

*In the opinion of co-bond counsel, interest on the Bonds (as defined herein) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, except as explained under "TAX MATTERS" herein, including the alternative minimum tax on corporations. Interest on the Bonds will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under section 57(a)(5) of the Code (as defined herein). See "TAX MATTERS" herein.*



**\$987,790,000**  
**NORTH TEXAS TOLLWAY AUTHORITY**  
**SYSTEM FIRST TIER**  
**REVENUE REFUNDING BONDS, SERIES 2016A**

**Dated Date: Date of Delivery****Due: As shown herein**

The captioned bonds (the "Bonds") will be issued as fully registered obligations by the North Texas Tollway Authority ("NTTA"), a body politic and corporate and a political subdivision of the State of Texas. Proceeds of the Bonds will be used for the purpose of (i) refunding all or a portion of NTTA's North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008A, NTTA's North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008B, NTTA's North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008K, and NTTA's North Texas Tollway Authority System First Tier Tax-Exempt Current Interest Revenue Refunding Bonds, Series 2009A and (ii) paying costs of issuance of the Bonds, all as more fully described herein. The Bonds will be registered in the nominee name of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds pursuant to its book-entry-only system described herein. No physical delivery of the Bonds will be made to the respective beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by Wells Fargo Bank, National Association, as trustee (the "Trustee"), under an Amended and Restated Trust Agreement dated as of April 1, 2008 between NTTA and the Trustee (as amended and supplemented through the date of delivery of the Bonds, the "Trust Agreement") to DTC, which will make distribution of the amounts so paid to the beneficial owners thereof. See "GENERAL INFORMATION REGARDING THE BONDS — Book-Entry-Only System."

The Bonds are authorized by and issued pursuant to (i) the laws of the State of Texas, particularly Chapter 366, Texas Transportation Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended, and (ii) a resolution (the "Resolution") adopted by the Board of Directors (the "Board") of NTTA on April 20, 2016. The Bonds, together with NTTA's outstanding revenue bonds and other obligations secured by the Trust Agreement, are special, limited obligations of NTTA payable solely from, and secured solely by, the tolls and other revenues of the NTTA System (as defined herein) and certain specified funds and accounts created pursuant to the Trust Agreement, on the basis and in the priority set forth therein and described herein.

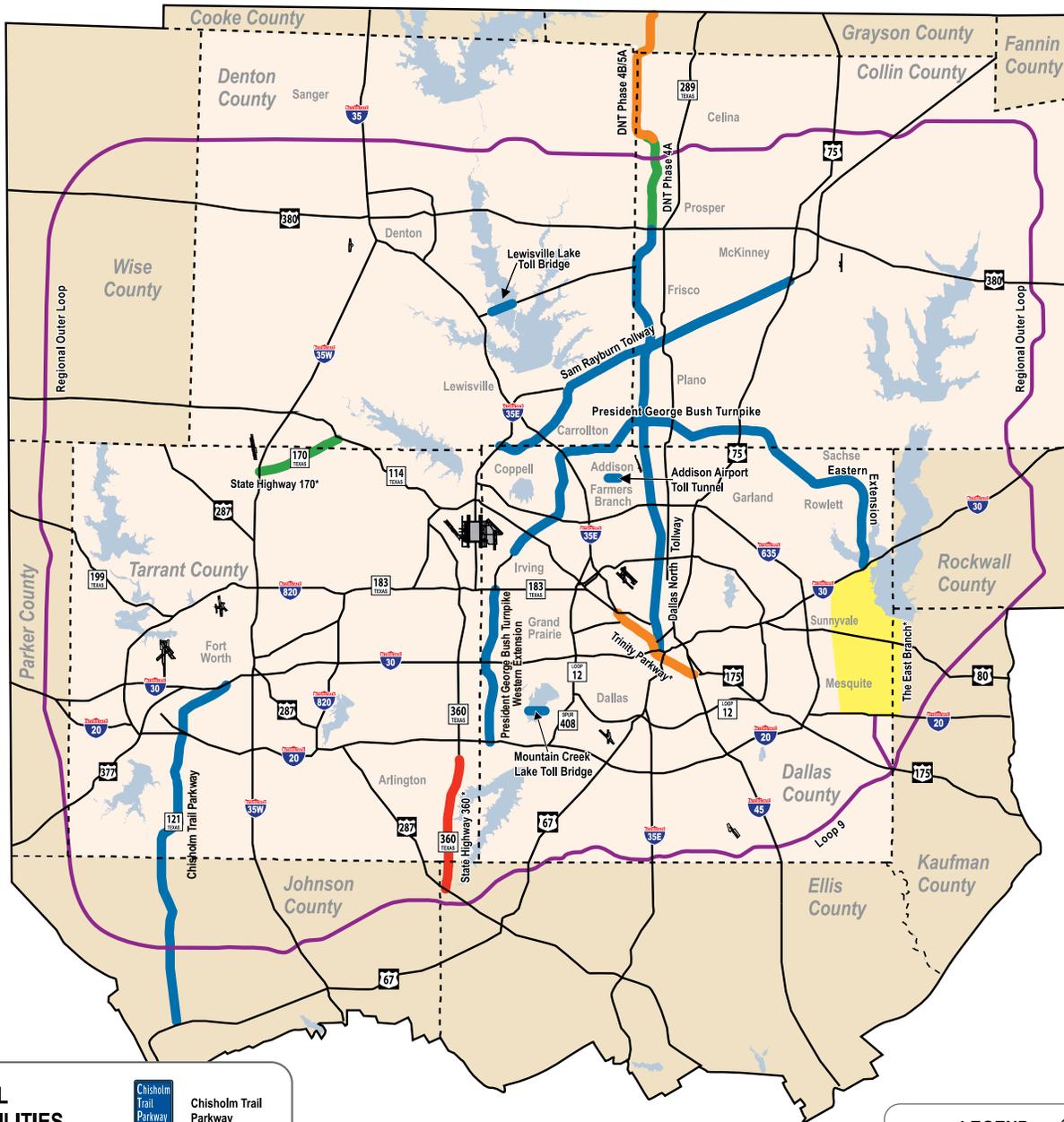
The Bonds are further described in this Official Statement. See page (i) for additional information relating to the Bonds, including provisions relating to maturities, interest rates, yields, optional and mandatory sinking fund redemptions and lien priorities.

NTTA IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ONLY FROM THE TOLLS AND OTHER REVENUES OF THE NTTA SYSTEM AND CERTAIN SPECIFIED FUNDS AND ACCOUNTS CREATED PURSUANT TO THE RESOLUTION AND THE TRUST AGREEMENT ON THE BASIS AND IN THE PRIORITY SET FORTH THEREIN AND DESCRIBED HEREIN. EXCEPT AS SPECIFIED IN THE PRECEDING SENTENCE, NONE OF THE STATE OF TEXAS, NTTA, THE COUNTIES SERVED BY NTTA NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTIES SERVED BY NTTA NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NTTA HAS NO TAXING POWER. THE BONDS ARE NOT SECURED BY THE REVENUES OF THE SPECIAL PROJECTS SYSTEM (AS DEFINED HEREIN), THE SPS TRUST AGREEMENT (AS DEFINED HEREIN), THE REVENUES OF THE SH 360 PROJECT (AS DEFINED HEREIN) OR THE REVENUES OF ANY TSA (AS DEFINED HEREIN).

This cover page and page (i) contain information for quick reference only. Such pages do not contain a complete summary of the Bonds. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision. Investment in the Bonds is subject to certain investment considerations. See "RISK FACTORS."

The Bonds are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approval of the Attorney General of the State of Texas and the delivery of legal opinions from the law firms of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Mahomes Bolden PC, Dallas, Texas, co-bond counsel to NTTA. Certain legal matters will be passed upon for NTTA by Locke Lord LLP, Dallas, Texas, as counsel to NTTA, and by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Mahomes Bolden PC, Dallas, Texas, as co-disclosure counsel to NTTA. Certain legal matters will be passed upon for the Underwriters by Bracewell LLP, Austin, Texas and West & Associates, L.L.P., Dallas, Texas, co-counsel for the Underwriters. It is expected that delivery of the Bonds will be made through DTC, New York, New York on or about June 1, 2016.

**J.P. MORGAN****JEFFERIES****MESIROW FINANCIAL INC.****RAMIREZ & Co., INC.****RBC CAPITAL MARKETS****SIEBERT BRANDFORD SHANK & Co., L.L.C.**



**TOLL FACILITIES**

	Chisholm Trail Parkway
	President George Bush Turnpike
	Dallas North Tollway
	Sam Rayburn Tollway
	Addison Airport Toll Tunnel
	Lewisville Lake Toll Bridge
	Mountain Creek Lake Toll Bridge

**LEGEND**

- Existing
- Under Construction
- In Development
- Corridor Study
- Study Area
- Regional Outer Loop
- County Line
- Airports

\*Projects subject to primacy requirements pursuant to Senate Bill 19, passed by the 82nd Texas Legislature. Dec. 2015

# Facility Map of the North Texas Region



## INFORMATION REGARDING THE BONDS

*General.* The \$987,790,000 North Texas Tollway Authority System First Tier Revenue Refunding Bonds, Series 2016A (the "*Bonds*") will be issued by the North Texas Tollway Authority ("*NTTA*") as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof within a maturity and will be dated their date of delivery. Interest will accrue on the Bonds, calculated on the basis of a 360-day year composed of twelve 30-day months, from their date of delivery and will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2017. Principal will come due on January 1 of the years and in the amounts set forth below or upon the earlier redemption of the Bonds.

### MATURITY SCHEDULE FOR THE BONDS

#### SERIAL BONDS

Stated Maturity (January 1)	Principal Amount (\$)	Interest Rate (%)	Yield (%)	CUSIP No. <sup>(1)</sup>
2017	7,575,000	5.000	0.670	66285WRV0
2018	13,365,000	5.000	0.740	66285WRW8
2019	14,030,000	5.000	0.880	66285WRX6
2020	14,730,000	5.000	1.050	66285WRY4
2021	15,470,000	5.000	1.170	66285WRZ1
2022	39,015,000	5.000	1.390	66285WSA5
2023	40,975,000	5.000	1.560	66285WSB3
2024	42,550,000	5.000	1.720	66285WSC1
2025	44,675,000	5.000	1.810 <sup>(2)</sup>	66285WSD9
2026	167,710,000	5.000	1.940 <sup>(2)</sup>	66285WSE7
2027	173,085,000	5.000	2.050 <sup>(2)</sup>	66285WSF4
2028	56,995,000	5.000	2.300 <sup>(3)</sup>	66285WSG2
2029	15,855,000	5.000	2.390 <sup>(3)</sup>	66285WSH0
2030	66,660,000	5.000	2.470 <sup>(3)</sup>	66285WSJ6
2031	32,165,000	5.000	2.530 <sup>(3)</sup>	66285WSK3
2032	15,205,000	5.000	2.590 <sup>(3)</sup>	66285WSL1
2033	11,480,000	5.000	2.650 <sup>(3)</sup>	66285WSM9
2034	5,215,000	5.000	2.710 <sup>(3)</sup>	66285WSN7
2035	7,495,000	5.000	2.740 <sup>(3)</sup>	66285WSP2
2036	19,265,000	5.000	2.780 <sup>(3)</sup>	66285WSQ0
***	***	***	***	***
2039	50,000,000	4.000	3.130 <sup>(3)</sup>	66285WSS6

#### TERM BOND

\$134,275,000 5.000% Term Bond due January 1, 2039; priced to yield 2.850%<sup>(3)</sup>; CUSIP No. <sup>(1)</sup> 66285WSR8

*Optional and Mandatory Sinking Fund Redemption.* The Bonds will be subject to optional and mandatory sinking fund redemption as described herein. See "**THE BONDS — Redemption.**"

*Lien Priority.* The Bonds will constitute First Tier Bonds under the Trust Agreement. See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Priority of Payment.**"

*Tax Status.* In the opinion of co-bond counsel to NTTA, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, except as explained under "**TAX MATTERS — Opinion**" herein, including the alternative minimum tax on corporations. Interest on the Bonds will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code.

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with NTTA or the Underwriters and are included solely for the convenience of the holders of the Bonds. Neither NTTA nor the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

<sup>(2)</sup> Yield calculated to first call date at par, January 1, 2024.

<sup>(3)</sup> Yield calculated to first call date at par, January 1, 2026.

## NTTA BOARD, ADMINISTRATION, CONSULTANTS AND ADVISORS

### Board of Directors<sup>(1)</sup>

Name	Approximate Length of Service	Term Expires August 31	Appointed by	Occupation
Kenneth Barr, Chairman	8 years	2017	Tarrant County	Businessman
William Moore, Vice Chairman	6 years	2017	Collin County	Businessman
Michael R. Nowels	9 years	2016	Denton County	Businessman
Jane Willard	5 years	2016	Collin County	Community Advocate
George "Tex" Quesada	4 years	2017	Dallas County	Attorney
Matrice Ellis-Kirk	4 years	2016	Dallas County	Businesswoman
William Elliott <sup>(2)</sup>	4 years	2015	Governor	Attorney
Mojoy Haddad	3 years	2016	Tarrant County	Businessman
John Mahalik	8 months	2017	Denton County	Businessman

### Administration<sup>(3)</sup>

Name	Position
Gerald E. Carrigan	CEO/Executive Director
Horatio Porter	Chief Financial Officer/Assistant Executive Director of Finance
Dena DeNooyer Stroh	General Counsel
James Hofmann	Assistant Executive Director of Operations
Elizabeth Mow	Assistant Executive Director of Infrastructure
Magdalena M. Brady	Director of Internal Audit
Lorelei Griffith	Secretary of the Board

### Consultants and Advisors

Issuer's Counsel	Locke Lord LLP Dallas, Texas
Co-Bond Counsel and Co-Disclosure Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
	Mahomes Bolden PC Dallas, Texas
Independent Auditors	Crowe Horwath LLP Dallas, Texas
Traffic Engineers	CDM Smith Dallas, Texas
	with the assistance of Baez Consulting, LLC Allen, Texas
Consulting Engineers	Atkins North America Dallas, Texas
Co-Financial Advisors	FirstSouthwest, a division of Hilltop Securities, Inc. Dallas, Texas
	Estrada Hinojosa & Co., Inc. Dallas, Texas
	RSI Group LLC Little Rock, Arkansas
Trustee and Paying Agent/Registrar	Wells Fargo Bank, National Association Dallas, Texas

For additional information regarding NTTA, please contact:

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Managing Director  
FirstSouthwest, a division of Hilltop Securities, Inc.  
325 N. Saint Paul, Suite 800  
Dallas, Texas 75201  
(214) 953-4000

<sup>(1)</sup> See "GOVERNMENT AND MANAGEMENT — The Board of Directors" in APPENDIX A.

<sup>(2)</sup> Directors serve until appointment of a successor or reappointment.

<sup>(3)</sup> See "GOVERNMENT AND MANAGEMENT — Key Staff Members" in APPENDIX A.

## USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by NTTA or J.P. Morgan Securities LLC, Jefferies LLC, Mesrirow Financial Inc., Ramirez & Co., Inc., RBC Capital Markets, LLC or Siebert Brandford Shank & Co., L.L.C. (collectively, the "*Underwriters*") to give any information or to make any representation other than those contained in this document, as the same may be supplemented or modified by NTTA (the "*Official Statement*"), and, if given or made, such other information or representation may not be relied upon as having been authorized by NTTA or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor may there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of NTTA since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds and in no instance may this Official Statement be reproduced or used for any other purpose.

CUSIP numbers have been assigned to the Bonds by Standard & Poor's, CUSIP Global Services for the convenience of the owners of the Bonds. None of NTTA, its Financial Advisors or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED. SEE "**CONTINUING DISCLOSURE OF INFORMATION**" FOR A DESCRIPTION OF THE UNDERTAKINGS OF NTTA TO PROVIDE CERTAIN INFORMATION ON A CONTINUING BASIS.

THE TRUSTEE ASSUMES NO RESPONSIBILITY FOR THIS OFFICIAL STATEMENT AND HAS NOT REVIEWED OR UNDERTAKEN TO VERIFY ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

NONE OF NTTA, THE CO-FINANCIAL ADVISORS OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("*DTC*") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS FURNISHED BY DTC.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING STATEMENT FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE PRICE AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER SUCH BONDS ARE RELEASED FOR SALE, AND SUCH BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICE, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "*SEC*") under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any

other jurisdiction. NTTA assumes no responsibility for the registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding NTTA's expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to NTTA on the date hereof, and NTTA assumes no obligation to update any such forward-looking statements. See **"RISK FACTORS — Forward-Looking Statements."**

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## OFFICIAL STATEMENT

relating to

\$987,790,000

### NORTH TEXAS TOLLWAY AUTHORITY SYSTEM FIRST TIER REVENUE REFUNDING BONDS, SERIES 2016A

#### INTRODUCTION

This Official Statement (this "*Official Statement*") contains certain information relating to the offering and sale by the North Texas Tollway Authority ("*NTTA*") of its \$987,790,000 North Texas Tollway Authority System First Tier Revenue Refunding Bonds, Series 2016A (the "*Bonds*"). NTTA is a body corporate and politic and a political subdivision of the State of Texas (the "*State*") currently serving Collin, Dallas, Denton and Tarrant Counties (the "*Member Counties*") and Johnson County (together with the Member Counties, the "*Project Counties*"). Ellis County joined NTTA's Contiguous County Advisory Committee in April 2016 and will be served by NTTA upon the Texas Department of Transportation's ("*TxDOT*") completion of the SH 360 Project (as defined below) and transfer thereof to NTTA, which is scheduled for late 2017.

The Bonds are being issued by NTTA pursuant to (i) the laws of the State, particularly Chapter 366, Texas Transportation Code, as amended (the "*NTTA Act*"), and Chapters 1207 and 1371, Texas Government Code, as amended, and (ii) a resolution adopted by the Board of Directors (the "*Board*") of NTTA on April 20, 2016 (the "*Resolution*") authorizing the issuance of the Bonds.

The Bonds, together with certain other NTTA revenue bonds and other obligations, are secured by an Amended and Restated Trust Agreement dated as of April 1, 2008 (as amended and supplemented to and including the date of delivery of the Bonds, the "*Trust Agreement*") between NTTA and Wells Fargo Bank, National Association, as trustee (the "*Trustee*"), and are special, limited obligations of NTTA payable from and secured solely by the tolls and other revenues of the NTTA System (as defined herein) and certain specified funds and accounts created pursuant to the Trust Agreement, on the basis and in the priority described in the Trust Agreement and herein. See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Priority of Payment.**"

The Bonds are being issued for the purpose of (i) refunding all or a portion of NTTA's North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008A (the "*Series 2008A Bonds*"), NTTA's North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008B (the "*Series 2008B Bonds*"), NTTA's North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008K (the "*Series 2008K Bonds*"), and NTTA's North Texas Tollway Authority System First Tier Tax-Exempt Current Interest Revenue Refunding Bonds, Series 2009A (the "*Series 2009A Bonds*") and (ii) paying costs of issuance of the Bonds. See "**PLAN OF FINANCE.**"

Investment in the Bonds involves certain risks, some of which are discussed in this Official Statement. The statements contained in this Official Statement, including the schedule and appendices hereto, that are not purely historical, are forward-looking statements, including statements regarding NTTA's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to NTTA as of the date hereof, and NTTA assumes no obligation to update any such forward-looking statements. See "**RISK FACTORS**" for a discussion of certain risks that should also be considered in evaluating an investment in the Bonds.

This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and matters of opinion. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Capitalized terms used in this Official Statement that are not otherwise defined herein have the meanings assigned to them in the Trust Agreement. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**" in **APPENDIX D**.

NTTA IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ONLY FROM THE TOLLS AND OTHER REVENUES OF THE NTTA SYSTEM AND CERTAIN

SPECIFIED FUNDS AND ACCOUNTS CREATED PURSUANT TO THE RESOLUTION AND THE TRUST AGREEMENT ON THE BASIS AND IN THE PRIORITY DESCRIBED THEREIN AND HEREIN. EXCEPT AS SPECIFIED IN THE PRECEDING SENTENCE, NONE OF THE STATE OF TEXAS, NTTA, THE COUNTIES SERVED BY NTTA NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTIES SERVED BY NTTA NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NTTA HAS NO TAXING POWER. THE BONDS ARE NOT SECURED BY THE REVENUES OF THE SPECIAL PROJECTS SYSTEM (AS DEFINED HEREIN), THE TRUST AGREEMENT FOR THE SPECIAL PROJECTS SYSTEM (THE "*SPS TRUST AGREEMENT*"), THE REVENUES OF THE SH 360 PROJECT (AS DEFINED HEREIN) OR THE REVENUES OF ANY TSA (AS DEFINED HEREIN).

## NORTH TEXAS TOLLWAY AUTHORITY

### Introduction

NTTA is a regional tollway authority governed by the NTTA Act and a political subdivision of the State currently serving the Project Counties. NTTA came into existence on September 1, 1997, as the successor to the Texas Turnpike Authority (the "*TTA*"), an agency of the State created in 1953. At the time of its creation, NTTA assumed ownership of the system of toll roads then owned and operated by the TTA and all obligations of the TTA related to such system of toll roads.

The Board has adopted a mission statement which is "to provide a safe and reliable toll road system, increase value and mobility options for our customers, operate NTTA in a businesslike manner, protect our bondholders and partner to meet our region's growing need for transportation infrastructure."

The NTTA Act authorizes NTTA to acquire, construct, maintain, repair and operate turnpike projects such as those included in the NTTA System at such locations within its jurisdiction as may be determined by NTTA and to issue bonds and other obligations for the purpose of paying all or any part of the cost of a turnpike project.

NTTA operates two turnpike systems: the NTTA System and the Special Projects System. See "**THE NTTA SYSTEM**" and "**THE SPECIAL PROJECTS SYSTEM**" in **APPENDIX A** for additional information regarding the NTTA System and the Special Projects System. The Dallas North Tollway (the "*DNT*"), the Addison Airport Toll Tunnel (the "*AATT*"), the President George Bush Turnpike (the "*PGBT*"), the President George Bush Turnpike Eastern Extension (the "*PGBT EE*"), the Mountain Creek Lake Bridge (the "*MCLB*"), the Lewisville Lake Toll Bridge (the "*LLTB*") and the Sam Rayburn Tollway (which will revert to TxDOT on September 1, 2058) (the "*SRT*") constitute and are collectively referred to herein as the "*NTTA System*." The President George Bush Turnpike Western Extension (the "*PGBT WE*") and the Chisholm Trail Parkway (the "*CTP*") constitute and are collectively referred to herein as the "*Special Projects System*." **The Bonds, together with other revenue bonds and other obligations issued pursuant to the Trust Agreement, will be secured only by the NTTA System revenues and certain funds and accounts established pursuant to the Trust Agreement and not by the Special Projects System revenues or other revenues or assets of NTTA. Bonds issued under the SPS Trust Agreement are not secured by the revenues of the NTTA System.**

Notwithstanding the foregoing, if annual operating and maintenance expenses, major maintenance expenses and capital expenditures relating to the Special Projects System either (i) exceed certain budgeted amounts and are not paid out of Special Projects System revenues, or (ii) result from NTTA exceeding prescribed standards, NTTA is responsible for paying such amounts from sources other than Special Project System revenues, with the source of payment likely being funds on deposit in the Capital Improvement Fund for the NTTA System. See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – Funds and Accounts – Capital Improvement Fund**." Such obligations are not secured by the trust estate established under the Trust Agreement.

NTTA entered into a project agreement with TxDOT to develop, finance, design, construct, operate and maintain a portion of State Highway 360 (the "*SH 360 Project*"). See "**STATE HIGHWAY 360 PROJECT**" in **APPENDIX A** and "**RISK FACTORS – Obligations Relating to the SH 360 Project**" for additional information regarding the SH 360 Project. The SH 360 Project will be a stand-alone toll project and will not be a part of the

NTTA System or the Special Projects System. Revenues of the SH 360 Project may only be used to pay costs, including debt service, that are related to the SH 360 Project. **Revenues from the SH 360 Project will not secure and will not be available to pay debt service on the Bonds or other obligations entitled to the benefit of the Trust Agreement.**

The NTTA Act provides that NTTA shall provide, for reasonable compensation, tolling services normally provided through its customer service center, including customer service, customer account maintenance, transponder supply and toll collection and enforcement (collectively, "*Tolling Services*") for toll projects in NTTA's service area of Collin, Dallas, Denton and Tarrant counties. Furthermore, the NTTA Act provides that NTTA may enter into tolling services agreements (a "*TSA*") for a tolling project located in NTTA's boundaries. **Revenues generated by NTTA under any current or future TSA will not secure the Bonds or other obligations entitled to the benefit of the Trust Agreement.** See "**TOLLING SERVICES AGREEMENT**" in **APPENDIX A** and "**RISK FACTORS – Obligations to Pay for Video Tolls under TSAs Prior to Collection.**" for additional information regarding the TSAs.

See "**THE NORTH TEXAS TOLLWAY AUTHORITY**" in **APPENDIX A** for additional information regarding NTTA.

## PLAN OF FINANCE

### General

The Bonds are being issued in accordance with the NTTA Act, Chapters 1207 and 1371, Texas Government Code, as amended, the Trust Agreement and the Resolution. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**" in **APPENDIX D**.

Proceeds of the Bonds will be used to (i) refund all or a portion of the Series 2008A Bonds, the Series 2008B Bonds, the Series 2008K Bonds and the Series 2009A Bonds as described in "**SCHEDULE I - SCHEDULE OF REFUNDED BONDS**" (collectively, the "*Refunded Bonds*") and (ii) pay the costs of issuance of the Bonds.

On the date of delivery of the Bonds, the Trustee will transfer a portion of the proceeds of the Bonds to Wells Fargo Bank, National Association, as escrow agent (the "*Escrow Agent*") under an escrow agreement between NTTA and the Escrow Agent (the "*Escrow Agreement*"), establishing an escrow fund for the deposit of such bond proceeds (the "*Escrow Fund*"). The Escrow Agreement will require the Escrow Agent to send out the notices of redemption for the Refunded Bonds in a timely manner.

The proceeds of the Bonds transferred to the Escrow Agent will be invested in direct obligations of the United States of America and/or direct obligations of its agencies rated in the highest investment grade rating of at least one nationally recognized rating agency (the "*Federal Securities*") to be held by the Escrow Agent in an amount sufficient to pay the interest on and redemption price of the Refunded Bonds.

Grant Thornton LLP, certified public accountants, will issue a report (the "*Report*") verifying, at the time of delivery of the Bonds to the Underwriters, the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the escrow fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. The maturing principal of and interest on the Federal Securities will not be available to pay the Bonds. See "**VERIFICATION OF MATHEMATICAL COMPUTATIONS**" herein.

By the deposit of the Federal Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, NTTA will have effected the defeasance of the Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, as amended, the Trust Agreement and the resolutions authorizing the issuance of the Refunded Bonds and in reliance on the Report. As a result of such defeasance, the Refunded Bonds will no longer be payable from the Pledged Revenues (as defined herein), but will be payable solely from the principal of and interest on the Federal Securities and cash held for such purpose by the Escrow Agent, the Refunded Bonds will be defeased and thus will not be included in or considered to be indebtedness of NTTA for the purpose of a limitation on indebtedness or for any other purpose and NTTA will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payments when due on the Federal Securities.

## Subsequent Financings Secured by the NTTA System Revenues

In 2014 NTTA developed a five-year strategic refinancing plan which anticipated issuing additional refunding bonds under the Trust Agreement through 2018, depending on market conditions and other factors. In addition, NTTA anticipates spending an additional \$847.7 million over the 2016-2020 period for major maintenance, rehabilitation, roadway bottleneck improvements, roadway capacity improvements and roadway widening. NTTA anticipates funding these improvements with cash flow; however, if cash flow is not sufficient, NTTA anticipates using interim financing utilizing NTTA's commercial paper note program. It is expected the commercial paper notes will be paid from Capital Improvement Fund deposits or proceeds from additional bonds issued under the Trust Agreement. See "THE NTTA SYSTEM — Multi-Year NTTA System Capital Plan" in APPENDIX A.

## Estimated Sources and Uses of Funds

The proceeds from the sale of the Bonds, release of reserves related to the Refunded Bonds and NTTA contribution and the use of such funds are as follows:

### Sources of Funds

Principal Amount	\$ 987,790,000
Original Issue Premium	191,927,755
Debt Service Reserve Account	23,277,819
NTTA Contribution	<u>25,781,592</u>
Total	<u>\$ 1,228,777,166</u>

### Uses of Funds

Deposit to Escrow Account for Refunded Bonds	\$ 1,222,467,681
Cost of Issuance <sup>(1)</sup>	<u>6,309,485</u>
Total	<u>\$ 1,228,777,166</u>

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<sup>(1)</sup> Includes rounding amounts and underwriting, legal, financial advisory, rating agency, accounting and Trustee fees, publication costs and printing expenses, among other costs of issuance.

## PRO FORMA DEBT SERVICE REQUIREMENTS<sup>(1)</sup>

The table below shows the total debt service requirements for the outstanding obligations of NTTA secured by Pledged Revenues (as defined herein). The table reflects NTTA's assumptions described under "PLAN OF FINANCE" (including the issuance of the Bonds and the refunding of the Refunded Bonds) and in the footnotes below.

	A	B	C	D	E	F
FYE (12/31) <sup>(2)</sup>	Outstanding First Tier Net Debt Service <sup>(3)(4)(5)(6)</sup>	Series 2016A Debt Service	Outstanding Second Tier Net Debt Service <sup>(7)</sup>	Outstanding ISTE Loan Debt Service	Outstanding Subordinate Lien Debt Service <sup>(8)</sup>	Total Net Debt Service
2016	277,039,684	36,093,875	56,564,500	8,000,000	24,067,580	401,765,639
2017	253,412,835	61,875,750	56,565,700	9,000,000	24,067,580	404,921,865
2018	301,449,126	61,872,500	56,563,900	10,500,000	24,067,580	454,453,106
2019	306,955,192	61,871,000	56,566,150	12,250,000	54,492,580	492,134,922
2020	323,168,709	61,874,500	56,564,650	15,322,396	54,491,017	511,421,272
2021	325,270,693	84,646,000	56,563,650	15,322,396	54,495,705	536,298,444
2022	325,127,120	84,655,250	56,567,150	15,322,396	54,475,185	536,147,101
2023	334,434,647	84,181,500	56,563,900	15,322,396	54,371,397	544,873,841
2024	344,770,478	84,179,000	56,563,150	15,322,396	54,264,748	555,099,773
2025	244,481,622	204,980,250	56,563,650	15,322,396	54,148,117	575,496,035
2026	247,618,939	201,969,750	56,564,150	15,322,396	54,024,368	575,499,603
2027	373,905,638	77,225,500	55,148,400	15,322,396	53,895,746	575,497,680
2028	427,685,558	33,235,750	45,490,900	15,322,396	53,763,930	575,498,534
2029	351,325,230	83,248,000	140,925,900	-	-	575,499,130
2030	334,967,200	45,420,000	195,109,588	-	-	575,496,788
2031	350,404,982	26,851,750	198,238,900	-	-	575,495,632
2032	394,998,156	22,366,500	158,133,650	-	-	575,498,306
2033	413,428,251	15,527,500	146,541,650	-	-	575,497,401
2034	469,583,519	17,546,750	88,366,650	-	-	575,496,919
2035	486,885,682	28,942,000	59,669,900	-	-	575,497,582
2036	503,658,055	30,503,750	41,333,200	-	-	575,495,005
2037	551,263,626	22,659,250	1,574,224	-	-	575,497,100
2038	282,865,232	154,322,500	-	-	-	437,187,732
2039	437,898,082	-	-	-	-	437,898,082
2040	437,909,257	-	-	-	-	437,909,257
2041	437,915,580	-	-	-	-	437,915,580
2042	437,924,230	-	-	-	-	437,924,230
2043	194,933,084	-	-	-	-	194,933,084
2044	194,540,028	-	-	-	-	194,540,028
2045	157,545,560	-	-	-	-	157,545,560
2046	157,690,333	-	-	-	-	157,690,333
2047	77,417,909	-	-	-	-	77,417,909
2048	-	-	-	-	-	-
2049	-	-	-	-	-	-
2050	-	-	-	-	-	-
2051	-	-	-	-	-	-
	<b>\$ 10,758,474,237</b>	<b>\$ 1,586,048,625</b>	<b>\$ 1,752,743,512</b>	<b>\$ 177,651,564</b>	<b>\$ 614,625,533</b>	<b>\$ 14,889,543,471</b>

<sup>(1)</sup> Excludes any payments to be made into the Reserve Maintenance Fund (the "RMF") under the Trust Agreement. Payments made into the RMF are made after debt service on the First, Second and Third Tier Bonds but prior to debt service on the ISTE Loan and the Subordinate Lien Bonds. See "ESTIMATED TOLL REVENUES, EXPENSES, OTHER INCOME AND ESTIMATED DEBT SERVICE COVERAGE" for estimated deposits to the RMF. Additionally, excludes debt that has been incurred under the SPS Trust Agreement payable from revenues of the Special Projects System and debt expected to be incurred payable from revenues of the SH 360 Project.

