



North East Texas Regional Mobility Authority

Operating Reserve Policy

Purpose

In Resolution No. 16-32, dated April 12, 2016, the Board of Directors (the “Board”) of the North East Texas Regional Mobility Authority (the “Authority”) approved the establishment of this Operating Reserve Policy (the “Reserve Policy”). This Reserve Policy is intended to ensure that the Authority maintains adequate funds to satisfy its outstanding financial commitments and operational requirements in the event of unforeseen circumstances or events. The Board recognizes that establishment and maintenance of a sufficient operating reserve is of particular importance in light of the Authority’s dependence upon discretionary user fees as its primary revenue stream.

Reserve Requirement

- a) It shall be the goal of the Authority to maintain twelve months of funds sufficient to pay, maintain, or satisfy all required contractual financial commitments and operational requirements (collectively, “Funding Requirements”); provided, however, that during fiscal years ending in 2016, 2017, 2018 and 2019 such reserve requirement will be fifty percent of the of the twelve-month requirement.
- b) Except as provided herein for fiscal years 2016 through 2019, in no event may the reserve requirement be reduced to less than twelve months of funding sufficient to pay, maintain, or satisfy all Funding Requirements without the prior approval of the Board.
- c) The Authority may satisfy the reserve requirement with funds held by or on behalf of the Authority, including any funds held by a trustee for the Authority’s Funding Requirements.
- d) This Reserve Policy is subject in all respects to the terms of any indenture or other agreement or instrument relating to the Authority’s toll system revenue bonds.