Loan and the Interest Fee must be repaid no later than December 1, 2050. Each annual installment shall be paid from Net Revenues, and shall be in an amount that is at least equal to 10% of the Net Revenues received in the previous Fiscal Year until the total amount due hereunder is paid in full.

(b) Should the Managed Lanes revert to a non-toll facility as provided for in Paragraph 4(b) of Attachment A of the Market Valuation Agreement, TxDOT shall step in and undertake the operation and maintenance of the Managed Lanes using any and all reasonable means necessary to operate and maintain the Managed Lanes substantially in accordance with the requirements of the Market Valuation Agreement and the Project Development Agreement. In such event, the Authority will remain obligated to repay the Consolidated Loan and the Interest Fee pursuant to the provisions of Section 6(a) hereof, but:

- (i) the portion of the Consolidated Loan that is due and attributable to the \$330,000 originally due under the 2007 FAA shall be payable only from the net revenues of any of the Candidate Toll Projects owned or operated by the Authority and
- (ii) the portion of the Consolidated Loan that is due but not attributable to the \$330,000 originally due under the 2007 FAA, together with the Interest Fee, shall be payable only from the net revenues of Toll Projects owned or operated by the Authority.

The Authority shall only be obligated to repay the actual amount drawn from the Consolidated Loan and corresponding prorated Interest Fee calculated in accordance with Section 5. In the event that TxDOT assumes operation and maintenance of the Managed Lanes following reversion to a non-toll facility pursuant to Paragraph 4(b) of the Market Valuation Agreement, but TxDOT receives permission to operate and maintain the Managed Lanes as a tolled facility, the Authority shall not be obligated to repay the Consolidated Loan and Interest Fee.

7. Reporting Requirements.

Beginning June 1, 2014, the Authority shall provide the following information to TxDOT's El Paso District, with a copy to IFDMO no later than June 1 of each Fiscal Year:

- (a) a Budget;
- (b) if applicable, any annual financial information and notices of material events disclosed under Rule 15c2-12 of the United States Securities and Exchange Commission relating to any publicly-offered financing for the Managed Lanes; and
- (c) a written report detailing specific expenditures made or reimbursed with the O&M Loan Disbursement during the previous Fiscal Year.

8. Rescission of Option to Operate and Maintain the Managed Lanes.

If the Authority submits a "Rescission Notice" to TxDOT in accordance with Section 2 of the Project Development Agreement before the Opening Date, then no disbursement will be made by TxDOT hereunder, and this Agreement will be null and void and of no further force and effect except for provisions that expressly survive the termination of this Agreement. In addition, the 2007 FAA and 2009 FAA will remain in full force and effect.



9. Miscellaneous Provisions

(a) Each party will comply with applicable state and federal law in the performance of their obligations under this Agreement and any other agreements executed by the parties in relation to the Project, and the Authority will comply with any other applicable provision of the Toll Equity Rules relating to performance of work. The Authority shall not incur O&M Costs until TxDOT has received the Authority's written waiver of its right of rescission provided for in Section 2 of the Project Development Agreement, or the Opening Date has occurred, whichever comes first.

(b) TxDOT or the Texas State Auditor may conduct an audit or investigation of any aspect of the Consolidated Loan. The Authority must provide TxDOT or the Texas State Auditor with access to any information TxDOT or the Texas State Auditor consider relevant to the investigation or audit. An audit by either TxDOT or the Texas State Auditor can include, but is not limited to, any contract for construction or maintenance of any facility or structure authorized by this Agreement or any contract to provide a service to the Authority if that service is authorized by this Agreement. Additionally, the Authority will maintain its books and records relating to the Managed Lanes and the financial assistance provided under this Agreement in accordance with the requirements of 43 Tex. Admin. Code § 27.55(b)(2), and will comply with the audit, retention, and other requirements relating to records regarding the Managed Lanes in 43 Tex. Admin. Code § 27.55(b). Generally Accepted Accounting Principles (GAAP) will be followed. "GAAP" means those principles of accounting promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board or the standards of the Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-profit Organizations, as applicable, or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report, as such principles are from time to time supplemented and amended.

(c) If either party defaults in the performance of any obligation described in this Agreement, the other party may exercise any rights and remedies granted by law or this Agreement.

(d) Nothing herein shall excuse compliance by the Authority with any or all environmental permits, issues and commitments necessary for development, operation, or maintenance of the Managed Lanes.

(e) No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by any court or other governmental or judicial authority by reason of such party having or being deemed to have drafted, prepared, structured, or dictated such provision.