<sup>(2)</sup> For all bonds other than the Subordinate Lien Bonds, Fiscal Year debt service includes debt service on the following January 1 (i.e., Fiscal Year 2016 includes debt service on January 1, 2017). With respect to the Subordinate Lien Bonds, Fiscal Year debt service in each year includes the required deposit to the CIF Bond Payment Account on January 1 of the following year for the Subordinate Lien Bonds debt service due on August 1 of that year and February 1 of the next succeeding year (e.g., Fiscal Year 2016 includes debt service on August 1, 2017, and February 1, 2018).

<sup>(3)</sup> Net of direct federal subsidy related to the Series 2009B Bonds issued as Build America Bonds. The federal subsidy for each year through final maturity is assumed to be reduced by 6.8% (the sequestration rate currently in effect) due to automatic federal deficit reduction spending cuts known as "sequestration." Sequestration affects certain federally funded programs, including the federal subsidy payable to NTTA with respect to the Series 2009B Bonds. See "RISK FACTORS – Risks Relating to Build America Bonds."

<sup>(4)</sup> Assumes the Series 2012C Bonds bear interest at a rate of 1.95% and are remarketed to a fixed rate of 5.00% on the January 1, 2019 mandatory tender date. Assumes the 2009D Bonds are associated with existing interest rate exchange agreements and the interest rate thereon is synthetically fixed with two interest rate exchange agreements, one with a notional amount of approximately \$84.06 million with a swap rate of 3.673% and one with a notional amount of approximately \$94.23 million with a swap rate of 3.533%. The interest rate exchange agreements amortize from 2019 to 2025. Unhedged Series 2009D Bonds are assumed to bear interest at a rate of 5.00% inclusive of liquidity and remarketing costs. Assumes the Series 2011A Bonds bear interest at a rate of 2.00% and are remarketed to a fixed rate of 5.00% on the January 1, 2019 mandatory tender date. Assumes the Series 2014C Bonds bear interest at 1.83% to the January 1, 2020 mandatory tender date and are remarketed into a variable rate mode and bear interest at 3.00% thereafter.

<sup>(5)</sup> Excludes debt service on the Refunded Bonds. See "**SCHEDULE I – SCHEDULE OF REFUNDED BONDS**" for more information on the Refunded Bonds.

<sup>(6)</sup> Debt Service in years 2047-2051 is net of cash balance in the First Tier Reserve Account that is required by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding First Tier Bonds.

<sup>(7)</sup> Debt service in Fiscal Year 2030 is net of cash balance in the 2014 Second Tier Reserve Subaccount that is required by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding Series 2014B Bonds. Debt service in Fiscal Year 2037 is net of cash balance in the Series 2015 Second Tier Reserve Subaccount that is permitted by the terms of the Trust Agreement to be used to retire the last maturities of the Series 2015A Bonds.

<sup>(8)</sup> Net of direct federal subsidy related to the Series 2010B Bonds issued as Build America Bonds. The federal subsidy for each year through final maturity is assumed to be reduced by 6.8% (the sequestration rate currently in effect) due to automatic federal deficit reduction spending cuts known as "sequestration." Sequestration affects certain federally funded programs, including the federal subsidy payable to NTTA with respect to the Series 2010B Bonds. See "**RISK FACTORS – Risks Relating to Build America Bonds.**"

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**ESTIMATED TOLL REVENUES, EXPENSES, OTHER INCOME  
AND ESTIMATED DEBT SERVICE COVERAGE**

The table below shows estimated annual net revenues of the NTTA System for the period from January 1, 2016 through December 31, 2051. These net revenues figures were derived by deducting expenses, estimated by the Consulting Engineers, from the annual toll revenues of the NTTA System as estimated by the Traffic Engineers, and adding the other revenues as estimated by NTTA. See "THE TRAFFIC AND REVENUE STUDY" in APPENDIX A and "RISK FACTORS." The estimated other revenues include investment and other earnings on projected cash balances of NTTA, and various fees and other charges connected with video tolling. The table reflects NTTA's assumptions described under "PLAN OF FINANCE" and "PRO FORMA DEBT SERVICE REQUIREMENTS."

FYE (12/31) <sup>(1)</sup>	A Estimated Toll Revenues <sup>(2)</sup>	B Estimated Other Revenues <sup>(3)</sup>	C Estimated Expenses <sup>(4)</sup>	D Estimated Net Revenue	E Estimated Deposit to RMF <sup>(5)</sup>	F Estimated Debt Service on all Debt <sup>(6)(7)</sup>	G Estimated Coverage on 1st Tier Debt <sup>(7)(8)</sup>	H Estimated Coverage on 1st & 2nd Tier Debt <sup>(7)(8)</sup>	I Coverage on all Debt and RMF Deposits
2016	638,622,500	29,785,952	135,156,600	533,251,852	18,833,312	401,765,639	1.70x	1.44x	1.27x
2017	664,693,400	31,154,085	139,211,298	556,636,187	15,913,309	404,921,865	1.77x	1.50x	1.32x
2018	694,292,000	32,454,912	143,387,637	583,359,275	20,511,134	454,453,106	1.61x	1.39x	1.23x
2019	724,398,600	32,449,118	147,689,266	609,158,452	28,116,655	492,134,922	1.65x	1.43x	1.17x
2020	765,067,300	35,797,789	152,119,944	648,745,145	70,067,531	511,421,272	1.68x	1.47x	1.12x
2021	799,159,700	35,839,842	156,683,542	678,316,000	21,167,564	536,298,444	1.65x	1.45x	1.22x
2022	837,507,000	35,906,294	161,384,049	712,029,246	51,753,716	536,147,101	1.74x	1.53x	1.21x
2023	875,823,000	36,009,138	166,225,570	745,606,568	45,205,354	544,873,841	1.78x	1.57x	1.26x
2024	916,465,000	36,105,372	171,212,337	781,358,035	69,587,744	555,099,773	1.82x	1.61x	1.25x
2025	957,927,800	38,906,905	176,348,707	820,485,998	38,200,610	575,496,035	1.83x	1.62x	1.34x
2026	1,003,391,000	39,023,131	181,639,169	860,774,963	49,598,704	575,499,603	1.91x	1.70x	1.38x
2027	1,047,933,300	39,145,401	187,088,344	899,990,357	234,149,195	575,497,680	1.99x	1.78x	1.11x
2028	1,099,276,800	39,293,868	192,700,994	945,869,674	58,175,055	575,498,534	2.05x	1.87x	1.49x
2029	1,146,746,100	39,318,725	198,482,024	987,582,802	105,171,765	575,499,130	2.27x	1.72x	1.45x
2030	1,198,696,900	47,733,743	204,436,484	1,041,994,159	96,103,497	575,496,788	2.74x	1.81x	1.55x
2031	1,250,905,300	47,925,567	210,569,579	1,088,261,288	118,920,994	575,495,632	2.88x	1.89x	1.57x
2032	1,307,802,600	48,123,795	216,886,666	1,139,039,729	156,878,022	575,498,306	2.73x	1.98x	1.56x
2033	1,364,648,600	48,269,117	223,393,266	1,189,524,451	42,170,715	575,497,401	2.77x	2.07x	1.93x
2034	1,426,246,700	48,391,282	230,095,064	1,244,542,918	310,138,431	575,496,919	2.55x	2.16x	1.41x
2035	1,484,566,900	48,333,021	236,997,916	1,295,902,005	65,809,253	575,497,582	2.51x	2.25x	2.02x
2036	1,552,167,900	48,231,943	244,107,854	1,356,291,990	186,727,369	575,495,005	2.54x	2.36x	1.78x
2037	1,618,964,300	48,042,715	251,431,089	1,415,575,925	139,575,006	575,497,100	2.47x	2.46x	1.98x
2038	1,691,627,500	44,782,688	258,974,022	1,477,436,166	65,317,515	437,187,732	3.38x	3.38x	2.94x
2039	1,765,526,100	44,895,468	266,743,243	1,543,678,326	211,894,078	437,898,082	3.53x	3.53x	2.38x
2040	1,845,027,700	57,295,601	274,745,540	1,627,577,761	63,671,811	437,909,257	3.72x	3.72x	3.24x
2041	1,914,596,400	56,903,621	282,987,906	1,688,512,115	383,055,896	437,915,580	3.86x	3.86x	2.06x
2042	1,989,406,700	56,339,362	291,477,543	1,754,268,519	116,666,187	437,924,230	4.01x	4.01x	3.16x
2043	2,065,631,600	55,547,075	300,221,870	1,820,956,805	181,510,583	194,933,084	9.34x	9.34x	4.84x
2044	2,148,457,000	55,711,799	309,228,526	1,894,940,273	174,863,607	194,540,028	9.74x	9.74x	5.13x
2045	2,228,789,300	55,856,417	318,505,381	1,966,140,335	81,239,851	157,545,560	12.48x	12.48x	8.23x
2046	2,314,388,500	55,931,798	328,060,543	2,042,259,755	296,443,463	157,690,333	12.95x	12.95x	4.50x
2047	2,400,090,500	55,905,519	337,902,359	2,118,093,660	104,299,487	77,417,909	27.36x	27.36x	11.66x
2048	2,492,536,700	54,956,798	348,039,430	2,199,454,068	466,293,181	-	-	-	-
2049	2,584,503,200	53,055,684	358,480,613	2,279,078,271	130,975,762	-	-	-	-
2050	2,684,411,800	51,781,879	369,235,031	2,366,958,648	238,975,268	-	-	-	-
2051	2,779,586,600	48,606,095	380,312,082	2,447,880,613	204,947,223	-	-	-	-
	<b>\$ 54,279,882,300</b>	<b>\$ 1,633,811,522</b>	<b>\$ 8,552,161,489</b>	<b>\$ 47,361,532,333</b>	<b>\$ 4,662,928,846</b>	<b>\$ 14,889,543,471</b>			

<sup>(1)</sup> For all Bonds other than the Subordinate Lien Bonds, Fiscal Year debt service includes debt service on the following January 1 (*i.e.*, Fiscal Year 2016 includes debt service on January 1, 2017). With respect to the Subordinate Lien Bonds, Fiscal Year debt service in each year included the required deposit to the CIF Bond Payment Account on January 1 of the following year for the Subordinate Lien Bonds debt service due on August 1 of that year and February 1 of the next succeeding year (*e.g.*, Fiscal Year 2016 includes debt service on August 1, 2017 and February 1, 2018).

<sup>(2)</sup> Estimated toll revenues are provided by CDM Smith, the Traffic Engineers for the NTTA System. Estimated revenues are projected at levels to be actually collected in each year (*i.e.*, cash basis). Historical toll revenues and historical debt service coverage are reported by NTTA on accrual-based revenues as recognized under Generally Accepted Accounting Principles. See "OTHER FINANCIAL INFORMATION – Historical Traffic and Net Revenues" and "– Historical Debt Service Coverage" in APPENDIX A.

<sup>(3)</sup> Estimated "Other Revenues" are provided by NTTA and include interest earnings, video tolling administrative fees and other charges for the NTTA System.

<sup>(4)</sup> Estimated expenses are net of inter-fund transfers and are provided by Atkins North America, the Consulting Engineers for the NTTA System.

<sup>(5)</sup> Deposits to the RMF are estimated by NTTA based on the current cash balance in the RMF, and expenses to be paid out of the RMF are estimated by Atkins North America, the Consulting Engineers for the NTTA System.

<sup>(6)</sup> See column F of the table under the caption "**PRO FORMA DEBT SERVICE REQUIREMENTS.**"

<sup>(7)</sup> See "**PRO FORMA DEBT SERVICE REQUIREMENTS**" and related notes for information regarding assumptions included in the estimates.

<sup>(8)</sup> See columns A and B of the table under the caption "**PRO FORMA DEBT SERVICE REQUIREMENTS**" for totals of net debt service for all First Tier Debt.

<sup>(9)</sup> See columns A-C of the table under the caption "**PRO FORMA DEBT SERVICE REQUIREMENTS**" for totals of net debt service for all First Tier and Second Tier Debt.

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## THE BONDS

### Description

The Bonds will be issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof and will be dated their date of delivery. Interest on the Bonds will accrue at the interest rates specified on page (i), calculated on the basis of a 360-day year composed of twelve 30-day months, from their date of delivery and will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 2017. Principal will come due on January 1 of the years and in the amounts set forth on page (i) hereof or upon earlier redemption of the Bonds as described herein.

### Redemption

Optional Redemption. The Bonds maturing on January 1, 2025 through and including January 1, 2027 may be redeemed prior to their scheduled maturities at the option of NTTA on January 1, 2024, or on any date thereafter, in whole or in part, and if in part, the particular Bonds or portions of Bonds to be redeemed are to be selected and designated by NTTA in its sole discretion, in authorized denominations, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

The Bonds maturing on or after January 1, 2028 may be redeemed prior to their scheduled maturity at the option of NTTA on January 1, 2026, or on any date thereafter, in whole or in part, and if in part, the particular Bonds or portions of Bonds to be redeemed are to be selected and designated by NTTA in its sole discretion, in authorized denominations, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

On or before the date fixed for redemption, subject to the provisions regarding conditional notices of redemption described below, money is required to be deposited with the Trustee to pay the principal of and interest accrued to the redemption date on the Bonds called for redemption. Upon the deposit of such money, unless NTTA has given notice of rescission, the Bonds will cease to bear interest on the redemption date and will no longer be considered outstanding.

Mandatory Sinking Fund Redemption. The Bonds maturing on January 1, 2039 bearing interest at 5.000% per annum are subject to mandatory sinking fund redemption prior to maturity with funds on deposit in the First Tier Sinking Fund created and maintained pursuant to the Trust Agreement, in the amounts and on the dates set forth below, and at a price of par plus accrued interest to the redemption date, with the particular Bonds, or portions thereof, to be redeemed to be selected and designated by NTTA in its sole discretion, in authorized denominations:

#### \$ 134,275,000 Bonds maturing January 1, 2039

<u>Redemption Date</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>
2037	\$ 21,790,000
2038	15,035,000
2039 <sup>(1)</sup>	97,450,000

<sup>(1)</sup> Due at stated maturity.

The principal amount of the Bonds required to be redeemed on any date pursuant to mandatory sinking fund redemption is required to be reduced, at the option of NTTA, by the principal amount of any Bonds of the maturity scheduled for redemption on such redemption date and bearing the same interest rate per annum, which, at least 45 days prior to the applicable mandatory sinking fund redemption date, have been (i) acquired by NTTA and delivered to the Trustee for cancellation, (ii) acquired and canceled by the Trustee at the direction of NTTA, with funds from the First Tier Sinking Fund at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of acquisition thereof, or (iii) redeemed pursuant to the optional redemption provisions and not previously credited to a scheduled mandatory sinking fund redemption.

Notice of Redemption. At least 30 days prior to the date fixed for optional redemption of the Bonds or portions thereof prior to maturity, at the option of NTTA, a written notice of such redemption is required to be sent by the Trustee by United States mail, first-class postage prepaid, to the registered owner of each Bond

to be redeemed at its address as it appeared in the registration books maintained by the Trustee on the 45<sup>th</sup> day prior to such redemption date; *provided, however*, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the optional redemption of any Bonds. The mailing of such notice as required above in connection with the redemption of Bonds prior to maturity at the option of NTTA will be the only notice actually required in connection with or as a prerequisite to such optional redemption of any Bonds or portions thereof. All redemption notices for the Bonds are required to contain a description of the Bonds to be redeemed and such additional information as may be specified in the Trust Agreement.

In addition to the foregoing, the Trustee is required to give notice of redemption or of defeasance of any Bonds at least 30 days prior to a redemption date and within 30 days after a defeasance date to each registered securities depository and to the Municipal Securities Rulemaking Board (the "*MSRB*").

If notice of redemption is given and if due provision for such payment is made, the Bonds or portions thereof which are to be redeemed thereby automatically will be treated as redeemed prior to their scheduled maturities, will not bear interest after the date fixed for redemption and will not be regarded as being outstanding except for the right of the registered owners to receive the redemption price plus accrued interest from the Trustee out of the funds provided for such payment.

So long as a book-entry-only system is used for the Bonds, the Trustee will send any notices with respect to the Bonds only to The Depository Trust Company, New York, New York ("*DTC*"). Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice.

During any period in which ownership of the Bonds is determined by a book-entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds of the same maturity will be selected in accordance with the arrangements between NTTA and the securities depository.

Conditional Notice of Redemption. In the case of an optional redemption of the Bonds, the notice may state (1) that it is conditioned upon the deposit of money, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date, or (2) that NTTA retains the right to rescind such notice at any time prior to the scheduled redemption date if NTTA delivers a certificate of a Board Representative to the Trustee instructing the Trustee to rescind the redemption notice (in either case, a "*Conditional Redemption*"), and such notice and optional redemption will be of no effect if such money is not deposited or if the notice is rescinded as described in the paragraph below.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if NTTA delivers a certificate of a Board Representative to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee is required to give prompt notice of such rescission or failure to deposit funds to the affected registered owners. Any Bonds subject to Conditional Redemption where redemption has been rescinded or funds to effect the redemption have not been deposited will remain outstanding, and the rescission or failure to deposit funds will not constitute an event of default under the Trust Agreement.

### **Lien Priority**

The Bonds constitute First Tier Bonds under the Trust Agreement. See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**" herein.

### **Tax Status**

In the opinion of co-bond counsel to NTTA, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date hereof, except as explained under "**TAX MATTERS — Opinion**" herein, including the alternative minimum tax on corporations. Interest on the Bonds will not be an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Code.

## GENERAL INFORMATION REGARDING THE BONDS

### Trustee

NTTA has appointed Wells Fargo Bank, National Association to serve as Trustee and Paying Agent under the Trust Agreement. Any trustee must be a bank or trust company duly organized and doing business under the laws of the United States of America and located in the State of Texas, authorized under such laws to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having, at the time of its appointment, a combined capital and surplus aggregating not less than \$100,000,000. The Trustee may be removed or may resign as provided in the Trust Agreement. If the Trustee resigns, is removed, is dissolved, otherwise becomes incapable of acting or is taken over by a supervisory agency, NTTA is required to appoint a successor trustee to fill such vacancy.

Upon any appointment of any successor Trustee, NTTA will either promptly cause a written notice thereof to be sent to each registered owner by United States mail, first-class postage prepaid, or publish notice of such appointment once in each week for four successive weeks in a financial journal of general circulation published in the City of New York, New York.

### Record Date

The Record Date for the payment of interest is the 15<sup>th</sup> day of the calendar month immediately preceding an Interest Payment Date.

### Payments in the Event of Holidays

If the date for payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment will be the next succeeding day which is a Business Day; and payment on such date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due.

### Transfers and Exchanges

Beneficial ownership of the Bonds registered in the name of Cede & Co. will initially be transferred as described under "**— Book-Entry-Only System**" below.

As initial bond registrar, the Trustee is required to maintain registration books for the registration and transfer of the Bonds in accordance with the terms of the Trust Agreement.

Upon surrender of any Bonds at the corporate trust office of the Trustee, together with a written request therefor duly executed by the current registered owner of such Bonds or such registered owner's duly authorized attorney or representative with guarantee of signatures satisfactory to the Trustee, such Bonds may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate and in the same form as the Bonds being surrendered for exchange, registered in the name or names of the registered owner, assignee or assignees; *provided* that the Trustee is not required to exchange or register the transfer of Bonds (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bonds or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption.

NTTA has covenanted to pay the Trustee's standard or customary fees and charges for transferring or exchanging any Bonds or any portion thereof, but the person requesting any such transfer or exchange is required to pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of transfer or exchange.

The designated office of the Trustee is 750 N. St. Paul Place, Suite 1750, MAC T9263-170, Dallas, Texas 75201.

### Defeasance

Any Bond will be deemed to be paid and no longer Outstanding within the meaning of the Trust Agreement (a "*Defeased Debt*"), when payment of the principal of, redemption premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date is by reason of maturity, upon

redemption, mandatory or optional tender, or otherwise), either (i) has been made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (a) money sufficient to make such payment, or (b) Government Obligations, as defined below, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and the Paying Agent pertaining to the Defeased Debt with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Defeased Debt is deemed to be paid under the Trust Agreement, it will no longer be secured by or entitled to the benefits of the Trust Agreement except for the purposes of any such payment from such money or (x) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (y) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (z) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent ("*Governmental Obligations*").

Any money so deposited with the Trustee may at the direction of NTTA also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee which is not required for the payment of the Defeased Debt, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, will be turned over to NTTA.

Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified above in **clauses (ii)(a)** or **(ii)(b)** above is not irrevocable, *provided that*: (i) in the proceedings providing for such defeasance, NTTA expressly reserves the right to call the Defeased Debt for redemption; (ii) NTTA gives notice of the reservation of that right to the owners of the Defeased Debt immediately following the defeasance; (iii) NTTA directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (iv) at or prior to the time of the redemption, NTTA satisfies the conditions of the preceding paragraph with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

### **Book-Entry-Only System**

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name.

NTTA cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants (defined below), (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners (defined below), or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Trustee and NTTA, so long as the DTC book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices with respect to such Bonds only to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant (defined below) to notify the Beneficial Owners, of any notices and their contents or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on any such notice. Redemption of portions of the Bonds by NTTA will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its own rules or other agreements with

DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of the Bonds to be redeemed will not be governed by the Trust Agreement and will not be conducted by NTTA or the Trustee. Neither NTTA nor the Trustee will have any responsibility or obligation to Direct Participants, Indirect Participants or the persons for whom DTC Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants or Beneficial Owners of the selection of portions of the Bonds for redemption.

While the Bonds are in the book-entry-only system, reference in other sections of this Official Statement to Beneficial Owners of the Bonds should be read to include any person for whom a Participant acquires an interest in the Bonds, but (i) all rights of ownership, as described herein, must be exercised through DTC and the book-entry only system and (ii) notices that are to be given to Beneficial Owners by the Trustee, will be given only to DTC. DTC is required to forward (or cause to be forwarded) the notices to the Participants by its usual procedures so that such Participants may forward (or cause to be forwarded) such notices to the Beneficial Owners.

*The following information in this section concerning DTC and DTC's Book-Entry-Only system has been obtained from DTC. NTTA and Underwriters take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from NTTA or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or NTTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of NTTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to NTTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

NTTA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

### **Modification of the Trust Agreement**

The Trust Agreement may be amended by NTTA and the Trustee, with bondholder consent required for certain of such amendments. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**" in **APPENDIX D**. Such bondholder consents could be provided by holders of bonds and underwriters of bonds issued under the Trust Agreement other than the holders of the Bonds.

## **SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**

### **Security for the Bonds**

The Bonds are special, limited obligations of NTTA payable solely from, and secured by a First Tier lien on and pledge of the tolls and other revenues of the NTTA System and all money held by the Trustee in the various funds and accounts created under the Trust Agreement (the "*Pledged Revenues*") to the extent provided therein, and as further described under this caption. Pledged Revenues do not include revenues of the Special

Projects System, revenues of the SH 360 Project, revenues received by NTTA pursuant to any TSA NTTA has entered into with TxDOT or other third parties for toll projects in NTTA's service area (see "**TOLLING SERVICES AGREEMENTS**" in **APPENDIX A**) or any other revenues or assets of NTTA.

The Pledged Revenues are pledged to the Trustee pursuant to the Trust Agreement for the benefit and security of all owners of First Tier Bonds, First Tier Payment Obligations, Second Tier Bonds, Second Tier Payment Obligations, Third Tier Bonds and Third Tier Payment Obligations, on the basis, and in the priority described herein and therein. See "**— Priority of Payment**" below. **Notwithstanding the foregoing, payments from the Revenue Fund must, to the extent required by the Trust Agreement, first be deposited to the Operation and Maintenance Fund and used for operating and maintenance expenses.** See "**— Priority of Payment**" and "**— Funds and Accounts — Revenue Fund**" for a description of the application and priority of payment for funds contained therein. The Bonds constitute First Tier Bonds under the Trust Agreement and will be secured on the priority described herein for First Tier Bonds. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**" in **APPENDIX D**.

NTTA IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ONLY FROM THE TOLLS AND OTHER REVENUES OF THE NTTA SYSTEM AND CERTAIN SPECIFIED FUNDS AND ACCOUNTS CREATED PURSUANT TO THE RESOLUTION AND THE TRUST AGREEMENT ON THE BASIS AND IN THE PRIORITY DESCRIBED THEREIN AND HEREIN. EXCEPT AS SPECIFIED IN THE PRECEDING SENTENCE, NONE OF THE STATE OF TEXAS, NTTA, THE COUNTIES SERVED BY NTTA NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTIES SERVED BY NTTA NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NTTA HAS NO TAXING POWER. THE BONDS ARE NOT SECURED BY THE REVENUES OF THE SPECIAL PROJECTS SYSTEM, THE SPS TRUST AGREEMENT, THE REVENUES OF THE SH 360 PROJECT OR THE REVENUES OF ANY TSA.

NTTA has not mortgaged, assigned or pledged any interest in any real or personal property or improvements, including any interest in the NTTA System or the expansions or extensions thereto, as security for payment of the Bonds other than the pledge of Pledged Revenues under the Trust Agreement. NTTA has pledged funds on deposit in certain accounts in the Capital Improvement Fund to the payment of Subordinate Lien Bonds (defined below) and the ISTEAL Loan (defined below). See "**— ISTEAL Loan**" and "**— The Subordinate Lien Bonds.**"

Pursuant to Chapter 1208, Texas Government Code, the pledge of, lien on and security interest in the Pledged Revenues granted by NTTA under the Trust Agreement, is valid, effective and perfected. If State law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of, lien on and security interest in the Pledged Revenues granted by NTTA under the Trust Agreement is to be subject to the filing requirements of Chapter 9 of the Texas Business & Commerce Code, NTTA has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, to perfect such pledge of, lien on and security interest in the Pledged Revenues.

### **Priority of Payment**

NTTA has pledged and assigned the tolls and other revenues of the NTTA System and the various funds and accounts (to the extent created and described in the Trust Agreement) to the Trustee as security:

FIRST: for the payment of the First Tier Bonds and the interest thereon and any future obligations issued on a parity therewith;

SECOND: subject to the payment of the obligations described in Clause FIRST above, for the payment of the Second Tier Bonds and the interest thereon and any future obligations issued on a parity therewith; and

THIRD: subject to the payment of the obligations described in Clause FIRST and Clause SECOND above, for the payment of the Third Tier Bonds and the interest thereon and any future obligations issued on a parity therewith.

**Notwithstanding the foregoing, amounts on deposit in the Revenue Fund will first be applied to make a deposit to the Operation and Maintenance Fund for the payment of operating and maintenance expenses of the NTTA System.** See "**— Funds and Accounts — Revenue Fund**" for a description of the application and priority of payment for funds contained therein.

First Tier Bonds have a security interest in the tolls and other revenues of the NTTA System senior to that securing the Second Tier Bonds and Third Tier Bonds. Second Tier Bonds have a security interest in the tolls and other revenues of the NTTA System senior to that securing the Third Tier Bonds. See "**— Outstanding Obligations**" herein for a description of the First Tier, Second Tier and Third Tier Bonds outstanding under the Trust Agreement.

The Trust Agreement also allows for securing "First Tier Payment Obligations," "Second Tier Payment Obligations" and "Third Tier Payment Obligations" in order to secure payments due pursuant to credit agreements, including loan agreements, revolving credit agreements, lines of credit, letters of credit, reimbursement agreements, insurance contracts, commitments to purchase bonds, purchase or sale agreements, interest rate swaps, caps and floor agreements or commitments or other contracts or agreements authorized, recognized and approved by NTTA. First Tier Payment Obligations are secured on a parity with First Tier Bonds, Second Tier Payment Obligations are secured on a parity with Second Tier Bonds and Third Tier Payment Obligations are secured on a parity with Third Tier Bonds. In addition, NTTA may establish additional levels of priority of payment and security within the Third Tier Payment Obligation category.

## **Funds and Accounts**

*General.* The Trust Agreement establishes certain special funds of NTTA. Such funds are designated as the "Revenue Fund," the "First Tier Sinking Fund," the "Second Tier Sinking Fund," the "Third Tier Sinking Fund" and the "Construction Fund," all of which are held by the Trustee, and the "Reserve Maintenance Fund," the "Operation and Maintenance Fund" and the "Capital Improvement Fund," all of which are held by NTTA.

Amounts on deposit in the Revenue Fund (subject to required transfers to the Operation and Maintenance Fund) and the Sinking Funds are pledged to secure the payment of the bonds issued under the Trust Agreement. Amounts on deposit in the Operations and Maintenance Fund, Capital Improvement Fund, Reserve Maintenance Fund and customer deposits held by NTTA are not pledged to secure the payment of the bonds secured by the Trust Agreement.

*Master Custodial Account Agreement.* NTTA has entered into a Master Custodial Account Agreement (the "*Master Custodial Account Agreement*") with Wells Fargo Bank, National Association, as custodian (the "*Custodian*"). Under the Master Custodial Account Agreement, all toll revenues collected by NTTA from all turnpike projects owned or operated by NTTA, including the toll revenues derived from the operation of the NTTA System, are deposited into custodial accounts with the Custodian. On each business day, NTTA is required to direct the Custodian to transfer to the Trustee all toll revenues deposited into such custodial accounts that constitute available funds and that have been reconciled to transactions on the NTTA System.

*Revenue Fund.* NTTA covenants that all gross revenues (all tolls, other revenues and income) arising or derived by NTTA from the operation and ownership of the NTTA System (excepting investment income from all Funds and Accounts other than the Revenue Fund) will be collected by NTTA and deposited daily, as far as practicable, with the Trustee for the credit of the Revenue Fund; *provided, however*, that tolls collected on behalf of TxDOT pursuant to a project agreement that provides for revenue sharing with TxDOT are required to be collected by NTTA and to be held and transferred to or upon the order of TxDOT as set forth in such project agreement. See "**THE NTTA SYSTEM — Sam Rayburn Tollway — SRT Project Agreement — Banded Revenue Sharing**" and "**— President George Bush Turnpike Eastern Extension — PGBT EE Project Agreement — Revenue Sharing**" in APPENDIX A and "**NTTA SYSTEM TOLL RATE SCHEDULES — PGBT EE Tolling**" in APPENDIX C. The Trustee is required to disburse amounts which are required to be on deposit in the various funds and accounts described below from the Revenue Fund on the required dates. The balance in the Revenue Fund as of February 29, 2016 was approximately \$159,686,322.

