



NORTH TEXAS TOLLWAY AUTHORITY

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NTTA Makes Proposed Negotiated Value For SH 161

Proposed value is backup to NTTA's preference of returning to market valuation

Plano, Texas – At a special called board meeting yesterday, the North Texas Tollway Authority (NTTA) Board of Directors voted unanimously to submit a proposed negotiated value for State Highway (SH) 161 to the Texas Department of Transportation (TxDOT) if TxDOT elects not to return to the market valuation process, breaking the impasse on the financing and construction on SH 161.

Today's action does not obligate NTTA to undertake the project. "This proposal establishes the value the board will use for the final evaluation of the project after the required studies and analysis are completed in mid-summer" said NTTA Board Chairman Paul N. Wageman.

Today's resolution outlines three alternatives for consideration by TxDOT. Under the first alternative, NTTA proposed to return to the market valuation process with TxDOT and "jointly develop strategies to speed its completion." If the first alternative is unacceptable to TxDOT, the NTTA's proposed negotiated value for SH 161 is NTTA's second alternative and includes a \$548 million upfront payment composed of \$250 million (approximately) to reimburse the region for construction of Phases 2 and 3; and \$298 million, the balance, to TxDOT to be returned to the region for other regional projects.

If the first two alternatives are unacceptable to TxDOT, and the RTC and TxDOT request that the NTTA waive its market valuation and primacy rights, so TxDOT may proceed with the delivery of SH 161 using a comprehensive development agreement; NTTA indicated it will provide that waiver upon terms acceptable to the NTTA.

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After eight months of negotiation, TxDOT and NTTA have not come to an agreement on market value. “While our preference is to return to market valuation, we have submitted a proposal which we believe to be in the best interest of the region,” said Wageman.

“NTTA’s proposal for a negotiated value provides the region an optimized value for SH 161 and, if NTTA later exercises its option to undertake SH 161, will allow NTTA to pursue this natural extension of the President George Bush Turnpike,” he said. “If the NTTA delivers this critical mobility project, any money will be reinvested in the north Texas region, unlike a CDA delivery.”

Before making any agreement to undertake the project, the resolution identifies a number of conditions. If TxDOT accepts the proposed negotiated value, the NTTA’s decision to deliver SH 161 for that value is contingent on the completion of an investment-grade traffic and revenue study, confirmation from Moody’s Investor Service and Standard & Poors Corporation that the proposed commitment to undertake SH 161 will not have an adverse impact on the rating of NTTA’s outstanding bonds or any bonds proposed to be issued to complete permanent financing of SH 121, other financial analysis and NTTA board approval.

NTTA’s proposed negotiated value for SH 161 also includes construction of Phase 4 (estimated at \$610 million) and NTTA holding the road in perpetuity. “The NTTA has used innovative financing methods to be able to provide this proposed negotiated value,” Wageman said.

If the NTTA later exercises its option on SH 161, it has a variety of financial options including undertaking SH 161 as an independent project which would further protect its commitment to other regional mobility projects such as Southwest Parkway in Tarrant County and the Eastern Extension of the President George Bush Turnpike in Dallas County.

Market valuation is a process outlined in Senate Bill (SB) 792 approved by the 80th Texas Legislature to determine the value of toll projects. SB 792 established a two-part process to determine whether new projects will be financed as toll projects and, if so, which entity will be responsible for its development. Stage one of the process calls for TxDOT and NTTA to agree on the value of the project to the region, market valuation. In stage two, the NTTA has the right

to undertake the project on the basis of the market valuation. NTTA has six months to make this decision after a value is agreed upon.

Action taken today seeks to establish the market value; it is not an offer by NTTA to undertake the project at that value.

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About the NTTA

The North Texas Tollway Authority, a political subdivision of the state of Texas, is authorized to acquire, construct, maintain, repair and operate turnpike projects in the North Texas region. The nine-member governing board is comprised of Chairman Paul N. Wageman; Vice Chairman William W. Meadows; and Directors Gary Base, Bob Day, David Denison, Michael Nowels, Bob Shepard, Alan E. Sims and Victor Vandergriff.

The NTTA serves Collin, Dallas, Denton and Tarrant counties and is responsible for the NTTA System, consisting of the Dallas North Tollway, President George Bush Turnpike, Addison Airport Toll Tunnel, Lewisville Lake Toll Bridge and the Mountain Creek Lake Bridge. The NTTA is able to raise capital for construction projects through the issuance of turnpike revenue bonds. NTTA toll projects are not a part of the state highway system and receive no direct tax funding. Tolls are collected to repay debt and to operate and maintain the roadways.

Visit the NTTA Web site at www.ntta.org or call 214-461-2000 for additional information about the NTTA. For Customer Service, please call 972-818-NTTA (6882).

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