(f) If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Agreement, venue for such action shall lie in state courts located in Travis County, Texas or the United States District Court for the Western District of Texas—Austin Division. This Agreement shall be construed in accordance with the laws of the State of Texas.

(g) The signatories to this Agreement warrant that each has the authority to enter into this Agreement on behalf of the party represented.

**IN WITNESS WHEREOF**, TxDOT and the Authority have executed this Agreement in four multiple counterparts on the dates shown herein below, effective on the Effective Date.

**CAMINO REAL REGIONAL MOBILITY  
AUTHORITY**

**TEXAS DEPARTMENT OF  
TRANSPORTATION**

By: \_\_\_\_\_  
Raymond L. Telles  
Executive Director

By: \_\_\_\_\_  
Phil Wilson  
Executive Director

Date: \_\_\_\_\_

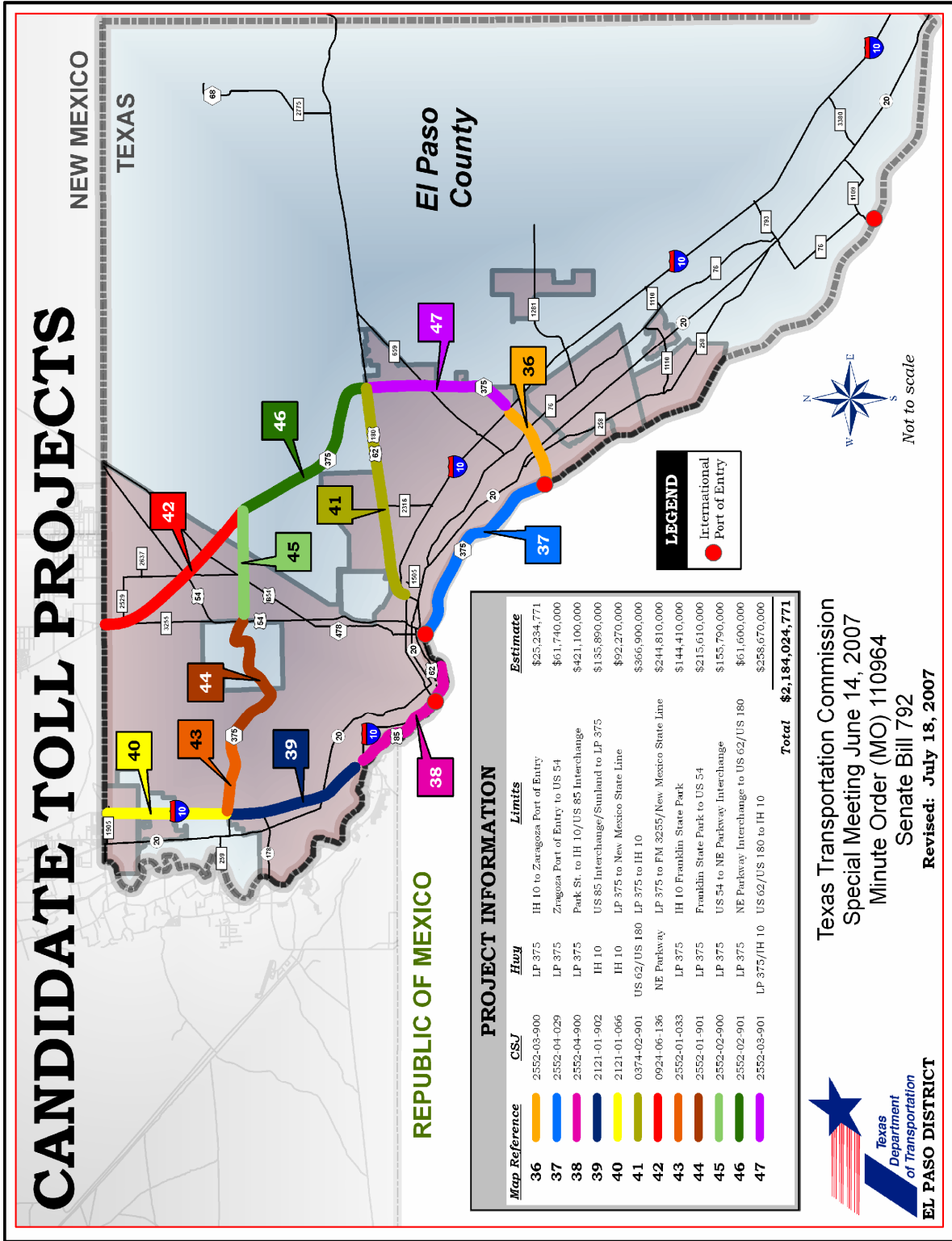
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EXECUTION PAGE: FINANCIAL ASSISTANCE AGREEMENT