Under the Trust Agreement, the tolls and other revenues of the NTTA System on deposit in the Revenue Fund are applied in the following manner with each deposit being made as specified below in the sequence noted:

- *First*, on or before the first day of each month, funds are deposited to the Operation and Maintenance Fund in an amount sufficient to make the balance of the Operation and Maintenance Fund equal to one-sixth (1/6) of the amount of the total Current Expenses in the current Annual Budget, plus all prior accruals for insurance and other periodic or regularly scheduled recurring expenses.
- *Second*, on or before the last Business Day preceding each interest payment date or principal (or sinking fund redemption) payment date for the First Tier Bonds (including First Tier Payment Obligations) or such other day as set forth in a Supplemental Agreement, funds are deposited to the applicable account in the First Tier Sinking Fund (or to a fund or account created to pay or repay amounts owed under a Credit Agreement entered into in connection with a series of First Tier Bonds in lieu of either of the foregoing) in the amounts due on any First Tier Bond (including First Tier Payment Obligations).
- *Third*, on or before the first day of each month, funds are deposited to the credit of the First Tier Reserve Account (1) in the amount, if any, required to restore any deficiency in the First Tier Reserve Account due to a withdrawal or change in value of Authorized Investments in order to make the amount on deposit in the First Tier Debt Reserve Account equal to the First Tier Required Reserve, which restoration is intended to occur within 12 months of the occurrence of any such deficiency in 12 substantially equal monthly installments, and (2) in the amount set forth in a Supplemental Agreement if an amount different from the First Tier Required Reserve is required.
- *Fourth*, on or before the last Business Day preceding each interest payment date or principal (or sinking fund redemption) payment date for the Second Tier Bonds (including Second Tier Payment Obligations) or such other day as set forth in a Supplemental Agreement, funds are deposited to the applicable account in the Second Tier Sinking Fund (or to a fund or account created to pay or repay amounts owed under a Credit Agreement entered into in connection with a series of Second Tier Bonds in lieu of either of the foregoing) in the amounts due on any Second Tier Bond (including Second Tier Payment Obligations).
- *Fifth*, on or before the first day of each month, funds are deposited to the credit of the Second Tier Reserve Account or subaccount therein, if one is provided for in a Supplemental Agreement, in the amounts set forth in the Supplemental Agreement establishing the Second Tier Required Reserve or authorizing Additional Second Tier Bonds.
- *Sixth*, on or before the last Business Day preceding each interest payment date or principal (or sinking fund redemption) payment date for the Third Tier Bonds (including Third Tier Payment Obligations) or such other day as set forth in a Supplemental Agreement, funds are deposited to the applicable account in the Third Tier Sinking Fund (or to a fund or account created to pay or repay amounts owed under a Credit Agreement entered into in connection with a series of Third Tier Bonds in lieu of either of the foregoing) in the amounts due on any Third Tier Bond (including Third Tier Payment Obligations).
- *Seventh*, on or before the first day of each month, funds are deposited to the credit of the Third Tier Reserve Account or subaccount therein, if one is provided for in a Supplemental Agreement, in the amounts set forth in the Supplemental Agreement establishing the Third Tier Required Reserve or authorizing Additional Third Tier Bonds.
- *Eighth*, on or before the first day of each month, funds are required to be deposited in the Reserve Maintenance Fund in an amount equal to one-twelfth of the amount necessary in such Fiscal Year to accumulate in the Reserve Maintenance Fund an amount equal to the greater of (1) \$5,000,000, and (2) the amount as may be required in the then current Annual Budget to be deposited to the credit of the Reserve Maintenance Fund during the then current Fiscal Year; *provided, however*, that if the amount so deposited to the credit of the Reserve Maintenance Fund in any Fiscal Year is less than the budgeted amount, the requirement therefore will nevertheless be cumulative and the amount of any deficiency in any Fiscal Year is required to be added to the amount otherwise

- required to be deposited in each Fiscal Year thereafter until such time as such deficiency has been made up, unless such budget requirement has been modified by NTTA.
- *Ninth*, at the end of each Fiscal Year any remaining funds on deposit in the Revenue Fund may be transferred to the Capital Improvement Fund to the extent such funds are determined by the Chief Financial Officer to be in excess of the amounts required to be reserved in the Revenue Fund for transfers to be made in the first two months of the following Fiscal Year to the First Tier Bond Interest Account and First Tier Redemption Account of the First Tier Sinking Fund, the Second Tier Bond Interest Account and Second Tier Redemption Account of the Second Tier Sinking Fund, the Third Tier Bond Interest Account and the Third Tier Redemption Account of the Third Tier Sinking Fund or any fund or account established for the payment or security for any Bond.

*Operation and Maintenance Fund.* On or before the first day of each month, the Trustee is required to withdraw from the Revenue Fund and deposit to the Operation and Maintenance Fund, on written request of NTTA, an amount which the Chairman or Vice Chairman and the Chief Financial Officer certify to be required to make the total amount in the Operations and Maintenance Fund equal to one-sixth (1/6) of the amount of the total Current Expenses scheduled for the current Fiscal Year in the current Annual Budget, plus all prior accruals for insurance and other periodic or regularly recurring expenses. All Current Expenses are required to be paid directly by NTTA by drawing checks or drafts on the Operation and Maintenance Fund in the manner determined by NTTA, and such Fund may not be used for any other purpose. The balance in the Operation and Maintenance Fund as of February 29, 2016 was approximately \$24,679,429.

*Sinking Funds.* The three separate Sinking Funds (one for each of the First Tier Bonds, Second Tier Bonds and the Third Tier Bonds) have each been divided into three separate accounts, designated as "Bond Interest Accounts," "Redemption Accounts" and "Reserve Accounts" (one for each of the First Tier Bonds, the Second Tier Bonds and the Third Tier Bonds) and the amounts in such accounts are to be used for the following purposes:

Bond Interest Accounts. Funds in the Bond Interest Accounts are available to pay interest on all bonds issued under the Trust Agreement that bear the same designation (*i.e.*, First Tier, Second Tier or Third Tier, as the respective account bearing the same designation) on each interest payment date. The balances in the First Tier Bond Interest Account, the Second Tier Bond Interest Account and the Third Tier Bond Interest Account are usually immaterial because funds are not transferred to the Bond Interest Accounts until immediately prior to the bond interest due dates. In addition to the foregoing, a subaccount of the First Tier Bond Interest Account was established by the Trustee for the deposit of the direct subsidy payments for the Series 2009B Bonds previously issued as "Build America Bonds." Amounts held in such subaccount are required to be used to reduce the amount of the regularly scheduled debt service payments on the Series 2009B Bonds. The balance in such subaccount is usually immaterial as amounts are quickly used to pay interest on the Series 2009B Bonds.

Redemption Accounts. Funds in the Redemption Accounts are available to pay the principal of bonds issued under the Trust Agreement and the amounts of Payment Obligations that bear the same designation (*i.e.*, First Tier, Second Tier or Third Tier, as the respective account bearing the same designation) which are scheduled to mature or be mandatorily redeemed prior to maturity on each principal payment or redemption date or, in the case of Payment Obligations, which are due for payment. The balances in the First Tier Redemption Account, the Second Tier Redemption Account and the Third Tier Redemption Account are usually immaterial because funds are not transferred to the Redemption Accounts until immediately prior to the maturity and redemption dates.

Reserve Accounts.

*First Tier Reserve Account.* With respect to the First Tier Reserve Account, an amount equal to the average annual Debt Service Requirements of all First Tier Bonds Outstanding calculated as of the date of issuance of any First Tier Bonds is to be maintained in such Reserve Account (unless provided by a First Tier Reserve Surety Agreement as defined in the Trust Agreement). A First Tier Reserve Surety Agreement may be in the form of a surety bond or insurance policy from an issuer with a claims paying ability rating of "AAA," "AAA" and "Aaa" by Standard & Poor's, Fitch and Moody's, respectively, or an unconditional, irrevocable letter of credit issued by a bank rated at least "AA," "AA" and "Aa" by Standard & Poor's, Fitch and Moody's, respectively.

Funds in the First Tier Reserve Account are required to be used to (i) pay interest on and principal of the First Tier Bonds to the extent that the funds in the First Tier Bond Interest Account and the First Tier Redemption Account are insufficient for such purpose, and (ii) retire the last of the outstanding First Tier Bonds. As of February 29, 2016 the First Tier Reserve Account was fully funded with investments with an amortized value, calculated in accordance with the Trust Agreement, of approximately \$366,488,552, which amount exceeded the required balance of \$355,822,485. The First Tier Reserve Account will continue to be fully funded upon the issuance of the Bonds. Upon the issuance of the Bonds, the required balance for the First Tier Reserve Account will be approximately \$343,210,733.

*Second Tier Reserve Account.* The Eighteenth Supplement to the Trust Agreement, pursuant to which the North Texas Tollway Authority System Second Tier Revenue Refunding Bonds, Series 2014B (the "*Series 2014B Bonds*") were issued, provides for a separate sub-account within the Second Tier Reserve Account (the "*2014 Second Tier Reserve Subaccount*") solely securing the Series 2014B Bonds and any Second Tier Bonds issued to refund the Series 2014B Bonds (or to refund any such refunding bonds) for debt service savings purposes. The amount required to be maintained in the 2014 Second Tier Reserve Subaccount (unless provided by a Second Tier Reserve Surety Agreement) is \$8,160,143 (the "*2014 Second Tier Required Reserve*"), which is an amount equal to one-half of the average annual Debt Service Requirements of the Series 2014B Bonds calculated as of the date of issuance of the Series 2014B Bonds. As of February 29, 2016, the 2014 Second Tier Reserve Subaccount was fully funded with investments with an amortized value, calculated in accordance with the Trust Agreement, of approximately \$8,217,293, which amount exceeded the required balance.

Funds in the 2014 Second Tier Reserve Subaccount are required to be used to (i) pay interest on and principal of the Series 2014B Bonds (or Second Tier Bonds issued to refund the Series 2014B Bonds) to the extent that the funds in the Second Tier Bond Interest Account and the Second Tier Redemption Account are insufficient for such purpose, and (ii) retire the last of the outstanding Series 2014B Bonds (or Second Tier Bonds issued to refund the Series 2014B Bonds).

The Twentieth Supplement to the Trust Agreement, pursuant to which the North Texas Tollway Authority System Second Tier Revenue Refunding Bonds, Series 2015A (the "*Series 2015A Bonds*") were issued, provides for a separate sub-account within the Second Tier Reserve Account (the "*2015 Second Tier Reserve Subaccount*") solely securing the Series 2015A Bonds and any Second Tier Bonds issued to refund the Series 2015A Bonds (or to refund any such refunding bonds) for debt service savings purposes. The amount required to be maintained in the 2015 Second Tier Reserve Subaccount (unless provided by a Second Tier Reserve Surety Agreement) is \$34,702,942 (the "*2015 Second Tier Required Reserve*"), which is an amount equal to one-half of the average annual Debt Service Requirements of the Series 2015A Bonds calculated as of the date of issuance of the Series 2015A Bonds. As of February 29, 2016, the 2015 Second Tier Reserve Subaccount was fully funded with investments with an amortized value, calculated in accordance with the Trust Agreement, of approximately \$35,071,990, which amount exceeded the required balance.

Funds in the 2015 Second Tier Reserve Subaccount are required to be used to pay interest on and principal of the Series 2015A Bonds (or Second Tier Bonds issued to refund the Series 2015A Bonds) to the extent that the funds in the Second Tier Bond Interest Account and the Second Tier Redemption Account are insufficient for such purpose, and may be used by NTTA to retire the last of the outstanding Series 2015A Bonds (or Second Tier Bonds issued to refund the Series 2015A Bonds).

Upon a deficiency in the 2014 Second Tier Reserve Subaccount or the 2015 Second Tier Reserve Subaccount due to a withdrawal or change in value of Authorized Investments, on or before the first day of each month, funds from the Revenue Fund are required to be deposited to the credit of the 2014 Second Tier Reserve Subaccount or the 2015 Second Tier Reserve Subaccount, as applicable, in the amount of such deficiency in order to make the amount on deposit in the 2014 Second Tier Reserve Subaccount equal to the 2014 Second Tier Required Reserve or in the 2015 Second Tier Reserve Subaccount equal to the 2015 Second Tier Required Reserve, as applicable, which restoration is intended to occur within 12 months of the occurrence of any such deficiency in 12 substantially equal monthly installments. See "**Funds and Accounts** — *Revenue Fund*" for a description of the application and priority of payment for funds contained in the Revenue Fund.

*Third Tier Reserve Account.* As of the date hereof, no Third Tier Bonds for which a reserve is required have been issued under the Trust Agreement and the Third Tier Reserve Account has no funds credited thereto.

*Reserve Maintenance Fund.* Amounts in the Reserve Maintenance Fund are to be used for paying the costs of repairs, painting, renewals, replacements, improvements and other costs and expenses necessary for safe or efficient operations of the NTTA System or to prevent loss of revenues, for engineering expenses related to NTTA, for equipment, for expenses of maintenance and for operating expenses not occurring at annual or shorter periods. To the extent that the amounts on deposit in the Bond Interest Accounts, the Redemption Accounts and the Reserve Accounts are insufficient to pay the principal of and interest on the bonds issued under the Trust Agreement when due, NTTA is required to transfer money from the Reserve Maintenance Fund to the appropriate account in the Sinking Funds for such purposes; *provided, however*, that no such transfer may be made of money in the Reserve Maintenance Fund which is, in the opinion of NTTA, then needed for repairs or replacements necessary to maintain safe operation of the NTTA System or to prevent loss of revenue of the NTTA System. The balance in the Reserve Maintenance Fund as of February 29, 2016 was approximately \$22,535,205.

*Additional Accounts.* NTTA can create additional accounts within the Sinking Funds, and has created a special subaccount to be held by the Trustee within the Third Tier Redemption Account designated as the "Swap Termination Payment Subaccount." Payments required to be made under a swap agreement or other qualified credit agreement or a transaction entered into pursuant thereto upon termination of such transaction or agreement that are specified as Third Tier Payment Obligations under the swap agreement or credit agreement will be secured by and payable from the Net Revenues (as defined in **APPENDIX D**) required to be deposited into the Swap Termination Payment Subaccount. The Trustee is required to transfer funds from the Revenue Fund into the Swap Termination Payment Subaccount in such amounts as are necessary for NTTA to pay such Third Tier Payment Obligations. All Third Tier Payment Obligations payable out of the Swap Termination Payment Subaccount are secured on an equal and ratable basis by money on deposit on the Swap Termination Payment Subaccount. Termination payments related to the NTTA's current Swap Transactions (as hereinafter defined) are payable out of the Swap Termination Payment Subaccount. See "**RISK FACTORS – Swap Termination Risks.**"

*Capital Improvement Fund.* Amounts in the Capital Improvement Fund may be used to pay 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 and functions of NTTA in connection with the NTTA System, or for any other purpose authorized by law, including the payment of debt service and other payments secured by a lien on all or a portion of the amounts deposited in the Capital Improvement Fund and the payment of costs for the Special Projects System, the SH 360 Project and any other turnpike project of NTTA or for TSAs. The balance in the Capital Improvement Fund as of February 29, 2016 was approximately \$256,819,597. Of such amount, approximately \$24,068,364 is restricted for Capital Improvement Fund bond payments, approximately \$182,751,316 is not restricted in use and approximately \$49,999,917 is reserved as a "rainy-day" fund. See "**THE NTTA SYSTEM — Multi-Year NTTA System Capital Plan**" in **APPENDIX A**. The Subordinate Lien Bonds and the ISTEAL Loan are secured by funds in certain accounts held in the Capital Improvement Fund. See "**— ISTEAL Loan**" and "**— The Subordinate Lien Bonds.**"

*Construction Fund.* The Construction Fund is used to pay the costs associated with constructing or acquiring improvements to the NTTA System. Portions of the proceeds of several of the outstanding bond issues under the Trust Agreement are in the Construction Fund in separate subaccounts established for such proceeds and are also to be used to fund the improvements to the NTTA System. The balance in the Construction Fund as of February 29, 2016 was approximately \$73,692,393. In addition to the foregoing, proceeds in the Construction Fund may be used to pay debt service on certain bonds.

The money, including all obligations purchased as an investment of the money, in each account and subaccount within the Construction Fund, is deemed at all times to be a part of such account or subaccount, and the interest accruing thereon and any profit realized from any investment is credited to such account or subaccount, and any loss resulting from any investment is charged to such account or subaccount. See "**OTHER NTTA INFORMATION — Investments**" in **APPENDIX A**.

## Rate Covenant

The NTTA Act authorizes NTTA to fix, revise, charge and collect tolls for the use of the NTTA System, and provides that such tolls will be so fixed and adjusted as to provide funds sufficient with other revenues, if any, to pay the cost of maintaining, repairing and operating the NTTA System and the principal of and the interest on bonds issued in connection with the NTTA System as the same become due and payable, and to create reserves for such purposes. The NTTA Act states that such tolls will not be subject to supervision or regulation by any agency of the State or other local governmental entity.

NTTA has adopted a toll rate schedule for the NTTA System in substantial conformity with the recommendations of the Traffic Engineers. NTTA covenants in the Trust Agreement that it will keep in effect a toll rate schedule that will raise and produce Net Revenues sufficient to satisfy its Debt Service Requirements (as defined in **APPENDIX D**). In addition, NTTA may change the toll rate schedule, but only if the Traffic Engineers certify either:

- (1) that if such proposed toll rate schedule had been in effect during the preceding Fiscal Year, it would not have caused a decrease in the Net Revenues for said preceding Fiscal Year; or
- (2) that the adoption of such toll rate schedule will not adversely affect the ability of NTTA to comply with its rate covenants in the Trust Agreement.

Any such certificate by the Traffic Engineers is required to be based on their own opinion as to gross revenues to be derived by NTTA from the ownership and operation of the NTTA System (which revenues will be deemed to include all investment income, as estimated by the Chief Financial Officer of NTTA), and upon a certificate of the Consulting Engineers, stating their opinion as to the amount of Current Expenses during any pertinent Fiscal Year or period, assuming that the proposed program or schedule had been in effect during such pertinent Fiscal Year or period.

Under the Trust Agreement, NTTA covenants to keep in effect a toll rate schedule for the NTTA System during each Fiscal Year to produce Net Revenues during each Fiscal Year sufficient to satisfy the greatest of (i) 1.35 times the scheduled Debt Service Requirements on all outstanding First Tier Bonds for the Fiscal Year, (ii) 1.20 times the scheduled Debt Service Requirements on all outstanding First Tier Bonds and Second Tier Bonds for the Fiscal Year or (iii) 1.00 times the scheduled Debt Service Requirements on all outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, and all other outstanding obligations of NTTA secured by Net Revenues for the Fiscal Year.

If, during any Fiscal Year, Net Revenues are less than the amounts contemplated in the preceding paragraph, NTTA is required, before the 15th day of March of the following Fiscal Year, to request the Traffic Engineers to make and file their recommendations with NTTA and the Trustee as to a revision in the toll rate schedule then in effect, in order to cause the raising and production of Net Revenues in a manner which will enable NTTA to produce at the earliest feasible time Net Revenues in at least the amounts described in the rate covenant above for each such Fiscal Year. NTTA covenants that it will promptly and carefully consider such recommendations, and that it will, within 60 days after receipt of such recommendations, either (1) place into effect any toll rate schedule as so recommended by the Traffic Engineers, or (2) place into effect any alternative toll rate schedule which, in the opinion of the Board, will enable it to comply with its covenants specified in the preceding paragraph.

If NTTA complies with all recommendations of the Traffic Engineers (or a successor independent engineer or engineering firm or corporation as provided for in the Trust Agreement) with respect to the toll rate schedule, an Event of Default will not occur solely as the result of the occurrence of a deficiency in any Fiscal Year(s) between the Net Revenues for such Fiscal Year(s) and the amount required to be produced for such Fiscal Year(s). In the event of any such deficiency, however, and regardless of any recommendations of the Traffic Engineers or others, or compliance therewith by NTTA, the Trustee or the holders of not less than 15% in aggregate principal amount of the bonds then outstanding under the Trust Agreement, may, and the Trustee must upon the written request of the holders of not less than 10% in aggregate principal amount of the bonds issued under the Trust Agreement then outstanding and upon being indemnified to its satisfaction, institute and prosecute in a court of competent jurisdiction an appropriate action to compel NTTA to comply with its covenant to adopt and keep in effect a toll rate schedule which will raise and produce during each Fiscal Year an amount of Net

Revenues as required above for such Fiscal Year, or to comply with any other rate covenant in the Trust Agreement. NTTA covenants that it will comply with any final order, decree or judgment entered in any such proceeding, or any modification thereof.

If the Traffic Engineers, after a request by NTTA for the above-described recommendations, fail to file with NTTA and with the Trustee such recommendations in writing within 120 days after the request, the Trustee must forthwith designate and appoint an independent engineer or engineering firm or corporation having a nationwide and favorable reputation for skill and experience in such work, in lieu of the Traffic Engineers, to make the necessary survey and study and to make the required recommendations as to the aforesaid revision, which recommendations will be reported in writing to NTTA and to the Trustee on or before the 1st day of October of said year. Such recommendations will for all purposes be considered to be the equivalent of and a substitute for the recommendations of the Traffic Engineers hereinabove mentioned.

### **Additional Bonds and Other Obligations**

NTTA reserves and has the right and power to issue or incur additional First Tier Bonds, First Tier Payment Obligations, Second Tier Bonds, Second Tier Payment Obligations, Third Tier Bonds and Third Tier Payment Obligations (and within the Third Tier, additional bonds or payment obligations secured on different levels of priority). Such obligations may be issued under the Trust Agreement for any purpose then authorized by law, including the refunding of obligations at any time authorized and issued by NTTA and/or interest thereon; *provided, however*, no First Tier Bonds, Second Tier Bonds or Third Tier Bonds may be issued unless NTTA has met certain conditions concerning the additional bonds test established pursuant to the Trust Agreement. In addition, NTTA may issue additional debt secured by revenues in its Capital Improvement Fund or debt secured by revenues of projects that are not part of the NTTA System.

Among other requirements, the Trust Agreement authorizes the issuance of additional First Tier Bonds if (a) actual Net Revenues for the preceding Fiscal Year or for any twelve-month period ending not more than 90 days prior to the date of calculation are at least 1.35 times the average annual Debt Service Requirements for all then outstanding First Tier Bonds (including those proposed to be delivered) and Second Tier Bonds (excluding any First Tier or Second Tier Bonds being refunded) or (b) estimated Net Revenues for the current and each future Fiscal Year are at least (i) 1.35 times the Debt Service Requirements for each such Fiscal Year for all First Tier Bonds (including those proposed to be delivered but excluding those being refunded), (ii) 1.20 times the Debt Service Requirements for each such Fiscal Year for all then outstanding First Tier Bonds (including those proposed to be delivered but excluding those being refunded) and Second Tier Bonds (excluding those being refunded) and (iii) 1.00 times the Debt Service Requirements for each such Fiscal Year for all then outstanding First Tier Bonds (including those proposed to be delivered), Second Tier Bonds, Third Tier Bonds and all other outstanding obligations of NTTA secured by Net Revenues (excluding, in each case, those being refunded). NTTA may also issue additional First Tier Bonds in a principal amount not to exceed 10% of the original First Tier Bonds issued to finance a project to complete such project without meeting the above-described requirements. Additional bonds issued to refund outstanding First Tier Bonds which do not cause an increase in the then-existing average annual debt service requirements of the First Tier Bonds may be issued without meeting the above-described requirements.

The Trust Agreement authorizes the issuance of additional Second Tier Bonds not constituting Short-Term Indebtedness if (a) actual Net Revenues for the preceding Fiscal Year or for any twelve-month period ending not more than 90 days prior to the date of calculation are at least 1.20 times the average annual Debt Service Requirements for all then outstanding First Tier Bonds and Second Tier Bonds (including those proposed to be delivered but excluding those being refunded) or (b) the estimated Net Revenues for the current and each future Fiscal Year are at least (i) 1.20 times the Debt Service Requirements for each such Fiscal Year for all First Tier Bonds and Second Tier Bonds (including those proposed to be delivered) and (ii) 1.00 times the Debt Service Requirements for each such Fiscal Year for all then outstanding First Tier Bonds, Second Tier Bonds (including those proposed to be delivered), Third Tier Bonds and all other outstanding obligations of NTTA secured by Net Revenues (excluding, in each case, those being refunded). Additional bonds issued to refund outstanding First Tier Bonds or Second Tier Bonds which do not cause an increase in the then-existing average annual debt service requirements of the First Tier Bonds and Second Tier Bonds may be issued without meeting the above-described requirements.

The Trust Agreement authorizes the issuance of Third Tier Bonds not constituting Short-Term Indebtedness if (a) actual Net Revenues for the preceding Fiscal Year or for any twelve-month period ending not more than 90 days prior to the date of calculation are at least 1.00 times the average annual Debt Service Requirements for all then outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds (including those proposed to be delivered) or (b) the estimated Net Revenues for the current and each future Fiscal Year are at least 1.00 times the Debt Service Requirements for each such Fiscal Year for all then outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds (including those proposed to be delivered) and all other outstanding obligations of NTTA secured by Net Revenues (excluding, in each case, those being refunded). Additional bonds issued to refund outstanding First Tier Bonds, Second Tier Bonds or Third Tier Bonds which do not cause an increase in the then-existing average annual debt service requirements of the First Tier Bonds, Second Tier Bonds and Third Tier Bonds may be issued without meeting the above-described requirements.

NTTA is also authorized to incur "Short-Term Indebtedness" consisting of bonds that mature in less than 365 days, and such indebtedness may be secured as Second Tier Bonds or Third Tier Bonds, *provided, however*, that immediately after the incurrence of Short-Term Indebtedness, the aggregate principal amount of Short-Term Indebtedness outstanding divided by the aggregate principal amount of all Outstanding Bonds may not exceed 35%. If a Credit Provider has extended a line of credit or NTTA has undertaken a commercial paper program or similar program, only amounts actually borrowed under such line of credit or program and repayable in less than 365 days will be considered Short-Term Indebtedness and the full amount of such commitment or program will not be treated as Short-Term Indebtedness to the extent that such facility remains available but undrawn. NTTA is not required to satisfy the additional bonds tests described herein when incurring Short-Term Indebtedness.

*[Remainder of page intentionally left blank]*

## Outstanding Obligations

After the issuance of the Bonds and the application of the proceeds thereof, the obligations listed below will be outstanding under the Trust Agreement in the following principal amounts:

<u>First Tier Bonds</u>	<u>Principal Amount</u>
Dallas North Tollway System Revenue Bonds, Series 2005C	\$ 178,310,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008A	288,955,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008B	29,720,000
North Texas Tollway Authority System First Tier Insured Capital Appreciation Revenue Refunding Bonds, Series 2008D (accreted amount calculated through February 29, 2016)	635,592,267
North Texas Tollway Authority System First Tier Convertible Capital Appreciation Revenue Refunding Bonds, Series 2008I (accreted amount through June 30, 2015 Conversion Date)	295,165,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008K	0
North Texas Tollway Authority System First Tier Tax-Exempt Current Interest Revenue Bonds, Series 2009A	69,865,000
North Texas Tollway Authority System First Tier Taxable Current Interest Revenue Bonds, Series 2009B (Build America Bonds—Direct Payment) (the "Series 2009B Bonds")	825,000,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2009C	170,730,000
North Texas Tollway Authority System First Tier Variable Rate Revenue Refunding Bonds, Series 2009D (the "Series 2009D Bonds")	178,400,000
North Texas Tollway Authority System First Tier Revenue Refunding Bonds, Series 2010	332,225,000
North Texas Tollway Authority System First Tier Variable Rate Revenue Refunding Bonds, Series 2011A (the "Series 2011A Bonds")	100,000,000
North Texas Tollway Authority System First Tier Revenue Refunding Bonds, Series 2011B	268,625,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2012A	25,930,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2012B	383,625,000
North Texas Tollway Authority System First Tier Put Revenue Refunding Bonds, Series 2012C (the "Series 2012C Bonds")	101,775,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2012D	32,815,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2014A	310,415,000
North Texas Tollway Authority System First Tier Variable Rate Revenue Refunding Bonds, Series 2014C (the "Series 2014C Bonds")	223,895,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2015B	762,830,000
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2016A	<u>987,790,000</u>
Total First Tier Bonds	\$ <u>6,201,662,267</u>

### Second Tier Bonds

North Texas Tollway Authority System Second Tier Revenue Refunding Bonds, Series 2014B (the "Series 2014B Bonds")	\$ 146,420,000
North Texas Tollway Authority System Second Tier Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds")	\$ 858,190,000
North Texas Tollway Authority System Commercial Paper Notes, Series A	<u>0</u>
Total Second Tier Bonds	\$ <u>1,004,610,000</u>

### Third Tier Bonds

None

The Trust Agreement allows for securing "First Tier Payment Obligations," "Second Tier Payment Obligations" and "Third Tier Payment Obligations" in order to secure payments due pursuant to credit agreements, including reimbursement agreements and interest rate swap agreements. First Tier Payment Obligations, Second Tier Payment Obligations and Third Tier Payment Obligations are secured on a parity with, respectively, First Tier Bonds, Second Tier Bonds and Third Tier Bonds. Additionally, NTTA may establish additional levels of priority of payment and security within the Third Tier Payment Obligations category.

The Trust Agreement secures the Payment Obligations of NTTA under (i) a letter of credit and reimbursement agreement relating to the Series 2009D Bonds, (ii) a note purchase agreement relating to NTTA's Commercial Paper Program (the "*Note Purchase Agreement*"), (iii) certain interest rate exchange agreements with CitiBank N.A., New York and JPMorgan Chase Bank, successor to Bear Stearns Financial Products Inc. and (iv) certain insurance agreements. See "**The Commercial Paper Program**" herein. Additionally, NTTA has pledged revenues on deposit in certain accounts held in the Capital Improvement Fund on a basis subordinate to the Third Tier Payment Obligations to the payment of the ISTEALoan and NTTA's North Texas Tollway Authority System Subordinate Lien Revenue Bonds, Series 2010A and North Texas Tollway Authority System Subordinate Lien Taxable Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment) (the "*Subordinate Lien Bonds*"). See "**ISTEALoan**" and "**The Subordinate Lien Bonds**."

### **The Commercial Paper Program**

In order to finance construction of various components of the NTTA System, NTTA utilizes its existing commercial paper note program which allows for the issuance, at one time, or from time to time, of up to \$200,000,000 aggregate principal amount of commercial paper notes (the "*CP Notes*"). The CP Notes are secured as Second Tier Bonds. NTTA has entered into the Note Purchase Agreement under which a commercial bank has agreed to purchase CP Notes from NTTA in the aggregate principal amount at any one time outstanding not to exceed \$200,000,000.

### **ISTEALoan**

In connection with the design and construction of the PGBT, NTTA and TxDOT entered into an agreement pursuant to the provisions of the Intermodal Surface Transportation Efficiency Act under which NTTA borrowed \$135,000,000 from TxDOT (the "*ISTEALoan*"), with approximately \$131,403,742 currently outstanding. Interest accrued and compounded on the ISTEALoan from 2000 to 2004 and annual payments began in 2004. The principal of and interest on the ISTEALoan is payable only out of amounts on deposit in the ISTEALoan Debt Service Account in the Capital Improvement Fund, no other funds or other assets of NTTA are pledged to the repayment of the ISTEALoan and NTTA is under no obligation to make any payment on the ISTEALoan from any other source.

### **The Subordinate Lien Bonds**

In connection with the development of the PGBT WE and the CTP, which are projects of the Special Projects System, NTTA issued the Subordinate Lien Bonds in the aggregate principal amount of \$400,000,000, all of which are currently outstanding, to pay a portion of the costs of the PGBT WE and the CTP. The Subordinate Lien Bonds are payable solely from and secured by Net Revenues deposited in the CIF Bond Payment Account of the Capital Improvement Fund and are not secured by any other funds or accounts under the Trust Agreement.

