

**AGREEMENT BY AND BETWEEN THE
TEXAS DEPARTMENT OF TRANSPORTATION OF TEXAS,
THE TEXAS TURNPIKE AUTHORITY, AND THE FEDERAL HIGHWAY
ADMINISTRATION FOR FUNDING OF A TURNPIKE PROJECT**

This Agreement, by and between the TEXAS DEPARTMENT OF TRANSPORTATION, an agency of the State of Texas ("TXDOT"), the TEXAS TURNPIKE AUTHORITY, an agency of the State of Texas ("TTA"), and the FEDERAL HIGHWAY ADMINISTRATION, United States Department of Transportation ("FHWA");

W I T N E S S E T H

WHEREAS, pursuant to Section 129(a) of Title 23, United States Code, TXDOT and TTA desire to enter into an agreement covering a controlled access toll facility within the limits of SH-190 and SH-161, from IH-30 on the east to West Belt Line Road on the west, said facility being an extension, enlargement, and expansion of the Dallas North Tollway, a turnpike project constructed, operated and maintained by TTA, which, together with the Addison Airport Tunnel and all other existing or future extensions, enlargements, and expansions of the Dallas North Tollway, are collectively referred to as the "DNT System"; and

WHEREAS, pursuant to Chapters 361 and 362 of the Texas Transportation Code (the "Texas Turnpike Act") TTA is authorized and empowered to finance, construct, operate, maintain, improve, and modify turnpike projects; and

WHEREAS, pursuant to a trust agreement, dated as of July 1, 1989, as supplemented, between TTA and the Trustee named therein (the "Trust Agreement"), TTA has issued revenue bonds to pay the cost of acquiring and constructing a portion of the DNT System; and

WHEREAS, pursuant to the Trust Agreement, the term "Net Revenues" is defined as follows:

"Net Revenues" - with respect to any consecutive 12-month period or fiscal year, the aggregate revenues or estimated aggregate revenues derived or estimated to be derived from the ownership and operation of the Tollway [i.e., the DNT System] in any such period or year, including all investment income from the Revenue Fund, the Operation and Maintenance Fund, the Bond Interest Account, the Redemption Account, the Reserve Account, the Reserve Maintenance Fund, and the Surplus Fund, and the investment income from the Construction Fund which is deposited or estimated to be deposited

to the credit of the Bond Interest Account, less the Current Expenses for any such period or year;

and

WHEREAS, pursuant to the Texas Turnpike Act, TTA has requested that TXDOT and FHWA participate in funding a segment of the DNT System, which extends from SH-78 on the east to IH-635 on the west (the "Bush Turnpike"); and

WHEREAS, Article III, Section 52-b of the Texas Constitution and Sections 361.191 and 362.004(c)(6) of the Texas Transportation Code authorize the State to participate in the cost of the Bush Turnpike provided that such amounts are repaid to TXDOT from tolls or other turnpike revenue; and

WHEREAS, TXDOT has determined that it will realize substantial net benefits from the Bush Turnpike as an extension, enlargement, and expansion of the DNT System and has agreed to loan to TTA all or part of the share of the costs eligible for Federal-aid reimbursement for the Bush Turnpike, up to the lesser of One Hundred Thirty-Five Million And No/100s Dollars (\$135,000,000.00) or fifty percent (50.00%) of the cost of the Bush Turnpike, all of the loan to be used on the Bush Turnpike and none to be used on any other segment of the DNT System, in accordance with the applicable provisions of Title 23 of the United States Code; and

WHEREAS, Paragraph 3 of Section 129(a) of Title 23 of the United States Code provides:

"(3) Limitations on use of revenues...all toll revenues received from operation of the toll facility [i.e., the Bush Turnpike] will be used first for debt service, for reasonable return on investment of any private person financing the project, and for the costs necessary for the proper operation and maintenance of the toll facility [the Bush Turnpike], including reconstruction, resurfacing, restoration, and rehabilitation. If the State certifies annually that the toll facility [the Bush Turnpike] is being adequately maintained, the State may use any toll revenues in excess of amounts required under the preceding sentence for any purpose for which Federal funds may be obligated by a State under this title";

NOW, THEREFORE, TXDOT, TTA, and FHWA do hereby agree that:

1. The Loan. In accordance with Sections 129(a)(7) and 307(a) of Title 23 of the United States Code, Article III, Section 52-b of the Texas Constitution and Sections 361.191 and 362.004(c)(6) of the Texas Transportation Code and pursuant to a separate agreement between TXDOT and TTA (the "Two-Party Agreement"), TXDOT agrees that TXDOT will loan to TTA (the "Loan"), from amounts to be received by TxDOT from FHWA under Title

23 of the United States Code, all or part of the share of the costs eligible for Federal-aid reimbursement for the Bush Turnpike in an amount equal to the lesser of One Hundred Thirty-Five Million and No/100s Dollars (\$135,000,000.00) or fifty percent (50.00%) of the costs (as defined in the Texas Turnpike Act and eligible for Federal-aid reimbursement) of the Bush Turnpike, all of the Loan to be used on the Bush Turnpike and none to be used on any other segment of the DNT System, in accordance with the applicable provisions of Title 23 of the United States Code. The Loan will be advanced to TTA as provided in the Test and Evaluation Project TE-045 and the Two-Party Agreement. The outstanding loan balance shall bear interest at the rate of 4.2% per annum, said interest commencing on October 1, 2000. The principal and interest on the Loan will be payable only from tolls and revenues generated by the DNT System and said payments shall commence on October 1, 2004, and be made in the manner provided in the Test and Evaluation Project TE-045 and the Two-Party Agreement, and shall be fully subordinate and inferior to any bond or other financing obtained for the DNT System, as more specifically set forth in Section 17 of the Two-Party Agreement. Notwithstanding anything contained herein to the contrary, TxDOT, at its sole option, may elect to advance state highway funds to TTA in accordance with this Agreement in lieu of all or any portion of the Loan amounts described herein; any state highway funds advanced in that manner shall be governed by the terms of this Agreement as if they were amounts advanced under the Loan.