**Schedule 1**

<b>Fiscal Year</b>	<b>Annual Disbursement</b>
2014	\$ 1,335,950
2015	\$ 1,208,087
2016	\$ 1,070,384
2017	\$ 879,295
2018	\$ 871,381
2019	\$ 885,772
2020	\$ 859,602
2021	\$ 635,742
2022	\$ 560,207
2023	\$ 463,307
2024	\$ 393,380
2025	\$ 236,893
Totals	\$ 9,400,000

**ATTACHMENT A  
CANDIDATE TOLL PROJECTS**



Map Reference	CSJ	Hwy	Limits	Estimate
36	2552-03-900	LP 375	IH 10 to Zaragoza Port of Entry	\$25,234,771
37	2552-04-029	LP 375	Zaragoza Port of Entry to US 54	\$61,740,000
38	2552-04-900	LP 375	Park St. to IH 10/US 85 Interchange	\$421,100,000
39	2121-01-902	IH 10	US 85 Interchange/Sunland to LP 375	\$135,890,000
40	2121-01-066	IH 10	LP 375 to New Mexico State Line	\$92,270,000
41	0374-02-901	US 62/US 180	LP 375 to IH 10	\$366,900,000
42	0924-06-136	NE Parkway	LP 375 to FM 3255/New Mexico State Line	\$244,810,000
43	2552-01-033	LP 375	IH 10 Franklin State Park	\$144,410,000
44	2552-01-901	LP 375	Franklin State Park to US 54	\$215,610,000
45	2552-02-900	LP 375	US 54 to NE Parkway Interchange	\$155,790,000
46	2552-02-901	LP 375	NE Parkway Interchange to US 62/US 180	\$61,600,000
47	2552-03-901	LP 375/IH 10	US 62/US 180 to IH 10	\$258,670,000
<b>Total</b>				<b>\$2,184,024,771</b>



Texas Transportation Commission  
 Special Meeting June 14, 2007  
 Minute Order (MO) 110964  
 Senate Bill 792  
 Revised: July 18, 2007

**EL PASO DISTRICT**

**ATTACHMENT B**  
**INVOICES AND ALLOWABLE EXPENSES**

**Independent Advisors:** Invoices from any independent advisors engaged by the CRRMA pursuant to the Financial Assistance Agreement shall clearly identify each employee name, title, hours worked date of performance, task or project description, rate per hour and/or cost, and office/company location.

**Transportation Costs and Reimbursable Limits:** Efforts must be made to secure a *reasonable* and/or lowest rate available in the marketplace.

**Airline Costs:** Airline costs incurred by the CRRMA pursuant to this Agreement shall be only for economy or coach class rate. Extra insurance and luggage costs are not allowed. Airline ticket “reissue fees” are allowable only if the fee is due to TxDOT’s request or otherwise required by the acts or omissions of TxDOT.

**Personal Automobile Mileage:** Up to the State approved rate of **0.485 cents per mile** or the current State rate applicable at the time the cost is incurred. Records of such expenses must clearly identify the departure/arrival time, to/from destinations and the purpose of the trip.

**Automobile Rentals:** Expenses shall not exceed **\$50.00 per day**, plus applicable taxes and fees. Extra, optional insurance or rental company gasoline costs are not allowed expenses. Weekly or monthly rates should be used when applicable. Upgrades beyond economy-sized vehicles require full documentation and may not be an allowed expense. Use of any rental vehicle for purposes other than specifically related to the services required by the Financial Assistance Agreement are not permitted. Records of all vehicle rental expenses are required.

**Other Transportation Services (Taxi, Bus, Shuttle, etc.):** Only reasonable and prudent costs (with back-up documentation) are permitted expenses. Tips are not permitted.

**Hotel Rates:** Weekly and monthly rates are encouraged and expected, when applicable. Hotel rates shall not exceed **\$85.00 per day**, plus applicable city/state/county taxes and fees, or the current State rate applicable at the time the expenses is incurred.

**Meals (Food Costs):** Meal receipts are not required. However, the maximum per diem allowance of **\$36.00 per day**, or the current State rate applicable at the time the expenses is incurred, shall be a permitted expense. Tips and alcohol are not allowed expenses.

**Entertainment Costs:** Entertainment Costs (e.g. movies, “pay per view” or otherwise, alcohol, etc.) are not permitted expenses.

**Communication Costs:** Long distance telephone calls are permitted expenses, only when such expenses accrue in relation to the services contemplated pursuant to this Financial Assistance Agreement. Back-up documentation shall include a log identifying the date, identity of person called and purpose of call.

(END OF ATTACHMENT)