### **The Special Projects System Obligations**

*NTTA's Special Projects System Revenue Financings.* NTTA established a separate Special Projects System to finance the PGBT WE and the CTP. In April 2011, NTTA issued its North Texas Tollway Authority Special Projects System Revenue Bonds, Series 2011A, Series 2011B, and Series 2011C (the "*SPS PGBT WE Bonds*") in the aggregate principal amount of approximately \$672.8 million. In November 2011, NTTA issued its North Texas Tollway Authority Special Projects System Revenue Bonds, Series 2011D and Series 2011E (the "*SPS CTP Bonds*") in the aggregate principal amount of approximately \$641 million. The SPS Trust Agreement authorizes NTTA to issue "Additional First Tier Obligations" under the SPS Trust Agreement upon satisfaction of certain requirements. The SPS PGBT WE Bonds and the SPS CTP Bonds are "First Tier Obligations" under the SPS Trust Agreement. **The revenues of the NTTA System do not secure the SPS PGBT WE Bonds or the SPS CTP Bonds or other bonds or obligations issued under the SPS Trust Agreement and the revenues of**

**the Special Projects System do not secure the Bonds or other bonds or obligations issued under the Trust Agreement.**

*The Transportation Infrastructure Finance and Innovation Act Loan.* NTTA entered into a loan agreement with the Federal Highway Administration of the United States Department of Transportation (the "*TIFIA Lender*") to obtain a loan of up to \$418 million (the "*TIFIA Loan*") under the Transportation Infrastructure Finance and Innovation Act to finance a portion of the acquisition and construction of the Special Projects System or to refund approximately \$418 million of bond anticipation notes issued in April 2011 to finance a portion of the costs of the PGBT WE (the "*SPS BANs*"). In August 2013, NTTA drew down approximately \$399.9 million under the TIFIA Loan to refund the SPS BANs in full. NTTA may not make any further draws on the TIFIA Loan. **The revenues of the NTTA System do not secure the TIFIA Loan and the revenues of the Special Projects System do not secure the Bonds or other bonds or obligations issued under the Trust Agreement.**

*The Toll Equity Loan.* NTTA entered into a Toll Equity Loan Agreement ("*TELA*") with TxDOT under which TxDOT made a toll equity loan (the "*Toll Equity Loan*") available to NTTA in an original amount of approximately \$6.02 billion (the "*Maximum Available Aggregate Amount*") in connection with the Special Projects System. The Maximum Available Aggregate Amount decreases each September 1 by the maximum amount of funds available to be drawn, but not drawn, on the Toll Equity Loan during the prior fiscal year. As of September 1, 2015, the Maximum Available Aggregate Amount was approximately \$5.86 billion. The Toll Equity Loan is available to be drawn upon to pay debt service on the SPS PGBT WE Bonds, the SPS CTP Bonds and the TIFIA Loan, and to pay certain budgeted operating expenses, major maintenance expenses and capital expenditures relating to the Special Projects System. The Maximum Available Aggregate Amount represents the aggregate amount TxDOT may be required to advance to pay debt service on the SPS PGBT WE Bonds, the SPS CTP Bonds and the TIFIA Loan, and to pay budgeted operating expenses, major maintenance expenses and capital expenditures relating to the Special Projects System during the term of the Toll Equity Loan. **The revenues of the NTTA System do not secure the Toll Equity Loan and the revenues of the Special Projects System do not secure the Bonds or other bonds or obligations issued under the Trust Agreement. NTTA has the obligation to cover shortfalls in operating expenses, major maintenance expenses and capital expenditures (including construction costs), to the extent not covered by the Toll Equity Loan, from "legally available funds," which, if needed, is expected to be funds held in the Capital Improvement Fund of the NTTA System.**

NTTA has the option to refinance debt related to the Special Projects System as NTTA System debt and make the facilities that are part of the Special Projects System a part of the NTTA System.

## **RISK FACTORS**

The Bonds are special and limited obligations of NTTA payable solely from the Pledged Revenues. The following is a discussion of certain risk factors that should be considered in evaluating an investment in the Bonds. This discussion does not purport to be either comprehensive or definitive. The order in which risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there are other risks associated with an investment in the Bonds in addition to those set forth herein.

### **General**

The financial forecasts in this Official Statement are based generally upon certain assumptions and projections as to estimated revenues and Operating Expenses. See "**THE TRAFFIC AND REVENUE STUDY**" in **APPENDIX A**. Inevitably, some underlying assumptions and projections used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast periods will vary from the forecasts, and such differences may be material.

### **Forward-Looking Statements**

The statements contained in this Official Statement, and in any other information provided by NTTA, that are not purely historical, are forward-looking statements, including statements regarding NTTA's expectations, hopes, intentions or strategies regarding the future and the projections in the T&R Report (as defined herein). Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to NTTA on the date hereof, and NTTA assumes no

obligation to update any such forward-looking statements. NTTA's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates that are inherently subject to numerous risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of NTTA. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### **Rising Interest Rate Risk, Market Disruptions and Reliance on Capital Markets**

Substantially increased interest rates could adversely impact the ability of NTTA to remarket or refund certain bonds issued pursuant to the Trust Agreement on their respective tender dates. If NTTA is unable to remarket or refund such bonds on their tender dates, the interest rate on such bonds will increase to rates generally ranging between 9.00% and 10.00% per annum, which could have a material adverse effect on NTTA. Further, the failure to obtain replacement credit facilities for the Series 2009D Bonds could require NTTA to refinance the Series 2009D Bonds at substantially higher interest rates. Additionally, the failure to renew or procure new credit facilities relating to the Series 2009D Bonds could accelerate the amortization of debt service on the Series 2009D Bonds.

Credit markets experience substantial disruption from time to time. There can be no assurance as to the timing of any disruption or the extent of any recovery that may be made by the credit markets. NTTA's future capital plans may include raising additional funds through bond financings for various projects. If NTTA is unable to access the credit markets as a result of any such disruption, it is likely to delay the completion of certain projects until such time as the capital markets stabilize. The effect of such delays could result in increased costs for such projects and a delay in the receipt of revenues for such projects.

### **Costs of Construction of Toll Facilities**

In projects of the magnitude of the toll facilities developed, operated and improved by NTTA, there is a possibility of time delays and cost increases resulting from (i) design and construction problems and resulting change orders, (ii) environmental litigation or environmental administrative matters, (iii) the unavailability or cost of acquiring rights-of-way, (iv) archeological, historic and unidentified subsurface conditions, (v) utility relocation problems, (vi) hazardous materials, (vii) force majeure events, (viii) litigation or (ix) inflation. As a result, there can be no assurance that the costs of completion for any NTTA toll facilities or improvements to NTTA toll facilities will not exceed current estimates, or that the completion of such projects or improvements to such projects will not be delayed beyond the scheduled completion date. Variations in cost estimates and delays in construction could be material.

There is also a possibility of insolvency or bankruptcy of the contractors during construction. While the contractors are and will be required to provide performance bonds and payment bonds, there can be no assurance that such bonds will be sufficient to assure timely completion of any NTTA toll facility or improvements under construction. Moreover, if a default occurs under a construction contract by the contractor, there is a possibility of litigation between NTTA and the providers of the performance bonds and payment bonds and/or the contractor, which could further delay construction and the opening of the applicable NTTA toll facility or improvements. Any such delays and/or cost overruns could result in the delay or reduction in the collection of revenues and an increase in costs, thereby making it more difficult for NTTA to generate sufficient revenues to pay principal of and interest on the Bonds and other obligations under the Trust Agreement.

### **Traffic and Revenue Reports**

The revenue forecasts in the traffic and revenue studies are based upon certain assumptions set forth or incorporated therein. See "**THE TRAFFIC AND REVENUE STUDY**" in **APPENDIX A**. The T&R Report is not a guarantee of any future events or trends and the forecasts therein are subject to future economic and social

conditions and demographic developments that cannot be predicted with certainty. Further, the estimates and assumptions in the T&R Report are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of NTTA. Failure to achieve or realize any of the assumptions listed in the T&R Report may have a materially adverse effect upon the net revenues actually realized. Currently, the toll rates in effect on the NTTA System are set at rates that are expected to produce a First Tier debt service coverage ratio of at least 1.50 times in each future year. In 2018, the First Tier debt service coverage ratio is expected to be 1.61 times, the lowest projected level. If there is a decrease in vehicle transactions on the NTTA System or if there is a period of significant inflationary pressure, NTTA's actual First Tier debt service coverage ratio could decline below 1.50 times, which could adversely affect the market value of the Bonds. While NTTA has a goal of maintaining a First Tier debt service coverage ratio of 1.50 times, the Trust Agreement only requires that it maintain a First Tier debt service coverage ratio of 1.35 times. If the First Tier debt service coverage ratio falls below 1.35 times (or such other levels as are specified in the Trust Agreement for First and Second Tier debt or on all debt), NTTA would be required to raise toll rates or reduce expenses to maintain the minimum coverage ratios required by the Trust Agreement. In order to better understand the ramifications of a potential decline in vehicle transactions on the NTTA System, NTTA stressed the results of the T&R Report for the NTTA System. NTTA estimates that it would still maintain a debt service coverage ratio on all outstanding First Tier debt of 1.35 times if actual toll revenues each year were 13.37% below projections, a debt service coverage ratio on all outstanding First Tier and Second Tier debt of 1.20 times if actual toll revenues each year were 11.45% below projections and a debt service coverage on all outstanding debt (excluding Reserve Maintenance Fund Deposits) of 1.00 times if actual toll revenues each year were 16.15% below projections.

### **Operating Risks**

The ability of NTTA's toll facilities to generate revenues in amounts sufficient to pay debt service on the obligations of NTTA when due will be subject to the risks inherent in the establishment and operation of any toll facility. The ability to repay the obligations of NTTA issued pursuant to the Trust Agreement will be dependent on the volume of traffic that utilizes NTTA's toll facilities and the ability of NTTA and its computer systems to accurately process data. Revenues to be generated through such use will be influenced by numerous factors, including, among other things, the ability to manage toll evasion and toll collection and enforcement practices; the ability to control expenses; the availability of adequately-trained personnel; population, employment and income trends within the region; the congestion on alternative freeways, highways and streets; time savings experienced by motorists utilizing the toll facilities; the toll rates; the availability and price of fuel; and the construction of new or improved competitive roadways or other transit facilities.

### **Collection Risks**

NTTA previously experienced downward trends in the percentage of total transactions constituting TollTag (as defined in **APPENDIX A**) transactions and in ZipCash (as defined in **APPENDIX A**) revenue recovery. In response, NTTA implemented various improvements to its systems, processes and procedures designed to increase the percentage of TollTag transactions, pursuable ZipCash transactions and ZipCash revenue recovery with positive results. NTTA intends to continue to review and implement additional improvements in these areas. Any future downward trends in the percentage of total transactions constituting TollTag transactions and/or in ZipCash revenue recovery may have a material adverse effect on the net revenues actually realized from the NTTA System. See "**OPERATION OF THE NTTA SYSTEM — Operations — Toll Collection,**" "**— Toll Collection Variance**" and "**— Revenue Recovery Assumptions in Traffic and Revenue Study**" in **APPENDIX A**. NTTA could also raise toll rates or the premium charged on ZipCash transactions to address any revenue shortfalls.

### **Ability to Maintain or Raise Rates**

NTTA may need to raise toll rates in the future above the scheduled toll rate increases under the current toll rate schedule to support its debt service requirements. Although the T&R Report suggests there is an ability to raise rates further, the effect of any future rate increase is unknown. It is possible that a future increase in rates could result in reduced usage of the NTTA System, resulting in decreased revenues. Additionally, political pressure could result in hesitance by NTTA to raise rates further if needed. See "**CURRENT AND HISTORICAL INFORMATION – NTTA System Toll Rate Schedule**" in **APPENDIX A** for a discussion of

automatic increases in toll rates every two years pursuant to the existing NTTA System toll rate schedule, absent action by NTTA.

### **Custodian in Possession of Prepaid Funds**

NTTA has entered into the Master Custodial Account Agreement with the Custodian. See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Funds and Accounts — Master Custodial Account Agreement.**" NTTA is required to deposit all prepaid funds of its TollTag customers in a single custodial account (the "*Prepaid Funds Account*") held by the Custodian for the benefit of NTTA and the beneficiaries (including NTTA) under the Master Custodial Account Agreement. The Custodian will hold all funds in the Prepaid Funds Account until such time as the customers utilize the NTTA System (or other toll road of NTTA or a third-party operator for which NTTA provides toll collection services), and will then transfer funds as directed by NTTA to the Trustee for toll transactions on the NTTA System or other appropriate person for non-NTTA System toll transactions.

Funds in the Prepaid Funds Account are not subject to the lien created under the Trust Agreement until they are transferred by the Custodian to the Trustee as payment for tolls of the NTTA System. On each business day, NTTA is required to deliver to the Custodian a certificate specifying the amount of the funds in the Prepaid Funds Account to be paid to the Trustee, and the Custodian is required to apply such funds as directed. Nonetheless, no assurance can be given that, should the Custodian go into receivership or conservatorship, such agreement will be effective to assure that the Trustee or NTTA will receive timely payment of such tolls.

Funds in the Prepaid Funds Account are required to be segregated from all other funds and accounts of the Custodian and the Custodian has no interest in the Prepaid Funds Account. In the event of the Custodian's receivership or conservatorship, the Prepaid Funds Account should not be considered part of the Custodian's property subject to receivership or conservatorship. However, there may be delays in payments from the Prepaid Funds Account to the Trustee, or other possible negative consequences, which could have an adverse effect on the liquidity and value of the Bonds.

### **Maintenance Costs**

Successful operation of the NTTA System will require timely and complete maintenance and replacement of components of the NTTA System. No assurance can be given that sufficient funds will be available to maintain the NTTA System adequately over the long term. Any significant deterioration in the NTTA System may result in increased operating costs and in reduced usage, as well as temporary lane closures, and could adversely affect the amount of funds available to pay debt service on NTTA's obligations.

### **Motor Fuel Prices and Taxes**

There is no assurance that motor fuel will remain in adequate supply or that motor fuel prices and federal and State motor fuel taxes will not increase. Increases in motor fuel pump prices could negatively impact the revenues of NTTA. Additionally, if motor fuel prices increase, it could have a material adverse effect on the economy of the north central Texas region and the revenues of NTTA.

### **Retaining Walls**

In 2010, a portion of a mechanically stabilized earth ("*MSE*") retaining wall located on the westbound main lanes of the PGBT between Kelly Boulevard and Josey Lane in the City of Carrollton (the "*Kelly Wall*") buckled and NTTA spent \$5.3 million to stabilize the wall. No personal injuries resulted from the wall failure. In February 2012, NTTA filed a lawsuit against the general contractor that built the Kelly Wall, and NTTA's construction manager and wall supplier to recoup costs of emergency stabilization, remediation and/or repair work associated with the Kelly Wall failure. The lawsuit recently settled. Pursuant to the settlement, defendants paid NTTA \$4 million and agreed to repair the Kelly Wall and six walls in the immediate vicinity of the Kelly Wall and to provide certain additional consideration in an amount currently estimated at under \$1 million. In May 2013, NTTA filed a lawsuit against its general contractor and construction manager related to other walls within Section V of the PGBT, which lawsuit is still pending.

In response to the MSE retaining wall failure, NTTA engaged a forensic engineering consultant to conduct a further inspection, investigation, and risk analysis of MSE retaining walls constructed along portions of

the PGBT (the "MSE Study"), which revealed that such walls are vulnerable to failures similar to those experienced with the Kelly Wall.

In 2013, NTTA also engaged forensic engineering consultants to inspect MSE retaining walls on the DNT and the SRT (the "2013 DNT/SRT Study"). The cost of professional services for the 2013 DNT/SRT Study is approximately \$1.2 million. In March 2015, NTTA received the results of the 2013 DNT/SRT Study, which identified certain retaining walls that need or may need stabilization repairs. NTTA intends to engage engineering consultants to further investigate and to recommend stabilization repairs for such retaining walls identified in the 2013 DNT/SRT Study and to prepare plans, specifications and estimates for specific repairs to be approved by NTTA.

The estimate to stabilize all the remaining PGBT walls covered by the MSE Study is approximately \$20 million, which may increase significantly after the forensic engineering consultants' investigations and stabilization recommendations have been completed. Preliminary cost estimate for the repair of retaining walls identified in the 2013 DNT/SRT Study is approximately \$20 million. NTTA has designated \$72.4 million from the Capital Improvement Fund for the stabilization and strengthening of existing MSE retaining walls along the PGBT, DNT and SRT over the 2016-2020 period.

NTTA has determined that a small segment of the PGBT WE utilizes MSE retaining walls that were constructed using similar soils to the MSE retaining wall that failed on the NTTA System. NTTA has not engaged a forensic engineering consultant to inspect the MSE retaining walls on the Special Projects System.

No walls other than the ones described above are under study or inspection. The estimated professional services and construction costs described above with respect to the retaining walls are included in NTTA's multi-year NTTA System capital improvement plan. Such costs, net of legal recoveries, could exceed current estimates, and variations in such costs could be material.

#### **Limitation and Enforceability of Remedies**

##### *Limitation of Remedies under the Trust Agreement.*

The remedies available to owners of the Bonds upon an event of default under the Trust Agreement are limited to the seeking of specific performance in a writ of mandamus or other suit, action or proceeding compelling and requiring NTTA and its officers to observe and perform any covenant, condition or obligation prescribed in the Trust Agreement. The enforcement of the remedy of mandamus may be difficult and time-consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Trust Agreement would be successful. Even if a judgment against NTTA could be obtained, it could not be enforced by direct levy and execution against NTTA's property. Owners do not have the right to have the maturity of the Bonds accelerated as a remedy in the event of a default by NTTA.

Under current State law, NTTA may waive sovereign immunity from suit or liability for the purpose of adjudicating a claim to enforce an obligation issued or incurred (including credit agreements entered into) under Chapter 1371 of the Texas Government Code, such as the Bonds, or for damages for breach of such obligation. **NTTA HAS NOT AGREED TO WAIVE SOVEREIGN IMMUNITY UNDER THE TRUST AGREEMENT.** However, State courts have held that mandamus proceedings, such as those discussed in the preceding paragraph, are not prohibited by sovereign immunity. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**" in **APPENDIX D**.

##### *Enforceability of Remedies.*

The remedies available under the Trust Agreement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law, such remedies may not be readily available. In addition, enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion, (ii) are subject to the exercise in the future by the State and its agencies and political subdivisions of the police power inherent in the sovereignty of the State and (iii) are subject to the exercise by the United States of the powers delegated to it by the federal Constitution.

The enforceability of the rights and remedies of registered owners of the Bonds may be limited by laws now or hereafter in effect relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as NTTA. If NTTA were allowed to proceed

voluntarily under Chapter 9 of the United States Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect registered owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities and otherwise compromising and modifying the rights and remedies of the registered owners' claims against NTTA.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

### **Clean Air Act Non-Attainment and Conformity Risk; NEPA Environmental Litigation Risk**

The air quality provisions of the Clean Air Act, 42 U.S.C. §7401 et seq., as amended (the "*CAA*"), and the transportation planning provisions of Title 23 and Title 49 of the United States Code, are intended to ensure that integrated transportation and air quality planning occur in those areas designated by the United States Environmental Protection Agency (the "*EPA*") as non-attainment areas.

The CAA requires the EPA to set National Ambient Air Quality Standards ("*NAAQS*") for widespread pollutants from numerous and diverse sources considered harmful to public health and the environment. The CAA establishes two types of NAAQS: Primary Standards set limits to protect public health, including the health of "sensitive" populations; Secondary Standards set limits to protect public welfare, including protection against visibility impairment, damage to animals, crops, vegetation and buildings. The CAA requires periodic review of the science upon which the standards are based and the standards themselves. NAAQS have been set for pollutants: Ozone, Carbon Monoxide, Particulate Matter, Sulfur Dioxide, Nitrogen Oxides and Lead. An area in which one or more of the six regulated pollutants exceeds the NAAQS is designated as a "non-attainment" area, based on the area's failure to attain compliance with NAAQS for any particular pollutant. On April 15, 2004, EPA designated a nine-county area as non-attainment under the 8-hour NAAQS for ozone proposed in 1997, which became effective June 15, 2004 (the "*1997 Ozone Standard*"). The nine-county area includes Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall and Tarrant Counties (the "*DFW Non-Attainment Area*"). The 1997 Ozone Standard of 84 parts per billion ("*ppb*") was lowered to 75 ppb in 2008 and Wise County was added as part of the DFW Non-Attainment Area in 2012 (the "*2008 Ozone Standard*"). EPA then began the rulemaking process to reconsider the 75 ppb ozone standard. On October 26, 2015, EPA lowered the ozone standard to 70 ppb (the "*2015 Ozone Standard*"). What effect, if any, the 2015 Ozone Standard will have on the DFW Non-Attainment Area cannot be determined at this time.

Transportation projects, including those of NTTA, must comply with and conform to the CAA. Although the area is currently designated non-attainment for ozone under the 2008 Ozone Standard (and it is anticipated that the area will be designated non-attainment for ozone under the 2015 Ozone Standard of 70 ppb), voluntary pollution reduction efforts made in the area have kept the area's transportation projects, including NTTA's projects, in compliance and conformity with the CAA.

Should the DFW Non-Attainment Area fail to achieve attainment, or should the DFW Non-Attainment Area fail to satisfy the then-effective CAA State Implementation Plan ("*SIP*") (for non-attainment or otherwise), or for any other reason should a lapse in conformity with the Clean Air Act occur, the DFW Non-Attainment Area may be subjected to sanctions pursuant to Section 179 of the CAA. Under such circumstances, the Texas Commission on Environmental Quality would be required under the CAA to submit to EPA a new SIP under the CAA for the area. Due to the complexity of the non-attainment/conformity analysis, the status of EPA's implementation of the 2015 Ozone Standard, and the incomplete information surrounding any SIP requirements for areas designated non-attainment under this new standard, the exact nature of sanctions or any potential SIP for the DFW Non-Attainment Area is currently unknown. Nevertheless, it is possible that all or some of the transportation control measures available as sanctions under the CAA may be imposed. The CAA also provides for mandatory sanctions, including the suspension of highway funding, should the State fail to submit a proper SIP, or associated submissions, fail to revise or implement a SIP or fail to comply with an existing SIP. Subject to certain exceptions, if the DFW Non-Attainment Area falls out of conformity and the mandatory highway

funding suspension sanction is implemented, the Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area failing to conform to the CAA.

NTTA expects that its existing toll facilities would not be directly affected by a lapse in conformity or non-attainment sanctions. The Mobility 2040: The Metropolitan Transportation Plan (the "*Mobility 2040 Plan*") was approved by the RTC on March 20, 2016. It is anticipated that the Mobility 2040 Plan will receive a favorable air quality conformity determination from the U.S. Department of Transportation in the summer of 2016. NTTA's toll facilities are included in the Mobility 2040 Plan.

It is possible that non-attainment, a lapse in conformity under the CAA, or other environmental issues may result in litigation involving injunctive or other relief that could delay or increase the cost of the construction of improvements or additions to, or adversely impact the operation of, the NTTA System. Litigation under the National Environmental Policy Act or other state or federal environmental laws may also result in injunctive or other relief that could delay or increase the cost of construction of improvements or additions to, or adversely impact the operation of, the NTTA System. See "— Obligation to Fund Shortfalls Relating to Special Projects System," and "— Costs of Construction of Toll Facilities."

### **Continuing Disclosure Obligations**

In connection with the issuance of the Bonds and other previously issued obligations, NTTA has agreed to file continuing disclosure information on an ongoing basis. Any failure by NTTA to comply with its continuing disclosure obligations may adversely affect the liquidity of the Bonds and their market price in the secondary market.

### **Swap Transaction Risks**

NTTA entered into interest rate swap transactions (the "*Swap Transactions*") under the Trust Agreement with a collective outstanding notional amount of \$178,290,000 pursuant to ISDA Master Agreements dated and effective as of August 20, 2004 (the "*ISDA Master Agreements*") with Citibank N.A., New York and JPMorgan Chase Bank, successor to Bear Stearns Financial Products Inc. (the "*Swap Providers*"). NTTA may enter into additional interest rate exchange agreements. As with any derivative transaction, NTTA is exposed to certain risks, including basis risk under the Swap Transactions as the variable rate received under the ISDA Master Agreements will not perfectly match the variable rate paid on the variable rate bonds intended to be hedged by such Swap Transactions.

Each of the ISDA Master Agreements may be terminated by NTTA if the respective counterparty does not maintain a credit rating of least "Baa3" by Moody's or "BBB-" by S&P. As of the date hereof, the Swap Providers respective ratings by Moody's and S&P are as follows: Citibank N.A., New York, "A1"/"A" and JPMorgan Chase Bank, "Aa3"/"A+."

Under certain credit related circumstances, NTTA or the respective Swap Providers may terminate their respective obligations under the ISDA Master Agreements, and such termination may result in the payment of a settlement amount by NTTA or the respective Swap Provider to the other party. The amount of any termination would be determined at the time of the termination of the ISDA Master Agreements. If NTTA were to become obligated to make a termination payment under an ISDA Master Agreement, such obligation could be material in the period in which the amount is required to be paid. See "**— Rising Interest Rate Risk, Market Disruptions and Reliance on Capital Markets.**"

In addition to the foregoing, the Swap Transactions were insured by Financial Guaranty Insurance Company ("*FGIC*"). Pursuant to the interest rate exchange agreement with JPMorgan Chase Bank, if FGIC's rating is below "A-" by S&P or "A3" by Moody's and NTTA's First Tier Bonds are rated below "A-" by S&P or "A3" by Moody's, NTTA will be obligated to post collateral in an amount equal to the swap termination payment amount owed by NTTA to JPMorgan Chase Bank. The collateral posting requirement could have a negative impact on NTTA's liquidity position. While FGIC's ratings have been withdrawn, NTTA's ratings on its First Tier Bonds are "A1" by Moody's and "A" by S&P and so NTTA has no obligation to post collateral at this time.

### **Additional Obligations**

There is no restriction on NTTA's ability to enter into additional hedging arrangements or to issue additional bonds (except for the satisfaction of the additional debt test contained in the Trust Agreement). See

**"SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Additional Bonds and Other Obligations."** Future turnpike projects of NTTA may be financed as part of the NTTA System or independently of the NTTA System and in such event may require the issuance of additional bonds. See **"OTHER POTENTIAL PROJECTS (ON SYSTEM AND OFF SYSTEM)"** in **APPENDIX A**. The execution of such hedging arrangements and the issuance of such additional bonds could adversely affect the ability of NTTA to repay the Bonds.

#### **Obligations Relating to Special Projects System**

Under the terms of the TELA entered into between NTTA and TxDOT, to the extent annual operating expenses, major maintenance expenses and capital expenditures relating to the Special Projects System either (i) exceed the budgeted amounts and are not paid out of the Special Projects System revenues or (ii) exceed prescribed standards, NTTA is responsible for paying such amounts from assets that are not a part of the Special Projects System trust estate. Funding any of such payments is likely to come from revenues generated by the NTTA System and payment of such costs could have a material adverse effect on NTTA.

#### **Obligations Relating to SH 360 Project**

Under the terms of the SH 360 Project Agreement (as defined in **APPENDIX A**) between NTTA and TxDOT, if SH 360 Project revenues are insufficient to make any scheduled payment on the Project Loan (as defined in **APPENDIX A**), NTTA may, but is not obligated to, use funds from other sources available to pay such shortfall. Funding of any such shortfall is likely to come from revenues generated by the NTTA System and payment of any such shortfall could have a material adverse effect on NTTA. Failure to make any such payment to TxDOT will not constitute a default under the SH 360 Project Agreement, but may lead to a termination of the SH 360 Project Agreement and a reversion of the SH 360 Project to TxDOT. See **"STATE HIGHWAY 360 PROJECT—Reverter and Nonrecourse"** in **APPENDIX A**.

#### **Obligation to Pay for Video Tolls under TSAs Prior to Collection**

Under the terms of the TSAs between NTTA and the developers of the IH 635 Project (as defined in **APPENDIX A**) and the NTE Segment 1/2W Project (as defined in **APPENDIX A**), NTTA has agreed to pay such developers an amount equal to the transponder toll for each video transaction (NTTA retains all collected video toll premiums), less its fee, within two business days after the date the video transaction has been properly transmitted to NTTA. Until the tolls for such video transactions are collected, the funding of the payments to such developers for such tolls will come from funds in the NTTA Enterprise Fund to the extent funds are available therein, and thereafter, could come from the NTTA System Capital Improvement Fund. The funding of such payments from such sources could have a material adverse effect on NTTA. NTTA has previously experienced downward trends for video tolls (known as "ZipCash") revenue recovery on its roadways. In response, NTTA began implementing various improvements to its systems, processes and procedures designed to increase the percentage of TollTag transactions, pursuable ZipCash transactions, and ZipCash revenue recovery, with positive results. NTTA intends to continue to review and implement additional improvements in these areas. NTTA also has the ability under the above described TSAs to raise the premium charged on video toll transactions to cover its costs and to reflect the collection risks for video tolls. Any future downward trends in the percentage of total transactions constituting TollTag transactions, pursuable ZipCash transactions and/or ZipCash revenue recovery may have a material adverse effect on NTTA's ability to fully recover its payments for ZipCash transactions to developers under the above described TSAs and its costs to collect revenue attributable to the ZipCash transactions. See **"OPERATION OF THE NTTA SYSTEM — Operations — Toll Collection"** and **"— Toll Collection Variance"** and **"TOLLING SERVICES AGREEMENTS"** in **APPENDIX A**.

#### **Risks Relating to Build America Bonds**

NTTA previously issued certain bonds under the Trust Agreement as "Build America Bonds." NTTA elected to receive a subsidy payment from United States Treasury equal to 35% of the taxable interest NTTA pays on such bonds. In order to receive the subsidy, NTTA is required to make certain filings with the Internal Revenue Service. If NTTA fails to make the required filings, it will not be eligible to receive the subsidy payments. Additionally, the proceeds of "Build America Bonds" have a number of limitations on their use. If NTTA used the proceeds of such bonds for expenditures other than capital expenditures, reasonably required reserve funds and costs of issuance, such bonds would not be eligible for the subsidy payments. Additionally, the

federal government can refuse to pay subsidy payments to offset amounts owed by NTTA to the federal government. It is also possible that the subsidy payments could be reduced or eliminated as a result of a change in law. Any reduction or loss of the subsidy payments could have a material adverse effect on NTTA.

When Congress failed to enact legislation to reduce the federal deficit by \$1.2 trillion, as required by the Budget Control Act of 2011, the Sequestration Transparency Act of 2012 ("*STA*") automatically triggered large scale cuts in the federal budget (the "*Sequestration Cuts*"). The STA went into effect January 2, 2013. Since then, subsidy payments authorized for the issuers of Build America Bonds have been reduced by 6.8% to 7.6%. For federal fiscal year 2016, the IRS established a 6.8% sequestration cut for Build America Bonds, which rate will be applied from October 1, 2015 until September 30, 2016, absent intervening Congressional action, at which time the sequestration rate is subject to change. NTTA issued its Series 2009B Bonds and Series 2010B Subordinate Lien Bonds as direct payment Build America Bonds. Due to sequestration, NTTA received \$2,303,757, \$2,100,910 and \$2,115,399 less than the total subsidy payment of \$28,978,075 it was scheduled to receive in 2013, 2014 and 2015, respectively, and anticipates receiving \$1,970,509 less than it is scheduled to receive in 2016. NTTA calculates its debt service and debt service coverage net of the direct subsidy payments NTTA expects to receive for the Series 2009B Bonds and Series 2010B Subordinate Lien Bonds. See "**PRO FORMA DEBT SERVICE REQUIREMENTS.**"

### **Technological and Societal Changes**

Neither NTTA nor the Traffic Engineers can predict the technological and societal changes that may affect the use of the NTTA System during the term of the Bonds. Societal changes may include, for example, the increased use of telecommuting, which could have an adverse impact on usage of the NTTA System. Other technologies or societal changes could have a similar detrimental effect on the NTTA System.

### **Changes in Law**

State and federal legislation is introduced and enacted from time to time that could have a direct impact on NTTA's financial condition or its operations. The likelihood of any such legislation being introduced or enacted cannot be predicted.