2. Use of Toll Revenues. TTA will use the toll revenues from the operation of the DNT System first for debt service (including the funding of reasonable reserves), for reasonable return on investment of any private person financing the DNT System, and for the costs necessary for the proper operation and maintenance of the DNT System, including reconstruction, resurfacing, restoration, and rehabilitation, as provided in Paragraph 3 of Section 129(a) of Title 23, United States Code, as amended.

3. Maintenance. In accordance with Paragraph 3 of Section 129(a) of Title 23, United States Code, as amended, TXDOT and TTA hereby certify that they will comply with the following requirements provided in Paragraph 3:

TTA will certify annually that the Bush Turnpike is being adequately maintained. Upon certification pursuant to the preceding sentence, TTA may use any toll revenues generated by the Bush Turnpike in excess of amounts required under said Paragraph 3 for any purpose for which Federal funds may be obligated by a State under Title 23, United States Code as of the date of this Agreement, together with any additional eligible purposes later provided under said Title 23 or any successor or amendment thereto.

4. "Net Revenues." For purposes of compliance under this Agreement with the provisions of Paragraph 3 of Section 129(a) of Title 23, United States Code, as amended, TXDOT, TTA, and FHWA agree that all toll revenues from the operation of the toll facility [i.e., the DNT System] shall constitute "revenue derived or estimated to be derived from the

ownership and operation of the Tollway [the DNT System]" as that phrase is used in the definition of Net Revenues in the Trust Agreement and set forth in the fourth WHEREAS clause of this Agreement and shall be credited to the Revenue Fund established under the Trust Agreement and applied as set forth in Article V of the Trust Agreement; provided that revenues deposited into the Capital Improvement Fund pursuant to Article V of the Trust Agreement may be used by TTA "for the purpose of paying the cost of repairs, enlargements, extensions, resurfacing, additions, renewals, improvements, acquisition of rights of way, reconstruction and replacements, capital expenditures, engineering, studies, and other expenses relating to the powers or functions of the Authority [i.e., TTA] in connection with the Tollway [the DNT System], or for any other purpose now or hereafter authorized by law" as permitted by Article V of the Trust Agreement only if such purpose is a purpose permitted by paragraph no. 3 of this Agreement.

5. Federal Regulations. FHWA, TXDOT and TTA understand and agree that no funds other than those obtained either from the sale of revenue bonds by TTA or from project revenues have been expended previously for costs of the DNT System; and, the Loan will be used exclusively for the Bush Turnpike. Federal regulations applicable to facilities utilizing federal funds in their financing will apply only to the Bush Turnpike and shall not be imposed upon any other portion of the DNT System. Further, nothing in this Agreement shall restrict, encumber or otherwise affect revenues generated by any other TTA project or facility or monies in any TTA fund.

6. Notice. FHWA and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any books, documents, papers, or other records of TXDOT and TTA which are pertinent to this Agreement, in order to make audits, examinations, excerpts, and transcripts. TXDOT will annually audit said records for compliance with the provisions of this Agreement and report the results thereof to FHWA. In lieu of TXDOT performing such audit, a report of an independent auditor furnished to FHWA by TXDOT shall satisfy the requirements of this paragraph.

7. Successors. This Agreement shall bind the parties hereto and their successors, including without limitation any successor agency of TTA.

8. Multiple Counterparts. This Agreement is prepared in six (6) original, multiple counterparts.

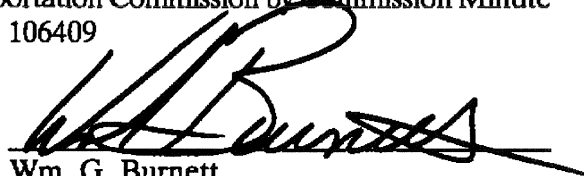
IN WITNESS WHEREOF, TXDOT, TTA, and FHWA have caused this Agreement to be duly executed in six (6) counterparts, to be effective as of the date executed on behalf of FHWA.

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TEXAS DEPARTMENT OF
TRANSPORTATION

Certified as being executed for the purpose and
effect of activating and/or carrying out the orders,
established policies, or work programs heretofore
approved and authorized by the Texas
Transportation Commission by Commission Minute
Order 106409

By:



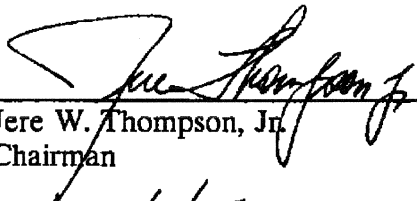
Wm. G. Burnett
Executive Director

12-1-95

Date

THE TEXAS TURNPIKE AUTHORITY

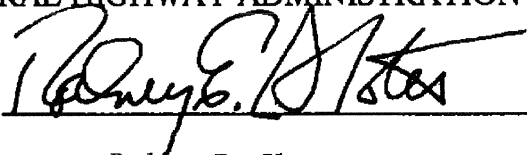
By:


Jere W. Thompson, Jr.
Chairman

12/1/95
Date

FEDERAL HIGHWAY ADMINISTRATION

By:



Name: Rodney E. Slater

Title: Federal Highway Administrator

12/1/95

Date