### **Future and Proposed Tax Legislation**

Tax legislation, administrative actions taken by tax authorities or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **Cyber-Attack Security**

Computer hacking, cyber-attacks or other malicious activities could disrupt NTTA's services. Further, security breaches such as leakage, or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect NTTA's reputation, which could lead to significant capital outlays and decreased performance that insurance may not cover. To mitigate these risks, NTTA has increased its threat monitoring and security measures. NTTA does not believe it has experienced any cyber security breaches.

## **LITIGATION AND INVESTIGATIONS**

On the date of delivery of the Bonds, NTTA will execute and deliver to the Underwriters a certificate to the effect that no litigation of any nature has been filed or is pending as of such date seeking to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security, or in any manner questions the validity of the Bonds.

As of the date of this Official Statement, NTTA is not a party to any litigation, claim or other proceeding pending or, to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to NTTA, could have a material adverse effect on the financial condition or operations of NTTA or the NTTA System.

Notwithstanding the foregoing, NTTA is a defendant in a class action lawsuit alleging that NTTA exceeded its legal authority in assessing administrative fees to toll road violators under a statutory provision that was no longer effective beginning September 1, 2011. If the plaintiffs were to succeed in the litigation, NTTA believes that the maximum damages would be less than \$35 million. A trial date has been set for September 6, 2016.

Also, a contractor has claimed it is entitled to liquidated damages withheld by NTTA and additional compensation for costs incurred by such contractor in connection with the construction of the CTP. Although no suit has been filed, if a suit is filed, NTTA intends to vigorously defend itself. NTTA does not believe such potential suit, if filed and decided adversely to NTTA, would have a material adverse effect on its financial condition.

## **TAX MATTERS**

### **Opinion**

On the date of initial delivery of the Bonds, co-bond counsel will each render an opinion with respect to the Bonds that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("*Existing Law*"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "*Code*"). Except as stated above, co-bond counsel will not express an opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "**FORM OF CO-BOND COUNSEL OPINION**" in **APPENDIX E**.

In rendering the opinions, co-bond counsel will rely upon (a) certain information and representations of NTTA, including information and representations contained in NTTA's federal tax certificate, (b) covenants of NTTA contained in the Trust Agreement relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith and (c) the verification report of Grant Thornton LLP. Failure by NTTA to observe the aforementioned representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of co-bond counsel is conditioned on compliance by NTTA with such requirements and the representations and covenants described in the previous paragraph, and co-bond counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Co-bond counsel's opinion represents their legal judgment based upon their review of Existing Law and reliance on the aforementioned information, representations and covenants. Co-bond counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the United States Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by NTTA with respect to the Bonds or property financed or refinanced with the proceeds of the Bonds or the Refunded Bonds. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinions of co-bond counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat NTTA as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the

accrual period or be in excess of one year (the "*Original Issue Discount Bonds*"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see "**Collateral Federal Income Tax Consequences**" set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT BONDS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds, although for this purpose, a de minimis amount of market interest is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (*i.e.*, the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the bond bears to the number of days between the acquisition date and the final maturity date.

### **State, Local and Foreign Taxes**

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

### **UNDERWRITING**

The Underwriters for the Bonds, for which J.P. Morgan Securities LLC is acting as representative, have agreed, subject to certain customary conditions to delivery, to purchase the Bonds from NTTA at a price of \$1,175,219,752, reflecting the par amount of \$987,790,000 plus original issue premium of \$191,927,755 and less an underwriter's discount of \$4,498,003. The Underwriters for the Bonds will be obligated to purchase all of the Bonds if any Bonds are purchased.

The Bonds are being offered for sale to the public at the prices shown on page (i) hereof. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in this Official Statement. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The obligation of the Underwriters to accept delivery of the Bonds is subject to the terms and conditions set forth in the purchase contract, the approval of legal matters by counsel and other conditions. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

J.P. Morgan Securities LLC has entered into negotiated dealer agreements (each, a "*Dealer Agreement*") with each of Charles Schwab & Co., Inc. ("*CS&Co.*") and LPL Financial LLC ("*LPL*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Jefferies LLC ("*Jefferies*"), an underwriter of the Bonds, has entered into an agreement (the "*Jefferies Agreement*") with E\*TRADE Securities LLC ("*E\*TRADE*") for retail distribution of the municipal securities. Pursuant to the Jefferies Agreement, Jefferies will sell Bonds to E\*TRADE and will share a portion of its selling concession compensation with E\*TRADE.

Siebert Brandford Shank & Co., L.L.C. ("*SBS*") has entered into separate agreements with Muriel Siebert & Co. for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to these distribution agreements, if applicable to the Bonds, Muriel Siebert & Co., as the case may be, will purchase Bonds at the original issue price less the selling concession with respect to any Bonds that such entity sells. SBS will share a portion of its underwriting compensation with Muriel Siebert & Co.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for NTTA, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of NTTA.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### RATINGS

The Bonds received ratings of "A1" by Moody's and "A" by S&P. An explanation of the significance of each rating may be obtained from the company furnishing the rating. The ratings reflect only the views of such companies at the time such ratings are given, and NTTA makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds.

### LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to approval of legality by the Attorney General of the State, and certain legal matters will be passed upon by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Mahomes Bolden PC, Dallas, Texas, co-bond counsel to NTTA. Attached hereto as **APPENDIX E** is the form of opinion that co-bond counsel will each render in connection with the issuance of the Bonds. The legal opinions will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. While co-bond counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, and has not undertaken independently to verify any of the information contained herein, in its capacity as co-bond counsel, such firms have reviewed the information in this Official Statement appearing under the captions and subcaptions "**INTRODUCTION**" (excluding the information in the first, fifth and sixth paragraphs under such caption as to which no opinion will be expressed), "**PLAN OF FINANCE – General**," "**THE BONDS**," "**GENERAL INFORMATION REGARDING THE BONDS**" (excluding the information under the subcaption "**Book-Entry-Only System**," as to which no opinion will be expressed), "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**" (excluding the information regarding outstanding obligations under the subcaption "**Outstanding Obligations**" as to which no opinion will be expressed), "**TAX MATTERS**," "**LEGAL MATTERS**," "**REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**," "**LEGAL INVESTMENTS IN TEXAS**" and "**CONTINUING DISCLOSURE OF INFORMATION**" (except under the subcaption "**Compliance with Prior Undertakings**," as to which no opinion will be expressed) and **APPENDIX D** and such firms are of the opinion that the information contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution and the Trust Agreement. CDM Smith, the Traffic Engineers, has reviewed the information contained in "**APPENDIX A — OPERATION OF THE NTTA SYSTEM — Operations — Revenue Recovery Assumptions in Traffic and Revenue Study**" and "**— THE TRAFFIC AND REVENUE STUDY**" and has found that such statements therein are true, correct and complete in all material respects and do not omit any material fact, which in their opinion should be included or referred to therein so as to make the information or statements made therein not misleading. CDM Smith has also

reviewed the March 2014 Study (defined below), the October 2014 Update (defined below), the July 2015 Update (defined below) and the March 2016 Bringdown Letter (defined below) incorporated by reference herein and found that nothing has come to their attention that would cause them to believe that the March 2014 Study, the October 2014 Update, the July 2015 Update or the March 2016 Bringdown Letter is or was inaccurate in any material respect. Atkins North America, the Consulting Engineers, have reviewed the information contained in "ESTIMATED TOLL REVENUES, EXPENSES, OTHER INCOME AND ESTIMATED DEBT SERVICE COVERAGE" and in "APPENDIX A — THE NTTA SYSTEM," "— OTHER POTENTIAL PROJECTS (ON SYSTEM AND OFF SYSTEM)," "— THE SPECIAL PROJECTS SYSTEM," "— STATE HIGHWAY 360 PROJECT" and "— ENGINEERING REPORTS AND PROGRESS REPORTS" and has found that such statements therein are true, correct and complete in all material respects and do not omit any material fact, which in their opinion should be included or referred to therein so as to make the information or statements made therein not misleading. Locke Lord LLP, counsel to NTTA, has reviewed the information contained in "RISK FACTORS — Clean Air Non-Attainment and Conformity Risk; NEPA Environmental Litigation Risk" and "LITIGATION AND INVESTIGATIONS" and "APPENDIX A — INTRODUCTION AND OVERSIGHT," "— GOVERNMENT AND MANAGEMENT," "— THE NTTA SYSTEM," "— OTHER POTENTIAL PROJECTS (ON SYSTEM AND OFF SYSTEM)," "— TOLLING SERVICES AGREEMENTS," "— THE SPECIAL PROJECTS SYSTEM" and "— STATE HIGHWAY 360 PROJECT" (other than any financial or statistical data or biographies contained therein) and has found that such statements made therein are a fair and accurate summary of the matters set forth therein and are true and correct in all material respects.

The payment of certain legal fees to co-bond counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for NTTA by Locke Lord LLP, Dallas, Texas, counsel to NTTA. Certain legal matters will be passed upon for NTTA by McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Mahomes Bolden PC, Dallas, Texas, as co-disclosure counsel to NTTA. The payment of certain legal fees to co-disclosure counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by Bracewell LLP and West & Associates, L.L.P., co-counsel for the Underwriters. The payment of legal fees to co-counsel for the Underwriters in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. In connection with the issuance of the Bonds, co-bond counsel have been engaged by, and only represent, NTTA.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Grant Thornton LLP, a firm of independent public accountants, will deliver to NTTA, on or before the closing or settlement date, as appropriate, of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds and (b) the mathematical computations of yield used by co-bond counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by NTTA. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by NTTA and NTTA's Financial Advisor and Co-Financial Advisor and has not evaluated or examined the assumptions or information used in the computations.

The verification report or reports will be relied upon by co-bond counsel in rendering their opinions with respect to the tax-exemption of interest on the Bonds and with respect to the defeasance of the Refunded Bonds.

#### **INDEPENDENT AUDITOR**

The financial statements of NTTA's North Texas Tollway Authority System Enterprise Fund as of December 31, 2014, and for the year then ended, included in **APPENDIX B-1** to this Official Statement have been audited by Crowe Horwath LLP, independent auditors, as stated in its report appearing in **APPENDIX B-1**. The audit report refers to certain supplementary information that is not a required part of the basic financial statements, some of which is unaudited.

Crowe Horwath LLP has not been engaged to perform and has not performed, since the date of its report included in **APPENDIX B-1**, any procedures on the financial statements addressed in such report.

The financial statements of NTTA's North Texas Tollway Authority System Enterprise Fund, for the Fiscal Year ended December 31, 2015, included in **APPENDIX B-2** to this Official Statement, have not been audited.

### **PROFESSIONAL ENGINEERS**

In March 2014, CDM Smith, the traffic engineers for the NTTA System, prepared the NTTA System Comprehensive Traffic and Toll Revenue Study (the "*March 2014 Study*") to estimate traffic and toll revenues for the NTTA System. CDM Smith completed a letter update to the March 2014 Study in October 2014 (the "*October 2014 Update*") and another letter update in July 2015 (the "*July 2015 Update*") to address additional changes to the underlying assumptions since the completion of the March 2014 Study. In March 2016 CDM Smith completed a bringdown letter (the "*March 2016 Bringdown Letter*") to address changes to the underlying assumptions since the completion of the July 2015 Update. The March 2014 Study, the July 2015 Update and the March 2016 Bringdown Letter (collectively, the "*T&R Report*") are incorporated by reference herein and have been incorporated by reference or included in this Official Statement in reliance on CDM Smith's expertise as professional consultants. See "**INCORPORATION BY REFERENCE**" in **APPENDIX A**. CDM Smith has consented to the inclusion of the T&R Report in this Official Statement.

### **FINANCIAL ADVISORS**

FirstSouthwest, a division of Hilltop Securities, Inc., Estrada Hinojosa & Co., Inc. and RSI Group, LLC are acting as Co-Financial Advisors to NTTA. FirstSouthwest, a division of Hilltop Securities, Inc., Estrada Hinojosa & Co., Inc. and RSI Group, LLC in their respective capacities, have not verified and do not assume any responsibility for the information, covenants, and representations contained in this Official Statement or any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

### **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. NTTA assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### **LEGAL INVESTMENTS IN TEXAS**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code and legal and authorized investments for insurance companies, fiduciaries, and trustees and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by NTTA has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

NTTA makes no representation that the Bonds will be acceptable to banks, savings and loan associations or public entities for investment purposes or to secure deposits of public funds. NTTA has made no investigation of other laws, regulations or investment criteria that might apply to or otherwise limit the availability of the Bonds

for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

## CONTINUING DISCLOSURE OF INFORMATION

In the Trust Agreement, NTTA has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. NTTA is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, NTTA will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB.

### Annual Reports

NTTA will provide certain updated financial information and operating data to the MSRB. The information to be updated includes (i) either as part of its comprehensive annual financial reports, or by notice referencing a recently released official statement or other offering document of NTTA, all quantitative financial information and operating data with respect to NTTA and the NTTA System of the general type included in this Official Statement under the captions or subcaptions "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Outstanding Obligations**," "**PRO FORMA DEBT SERVICE REQUIREMENTS**," "**ESTIMATED TOLL REVENUES, EXPENSES, OTHER INCOME, AND ESTIMATED DEBT SERVICE COVERAGE**," "**OPERATION OF THE NTTA SYSTEM — Operations — General**" and "**— Toll Collection Variance**" in **APPENDIX A** and "**OTHER FINANCIAL INFORMATION — Historical Traffic and Net Revenues**" and "**— Historical Debt Service Coverage**" in **APPENDIX A**, and updates to the NTTA System toll rate schedules in **APPENDIX C "NTTA SYSTEM TOLL RATE SCHEDULES"**, (ii) a copy of the progress reports required under the Trust Agreement, and (iii) the annual financial statements in **APPENDIX B-1 "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE NORTH TEXAS TOLLWAY AUTHORITY SYSTEM, AN ENTERPRISE FUND OF THE NORTH TEXAS TOLLWAY AUTHORITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014."** NTTA will update and provide this information within six months after the end of each Fiscal Year for the NTTA System.

NTTA may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "*Rule*"). Any financial statements to be provided will be audited, if NTTA commissions an audit and it is complete by the required time. If audited financial statements are not available by the required time, NTTA will provide unaudited financial information by the required time and will provide audited financial statements when and if the audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles or such other accounting principles as NTTA may be required to employ from time to time pursuant to state law or regulation.

The current Fiscal Year end for the NTTA System is December 31. Accordingly, NTTA must provide updated information by June 30 of each year, unless NTTA changes the Fiscal Year for the NTTA System. If NTTA changes the Fiscal Year for the NTTA System, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which NTTA would otherwise be required to provide financial information and operating data as described above.

### Event Notices

NTTA will also provide timely notices of certain events to the MSRB. NTTA will provide notice of any of the following events with respect to the Bonds in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) ratings changes; (12) bankruptcy, insolvency, receivership or similar event of NTTA; (13) the consummation of a merger, consolidation, or acquisition involving NTTA or the sale of all or

substantially all of the assets of NTTA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional trustee or the change of the name of a trustee, if material. In addition, NTTA will provide timely notice of any failure by NTTA to provide information, data or financial statements in accordance with its agreement described above under " — *Annual Reports*."

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for NTTA in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of NTTA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of NTTA.

### **Availability of Information from the MSRB**

NTTA has agreed to provide the foregoing information only to the MSRB. The information will be provided to the MSRB, in an electronic format as prescribed by the MSRB, and will be available to Bondholders through the MSRB's internet website at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

NTTA has agreed to update information and to provide notices of certain events only as described above. NTTA has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. NTTA makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. NTTA disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel NTTA to comply with its agreement.

NTTA may amend, supplement or repeal its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations of NTTA, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the agreement, or (b) any person unaffiliated with NTTA (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. NTTA may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds. If NTTA so amends its continuing disclosure agreement, it will include with any amended financial information or operating data next provided in accordance with such agreement an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

### **Compliance with Prior Undertakings**

During the last five years, NTTA has complied materially with all continuing disclosure agreements made by it in accordance with the Rule. However, NTTA has had several instances of noncompliance under certain continuing disclosure agreements during this time period. Bonds associated with certain CUSIPs were inadvertently omitted from particular continuing disclosure filings made by NTTA. NTTA corrected this clerical error. Also, for the Fiscal Year ended December 31, 2010, NTTA's comprehensive annual financial report containing its audited financial statements and annual financial and operating data was due to be filed with

EMMA by June 30, 2011, but was filed on July 6, 2011. Further, a project progress report filed with EMMA on April 18, 2012 on the Special Projects System was for the NTTA System rather than the Special Projects System. Additionally, for the Fiscal Year ended December 31, 2012, NTTA failed to file updated information regarding toll collection variance as required under certain of its continuing disclosure undertakings. NTTA has also failed to file notices of certain rating changes occurring during the last five years for various credit enhancement providers supporting previously issued obligations.

Most of the operating data required to be disclosed under NTTA's continuing disclosure undertakings may be found in NTTA's comprehensive annual financial reports filed on an annual basis. Other required operating data disclosures comprised of forward-looking information for (i) estimated toll revenues, expenses, other income and estimated debt service coverage; and (ii) information regarding the "maximum available amount" and "aggregate amount of eligible costs" relating to the Special Projects System under the TELA, has not previously been included in NTTA's annual filings; however, such information has been made available as models and assumptions have changed through other offering statements filed with EMMA from time to time.

#### **OTHER MATTERS**

The financial data and other information contained herein have been obtained from NTTA's records, financial statements, and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects. Copies may be obtained from NTTA.

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## SCHEDULE I

### SCHEDULE OF REFUNDED BONDS

	<u>Stated Maturity (January 1)</u>	<u>Coupon %</u>	<u>Principal Amount Outstanding (\$)</u>	<u>Principal Amount Refunded (\$)</u>	<u>Redemption Price (%)</u>	<u>Redemption Date (January 1)</u>	<u>CUSIPs<sup>(1)</sup></u>
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008A	2028	5.125	373,810,000	327,830,000	100	2018	66285WAT3
	2033	5.625	113,070,000	87,495,000	100	2018	66285WQC3
	2040	5.750	202,645,000	152,845,000	100	2018	66285WQD1
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008B	2022	5.250	485,000	425,000	100	2018	66285WBG0
	2023	5.250	510,000	445,000	100	2018	66285WBH8
	2033	5.625	19,170,000	11,505,000	100	2018	66285WQL3
North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008K	2038	5.750	125,000,000	125,000,000	100	2019	66285WES1
	2038	6.000	80,000,000	80,000,000	100	2019	66285WET9
North Texas Tollway Authority System First Tier Tax- Exempt Current Interest Revenue Refunding Bonds, Series 2009A	2024	6.250	55,000,000	44,710,000	100	2019	66285WFF8
	2028	6.100	30,905,000	25,120,000	100	2019	66285WFH4
	2028	6.000	123,405,000	100,320,000	100	2019	66285WFK7
	2039	6.250	164,115,000	133,410,000	100	2019	66285WFG6

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<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with NTTA or the Underwriters and are included solely for the convenience of the holders of the Bonds. Neither NTTA nor the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Refunded Bonds or as indicated above.

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**APPENDIX A**  
**THE NORTH TEXAS TOLLWAY AUTHORITY**

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# THE NORTH TEXAS TOLLWAY AUTHORITY

## INTRODUCTION AND OVERSIGHT

### Introduction

The North Texas Tollway Authority ("*NTTA*") is a regional tollway authority governed by Chapter 366 of the Texas Transportation Code (the "*NTTA Act*") and a political subdivision of the State of Texas. The *NTTA Act* authorizes *NTTA* to acquire, construct, maintain, repair and operate turnpike projects at locations within its jurisdiction and to issue bonds and other obligations for the purpose of paying all or any part of the cost of a turnpike project. *NTTA* serves Collin, Dallas, Denton and Tarrant Counties (the "*Member Counties*") and Johnson County (together with the Member Counties, the "*Project Counties*"). Ellis County joined *NTTA*'s Contiguous County Advisory Committee in April 2016 and will be served by *NTTA* upon the Texas Department of Transportation's ("*TxDOT*") completion of the SH 360 Project (as defined below) and transfer thereof to *NTTA*, which is scheduled for late 2017.

*NTTA* came into existence on September 1, 1997, as the successor to the Texas Turnpike Authority (the "*TTA*"), an agency of the State of Texas that was created in 1953. At the time of *NTTA*'s creation, *NTTA* assumed all obligations of the *TTA* related to the system of toll roads then owned and operated by the *TTA* and *NTTA* took ownership of such system of toll roads. *NTTA* currently owns and operates the Dallas North Tollway (the "*DNT*"), the Addison Airport Toll Tunnel (the "*AATT*"), the President George Bush Turnpike (the "*PGBT*"), the President George Bush Turnpike Eastern Extension (the "*PGBT EE*"), the Mountain Creek Lake Bridge (the "*MCLB*"), the Lewisville Lake Toll Bridge (the "*LLTB*") and the Sam Rayburn Tollway (which will revert to *TxDOT* on September 1, 2058) (the "*SRT*" and collectively with the foregoing toll roads, the "*NTTA System*").

In 2011, *NTTA* created a separate system of toll roads referred to herein as the "*Special Projects System*." The Special Projects System is comprised of the President George Bush Turnpike Western Extension (State Highway 161) (the "*PGBT WE*") and the Chisholm Trail Parkway (the "*CTP*"). **The Bonds are not secured by the revenues of the Special Projects System or the Trust Agreement for the Special Projects System.**

*NTTA* also entered into a project agreement with *TxDOT* for the development of a 9.7-mile toll road on State Highway 360 located in Ellis, Johnson and Tarrant Counties, Texas (the "*SH 360 Project*"). *TxDOT* is designing and constructing the SH 360 Project and is required to transfer ownership of the SH 360 Project to *NTTA* upon substantial completion. It is anticipated that the SH 360 Project will be open to traffic in 2017. **The Bonds are not secured by the revenues of the SH 360 Project or any agreements relating to the SH 360 Project.**

*NTTA*'s Board of Directors (the "*Board*") adopted a mission statement for *NTTA* "to provide a safe and reliable toll road system, increase value and mobility options for our customers, operate *NTTA* in a businesslike manner, protect our bondholders and partner to meet our region's growing need for transportation infrastructure."

### Counties' Oversight

Under the *NTTA Act*, *NTTA* is required to issue, in each even-numbered year, a strategic plan for its operations covering the next five fiscal years. The strategic plan must contain information specified by the commissioners courts of the Member Counties.

By June 30 of each year, *NTTA* must file with the commissioners courts of the Member Counties a report describing all turnpike revenue bond issuances anticipated by *NTTA* during the coming year, the financial condition of *NTTA*, project schedules for all *NTTA* projects and the status of *NTTA*'s performance under its most recent strategic plan.

If requested by the commissioners court of a Member County, *NTTA* is required to present the report to the commissioners, answer questions and take comments from the commissioners.

*NTTA* is required to notify each Member County's commissioners court by the 90th day before the date of issuance of revenue bonds.

*NTTA* is in compliance with the foregoing requirements.

## GOVERNMENT AND MANAGEMENT

### The Board of Directors

NTTA is governed by a nine-member Board. One of the directors is appointed by the Governor of Texas. Such director must be from a county outside of, but adjacent to, one of the Member Counties. The commissioners court of each Member County appoints two directors to the Board. See "**NTTA Board, Administration, Consultants and Advisors**" in the forepart to this Official Statement for information regarding the current Board membership. Directors serve staggered two-year terms, may be reappointed to the Board and remain in office until a successor has been appointed and assumes the office.

If the Board approves a petition by a county adjacent to a Member County to join NTTA, the Board is required to be enlarged by one seat. Such seat is to be filled by appointment of the county commissioners of the new county.

If a non-Member County has an NTTA turnpike project within its borders, that county automatically joins NTTA on the date that (i) electronic toll collections within that county account for at least 4% of all of NTTA's electronic toll collections and (ii) the population of that county is at least 4% of the aggregate population of the Member Counties. If such a county joins NTTA, the Board will be enlarged by one seat, to be filled by appointment of the county commissioners of such county.

The Board appoints an Executive Director who is responsible for day-to-day operations of NTTA, including general management, hiring and termination of employees and other duties described in NTTA's bylaws.

### Key Staff Members

Name	Position	Current Position Since	At NTTA Since
Gerald E. Carrigan	CEO/Executive Director	April 2012	December 2008
Horatio Porter	Chief Financial Officer/Assistant Executive Director of Finance	May 2013	May 2013
Dena DeNooyer Stroh	General Counsel	March 2015	March 2015
James Hofmann	Assistant Executive Director of Operations	May 2013	May 2013
Elizabeth Mow	Assistant Executive Director of Infrastructure	June 2012	May 2008
Magdalena M. Brady	Director of Internal Audit	March 2008	March 2008
Lorelei Griffith	Secretary of the Board	June 2013	November 2001

Set forth below are biographies of certain key staff members of NTTA:

*GERALD E. CARRIGAN, CEO/Executive Director.* Mr. Carrigan is responsible for oversight of the operations of NTTA and acts as a liaison to key stakeholders within the region. Mr. Carrigan served as the interim Executive Director from October 19, 2011 until his permanent appointment in 2012. Prior to becoming the interim Executive Director, Mr. Carrigan served as Assistant Executive Director of Project Delivery.

Mr. Carrigan has more than 25 years of professional experience in the field of infrastructure program management, engineering and construction management. Mr. Carrigan has been involved in the development and implementation of major capital improvement programs for state, county and municipal agencies. His expertise ranges from major interstate and expressway corridor improvements to local maintenance projects and he is experienced in all phases of program delivery including the development of short- and long-range capital infrastructure programs, short- and long-range planning, project development, the National Environment Policy Act federal-aid approval process, project management, design, right-of-way acquisition, environmental permitting, utility coordination, construction contract administration and construction inspection.

Mr. Carrigan earned his Bachelor's of Science Degree in civil engineering from Southern Illinois University and his Master of Public Administration Degree from the University of South Florida. He is also a Registered Professional Engineer and holds memberships and affiliations with several professional associations.

*HORATIO PORTER, Chief Financial Officer/Assistant Executive Director of Finance.* Mr. Porter joined NTTA as Chief Financial Officer/Assistant Executive Director of Finance in May 2013. He oversees NTTA's finance, procurement, business diversity and cash and debt management departments. His responsibilities include assessing and mitigating financial risks to NTTA, planning financial strategies and ensuring compliance with federal, state and local regulatory laws. Mr. Porter also serves as NTTA's Treasurer.

Prior to joining NTTA, Mr. Porter oversaw an annual operating budget of more than \$1.4 billion as the City of Fort Worth's Chief Financial Officer. He also managed Fort Worth's \$1.8 billion debt portfolio. He previously served as Fort Worth's budget officer and developed the city's five-year financial forecast.

Before moving into governmental finance, Mr. Porter spent almost 15 years in various financial and accounting roles in the private sector, including serving as assistant vice president/officer for AmeriCredit (now GM Financial), as a manager of financial planning and analysis for FedEx and as an auditor for Coopers & Lybrand.

Mr. Porter is a licensed Certified Public Accountant and holds a Bachelor's Degree in accounting and a Master's of Business Administration Degree in finance, each from Texas Christian University.

*DENA DENOYER STROH, General Counsel.* As General Counsel, Ms. Stroh is responsible for a wide variety of legal work related to NTTA, including reviewing and negotiating contracts, litigation management, real estate matters, data security, procurement, intellectual property, collections and employment law issues. Additionally, Ms. Stroh provides legal advice to the Board, creates and reviews internal NTTA policies and procedures, and reviews all NTTA legal financing documents. She also serves as NTTA's Ethics Officer.

Ms. Stroh has more than 15 years of legal experience. Prior to joining NTTA, she served as General Counsel and Corporate Secretary of Murchison Oil and Gas, Inc. for three years and was responsible for all legal issues affecting the company including contracts, regulatory, land, structuring, corporate governance, human resources, compliance, insurance and other matters. Previously, Ms. Stroh was a partner at Gruber Hurst Johansen Hail Shank, LLP, where she handled a wide range of commercial litigation matters and appeals. Ms. Stroh also worked at Carrington, Coleman, Sloman, & Blumenthal, LLP, where she became a partner and handled complex civil litigation in both state and federal court.

Ms. Stroh earned her Bachelor's of Arts Degree in psychology from Yale University and her Juris Doctor Degree from Southern Methodist University, Dedman School of Law, where she graduated cum laude.

*JAMES HOFMANN, Assistant Executive Director of Operations.* Mr. Hofmann is the Assistant Executive Director of Operations for NTTA, overseeing its customer service, information technology and human resources departments.

Mr. Hofmann first joined NTTA in 2005 as director of information technology. In October 2006, he was named NTTA's director of business solutions. Previously, Mr. Hofmann worked with NTTA in consulting and interim roles, including as interim assistant director of information technology and as a software project manager.

Mr. Hofmann left NTTA in August 2007 to return to the private sector, serving as a consultant and project manager on various ventures related to the tolling and highway industry for HNTB. His experience includes work with public-private partnerships, intergovernmental negotiations and business process improvements. Before returning to NTTA in 2013, Mr. Hofmann served as associate vice president for HNTB, overseeing programs and projects for many of the firm's largest clients.

Mr. Hofmann earned a Bachelor's of Science Degree in science from Texas A&M University and a Master's Degree in science from the University of Utah.

*ELIZABETH MOW, P.E., Assistant Executive Director of Infrastructure.* Ms. Mow leads the project delivery, maintenance and system and incident management departments, all in support of the planning, design, construction, maintenance and operation of NTTA's approximately 950 lane miles of toll roads and non-tolled service roads.

Ms. Mow joined NTTA in 2008 as the director of project delivery. In this role, she was responsible for directing the day-to-day activities of the \$4 billion Corridor Expansion and Capital Improvement Program from the planning stage through construction on all new turnpike and capital improvement projects.

Ms. Mow has more than 17 years of professional experience in the field of engineering and management. She is experienced in all phases of program delivery, including the development of long and short range planning, project development and the National Environmental Policy Act approval process, project management, design, right-of-way acquisition, environmental permitting, utility coordination, construction contract administration and construction inspection.

Ms. Mow graduated from the University of Toledo, Ohio with a Bachelor of Science Degree in civil engineering and is a licensed Professional Engineer in the state of Texas.

*MAGDALENA M. BRADY, CPA, CIA, Internal Audit Director.* Ms. Brady serves as the Internal Audit Director for NTTA and has over 25 years of audit experience. Ms. Brady is responsible for planning and performing audits and business process reviews to improve the relevance, reliability, control and timeliness of information being reported to executive management of NTTA. Ms. Brady manages the external auditor's audit process and interacts with all levels of management. In addition, Ms. Brady is responsible for operational, compliance, special projects and internal control reviews and recommendations for best practices. Ms. Brady reports to the Finance and Audit Committee of the Board.

Prior to joining NTTA, Ms. Brady worked for public companies and professional services firms in similar internal audit capacities. Most recently, she was the director of internal audit for Friedman's Inc. where she established the company's internal audit department. Ms. Brady has been a subject matter expert on internal audit issues such as Sarbanes-Oxley and has provided extensive training both internally and externally.

Ms. Brady graduated from the University of North Texas ("*UNT*") with a Bachelor of Science Degree and Master of Science Degree in accounting and is a committee member of the Dallas Chapter of the Institute of Internal Auditors and chair of the UNT Internal Audit Advisory Board.

*LORELEI GRIFFITH, Secretary to the Board.* Ms. Griffith previously served as Assistant Secretary to the Board from September 2007 to May 2013 and initially served as Executive Assistant to the Executive Director.

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## THE NTTA SYSTEM

### General

NTTA operates and maintains the NTTA System, which currently consists of the DNT, the AATT, the PGBT, the PGBT EE, the MCLB, the LLTB and the SRT. The SRT will revert to TxDOT on September 1, 2058. The NTTA System also includes such additional extensions, expansions, improvements and enlargements to the NTTA System as may be designated by the Board.

The average daily revenue vehicle transactions on the NTTA System were approximately 1,766,218 in Fiscal Year 2014 and 1,853,383 in Fiscal Year 2015. The NTTA System currently has approximately 744 lane miles of roads. Presented below are descriptions of the seven existing components of the NTTA System including audited Fiscal Year 2014 and unaudited Fiscal Year 2015 average revenue vehicle transactions per day for each component of the NTTA System.

### Dallas North Tollway

The DNT is a limited access tollway providing a connection for motorists between downtown Dallas and cities in northern Dallas and southern Collin and Denton Counties. It is a six-lane limited access expressway passing through or along the cities of Dallas, Highland Park, University Park, Addison, Farmers Branch, Plano and Frisco and is approximately 31 miles in length with approximately 179 lane miles of toll roads. The first section of the DNT opened to traffic in June 1968. The DNT connects with major traffic arteries in the areas it serves: IH 35E (Stemmons Freeway), Loop 12, IH 635, Belt Line Road, Frankford Road, the PGBT, Park Boulevard, Legacy Drive, the SRT, FM 2934 (Eldorado Parkway) and US 380. The DNT's average revenue vehicle transactions per day were approximately 665,707 in Fiscal Year 2014 and 699,719 in Fiscal Year 2015.

A 17.6-mile extension of the DNT northward from US 380 to FM 428 (Phase 4A) and from FM 428 through the Collin/Grayson county line to FM 121 (Phase 4B and 5A) has been proposed. The proposed extension is for a limited access toll road with six main lanes and four frontage road lanes. See "**OTHER POTENTIAL PROJECTS (ON-SYSTEM AND OFF-SYSTEM) — Projects Under Consideration — DNT Extension Phase 4A**" and "**— DNT Extension Phase 4B and 5A.**"

NTTA is adding a fourth lane in each direction to the DNT between Belt Line Road and the SRT. Construction began in 2015, will be done in stages and is expected to be completed in 2018.

### President George Bush Turnpike

The PGBT is the northern portion of an outer loop around the Dallas Metropolitan Area and was opened in its entirety to traffic in September 2005. The PGBT runs from West Belt Line Road in Irving to SH 78 in Garland, a distance of approximately 30 miles, with approximately 181 lane miles of toll roads and 4 lane miles of non-tolled service roads. It passes through seven cities and three counties and connects with US 75 (Central Expressway), the DNT, IH 35E and IH 635. It also provides an alternative route to the Dallas-Fort Worth International Airport. The PGBT's average revenue vehicle transactions per day were approximately 635,122 in Fiscal Year 2014 and 649,629 in Fiscal Year 2015.

NTTA is adding a fourth lane to the main lanes in each direction between north of Belt Line Road (in Irving) and SH 78 to increase capacity and improve the flow of traffic between north of Belt Line Road and SH 78. Construction began in May 2015 on the first phase of the project between DNT and Renner Road. Construction on all phases is expected to be completed in 2021.

### President George Bush Turnpike Eastern Extension

#### *General Information*

The PGBT EE is an extension of the PGBT from SH 78 east and south to IH 30 and is approximately 9.9 miles in length with approximately 59 lane miles of toll roads. The PGBT EE passes through the cities of Dallas, Garland, Sachse and Rowlett in eastern Dallas County and includes a one-mile bridge over Dallas' Lake Ray Hubbard. The PGBT EE was opened to traffic in its entirety in December 2011. The PGBT EE's average revenue vehicle transactions per day were approximately 81,044 in Fiscal Year 2014 and 90,384 in Fiscal Year 2015. The PGBT EE was developed, financed and constructed and is operated by NTTA under a Construction, Operation and Maintenance Agreement (the "*PGBT EE Project Agreement*") dated December 5, 2007, as amended, between NTTA and TxDOT.

### *PGBT EE Project Agreement*

General. The PGBT EE Project Agreement contains the representations, commitments and obligations of NTTA and TxDOT related to the development, financing, design, construction, operation and maintenance of the PGBT EE. TxDOT acknowledges its approval of and support for the financing, design, construction, operation and maintenance by NTTA of the PGBT EE in perpetuity as a turnpike project pursuant to the NTTA Act.

Operations and Maintenance. NTTA operates and maintains the main lanes on the PGBT EE and associated right-of-way in accordance with prescribed standards. TxDOT is responsible, at NTTA's expense, for operating and maintaining the 29 lane miles of non-tolled service roads on the PGBT EE.

Revenue Sharing. NTTA shares revenue with TxDOT as set forth in the PGBT EE Project Agreement through a supplemental toll collected by NTTA and held in trust for TxDOT. The supplemental toll is equal to 20% of the publicly announced toll at the TollTag transaction rate. **Revenues from the supplemental toll are not part of the Trust Estate and are not pledged to the Bonds.** See "NTTA SYSTEM TOLL RATE SCHEDULES" in **APPENDIX C**.

Toll Rates. The PGBT EE Project Agreement sets forth projected toll rates for the PGBT EE for the years 2009 through 2061. The toll rate schedule for the PGBT EE set forth in **APPENDIX C** hereto complies with the PGBT EE Project Agreement.

### **Sam Rayburn Tollway**

#### *General Information*

The SRT is a toll road in Collin, Dallas and Denton Counties extending northeasterly from SH 121 Business in Denton County to US 75 in Collin County, and is approximately 26 miles in length with approximately 154 lane miles of toll roads and 154 lane miles of non-tolled service roads. The SRT serves as a northeast-southwest traffic artery between IH 35E and US 75 and is an artery to the Dallas-Fort Worth International Airport. The SRT was opened in its entirety to traffic in November 2011. The SRT's average vehicle transactions per day were approximately 359,568 in Fiscal Year 2014 and 387,355 in Fiscal Year 2015. The SRT was developed, financed and constructed and is operated by NTTA under a Project Agreement (the "*SRT Project Agreement*") dated October 18, 2007, as amended, between NTTA and TxDOT.

On September 1, 2058, NTTA's interests in the SRT will revert to TxDOT.

#### *SRT Project Agreement*

General. The SRT Project Agreement contains the representations, commitments and obligations of NTTA and TxDOT related to the development, financing, design, construction, operation, maintenance and reversion to TxDOT of the SRT. TxDOT acknowledges its approval of and support for the financing, design, construction, operation and maintenance by NTTA of the SRT as a turnpike project pursuant to the NTTA Act.

Capacity Improvements. NTTA is required to make capacity improvements to the SRT if certain minimum required levels of traffic flow are not maintained. NTTA currently plans to add a fourth main lane in each direction, with construction planned to begin in phases commencing in mid-2018.

Operations and Maintenance. NTTA operates and maintains the SRT main lanes, service roads and associated right-of-way in accordance with prescribed standards. Notwithstanding the foregoing, TxDOT is responsible for handling requests and permitting for adjacent property access to the service roads and utility placement within the service roads, and for the repair, maintenance and operation of the traffic signal systems on the service roads.

Term and Handback. The SRT Project Agreement has a term ending on September 1, 2058. On the scheduled termination date, all of NTTA's rights under the SRT Project Agreement will automatically terminate and title to the SRT, including all improvements, will revert and transfer to TxDOT, at no charge to TxDOT.

Banded Revenue Sharing. NTTA is required to pay TxDOT a specified portion of toll revenues on the SRT that exceed a minimum threshold (the "*Revenue Share Amount*"). The minimum threshold revenues and the specified portion of revenues to be paid to TxDOT are set forth in the SRT Project Agreement. The Revenue Share Amount is determined on a calendar-year basis and is required to be paid within fifteen days after the end of each calendar year. To date there has been no Revenue Share Amount. **The Revenue Share Amount is not part of the Trust Estate and is not pledged to the Bonds.**

**Toll Rates.** NTTA has covenanted to charge toll rates on the SRT that do not exceed the maximum rates for each user classification as set forth in the SRT Project Agreement, unless NTTA determines that it is necessary to (a) preserve the financial condition of the NTTA System, (b) comply with the provisions of any bonds, notes, trust agreements or other financial instruments or agreements secured by the revenues of the NTTA System or (c) comply with law. Prior to establishing rates in excess of those set forth in the SRT Project Agreement, NTTA must increase the toll rate schedule for the remainder of the NTTA System (other than those portions for which a lower toll rate is projected to produce higher revenues) to a level substantially equivalent to the toll rate schedule for the SRT. The toll rate schedule for the SRT set forth in **APPENDIX C** hereto complies with these requirements. The SRT Project Agreement provides that maximum rates on the SRT will escalate at a rate of 2.75% per annum, adjusted every two years on July 1 of odd-numbered years.

### **Mountain Creek Lake Bridge**

The MCLB, located in southwestern Dallas County, opened in April 1979. The MCLB provides a direct east-west crossing of Mountain Creek Lake between the Oak Cliff section of Dallas and the City of Grand Prairie as well as convenient access to attractions like Six Flags Over Texas, AT&T Stadium and Globe Life Park in Arlington. The MCLB extends eastward from the intersection of Spur 303 and Southeast 14th Street in Grand Prairie, across the lake, to the intersection of Spur 303 and Mountain Creek Parkway in Dallas. The MCLB is approximately 2 miles in length, with approximately 4 lane miles of toll roads and a two-lane bridge structure that is 7,425 feet long. The MCLB's average revenue vehicle transactions per day were approximately 6,563 in Fiscal Year 2014 and 6,950 in Fiscal Year 2015.

### **Addison Airport Toll Tunnel**

The AATT, a two-lane tunnel crossing under the Addison Airport, opened to traffic in February 1999 and was the first toll tunnel in Texas. The AATT is approximately 3,700 feet in length, with approximately 1.5 lane miles of toll roads and a 1,600 foot tunnel.

The AATT expands traffic capacity and eases congestion in the northern sector of Dallas and Addison by providing an alternate east-west route between the DNT and IH 35E. The tunnel allows motorists to continue on Keller Springs Road, which once ended on either side of Addison Airport, paralleling Belt Line Road and Trinity Mills Road, both congested city streets. The AATT's average revenue vehicle transactions per day were approximately 6,247 in Fiscal Year 2014 and 6,651 in Fiscal Year 2015. NTTA has designed improvements to the east approach of the AATT. In addition, the town of Addison is considering the widening of Keller Springs Road east of the Addison Road intersection.

### **Lewisville Lake Toll Bridge**

The LLTB, a 1.7-mile four-lane bridge with approximately 8 lane miles of toll roads, opened to traffic in August 2009 and provides an east-west route over Lewisville Lake in southern Denton County and is part of a 13.8-mile corridor. The LLTB's average revenue vehicle transactions per day were approximately 11,968 in Fiscal Year 2014 and 12,695 in Fiscal Year 2015.

### **Multi-Year NTTA System Capital Plan**

NTTA's Capital Improvement Program for the NTTA System for Fiscal Years 2016-2020 (the "CIP") includes all major maintenance, rehabilitation, corridor expansion projects and corridors under study. Current corridor expansion projects include (i) DNT fourth lane additions in each direction from Belt Line Road to SRT that are expected to be completed in 2018, (ii) bottleneck improvements at the DNT/PGBT interchange that are anticipated to be open to traffic at the beginning of 2018, (iii) PGBT fourth lane additions in each direction between north of Belt Line Road and SH 78 that are anticipated to be completed in stages between 2016 and 2021 and (iv) SRT fourth lane additions in each direction, with construction planned to begin in phases commencing in mid-2018. The CIP also includes planned expenditures for replacement of equipment, roadway resurfacing, roadway safety improvements and office facility improvements. The estimated costs for the NTTA System in the CIP over the period 2016-2020 are expected to be approximately \$847.7 million. Of the \$847.7 million, approximately \$127.9 million is expected to be paid from the Reserve Maintenance Fund, approximately \$620.1 million is expected to be paid from the Capital Improvement Fund, approximately \$71.5 million is expected to be paid from the Construction Fund, approximately \$8.6 million is expected to be paid from the Feasibility Study Fund and \$19.6 million is expected to be paid from reimbursement agreements. As of February 29, 2016, NTTA had on deposit approximately \$22.5 million in the Reserve Maintenance Fund and \$182.7 million of unrestricted funds in the Capital Improvement

Fund for those projects. NTTA anticipates funding the CIP from the amounts in and future anticipated deposits to the above mentioned funds; however, NTTA may utilize its commercial paper note program to finance the CIP if cash flow from the NTTA System is not sufficient to make such deposits.

### **Special Projects System and SH 360 Project Revenues Do Not Secure Bonds**

NTTA also operates and maintains the Special Projects System. **The Bonds will be secured only by the NTTA System revenues and not by the Special Projects System revenues or any other assets of NTTA.**

NTTA is also expected to operate and maintain the SH 360 Project. **The Bonds will be secured only by the NTTA System revenues and not by the SH 360 Project revenues or any other assets of NTTA.**

Although not currently contemplated, NTTA may refinance the debt related to the Special Projects System or the SH 360 Project as NTTA System debt and make the facilities that are part of the Special Projects System or the SH 360 Project a part of the NTTA System.

## **OPERATION OF THE NTTA SYSTEM**

### **Introduction**

Set forth below is certain information relating to the operation of the NTTA System, including information relating to NTTA's electronic tolling system and toll collections process.

### **Electronic Tolling**

NTTA uses the Regional Integrated Toll Enhancements ("*RITE*") System, an integrated software, hardware and management system for toll collection that enables NTTA to manage its roadways and operations through automated revenue audit and reconciliation processes, consolidated reporting, violation-loss recovery, customer account management and system and operation management and maintenance.

All of the roadways use an all-electronic toll collection system ("*All-ETC*"), including automatic vehicle identification ("*AVI*") and video tolling ("*ZipCash*"), to maximize traffic flow.

The primary electronic toll collection method is AVI, where vehicles are recognized through communications with transponders issued by NTTA ("*TollTags*") or other transponders that are interoperable with NTTA's AVI system, and tolls are collected from the customers' accounts with NTTA or the issuers of such other transponders.

The ZipCash toll collection method is used for vehicles without a TollTag or interoperable transponder (or with a transponder that is inoperative or malfunctioning), where an image of the vehicle's license plate is captured in the lane and used to identify the vehicle's owner for invoicing. See "**OPERATION OF THE NTTA SYSTEM — Operations — Toll Collection**" below for information regarding collection of TollTag and ZipCash transactions.

### **Operations**

#### *General*

NTTA and its predecessor, TTA, have operated toll roads in the North Texas region for more than 60 years. The number of active TollTags was approximately 3.8 million as of February 29, 2016. The NTTA System currently utilizes main lane gantries ("*MLGs*") for toll collection, at which vehicle information is captured in both directions, along with ramp toll gantries to prohibit toll-free entrance or exit. Under the current toll schedule, the weighted average two-axle TollTag toll rate for the NTTA System (excluding AATT, MCLB and LLTB) is approximately \$0.171 per mile.

The DNT has four MLGs with three lanes in each direction and 16 pairs of ramp toll gantries. The PGBT has five MLGs with three or four lanes in each direction and 15 pairs of ramp toll gantries. The SRT has three MLGs with three lanes in each direction and 20 pairs of ramp toll gantries. The PGBT EE has one MLG with three lanes in each direction and six pairs of ramp toll gantries. There is one MLG at each of the AATT, the LLTB and the MCLB.

The use of All-ETC at highway speeds allows NTTA to maximize vehicle throughput, improve safety and realize environmental benefits.

### *Employees*

To administer the NTTA System, the Special Projects System, the SH 360 Project and Tolling Services (as defined below) for non-NTTA toll projects in NTTA's service area, NTTA has budgeted for 807 full-time employees in Fiscal Year 2016 to be involved in maintenance, customer service, collections and toll enforcement, administration, project delivery, finance, human resources, government affairs, information technology, legal, communications and marketing, loss prevention, internal audit and business diversity.

### *Toll Collection*

The entire NTTA System has operated on an All-ETC basis since January 2011. With All-ETC, NTTA collects tolls in two ways - through its AVI system or through its ZipCash video tolling system. With the AVI system, a TollTag transaction is one in which the AVI system detects the TollTag or other transponder in the vehicle as it passes through the toll gantry and the TollTag or other transponder account contains funds adequate to pay the toll. All other toll transactions are initially recorded as ZipCash transactions.

A transaction initially recorded as a ZipCash transaction but later reclassified as a TollTag transaction ("*VToll*" transaction) occurs when a vehicle associated with a TollTag or other transponder account passes through a toll gantry but the TollTag or other transponder is not detected by the AVI equipment. A TollTag may not be detected because the AVI equipment fails to identify the TollTag or the TollTag is defective or not properly installed in the vehicle. VToll transactions also occur when a transaction is detected by the AVI system but not initially recorded as a TollTag transaction, which may be for a number of reasons, including if an insufficient balance exists in the TollTag account at the time of the transaction.

A normal TollTag transaction is collected by debiting the TollTag account of the user or through the interoperability agreement with the issuer of a non-TollTag transponder. A VToll transaction is collected upon identification of the transaction as a VToll by debiting the TollTag account of the user. ZipCash transactions are collected through invoices generated by NTTA and mailed to the owner of the vehicle using the tollway.

In order to pursue collection of a ZipCash transaction through the invoicing process, there are two requirements: (i) the video system must capture a readable license plate image and (ii) the license plate information must be matched to the vehicle owner information, including the owner's mailing address. If these two requirements are not met for a ZipCash transaction, NTTA is unable to pursue collection of that transaction. NTTA may not be able to match the license plate information to the vehicle owner information if the vehicle has out-of-state license plates and NTTA is unable to obtain vehicle owner information or if the Texas license plate information does not match the Texas Department of Motor Vehicles' registration records. The State of Texas has entered into interlocal agreements with the State of Oklahoma and the State of Louisiana to exchange license plate information, which will be available to NTTA. Oklahoma has the largest number of out-of-state users on NTTA's tollways.

NTTA and several other tolling agencies within Texas, including TxDOT and Harris County, Texas, acting through the Harris County Toll Road Authority, entered into an Interlocal Agreement in 2007 (the "*Interoperability Agreement*") relating to the interoperability of the various toll collection systems within Texas and fees relating thereto. The Interoperability Agreement provides for the use of any tolling entity's transponder on any other tolling entity's toll roads and the processing by each agency of tolls for the transactions involving their own transponders on toll roads operated by other agencies. The interoperability of toll collection systems and flow of funds among the parties to the Interoperability Agreement has operated as expected since 2007. In order to reimburse the costs to process interoperability transactions and manage customer accounts, under the Interoperability Agreement the processing agency is paid by the owner of the toll road a fee, which is currently 8% of the revenue collected for each interoperable transaction. Gross toll revenue for interoperability transactions on the NTTA System represented approximately 4.18% and 5.01% of toll revenue for the NTTA System in Fiscal Years 2014 and 2015, respectively.

If a ZipCash transaction is pursuable, NTTA will determine if the transaction meets its business rules regarding the invoicing of transactions. The business rules establish the minimum value of tolls that need to be included in an invoice in order to make delivery and collection of the invoice cost effective. Once an invoice is mailed to the vehicle owner, NTTA has processes and procedures in place to collect the invoice, such as delivery of notices of non-payment, the charging of administrative fees, use of third-party collection agencies and use of justice of the peace court proceedings. In addition, NTTA may take advantage of certain statutory remedies, including publishing a user's name and amount of unpaid tolls, placing a block on a user's vehicle registration, prohibiting a user from further use of NTTA's roadways and impounding a user's vehicle. See "*Enforcement*."

NTTA focuses on three key areas relating to the development and maintenance of a successful All-ETC program: (i) TollTag penetration (*i.e.*, the percentage of total transactions constituting TollTag transactions), (ii) pursuable ZipCash transactions and (iii) revenue collection processes.

The most effective and efficient way to collect a toll is through the AVI system, so increasing the TollTag penetration has a direct, positive effect on net revenues. Having better quality license plate images and current license plate and owner address information increases the number of pursuable ZipCash transactions, which also has a direct, positive effect on net revenues. The revenue collection process includes collection of payment from TollTag users, the use of business rules for creation and delivery of invoices to ZipCash users and the subsequent processes and procedures for collection of those invoices. The revenue collection process has a direct impact on revenues and expenses. NTTA's staff provides the Board with a quarterly review and tracking of projects and initiatives that impact these key areas and identifies needed improvements to the key areas in order to optimize toll operations and net revenues. The Board is advised by staff each month on key metrics that describe NTTA's TollTag penetration, pursuable ZipCash transactions and revenue collection.

NTTA continually monitors the TollTag penetration rates and trends on its roadways. TollTag penetration percentages are adjusted upward when ZipCash transactions are reclassified to TollTag transactions (*i.e.*, a VToll Transaction). Most adjustments for VToll transactions occur within six months of the transaction. VToll transactions are 100% collectible because they become associated with a TollTag account with a sufficient balance to pay the toll. NTTA does, however, incur additional costs in connection with certain types of VToll transactions as compared to normal TollTag transactions because NTTA has to determine the existence of a VToll transaction and re-categorize the transaction as a TollTag transaction. Although NTTA incurs these additional costs, VToll transactions have historically been collected at the TollTag toll rate rather than the higher ZipCash toll rate. To offset these additional costs, in 2012 NTTA shifted to assessing the ZipCash rate for VToll transactions resulting from account user error, such as where a TollTag account had a negative balance at the time of the transaction. NTTA also began charging ZipCash rates for certain other VToll transactions to recover the additional collection costs and to discourage customer behavior-related causes of VToll transactions.

The TollTag penetration rates as of January for 2012, 2013, 2014, 2015 and 2016 are set out in the table below. These calculations use aggregate transaction information from both the NTTA System and the Special Projects System (and thus do not reflect only the NTTA System). The calculations are based on unaudited financial information. The percentage of transactions initially recorded as TollTag transactions and the percentage of transactions reclassified from ZipCash to VToll transactions shown in the table reflect all transactions on a rolling twelve-month basis as of the reporting month with a two-month lag.

	January 2012	January 2013	January 2014	January 2015	January 2016
Percent of transactions initially recorded as TollTag transactions as of reporting month:	64.6%	65.8%	66.2%	65.5%	64.4%
ZipCash transactions reclassified to VToll transactions as of reporting month <sup>(1)</sup> :	<u>10.3%</u>	<u>13.5%</u>	<u>11.9%</u>	<u>12.8%</u>	<u>13.8%</u>
Total TollTag penetration rate:	74.9%	79.3%	78.1%	78.3%	78.2%

<sup>(1)</sup> As a percent of total transactions for the month.

NTTA continues to seek to improve TollTag penetration, the number of pursuable ZipCash transactions and the revenue collection process. Over the last several years, NTTA has implemented the use of additional types of TollTag plans, including entry level lower balance thresholds and pre-loaded TollTags, and targeted corridor campaigns to increase TollTag penetration. NTTA has also implemented improvements to the image review quality to improve billing accuracy, standardized payment plans for ZipCash customers, restructured its administrative fees for nonpayment of ZipCash invoices to encourage early payment, reducing the emphasis on escalating fees and

discouraging late payment and instituted monthly and consolidated ZipCash invoices to provide predictability to customers and eliminate confusion of multiple invoices in varying amounts and dates.

#### *Enforcement*

NTTA has certain statutory remedies available to enforce the collection of tolls. NTTA may publish the names of registered owners (or lessees) of nonpaying vehicles who are liable for past due and unpaid tolls and administrative fees. NTTA may also enter into agreements providing for toll violation payment plans and file suit in district court to enforce these agreements. NTTA may block the vehicle registration of toll scofflaws who are "habitual violators" and ban certain "habitual violators" from operating their motor vehicles on NTTA tollways.

Repeat violations of a vehicle ban allow law enforcement on the tollways to impound the habitual violator's vehicle after the habitual violator has been notified in person of such intent if found on the tollway. NTTA has negotiated agreements with the Tax Collector/Assessors from three of the four Member Counties, three other adjacent counties and the Texas Department of Motor Vehicles to implement the vehicle registration block remedy. Since NTTA implemented the registration block and the vehicle ban programs in July of 2014, NTTA has mailed 186,224 habitual violator letters, placed 85,868 registration blocks and delivered 78,472 notices banning owners from operating vehicles on NTTA tollways. In response to the registration blocks and vehicle bans, NTTA has had over 30,377 habitual violators pay their outstanding invoices in full, and over 9,836 habitual violators enter into payment plans. NTTA requires habitual violators entering into a payment plan to obtain a TollTag, and estimates that from June 2014 through February 29, 2016, NTTA collected over \$14.7 million from new transactions attributable to these TollTag accounts.

#### *Toll Collection Variance*

NTTA evaluates the correlation between traffic on the tollways and actual tolls collected by calculating the uncollected and uninvoiced amounts as compared to the total value of tollway transactions. The toll collection variance calculation (the "*All-ETC Methodology*") is as follows:

$$\frac{(\text{value of invoiced ZipCash transactions for the reporting period uncollected as of end of reporting period} + \text{value of uninvoiced ZipCash transactions for the reporting period as of end of reporting period})}{\text{value of all AVI and ZipCash transactions that have occurred during the reporting period as adjusted for VToll transactions}}$$

An AVI transaction is valued at the TollTag toll rate. A ZipCash transaction is valued at the ZipCash toll rate, which includes the premium above the TollTag rate but not any administrative fees or fines. See "**APPENDIX C — NTTA SYSTEM TOLL RATE SCHEDULES**" for TollTag and ZipCash toll rates for each portion of the NTTA System. Upon identification, the value of a VToll transaction is adjusted downward from the ZipCash rate to the TollTag rate.

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The toll collection variance for NTTA based on the All-ETC methodology for calendar years 2011, 2012, 2013, 2014 and 2015 is set out in the table below. These calculations use aggregate transaction information from the NTTA System and the Special Projects System (and thus do not reflect only the NTTA System). The calculations are based on unaudited financial information.

	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014	Calendar Year 2015
Value of invoiced ZipCash transactions uncollected as of period-end:	\$44,675,438	\$80,413,340	\$81,701,089	\$81,508,283	\$102,767,093
Value of uninvoiced ZipCash transactions as of period-end:	<u>38,069,555</u>	<u>52,451,196</u>	<u>61,518,201</u>	<u>80,989,673</u>	<u>81,035,240</u>
TOTAL:	\$82,744,993	\$132,864,536	\$143,219,290	\$162,497,956	\$183,802,333
Value of all AVI and ZipCash transactions during the reporting period as adjusted for VToll transactions:	÷ <u>\$493,585,247</u>	÷ <u>\$591,226,667</u>	÷ <u>\$676,584,037</u>	÷ <u>\$795,784,407</u>	÷ <u>\$894,514,347</u>
Toll collection variance:	16.75%	22.47%	21.17%	20.42%	20.55%

The table below sets out the following information for calendar years 2011, 2012, 2013, 2014 and 2015 (i) the percentage, by value, of ZipCash transactions out of all NTTA transactions for the reporting period, (ii) the percentage, by value, of all ZipCash transactions that occurred during the reporting period that were invoiced prior to the end of the reporting period and (iii) the percentage, by value, of the ZipCash transactions that were invoiced during the reporting period and were collected by the end of the reporting period. These calculations use aggregate transaction information from the NTTA System and the Special Projects System (and thus do not reflect only the NTTA System) and are unaudited.

	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014	Calendar Year 2015
Percentage of ZipCash transactions (by value) out of all NTTA transactions during period:	29.28%	29.43%	28.83%	30.40%	30.42%
Percentage of ZipCash transactions (by value) that were invoiced during period:	54.70%	62.94%	61.92%	64.61%	68.26%
Percentage of invoiced ZipCash transactions (by value) that were collected as of period end:	41.29%	41.29%	48.75%	45.03%	41.40%

Uninvoiced ZipCash transactions that are paid in the reporting period are deemed to be invoiced and are reflected in the percentages in the preceding table. ZipCash transactions that are invoiced in a reporting period subsequent to their occurrence are not reflected in the percentages of ZipCash transactions that were invoiced or invoiced ZipCash transactions that were collected in the preceding table. Invoiced ZipCash transactions that are collected in a reporting period subsequent to their invoicing, are not reflected in the percentages of invoiced ZipCash transactions that were collected in the preceding table. Furthermore, the percentages in the table do not take into account adjustments for VToll transactions and unassigned ZipCash invoices occurring after such reporting period. ZipCash transactions are not invoiced if the transaction (i) does not meet NTTA's business rules regarding invoicing, or (ii) is not pursuable because a readable license plate image was not captured or because the license plate information could not be matched to the vehicle owner information.

The All-ETC Methodology does not include ZipCash transactions collected after the end of the calendar year in which the transaction occurred, therefore NTTA also reports total ZipCash collections, including invoiced and uninvoiced payments, for the calendar year. This amount includes all ZipCash transactions collected regardless of the date the transactions occurred. Total ZipCash collections were approximately \$41.3 million for 2011, \$67.4 million for 2012, \$68.3 million for 2013, \$76.6 million for 2014 and \$81.4 million for 2015.

*Revenue Recovery Assumptions in Traffic and Revenue Study*

The current traffic and toll revenue analysis for the NTTA System (defined below under "**TRAFFIC AND REVENUE STUDY**" as the "*T&R Report*") reflects the most current ZipCash revenue recovery assumptions and distribution of TollTag/ZipCash transactions. For transactions recorded in calendar year 2016, the T&R Report uses a revenue recovery rate of 48.8% for all ZipCash transactions (includes invoiced and uninvoiced transactions and excludes all VToll transactions) at one year after the transaction, with the rate ramping up to 49.4% for transactions recorded in calendar year 2017 and holding steady thereafter. The T&R Report assumes the average NTTA System TollTag penetration rate (including all VToll transactions with a three-month lag) to be 79.6% in 2016 with a ramp up based on a logistic function to an average of 81.2% for all NTTA System roadways in 2020, 83.5% in 2030, 84.4% in 2040, 84.8% in 2050 and 84.9% in 2060 and thereafter. See "**TRAFFIC AND REVENUE STUDY.**" Projected annual toll revenues in the T&R Report are revenues projected to be collected in each year (*i.e.*, cash basis) after applying the above-described assumptions to the projected toll transactions for the year. Historical toll revenues and historical debt service coverage are based on revenues determined on an accrual basis in accordance with generally accepted accounting principles ("*GAAP*"). See "*— Reporting of Toll Accounts Receivable*" below and "**OTHER FINANCIAL INFORMATION.**" Inevitably, some underlying assumptions and projections used to develop these financial forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast periods will vary from the forecasts, and such differences may be material.

*Reporting of Toll Accounts Receivable*

In its annual audited and monthly unaudited financial statements NTTA reports revenues in its statement of net assets and statement of revenues, expenses, and changes in net assets on an accrual basis in accordance with GAAP. ZipCash transactions are recorded as receivables in accordance with GAAP. NTTA's net toll receivables as of the Fiscal Years ended December 31, 2012, 2013, 2014 and 2015 are as follows:

	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Toll accounts receivables:	\$108,877,170	\$103,059,587	\$143,171,428	\$177,153,220
Allowance for uncollectible receivables:	\$(81,068,112)	\$(71,001,312)	\$(102,146,536)	\$(132,371,822)
Net toll receivables:	<u>\$27,809,058</u>	<u>\$32,058,275</u>	<u>\$41,024,892</u>	<u>\$44,781,398</u>

See "**APPENDIX B-1**" for the audited financial statements of the North Texas Tollway Authority System Enterprise Fund for Fiscal Year ended December 31, 2014 and "**APPENDIX B-2**" for the unaudited financial statements of the North Texas Tollway Authority System Enterprise Fund for the Fiscal Year ended December 31, 2015.

Currently, NTTA maintains an allowance for uncollectible receivables in its financial statements with respect to a toll receivable, with the amount of the allowance based upon historical monthly collections patterns from 2011 to present. Based upon the payment history for each 30 day bucket of aged toll receivables, an allowance is calculated for the expected percentage that will remain unpaid based upon these historical trends. The allowance for uncollectible receivables currently ranges from a minimum of 20% on invoices that are current (age of 0-30 days) to a maximum of 100% for invoices that have met the business rules for write-off with an overall weighted average of 74.7% reserved for all invoices. In October 2013, the Board adopted a toll receivable write-off policy. See "*— Toll Receivables Write-Off.*" See "**APPENDIX B-1 — COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE NORTH TEXAS TOLLWAY AUTHORITY SYSTEM, AN ENTERPRISE FUND OF THE NORTH TEXAS TOLLWAY AUTHORITY, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014 — Note 9, Page 56**" and "**APPENDIX B-2 — UNAUDITED FINANCIAL REPORT OF THE NORTH TEXAS TOLLWAY AUTHORITY SYSTEM, AN ENTERPRISE FUND OF THE NORTH TEXAS**

**TOLLWAY AUTHORITY, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015** — page 16" for more information on toll receivables.

#### *Toll Receivables Write-Off*

NTTA has a toll receivable write-off policy. The policy states in part that, on an annual basis in November of each year, NTTA's Operations department will provide a list, by customer, of all receivables that have aged through the collections process and are eligible to be written-off. In order to provide an opportunity for toll enforcement remedies to assist in collection efforts, invoices must have aged for two years from the date of the initial ZipCash invoice before becoming eligible for write-off. In December, the Executive Director will recommend to the Board, for their review and approval, a list of toll receivables to be written-off. Toll receivables are written-off from an accounting and financial reporting perspective only. They will continue to be legal obligations of the users and collection efforts will continue.

For the NTTA System, NTTA wrote off \$56,192,668 in toll receivables effective as of December 31, 2013, \$18,565,705 in toll receivables effective as of December 31, 2014 and \$38,543,185 in toll receivables effective as of December 31, 2015.

### **OTHER POTENTIAL PROJECTS (ON-SYSTEM AND OFF-SYSTEM)**

#### **General**

Future turnpike projects of NTTA may be financed as part of the NTTA System or independently of the NTTA System. See "**RISK FACTORS – Additional Obligations**" in the forepart. NTTA is in the preliminary review stage for a number of projects and has begun the multi-staged review process for some of these projects. The review process entails performing various environmental studies, which may need to be approved by State and federal agencies, feasibility studies, the development of traffic and revenue studies, an analysis of financing structures (such as stand-alone or system) and development options (e.g., Comprehensive Development Agreement ("CDA"), design-build and construction manager at risk).

**A key factor in determining whether to undertake a project is the impact on NTTA's credit profile (including expected revenue contribution and ability to service debt). NTTA's objective in determining whether to undertake projects is to maintain or enhance the overall NTTA credit profile and preserve or enhance debt capacity for future projects. If NTTA determines to pursue any of these projects, NTTA anticipates this process to be gradual. Funding agreements and cost estimates are preliminary.**

#### **Local Primacy**

Chapter 373 of the Texas Transportation Code ("*Chapter 373*") establishes the framework for giving local toll entities the primary responsibility for toll road development within its boundaries. Under Chapter 373, NTTA has the first option to develop, finance, construct, and operate a toll project within its boundaries, but must exercise its option not later than:

- (a) 180 days after NTTA or TxDOT notifies the other of its intent to initiate the primacy process; or
- (b) 120 days after the U.S. Department of Transportation Federal Highway Administration (the "*FHWA*") issues a decision ("*Decision*") on an environmental impact statement for the project, if the FHWA issued its Decision more than 60 days after TxDOT issued its notice of intent to initiate the primacy process to NTTA.

The option period may be extended for 90 days if agreed upon by NTTA and TxDOT. TxDOT and NTTA may enter into an agreement waiving the primacy terms in Chapter 373 and providing instead for alternative terms that are mutually agreeable to the parties.

#### **Projects Under Consideration**

##### *Trinity Parkway*

In 2000, the Board authorized a preliminary traffic and revenue study by Wilbur Smith Associates (now known as CDM Smith), traffic engineers for NTTA, for the proposed Trinity Parkway in the City of Dallas from the SH 183/IH 35E junction north of downtown Dallas to US 175 southeast of downtown Dallas, a distance of approximately nine miles. Eight build-alternative routes were evaluated in the Draft Environmental Impact Statement ("*DEIS*"); five build-alternatives are along the Trinity River levees, two are along Riverfront Boulevard

and one is outside the Trinity River levees. The proposed Trinity Parkway is intended to function as a reliever route around the congested roadways near downtown Dallas. Cost estimates range from \$1.1 billion to \$2.1 billion. In 1998, the City of Dallas received voter approval of a \$246,000,000 bond election for the Trinity River Corridor project; of this amount, \$84,000,000 was allocated to assist in accelerating this project as a tollway, including payment for the preliminary traffic and revenue study and environmental and permitting costs, with the remaining balance being used for right-of-way acquisition, utility adjustments and costs relating to the design and construction of the project. After receipt of an initial sketch level traffic and revenue study, a preliminary agreement was executed between NTTA, TxDOT and the City of Dallas on participation levels and agency obligations in May 1999, and the Board authorized the preliminary traffic and revenue study described above. Additional funding sources for construction, operations and maintenance will be identified later in the project. As various project components are finalized, it is anticipated that future funding agreements will identify the cost shares of other funding partners.

The DEIS was released in February 2005 and a public hearing was held in March 2005. The Supplemental Draft Environmental Impact Statement (the "*SDEIS*") was released in February 2009 and a public hearing was held in May 2009. The comments received on the SDEIS are currently being addressed through interagency cooperation with NTTA, TxDOT, the FHWA, the United States Army Corps of Engineers ("*USACE*") and others.

The 2007 USACE Periodic Inspection Report was released on April 1, 2009. Due to USACE concerns with the existing Dallas Floodway levees, FHWA requested additional environmental studies (Limited Supplement Draft Environmental Impact Statement) for the public that will include the City of Dallas' assessment and future plans for levee remedies and how the Trinity Parkway will play into these levee remedies. A public hearing for the Limited Supplement Draft Environmental Impact Statement was held on May 8, 2012. An updated traffic and revenue study for Trinity Parkway was performed by CDM Smith in early 2013. The record of decision by FHWA on the Final Environmental Impact Statement was received in April 2015. It is not possible at this time to forecast whether this project will show sufficient financial feasibility to go forward.

#### *DNT Extension Phase 4A*

DNT Extension Phase 4A, a proposed 6-mile extension of the DNT, would begin at US 380 in Collin County and extend north to FM 428. No financial commitments have been made by NTTA for DNT Extension Phase 4A. In September 2008, the Board approved the DNT Extension Phase 4A schematic and environmental assessment. Collin County has constructed an initial two-lane county road on the proposed alignment from US 380 to FM 428 using proceeds of a bond sale approved by voters in 2003. Collin County's two lane road opened to traffic in October 2008 and is anticipated to serve as the northbound frontage road for the potential DNT Extension Phase 4A. Collin County is acquiring all of the right-of-way for this possible DNT extension. CDM Smith developed sketch level traffic and revenue forecasts for the DNT Extension Phase 4A in August 2015 but financial feasibility has not been conducted.

#### *DNT Extension Phase 4B and 5A*

NTTA has completed a planning study on the DNT extension north of FM 428 north into Grayson County (Phase 4B to the Collin/Grayson county line and Phase 5A from the Collin/Grayson county line to FM 121). No financial commitments have been made by NTTA for DNT Extension Phase 4B and 5A. The study involved seeking input from affected counties, municipalities and property owners, and performing route studies for possible alignments. In July 2010, the Board selected the "county line" alignment as the "Locally Preferred Alternative." NTTA has completed the environmental documentation and schematic development stage for Phase 4B and 5A. Denton County has committed \$21.5 million to fund the southbound frontage road for the project. NTTA is currently finalizing right-of-way donation along the corridor and began design of the project in December 2014.

#### *Other Possible Projects*

NTTA is currently considering a number of additional projects, including (i) SH 190/East Branch, an extension of the PGBT EE between IH 30 and IH 20 of approximately 11 miles in length, and (ii) SH 170, a road between SH 114 and IH 35W of approximately 5.7 miles in length. The foregoing projects are subject to the local primacy requirements of state law. See "**Local Primacy.**"

## TOLLING SERVICES AGREEMENTS

### General

The NTTA Act provides that NTTA shall provide, for reasonable compensation, tolling services normally provided through its customer service center, including customer service, customer account maintenance, transponder supply and toll collection and enforcement (collectively, "*Tolling Services*") for toll projects in NTTA's service area of Collin, Dallas, Denton and Tarrant counties.

Pursuant to the requirements of the NTTA Act, NTTA has entered into (i) a Tolling Services Agreement dated September 4, 2009 (the "*IH 635 TSA*") with LBJ Infrastructure Group LLC (the "*IH 635 Developer*") for the IH 635 Managed Lanes Project in Dallas County, Texas (the "*IH 635 Project*"), the first phase of which opened to traffic in December 2013 and the second phase of which opened to traffic in September 2015, (ii) a Tolling Services Agreement dated June 23, 2009 (the "*NTE Segment 1/2W TSA*") with NTE Mobility Partners LLC (the "*NTE Segment 1/2W Developer*") for Segments 1 and 2W of the North Tarrant Express Project in Tarrant County, Texas (the "*NTE Segment 1/2W Project*"), which opened to traffic in October 2014, (iii) a Tolling Services Agreement dated September 19, 2013 (the "*NTE Segment 3A/3B TSA*") with TxDOT, as TxDOT's subcontractor, to provide Tolling Services to NTE Mobility Partners Segments 3 LLC (the "*NTE Segment 3A/3B Developer*") for Segments 3A and 3B of the North Tarrant Express Project in Tarrant County, Texas (the "*NTE Segment 3A/3B Project*"), which is expected to open to traffic in phases starting in 2016 and (iv) a Tolling Services Agreement dated September 1, 2014 (the "*Regional TSA*") with TxDOT for certain planned TxDOT managed toll lane projects in the NTTA's service area (the "*Regional Projects*"), under which NTTA began performing Tolling Services for the DFW Connector Project in Dallas County, Texas on October 20, 2014. There is no assurance that any other Regional Projects will go forward. **Revenues generated by NTTA under the IH 635 TSA, the NTE Segment 1/2W TSA, the NTE Segment 3A/3B TSA, the Regional TSA, or any other future TSAs will not secure the Bonds or other obligations entitled to the benefit of the Trust Agreement.**

**As described below, the IH 635 TSA and the NTE Segment 1/2W TSA place most of the toll collection risk on NTTA.** For example, under both the IH 635 TSA and the NTE Segment 1/2W TSA, NTTA is required to pay to the developer a portion of the toll for each vehicle that travels on the managed lanes, subject to certain exceptions, regardless of whether NTTA actually collects the toll. While NTTA is only required to pay the developer tolls for video transactions where the license plate image is readable, NTTA is taking all other collection risk associated with video transactions and is responsible for costs for enforcement and third party collection efforts. See the discussion regarding collection of ZipCash video transactions under "**THE NTTA SYSTEM — Operations — Toll Collection.**" All fees assessed and collected by NTTA are intended to serve as mitigation of uncollected tolls for these projects. NTTA may use funds in the Capital Improvement Fund for the NTTA System to pay costs it incurs under the agreements for Tolling Services.

### IH 635 Tolling Services Agreement

#### *Term*

The term of the IH 635 TSA expires on September 4, 2061, subject to earlier termination.

#### *Payments to IH 635 Developer*

Subject to certain exceptions, NTTA is required to pay the IH 635 Developer an amount equal to the transponder toll for each transaction, less its fee, within two business days after the date the transaction has been properly transmitted to NTTA.

#### *Compensation for Services*

NTTA is entitled to a fee for each transaction, consisting of a base transaction fee and (except for interoperability transactions) a variable transaction fee. In addition, NTTA may impose on and collect from users of the managed lanes of the IH 635 Project, and retain as additional compensation, incidental charges consistent with NTTA's practices concerning customers of its own facilities, including, with respect to video transactions, NTTA's reasonable out-of-pocket costs and expenses and a reasonable amount to reflect its collection risk.

#### *Performance Security*

NTTA is required to deliver to the IH 635 Developer annually a letter of credit to secure NTTA's payment obligations under the IH 635 TSA. The delivery of the letter of credit is a condition to NTTA's right to receive

compensation for services. The IH 635 Developer is obligated to reimburse NTTA for the costs of the issuance of the letters of credit. The face amount of the letter of credit to be issued for each service year is to be equal to 50% of the toll revenues that the IH 635 Developer's base case financial model projects will be earned in the applicable service year. In lieu of a letter of credit, NTTA may provide substitute performance security acceptable to the IH 635 Developer. NTTA and the IH 635 Developer entered into a Second Amended and Restated Agreement Regarding IH 635 TSA Performance Security dated as of December 1, 2015 (the "*Second Amended IH 635 TSA Performance Security Agreement*"), which constitutes substitute performance security under the IH 635 TSA, and under which NTTA agreed to (i) extend the termination date of the Second Amended and Restated Agreement to December 13, 2016, (ii) execute an Amended and Restated Joinder Agreement under the Master Cash Collateral Trust Agreement (as defined below) to reaffirm the establishment of a separate sub-account for the sole benefit of the IH 635 Developer (the "*IH 635 TSA Cash Collateral Sub-Account*") and fund the IH 635 TSA Cash Collateral Sub-Account in the amount of \$15 million (the "*Account Requirement*") on December 13, 2015 and (iii) provide for the delivery of an irrevocable standby letter of credit in the face amount of \$25 million (the "*Letter of Credit*"). NTTA, TxDOT, the Collateral Account Trustee (as defined below) and the IH 635 Developer entered into an Amended and Restated Joinder Agreement dated as of December 1, 2015 that reaffirmed the establishment of the IH 635 TSA Cash Collateral Sub-Account. On December 13, 2015, the Collateral Account Trustee transferred from the Master Cash Collateral Trust Account (as defined below) into the IH 635 TSA Cash Collateral Sub-Account the amount necessary to cause the amount on deposit therein to equal the Account Requirement. As of March 31, 2016, the IH 635 TSA Cash Collateral Sub-Account was fully funded with a balance of approximately \$15 million. On December 4, 2015, JPMorgan Chase Bank, N.A. delivered to the IH 635 Developer an Irrevocable Standby Letter of Credit in the stated amount of \$25 million and with a stated expiration date of December 12, 2016. If the IH 635 Developer withdraws any amounts from the IH 635 TSA Cash Collateral Sub-Account, then NTTA is required to replenish the IH 635 TSA Cash Collateral Sub-Account to an amount not less than the Account Requirement not later than five business days after the withdrawal occurs. The Second Amended IH 635 TSA Performance Security Agreement will continue in effect until December 13, 2016, or such later date mutually agreed to by NTTA and the IH 635 Developer. Upon termination of such agreement, NTTA will be required to provide a letter of credit, or substitute performance security acceptable to the IH 635 Developer, as required under the IH 635 TSA.

#### *NTTA Defaults*

Upon a default by NTTA under the IH 635 TSA, subject to the IH 635 Developer's step-in rights, and subject to certain limitations on damages, the IH 635 Developer will be entitled to recover all losses and damages incurred as a result of NTTA's default. In addition, upon certain NTTA defaults or upon certain conditions, the IH 635 Developer has the right to require suspension of NTTA's services under the IH 635 TSA and has the option to step in and perform such services itself or to arrange for a designee to step in and perform such services.

### **NTE Segment 1/2W Tolling Services Agreement**

#### *Term*

The term of the NTE Segment 1/2W TSA expires on June 23, 2061, subject to earlier termination.

#### *Payments to NTE Segment 1/2W Developer*

Subject to certain exceptions, NTTA is required to pay the NTE Segment 1/2W Developer an amount equal to the transponder toll for each transaction, less its fee, within two business days after the date the transaction has been properly transmitted to NTTA.

#### *Compensation for Services*

NTTA is entitled to a fee for each transaction, consisting of a base transaction fee and (except for interoperability transactions) a variable transaction fee. In addition, NTTA may impose on and collect from users of the managed lanes of the NTE Segment 1/2W Project, and retain as additional compensation, incidental charges consistent with NTTA's practices concerning customers of its own facilities, including, with respect to video transactions, NTTA's reasonable out-of-pocket costs and expenses and a reasonable amount to reflect its collection risk.

#### *Performance Security*

NTTA (i) established a master cash collateral trust account (the "*Master Cash Collateral Trust Account*") under a Master Cash Collateral Trust Agreement (the "*Master Cash Collateral Trust Agreement*") among NTTA,

TxDOT and Wilmington Trust, National Association (the "*Collateral Account Trustee*") and (ii) deposited \$25,598,000 therein to provide performance security for the NTE Segment 1/2W TSA and future tolling services agreements.

NTTA, TxDOT, the Collateral Account Trustee and the Segment 1/2W Developer entered into a Joinder Agreement dated as of May 1, 2014 that established a separate sub-account, for the sole benefit of the NTE Segment 1/2W Developer (the "*NTE Segment 1/2W Cash Collateral Sub-Account*"), which currently has a required amount of \$9,781,264. As of February 29, 2016, the NTE Segment 1/2W Cash Collateral Account was fully funded with a balance of approximately \$9,782,017, which amount equaled the required balance. On each July 1, the required amount increases by two percent. NTTA and TxDOT intend to use available funds on deposit in the Master Cash Collateral Trust Account to fund any shortfall in the NTE Segment 1/2W Collateral Sub-Account, other than a shortfall caused by a default by NTTA under the NTE Segment 1/2W TSA.

#### *NTTA Defaults*

Upon a default by NTTA under the NTE Segment 1/2W TSA, subject to the NTE Segment 1/2W Developer's step-in rights, and subject to certain limitations on damages, the NTE Segment 1/2W Developer will be entitled to recover all losses and damages incurred as a result of NTTA's default. In addition, upon certain NTTA defaults or upon certain conditions, the NTE Segment 1/2W Developer has the right to require suspension of NTTA's services under the NTE Segment 1/2W TSA and has the option to step in and perform such services itself or to arrange for a designee to step in and perform such services.

### **NTE Segment 3A/3B Tolling Services Agreement**

#### *Term*

The term of the NTE Segment 3A/3B TSA expires on the tenth anniversary of the service commencement date for the NTE Segment 3A/3B Project, subject to earlier termination. The NTE Segment 3A/3B TSA will renew automatically from and after the final day of the initial term for successive five-year periods until June 23, 2061, subject to earlier termination.

#### *Payments to NTE Segment 3A/3B Developer and TxDOT*

Subject to certain exceptions, NTTA is required to pay the NTE Segment 3A/3B Developer and/or TxDOT an amount equal to the toll for each transaction, including any video transaction toll premium, less its fee, within two business days after the date NTTA collects such toll.

#### *Compensation for Services*

NTTA is entitled to a fee for each transaction, consisting of a base transaction fee and (except for interoperability transactions) a variable transaction fee. In addition, NTTA may impose on and collect from users of the managed lanes of the NTE Segment 3A/3B Project, and retain as additional compensation, incidental charges consistent with NTTA's practices concerning customers of its own facilities. Incidental charges do not include any video transaction toll premiums.

#### *NTTA Defaults*

Upon a default by NTTA under the NTE Segment 3A/3B TSA, subject to TxDOT's step-in rights, and subject to certain limitations on damages, TxDOT will be entitled to recover all losses and damages incurred as a result of NTTA's default. In addition, upon certain NTTA defaults or upon certain conditions, TxDOT has the right to require suspension of NTTA's services under the NTE Segment 3A/3B TSA and has the option to step in and perform such services itself or to arrange for a designee to step in and perform such services.

### **Regional Tolling Services Agreement**

#### *Term*

The initial term of the Regional TSA expires on September 1, 2019. The Regional TSA will automatically renew and extend for an additional five years from and after the end of the then-expiring term, unless NTTA or TxDOT provides a written notice to the other at least 180 days before the end of the term.

### *Payments to TxDOT*

NTTA is required to pay TxDOT an amount equal to the payment received for each transaction within two business days after NTTA receives such payment.

### *Compensation for Services*

TxDOT is required to reimburse NTTA for the cost of all labor, supervision, materials, supplies, services, equipment, fees, licenses, maintenance, information technology, utilities, facilities, insurance, professional services and other costs and expenses incurred by NTTA to perform tolling services under the Regional TSA, including an allocated portion of NTTA's overhead and shared services under generally accepted government accounting principles.

### *Remedies*

If either TxDOT or NTTA fails to observe or perform any covenant, agreement, term or condition under the Regional TSA and such failure continues for a period of 60 days after written notice is provided by the other party specifying said failure, the other party will be entitled to seek an action in mandamus against that defaulting party, or to exercise any and all other rights and remedies available to it under the Regional TSA, at law or in equity. TxDOT and NTTA also agreed to utilize prescribed dispute resolution procedures before exercising the foregoing remedies.

## **THE SPECIAL PROJECTS SYSTEM**

### **General**

NTTA created the Special Projects System to finance certain roads that are not a part of the NTTA System. The Special Projects System consists of the PGBT WE, an 11.5-mile tollway between SH 183 south to IH 20 in Dallas County, and the CTP, a 27-mile tollway between IH 30 near the Central Business District in the City of Fort Worth and US 67 in Cleburne. Revenues of the Special Projects System may only be used to pay bonds issued for projects that are part of the Special Projects System and for other costs related to the Special Projects System. Average revenue vehicle transactions per day for each segment of the SPS are unaudited. **Revenues from the Special Projects System do not secure and are not available to pay debt service on the Bonds or other obligations entitled to the benefit of the Trust Agreement.**

### **President George Bush Turnpike Western Extension**

The PGBT WE extends the existing TxDOT section of SH 161 south of the current terminus by approximately 11.5-miles, from SH 183 south to IH 20 in Dallas County, with approximately 54 lane miles of toll roads. The PGBT WE is operated exclusively as All-ETC and was opened in its entirety to traffic in October 2012. The PGBT WE's unaudited average revenue vehicle transactions per day were approximately 128,702 for the fiscal year ended August 31, 2014 (the fiscal year for the Special Projects System is September 1 to August 31) and 141,426 for the fiscal year ended August 31, 2015.

NTTA entered into a Project Agreement dated July 30, 2009, as amended, with TxDOT for the PGBT WE, which contains the representations, commitments and obligations of NTTA and TxDOT related to the development, financing, design, construction, operation and maintenance of the PGBT WE and provides that NTTA will own the PGBT WE in perpetuity. In April 2011, NTTA issued approximately \$1.1 billion in bonds and notes secured by the revenues of the Special Projects System and/or amounts on deposit under the trust agreement for the Special Projects System. Such bonds and notes are not secured by the revenues of the NTTA System.

### **Chisholm Trail Parkway**

The CTP is a 27.6 mile extension of SH 121 from IH 30 near the central business district of Fort Worth to FM 1187 in Tarrant County, and continuing south to US 67 in Johnson County, with approximately 99 lane miles of toll roads. It traverses a large portion of the City of Fort Worth with major interchanges at IH 30 and IH 20 at SH 183, and continuing into Johnson County to the City of Cleburne, Texas. The CTP is an All-ETC facility consisting of two to six controlled-access main lanes with discontinuous two to three-lane service roads in certain segments. While construction continues, the CTP was fully opened to traffic on May 11, 2014. The CTP's unaudited average revenue vehicle transactions per day were approximately 32,695 from the opening through August 31, 2014 and 57,493 for the fiscal year ended August 31, 2015.

NTTA and TxDOT have entered into the Project Agreement Southwest Parkway/Chisholm Trail Project dated October 27, 2010 (the "*CTP Project Agreement*"), which contains the representations, commitments and

obligations of NTTA and TxDOT related to the development, financing, design, construction, operation and maintenance of the CTP and provides that NTTA will own the CTP in perpetuity.

On November 10, 2011, NTTA issued approximately \$641 million in bonds secured by the revenues of the Special Projects System and/or amounts on deposit under the trust agreement for the Special Projects System. Such bonds are not secured by revenues of the NTTA System.

## STATE HIGHWAY 360 PROJECT

### General

The SH 360 Project will be a 9.7-mile toll road project located in Ellis, Johnson and Tarrant Counties, Texas, extending generally from Green Oaks Boulevard in Tarrant County south to US 287 in Ellis County with approximately 38 lane miles of toll roads. The SH 360 Project will be an All-ETC facility initially consisting of four controlled-access main lanes from just south of Green Oaks Boulevard to US 287, with continuous service roads along the entire corridor. The SH 360 Project will be a stand-alone toll project and will not be a part of the NTTA System or the Special Projects System. Revenues of the SH 360 Project may only be used to pay costs, including debt service, that are related to the SH 360 Project. **Revenues from the SH 360 Project will not secure and will not be available to pay debt service on the Bonds or other obligations entitled to the benefit of the Trust Agreement.**

### Project Agreement

NTTA entered into the Project Agreement State Highway 360 dated February 28, 2014 (the "*SH 360 Project Agreement*") with TxDOT for the SH 360 Project, which contains the representations, commitments and obligations of NTTA and TxDOT related to the development, financing, design, construction, operation and maintenance of the SH 360 Project. Under the SH 360 Project Agreement, TxDOT is required to design and construct the SH 360 Project and has allocated funds in the amount of \$300 million for such purpose. The actual amount of such allocated funds expended for the design and construction of the SH 360 Project, less TxDOT's internal soft costs, up to a maximum of \$294 million, will constitute a loan (the "*Project Loan*") from TxDOT to NTTA payable, except as set forth below, solely from net revenues of the SH 360 Project. The Project Loan will have a term of 35 years, commencing on the date of substantial completion of the SH 360 Project, and will bear interest at a fixed rate of 4.25% per annum. The Project Loan is not secured by the revenues of the NTTA System. In May 2015, TxDOT executed a design-build contract for design and construction of the SH 360 Project. Construction of the SH 360 Project commenced in 2015 and NTTA anticipates the SH 360 Project will be substantially complete and open to traffic in late 2017. Upon substantial completion of the SH 360 Project, TxDOT is required to transfer ownership thereof to NTTA, at which time NTTA will have the obligation to make payments on the Project Loan.

### Financial Backstop Agreement

To provide support for TxDOT's efforts to develop, finance and construct the SH 360 Project and NTTA's efforts to operate and maintain the SH 360 Project, the Regional Transportation Council (the "*RTC*"), TxDOT and NTTA entered into that certain Financial Backstop Agreement State Highway 360 dated February 28, 2014 (the "*Financial Backstop Agreement*"). Under the Financial Backstop Agreement, if SH 360 Project revenues are insufficient to make a scheduled payment on the Project Loan or a scheduled transfer for payment of operating and maintenance costs, NTTA is required to submit to TxDOT and the RTC an expense draw request for the amount of such shortfall, and TxDOT, on behalf of the RTC, is required to make a draw on the financial backstop in the amount of such shortfall (i) to the extent the payment is owing to TxDOT, through the Commission's reduction of allocation of funds allocated to the Dallas-Fort Worth Region in the Unified Transportation Program developed by TxDOT and approved by the Commission (the "*UTP Funds*") after the scheduled payment date or (ii) to the extent the payment is owing to NTTA, by transferring UTP Funds or other funds the RTC is authorized to allocate to projects to NTTA by the fifteenth business day after receipt of such draw request. NTTA is required to repay the RTC, but only from available SH 360 Project revenues, any amounts drawn under the Financial Backstop Agreement, together with interest on such amount at the fixed rate of 4.25% per annum. The Financial Backstop Agreement is not secured by the revenues of the NTTA System.

### Reverter and Nonrecourse

If the obligations of the RTC under the Financial Backstop Agreement are determined to be inoperative or if the RTC otherwise fails to perform its obligations under the Financial Backstop Agreement, and TxDOT's rights under the Financial Backstop Agreement to self-effectuate a cure are unenforceable or otherwise unavailable, then

(i) if SH 360 Project revenues are insufficient to make at least 50% of any scheduled Project Loan payment, NTTA will be required to transfer to TxDOT, from other sources available to NTTA, the difference between 50% of the scheduled Project Loan payment and the amount of SH 360 Project revenues available to make such payment, and (ii) any shortfall in a scheduled Project Loan payment will be added to the Project Loan balance and NTTA will be required to pay such shortfall to TxDOT, together with interest thereon, on before the earlier of the fifth anniversary of the applicable payment date or the maturity date of the Project Loan. If NTTA fails to make a payment described in this paragraph, NTTA will have 90 days after written notice from TxDOT to make such payment. If NTTA does not make such payment within the 90-day period, the SH 360 Project Agreement and all of NTTA's rights thereunder will automatically terminate and title to the SH 360 Project will revert to TxDOT. NTTA's failure to make any such payment to TxDOT will not constitute a default under the SH 360 Project Agreement, and the obligations of NTTA under the SH 360 Project Agreement are subject to the availability of SH 360 Project revenues to perform such obligations.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS**

### **General**

The entire audited financial statements of NTTA's North Texas Tollway Authority System Enterprise Fund as of and for the Fiscal Year ended December 31, 2014 are attached hereto as **APPENDIX B-1** and include a narrative discussion and analysis by management of the results of operations for the NTTA System. The audited financial statements of NTTA's North Texas Tollway Authority System Enterprise Fund reflect the financial condition of the NTTA System, which does not include the PGBT WE, the CTP, the SH 360 Project or the Tolling Services. The unaudited financial statements of NTTA's North Texas Tollway Authority System Enterprise Fund as of and for the Fiscal Year ended December 31, 2015 are attached hereto as **APPENDIX B-2**. All 2015 financial information is unaudited.

### **Highlights of the NTTA System as of and for the Fiscal Year ended December 31, 2015**

- Revenue Vehicle Transactions for the Fiscal Year ended December 31, 2015 were 676,484,779, an increase of 31,815,256 or 4.9% over the Fiscal Year ended December 31, 2014.
- Approximately 3.7 million and 3.2 million TollTags were active as of December 31, 2015 and 2014, respectively.
- As of December 31, 2015, the NTTA System's total net position decreased by \$4,708,119 from the total net position as of December 31, 2014. The change was primarily due to a \$13,283,848 loss on disposal of fixed assets.
- For the Fiscal Year ended December 31, 2015, toll revenues, net of bad debt expense, were \$617,400,596 an increase of \$37,355,381 or 6.4% over the Fiscal Year ended December 31, 2014. The increase was primarily a result of an increase in transactions and an increase in the toll rates that took place in July 2015.
- The Operations and Maintenance Fund administration and operations expenses before depreciation for the Fiscal Year ended December 31, 2015 were \$129,764,270, an increase of 11.9% compared to the Operations and Maintenance Fund administration and operations expenses before depreciation for the Fiscal Year ended December 31, 2014.

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## Net Position

Set forth below is an analysis of the NTTA System's financial position as of December 31, 2015 and December 31, 2014.

**Table A-1**  
Net Position  
(in millions of dollars)

	Unaudited As of December 31, 2015	Audited As of December 31, 2014
Current assets	\$ 382,787,944	\$ 378,647,520
Current restricted assets	249,627,672	296,987,635
Noncurrent assets		
Restricted investments	500,437,690	410,326,873
Other assets	71,103,220	62,757,505
Capital assets	5,932,331,998	6,187,228,771
Total assets	<u>7,136,288,524</u>	<u>7,335,948,304</u>
Deferred outflow of resources	<u>329,983,153</u>	<u>109,324,238</u>
Current liabilities	97,777,583	80,307,749
Liabilities payable from restricted assets	188,004,588	190,962,470
Long-term debt	<u>7,853,051,561</u>	<u>7,867,989,107</u>
Total liabilities	<u>8,138,833,732</u>	<u>8,139,259,326</u>
Deferred inflow of resources	<u>30,763,366</u>	<u>4,630,518</u>
Net position:		
Investment in capital assets	(4,227,976,427)	(4,234,262,561)
Restricted for debt service	925,608,041	763,704,484
Restricted for TSAs	2,752,866,500	2,816,826,721
Unrestricted	<u>(153,823,535)</u>	<u>(44,885,946)</u>
Total net position	<u>\$ (703,325,421)</u>	<u>\$ (698,617,302)</u>

The NTTA System's net position indicates an unrestricted current ratio of 3.91 and 4.71 as of December 31, 2015, and December 31, 2014, respectively. Working capital was \$285,010,361 and \$298,339,771 as of December 31, 2015, and December 31, 2014, respectively. Total unrestricted current assets were \$382,787,944 as of December 31, 2015, compared to \$378,647,520 as of December 31, 2014 (see Table A-1). Total unrestricted and restricted current assets were \$632,415,616 and \$675,635,155 as of December 31, 2015, and December 31, 2014, respectively. Cash and investments of \$569,706,732 represent the largest component of current assets as of December 31, 2015. The remaining \$62,708,884 is comprised of accrued interest receivables of \$1,785,382, accounts receivable of \$51,569,104, prepaid insurance expenses of \$1,665,699 and interproject/interagency receivables of \$7,688,699.

Total unrestricted current liabilities for the NTTA System were \$97,777,583 as of December 31, 2015, including \$3,699,966 for accounts payable and retainage payable, \$54,462,313 of deferred revenue, \$23,797,150 for accrued liabilities, mainly accrued salaries and vacation liability, and interfund payables of \$15,818,154.

## Summary of Operations

Set forth below is a summary of operations of the NTTA System for the Fiscal Years ended December 31, 2015 and December 31, 2014.

**Table A-2**  
Change in Net Position  
(in millions of dollars)

	For Fiscal Year Ended	
	Unaudited December 31, 2015	Audited December 31, 2014
Revenues		
Tolls	\$ 617,400,596	\$ 580,045,215
Other revenues	33,019,539	28,170,791
Operating revenues	650,420,135	608,216,006
Operating expenses before depreciation	173,167,500	165,459,010
Income from operations before amortization and depreciation	477,252,635	442,756,996
Amortization of intangible (Sam Rayburn Tollway)	65,385,114	64,403,243
Depreciation	6,889,660	6,159,420
Operating income	404,977,861	372,194,333
Nonoperating revenue (expenses):		
Gain (Loss) on fair value of investments	(967,546)	2,466,494
Interest expense	(423,297,908)	(438,701,716)
Other	(22,993,176)	(1,218,263)
Net nonoperating revenue (expenses):	(447,258,630)	(437,453,485)
Capital contributions	-	32,166,870
Government subsidy	(131,206)	1,790,774
BAB's subsidy	26,935,118	26,877,164
Change in net position	(15,476,857)	(4,424,344)
Net position- beginning	(687,848,564) <sup>(1)</sup>	(694,192,958)
Net position - ending	\$ (703,325,421)	\$ (698,617,302)

<sup>(1)</sup> Represents a restatement due to GASB 68, "Accounting and Financial Reporting for Pensions."

Total operating revenues for the NTTA System were \$650,420,135 for the Fiscal Year ended December 31, 2015, and \$608,216,006 for the Fiscal Year ended December 31, 2014 (See Table A-2). Toll revenues for the Fiscal Year ended December 31, 2015, were \$617,400,596 (net of bad debt expense of \$66,812,565), a 6.4% increase over the toll revenues of \$580,045,215 (net of bad debt expense of \$47,803,631) for the Fiscal Year ended December 31, 2014. Traffic on the NTTA System continues to grow, with average daily revenue transactions of 1,853,383 and 1,766,218 for the Fiscal Years ended December 31, 2015 and 2014, respectively.

Total operating expenses for the NTTA System before depreciation for the Fiscal Year ended December 31, 2015, were \$173,167,500 compared to the Fiscal Year ended December 31, 2014, of \$165,459,010 a 4.7% increase due primarily to a \$12,780,325 legal settlement (See Table A-2). Interest expense, inclusive of capitalized interest, for the Fiscal Year ended December 31, 2015, was \$423,297,908, a 3.5% decrease from the interest expense of \$438,701,716 for the Fiscal Year ended December 31, 2014. Debt service coverage for the Fiscal Year ended December 31, 2015 and December 31, 2014 for First Tier and Second Tier Bonds was 1.59 and 1.55 times, respectively. The Trust Agreement and NTTA's Debt Policy both require bond principal and interest coverage of at least 1.20 times (calculated on an annual basis) for First Tier and Second Tier Bonds.

## **Investments**

The NTTA System's investments as of December 31, 2015, and December 31, 2014, were \$1.1 billion and \$1.0 billion, respectively.

## **Revenues by Type**

Total gross operating revenues for the NTTA System were \$717.2 million for the Fiscal Year ended December 31, 2015. Toll revenues of \$617.4 million (net of bad debt expense of \$66.8 million) account for 94.9% of total net operating revenues. Interest income (excluding Construction Fund interest) was \$7.6 million or 1.2% of total net operating revenues. Other revenue, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was \$25.4 million, representing 3.9% of total net operating revenues.

## **Revenues Compared to Estimates**

The NTTA System's actual toll revenue for the Fiscal Year ended December 31, 2015 was 4.9% over the toll revenue estimated for such period by NTTA's Traffic Engineers, CDM Smith, in July 2015. The 2016 budget was based on CDM Smith estimates from July 2015. It should be noted that the projected toll revenues in the July 2015 study by CDM Smith were revenues projected to be collected in each year (*i.e.*, cash basis) after applying the appropriate ZipCash revenue leakages. Actual toll revenue reported by NTTA in its financial statements is based on revenues determined on an accrual basis in accordance with GAAP.

Toll revenue exceeding budget was largely attributed to the continued growth of population and employment in the Member Counties (Collin, Dallas, Denton and Tarrant).

## **Capital Assets**

The NTTA System's investment in capital assets includes land, buildings, right-of-way, roadway, bridges, equipment, and computer systems. Capital assets as of December 31, 2015, were \$5.9 billion, decreasing from December 31, 2014, by approximately \$254.9 million.

NTTA utilizes GASB No. 34, Modified Approach of reporting infrastructure assets. Each year a comprehensive assessment is conducted on all NTTA's infrastructure assets which affect the following Fiscal Year's maintenance budget. For the Fiscal Year ended December 31, 2014, NTTA estimated it would spend \$27.4 million for infrastructure maintenance and preservation but actually spent \$11.1 million. For Fiscal Year ended December 31, 2015, NTTA estimated it would spend \$22.6 million for infrastructure maintenance and preservation but actually spent \$12.0 million. Fluctuations from year to year between the amount spent to preserve and maintain NTTA's infrastructure assets and the estimated amount result primarily from the timing of work activities. The NTTA System's Condition Index for both 2014 and 2015 was 8.9, which was above the 8.0 goal established by NTTA.

The SRT will revert to TxDOT after the expiration of the 50-year period commencing on the date NTTA began collecting tolls on the project on its own behalf (September 2008). NTTA is amortizing the cost of the acquisition and the construction costs of the SRT over the 50-year period utilizing the straight-line basis. The effect of amortizing the cost of the acquisition and the construction costs of the SRT reduces NTTA's net revenues as reported on a GAAP basis. Since the amortization is a non-cash item, it does not impact NTTA's calculation of net revenues available per the Trust Agreement.

## **Budgetary Highlights**

For the NTTA System, NTTA adopts (on a non-GAAP basis) an annual budget in December of each year for the succeeding year for the Operations and Maintenance Fund. The budget is established in accordance with the provisions of the Trust Agreement. The budget covers the operating expenses for each Fiscal Year. For the Fiscal Year ended December 31, 2015, general operating expenses were \$129,764,270, or 94.4% of the 2015 annual

operating budget of \$137,513,520. The primary factors in this budget were continued growth in the number of transactions and the continued ramp-up of recently opened facilities, such as SRT and PGBT EE. This continued growth results in an increase in the number of customer contacts for the Customer Service Center, increased costs related to the billing of ZipCash invoices, and increases in the Maintenance and Safety and Incident Management departments.

### **Long-Term Debt**

As of December 31, 2015, NTTA's total NTTA System bonded debt outstanding was approximately \$7.71 billion (including accrued and accreted interest on capital appreciation bonds and convertible capital appreciation bonds) compared to approximately \$7.65 billion (including accrued and accreted interest on capital appreciation bonds and convertible capital appreciation bonds) as of December 31, 2014. This debt represents bonds secured solely by toll revenue of the NTTA System. Additionally, part of the construction of the PGBT was funded with the proceeds from the ISTEA Loan in the amount of \$135 million, made by TxDOT in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991. Interest accrued from 2000 to 2004 and annual payments began in Fiscal Year 2004. As of December 31, 2015, the outstanding principal balance on the ISTEA Loan was approximately \$131.4 million.

## **CURRENT AND HISTORICAL INFORMATION**

### **NTTA System Toll Rate Schedule**

Set forth in **APPENDIX C** is the toll rate schedule currently in effect for the NTTA System. Under this toll rate schedule, rates on the NTTA System increase approximately 2.75% per annum, and are adjusted on July 1 of every odd-numbered year. Under NTTA's toll rate structure, there is a differential in tolls, with those not using TollTags or other transponders being charged a higher toll than those using TollTags or other transponders. While the Board may at any time in the future adopt a different toll rate schedule or alter any of the scheduled increases, absent Board action the scheduled rate increases will automatically go into effect. Before any change in the current NTTA System toll rate schedule can become effective, the Trust Agreement requires that an opinion of the Traffic Engineers be delivered to the Trustee and NTTA stating either (a) that if such proposed toll rate schedule had been in effect during the preceding Fiscal Year, it would not have caused a decrease in the Net Revenues for said preceding Fiscal Year, or (b) the adoption of such proposed toll rate schedule will not adversely affect the ability of NTTA to comply with its rate covenant under the Trust Agreement. See "**TRAFFIC AND REVENUE STUDY**" herein and the T&R Report (hereinafter defined) incorporated by reference herein for assumptions relating to toll rates for the NTTA System. See "**INCORPORATION BY REFERENCE.**"

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## OTHER FINANCIAL INFORMATION

### Historical Traffic and Net Revenues

The table set forth below shows the net revenues available for debt service of the NTTA System for the calendar years 2011 through 2015.

<u>Year</u>	<u>Revenue Vehicle Transactions<sup>(1)</sup></u>	<u>Toll Revenue<sup>(1)(2)</sup></u>	<u>Investment and Other Earnings<sup>(1)(3)</sup></u>	<u>Current Expenses<sup>(1)</sup></u>	<u>Net Revenues</u>	<u>Change in Net Revenues</u>
2011 <sup>(a)</sup> .....	513,454,344	402,569,534	41,161,515	99,324,590	344,406,459	14%
2012 .....	585,051,845	485,463,608	28,832,506	106,236,324	408,059,790	18%
2013 <sup>(b)</sup> .....	610,129,737	525,458,723	21,721,506	109,240,378	437,939,851	7%
2014.....	644,669,523	580,045,215	28,170,791	115,465,976	492,750,030	13%
2015 <sup>(c)</sup> .....	676,484,779	617,400,596	38,835,076	129,764,270	526,741,402	7%

<sup>(a)</sup> A system-wide increase of toll rates was implemented on July 1, 2011. SRT Segment 5 was substantially open by November 2011 and PGBT EE was opened in December 2011.

<sup>(b)</sup> A system-wide increase of toll rates was implemented on July 1, 2013.

<sup>(c)</sup> A system-wide increase of toll rates was implemented on July 1, 2015. Unaudited.

<sup>(1)</sup> Source – **APPENDIX B-1** – Comprehensive Annual Financial Report of the North Texas Tollway Authority System, an Enterprise Fund of the North Texas Tollway Authority for the Fiscal Year ended December 31, 2014 (excludes the enterprise fund for the Tolling Servicing Agreements, a component unit of the NTTA System), and **APPENDIX B-2** – Unaudited Financial Report of the North Texas Tollway Authority System, an Enterprise Fund of the North Texas Tollway Authority for the Fiscal Year ended December 31, 2015 (excludes the enterprise fund for the Tolling Servicing Agreements, a component unit of the NTTA System).

<sup>(2)</sup> Toll Revenue is net of allowance for uncollectible receivables.

<sup>(3)</sup> Includes inter-fund transfer(s).

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## Historical Debt Service Coverage

The table below sets forth the debt service coverage for all outstanding debt (including First Tier Bonds, Second Tier Bonds, Third Tier Bonds, the ISTEAL Loan and the Subordinate Lien Bonds) of NTTA secured by revenues of the NTTA System for Fiscal Years 2011 through 2015 as calculated pursuant to the Trust Agreement and in accordance with GAAP.

Fiscal Year	Actual Coverage
2011	1.52x
2012	1.32x
2013	1.26x
2014	1.41x
2015	1.48x*

## Pension Plans and Other Post-Employment Benefits

Upon its creation, NTTA became a participant in the Texas County and District Retirement System (the "TCDRS"), a non-profit public trust fund that provides pension, disability and death benefits to eligible employees of its participants. NTTA's employees are required to become members at the time of their employment, unless the individual is ineligible for one of the reasons specified by the TCDRS such as part-time or temporary employees. TCDRS covers eligible employees of Texas counties, districts, and political subdivisions who elect to participate and are approved by the TCDRS Board.

NTTA has also adopted the North Texas Tollway Authority 401(k) Plan (the "NTTA Plan") as a successor qualified cash or deferred arrangement to the TexaSaver 401(k) Plan in which the TTA was a participant. A favorable determination letter has been issued by the Internal Revenue Service with respect to the NTTA Plan. Each NTTA employee is eligible to participate in the NTTA Plan.

NTTA requires mandatory participation in both the TCDRS and the NTTA Plan by all eligible employees. For more detailed information concerning the TCDRS and the NTTA Plan, see Note (6) of **APPENDIX B-1**.

NTTA's other post employment benefits ("OPEB") liability was required by Statement No. 45 of the Governmental Accounting Standard Board ("GASB") to be recorded in Fiscal Year 2012. In Fiscal Year 2011, a consulting actuary provided a baseline valuation report giving NTTA's potential reportable OPEB liability, measured as of January 1, 2012. The baseline estimated results as of January 1, 2014, showed an Actuarial Accrued Liability ("AAL") of \$10,774,597 and an Annual Required Contribution ("ARC") of \$1,919,780. The ARC is \$1,441,286 of normal cost and \$478,494 of amortization of the AAL over 30 years. NTTA has recorded OPEB accrued liabilities of \$23,118,647 through Fiscal Year 2015. See Note (8) of **APPENDIX B-1** for additional information on OPEB.

## TRAFFIC AND REVENUE STUDY

### Background

In March 2014, CDM Smith, the traffic engineers for the NTTA System, prepared the NTTA System Comprehensive Traffic and Toll Revenue Study (the "March 2014 Study") to estimate traffic and toll revenues for the NTTA System. The March 2014 Study involved a detailed evaluation of a new metropolitan transportation plan ("MTP") adopted by the North Central Texas Council of Governments ("NCTCOG") in June 2013 called Mobility 2035 – 2013 Update (the "MTP 2013 Update"). The updated travel demand networks of the MTP 2013 Update were incorporated in the March 2014 Study. This study included an assessment of current economic conditions and other key factors influencing forecasted traffic and revenue on the NTTA System facilities. This effort included an independent economic review of the MTP 2013 Update demographics along the NTTA System corridors as well as comprehensive traffic count and travel time data collection. In addition, observed transaction and revenue trends since the completion of the NTTA System Investment Grade Traffic and Toll Revenue Study dated October 2011 were incorporated into this analysis.

The March 2014 Study involved the following key elements:

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\* Unaudited.

- **Traffic Trends and Characteristics** – CDM Smith evaluated historical and recent traffic and toll revenue trends on the existing the NTTA System, as detailed in Section 2 of the March 2014 Study. This included an analysis of annual and monthly transaction trends on NTTA facilities, and AVI and video transaction shares. In addition, the then latest traffic counts and travel time data was analyzed and incorporated into the traffic and revenue forecasting models.
- **NTTA System Corridor Growth Considerations** – Using the approved demographics included by NCTCOG in their MTP 2013 Update, CDM Smith evaluated the socioeconomic conditions along NTTA System corridors as described in Section 4 of the March 2014 Study. This included a review of the historical population and employment growth trends, as well as the future growth projections of these two major socioeconomic characteristics along the NTTA System corridors. CDM Smith found that about 65% of the major corporations in the Dallas/Fort-Worth area are located within five miles of the NTTA System corridors. A summary of the independent economic review performed for the study area is also presented in Section 4 of the March 2014 Study.
- **NTTA System Traffic and Toll Revenue Forecasts** – CDM Smith updated the traffic and toll revenue forecasts for the NTTA System, as detailed in Section 6 of the March 2014 Study. The traffic and toll revenue forecasts were made using trip tables developed based on findings of the NTTA System independent economic review, with additional adjustments that were done as part of the model validation process.

The results of toll sensitivity analyses for the NTTA System, as described in Section 6 of the March 2014 Study, indicate that the planned toll rates are below the revenue maximization points, demonstrating that, if needed, there is potential for revenue enhancement through toll increases above those assumed for traffic and revenue forecasting purposes.

CDM Smith completed a letter update to the March 2014 Study in October 2014 (the "*October 2014 Update*") and again in July 2015 (the "*July 2015 Update*") to address additional changes to the underlying assumptions since the completion of the March 2014 Study. In March 2016 CDM Smith completed a bringdown letter (the "*March 2016 Bringdown Letter*") to re-evaluate the underlying analysis assumptions that may have changed since the completion of the July 2015 Update. Based on a review of all underlying project assumptions, CDM Smith identified no changes that would be expected to decrease the current traffic and revenue forecasts (as included in the July 2015 Update). As a result, CDM Smith made no modifications to the traffic and revenue forecast, and the forecasts included in the March 2016 Bringdown Letter are identical to those included in the July 2015 Update.

Based on the traffic forecast at each toll plaza location, annual forecasts for each facility of the NTTA System were prepared through 2063. The projections extend from 2015 through 2063 and include the revenue forecasts for DNT, PGBT, SRT, PGBT EE, AATT, MCLB and LLTB. In each case, forecasts for each of the facilities are based on modeled traffic estimates at each toll collection location through the year 2035. These modeled estimates were refined using post-model adjustments and reflecting validation factors used to match observed through June 2015 traffic data at each toll gantry location.

The average toll at each location was based on the current mix of passenger car and commercial vehicle traffic, and the current average tolls, modified in future years to reflect changing assumptions in the proportion of AVI and ZipCash transaction shares. Toll rates for ZipCash transactions are 50% higher than the rates for AVI transactions (with a minimum differential of \$0.24 in 2015 dollars for passenger cars) at each toll gantry location.

As shown in the July 2015 Update, the estimated annual revenue on the DNT is expected to be \$232.7 million in 2016, increasing to \$338.9 million by 2025 and \$505.2 million by 2035. Revenue on the PGBT is expected to be \$214.4 million in 2016, increasing to \$311.1 million by 2025 and \$473.7 million by 2035. Revenue on the SRT is expected to be \$153.2 million in 2016, increasing to \$244.5 million by 2025 and \$400.4 million by 2035. As 2058 is the end of the fifty-year operational agreement of the SRT between NTTA and TxDOT, revenue from SRT is estimated through August 31, 2058, while the other facilities are assumed to generate revenue for NTTA in perpetuity. The PGBT EE toll revenue shown in the July 2015 Update is the NTTA's share of the toll revenue. NTTA's share of the revenue on the PGBT EE is expected to be \$30.4 million in 2016, increasing to \$50.5 million by 2025 and \$83.4 million by 2035. Together, the DNT, PGBT and SRT account for the majority of revenue generated by the NTTA System. Revenue from the AATT, MCLB and LLTB combined is expected to be

about \$8.0 million in 2016. By 2025 this is estimated to reach a combined \$13.0 million, still a very small share of total NTTA System revenue.

As shown in the following table captioned "NTTA System Annual Toll Transactions and Revenue (July 2015 Update T&R Table)," total revenue on the existing NTTA System is expected to increase from an estimated \$638.6 million in 2016 to \$957.9 million in 2025 and \$1.48 billion in 2035. Driven by nominal traffic growth and continued assumed modest inflationary adjustments in toll rates, revenue on the NTTA System is expected to reach more than \$2 billion per year by 2043.

Future traffic growth on the NTTA System facilities is constrained to reflect available capacity, although the widening of DNT from north of Belt Line to SRT and the widening of PGBT from six to eight lanes between IH 35E and SH 78 are assumed, and the widening of the mainlanes of SRT from six to eight lanes is also assumed.

In March 2016, the RTC formally adopted a new MTP, the Mobility 2040 Plan, which involved an update to the official regional demographics, the background transportation project assumptions and the regional travel demand models. Upon completing a review of the Mobility 2040 plan, CDM Smith concluded that changes from the previous MTP would not result in a negative impact to NTTA System projected revenue.

Several sensitivity test results were included as part of the March 2014 Study to provide the traffic and revenue impacts of changes to some key variables. Two additional sensitivity tests were conducted as part of the October 2014 Update to supplement the tests that were included in the March 2014 Study. While the state of the North Texas economy, population and employment growth, specifically along the NTTA System corridors, are critical to the transactions and revenue on the NTTA System facilities, the following are other critical parameters that will continue to have a material impact on the NTTA System traffic and revenue:

- AVI transaction shares and ZipCash revenue recovery rates
- Growth in the NTTA System toll rates and toll rates on the several non-NTTA managed lane facilities that will open in the next few years
- Growth in the perceived NTTA System traveler values of time
- Gasoline prices
- Truck traffic usage on the NTTA System facilities
- Regional air quality requirements and the regional MTPs
- Future growth and performance of the regional economy
- The timing of capacity improvements along sections of DNT, PGBT and SRT; impacts that the associated construction activities will have on the flow of the NTTA System traffic during construction
- Improvements or openings of complementary and competing transportation facilities along the existing NTTA System corridors; impacts the associated construction activities will have on the NTTA System's traffic and revenue. The critical non-NTTA System roadway facilities/improvements that could materially impact the NTTA System's traffic and toll revenue include the expansion of SH 161 between SH 183 and Belt Line Road, the PGBT WE, DNT Extension Phase 4A/4B/5, IH 635 Project, DFW Connector Project, US 75 Project, IH 35E Project, SH 183 Project and SH 190/East Branch.

The March 2014 Study, the October 2014 Update, the July 2015 Update and the March 2016 Bringdown Letter (collectively, the "*T&R Report*") are incorporated by reference herein. See "**INCORPORATION BY REFERENCE.**"

As stated in the March 2016 Bringdown Letter, CDM Smith recommends that the NTTA System traffic and revenue forecasts included in the July 2015 Update be used to support the issuance of the Bonds, as no new information that has become available to date since the completion of the July 2015 Update suggests that the traffic and revenue generated by the NTTA System will be less than the forecasts included in the July 2015 Update. See "**FORWARD LOOKING STATEMENTS DISCLAIMER**" in the forepart of the Official Statement.

**The NTTA System Annual Toll Transactions and Revenue**  
**(July 2015 Update T&R Table)**

Year	Toll Transactions	Toll Revenue	Year	Toll Transactions	Toll Revenue
2016	672,098,200	\$638,622,500	2040	981,472,500	\$1,845,027,700
2017	677,060,600	\$664,693,400	2041	991,620,000	\$1,914,596,400
2018	687,462,000	\$694,292,000	2042	1,001,913,200	\$1,989,406,700
2019	698,732,500	\$724,398,600	2043	1,012,439,200	\$2,065,631,600
2020	718,406,000	\$765,067,300	2044	1,023,141,700	\$2,148,457,000
2021	729,783,400	\$799,159,700	2045	1,033,681,900	\$2,228,789,300
2022	742,081,200	\$837,507,000	2046	1,043,463,700	\$2,314,388,500
2023	755,107,500	\$875,823,000	2047	1,053,273,700	\$2,400,090,500
2024	767,552,000	\$916,465,000	2048	1,063,167,400	\$2,492,536,700
2025	780,462,200	\$957,927,800	2049	1,073,500,400	\$2,584,503,200
2026	793,665,900	\$1,003,391,000	2050	1,083,893,800	\$2,684,411,800
2027	807,127,600	\$1,047,933,300	2051	1,093,097,400	\$2,779,586,600
2028	822,537,400	\$1,099,276,800	2052	1,102,028,600	\$2,881,823,000
2029	834,707,800	\$1,146,746,100	2053	1,111,371,400	\$2,985,062,800
2030	847,076,100	\$1,198,696,900	2054	1,120,843,700	\$3,097,053,500
2031	859,698,700	\$1,250,905,300	2055	1,130,433,700	\$3,207,136,800
2032	872,603,300	\$1,307,802,600	2056	1,140,201,100	\$3,326,435,500
2033	885,942,800	\$1,364,648,600	2057	1,149,827,300	\$3,444,344,200
2034	899,345,300	\$1,426,246,700	2058	1,059,579,400	\$3,215,350,000
2035	910,738,800	\$1,484,566,900	2059	867,754,900	\$2,589,529,500
2036	924,163,600	\$1,552,167,900	2060	873,831,400	\$2,682,310,800
2037	938,167,400	\$1,618,964,300	2061	879,753,600	\$2,771,775,800
2038	952,370,800	\$1,691,627,500	2062	885,565,700	\$2,868,609,400
2039	966,887,100	\$1,765,526,100	2063	891,309,100	\$2,964,178,800

**Key assumptions for the foregoing table are as follows:**

- 1) NTTA System-wide toll rate increases on July 1 of every odd year by applying an annual toll increase of 2.75% in accordance with NTTA's adopted toll rate policy.
- 2) The SRT Project Agreement permits NTTA to implement congestion pricing if certain capacity improvement triggers are met. However, NTTA anticipates amending the SRT Project Agreement with the approval of TxDOT to remove the congestion pricing provisions. The 2016 T&R Report assumes that congestion pricing will not be put in place on the SRT at any time.
- 3) Under the PGBT EE Project Agreement, NTTA retains 80% of the AVI transaction revenue generated from the PGBT EE, and the remaining 20% of the AVI transaction revenue is paid to TxDOT. NTTA retains 80% of the revenue collected from the ZipCash transactions at the AVI toll rate, but NTTA retains 100% of the toll premium collected on ZipCash transactions.
- 4) DNT's Rockhill (previously Virginia Parkway) Ramps – toll gantries added to accommodate City of Frisco building Rockhill Parkway; assumed to be complete by September 30, 2016.
- 5) The DNT will be expanded to four lanes in each direction between Trinity Mills Road and PGBT (northbound) and between Frankford Road and south of Keller Springs Road (southbound), and it is assumed such expansion will be completed by October 31, 2017. Construction is assumed to begin on March 1, 2016.

- 6) The DNT will be expanded to four lanes in each direction between SRT and PGBT, including improvements to the DNT/PGBT interchange and opening of the new Windhaven Parkway toll ramps, and it is assumed such expansion will be completed by April 1, 2018. There is a ramp reversal between Windhaven and Parker Road.
- 7) The DNT Extension Phase 4A between US 380 and FM 428 will open by January 1, 2023.
- 8) The DNT Extension Phase 4B between FM 428 and the Grayson County line is assumed to open by January 1, 2028, with frontage road access opening in 2018.
- 9) The PGBT will be expanded from three lanes to four lanes in each direction between DNT and US 75, and it is assumed such expansion will be completed by November 1, 2016. The expansion of PGBT from three lanes to four lanes in each direction from IH 35E to DNT, and US 75 to SH 78 is assumed to be completed by April 1, 2019 with construction assumed to begin on October 1, 2016.
- 10) Capacity improvements on SRT from Denton Creek to DNT from three lanes to four lanes in each direction are assumed to be completed on January 1, 2020 with construction assumed to begin on January 1, 2018. Capacity improvements on SRT from DNT to US 75 from three lanes to four lanes in each direction are assumed to be completed on January 1, 2022 with construction assumed to begin on January 1, 2019.
- 11) SH 161 between SH 183 and Belt Line Road is assumed to operate with an additional lane in each direction during weekday peak periods (6:00-10:00 a.m. and 2:00-7:00 p.m.) beginning August 1, 2015. This section is assumed to be expanded to eight lanes by January 1, 2019. From January 1, 2019 the two new lanes added in each direction on this facility are assumed to operate as managed lanes.
- 12) SH 190/East Branch from IH 30/PGBT EE to IH 20/Loop 9 opens by January 1, 2028.
- 13) AVI/ZipCash toll transactions splits are applied on a plaza by plaza basis. AVI (TollTag) shares assumed for traffic and revenue forecasting purposes include AVI shares at the lane and all types of VToll transaction shares with a three-month lag. Based on the actual data and recent trends, the average NTTA System AVI shares are assumed to be 79.1% in 2015. Due to the continued efforts by NTTA's staff to improve the AVI transaction shares, it is anticipated that the average AVI transaction shares on all NTTA System facilities will ramp up based on a logistic function from 79.1% in 2015 to an average of 81.2% in 2020, 83.5% in 2030, 84.4% in 2040, 84.8% in 2050 and 84.9% in 2060 and thereafter.
- 14) The average NTTA System ZipCash effective revenue recovery rate at one year after the transaction occurred (includes invoiced and un-invoiced transactions and excludes all VToll transactions) is assumed to be 43.2% in 2015, based on the actual data and recent trends. This estimate is expected to grow to 48.8% in 2016 and 49.4% in 2017 and thereafter, reflecting the continued efforts by NTTA's staff to increase the ZipCash toll revenue recovery. The effective revenue recovery from TollTag transactions is assumed to be 99.5% in all forecast years, based on historical observations.
- 15) Projected annual toll revenues included in the July 2015 Update T&R Table are revenues projected to be collected in each year (i.e., cash basis) after applying the above-described revenue recovery assumptions to the projected toll transactions for the year.
- 16) 2058 is the fiftieth year of operation of SRT as part of the NTTA System. SRT is expected to be returned to TxDOT at the end of August 2058.
- 17) Background network for travel demand modeling is based on the MTP 2014 Update.
- 18) Trip tables used to generate traffic and revenues projections are based on the MTP 2013 Update demographics, updated to reflect independent economic review by Research and Demographic Solutions in 2013 for the March 2014 Study.
- 19) Truck transaction shares are applied on a plaza by plaza basis, at an NTTA System average of 2.2% (based on 2015 data), and are assumed to remain constant throughout the forecast period.
- 20) NTTA will employ business rules to encourage increases in AVI shares on its facilities and to increase the ZipCash toll revenue recovery.

- 21) In accordance with the existing practice of NTTA, all NTTA System facilities will be well-maintained, efficiently operated and effectively signed to encourage maximum usage.
- 22) Growth in vehicle operating costs (which include fuel, maintenance and tires) will not significantly deviate from the assumed inflation rate in the July 2015 Update.
- 23) Growth in traveler values of time will not significantly deviate from the assumed annual escalation rates in the July 2015 Update.
- 24) No local, regional or national emergency will arise which would abnormally restrict the use of motor vehicles.

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## **INCORPORATION BY REFERENCE**

For additional information, the March 2014 Study, the October 2014 Update, the July 2015 Update and the March 2016 Bringdown Letter have been filed with the Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board (the "MSRB") and are incorporated by reference herein. In addition, NTTA's monthly financial statements filed with EMMA are incorporated by reference herein. The documents incorporated by reference are also available upon request made to NTTA or (other than NTTA's monthly financial statements) may be accessed on NTTA's website by accessing the following respective links:

[https://www.ntta.org/whatwedo/fin\\_invest\\_info/NTTAsystem/Documents/2014/NTTA\\_System\\_Comprehensive\\_Traffic\\_and\\_Revenue\\_Study\\_03.2014.pdf](https://www.ntta.org/whatwedo/fin_invest_info/NTTAsystem/Documents/2014/NTTA_System_Comprehensive_Traffic_and_Revenue_Study_03.2014.pdf)

[https://www.ntta.org/whatwedo/fin\\_invest\\_info/NTTAsystem/Documents/2014/NTTASystemT\\_R\\_Update\\_Letter\\_10.6.2014-v3.pdf](https://www.ntta.org/whatwedo/fin_invest_info/NTTAsystem/Documents/2014/NTTASystemT_R_Update_Letter_10.6.2014-v3.pdf)

[https://www.ntta.org/whatwedo/fin\\_invest\\_info/NTTAsystem/Documents/2015/NTTAS\\_Letter\\_Update\\_7.24.15.pdf](https://www.ntta.org/whatwedo/fin_invest_info/NTTAsystem/Documents/2015/NTTAS_Letter_Update_7.24.15.pdf)

[https://www.ntta.org/whatwedo/fin\\_invest\\_info/NTTAsystem/Documents/2016/NTTAS\\_Bringdown\\_Letter\\_3.25.16.pdf](https://www.ntta.org/whatwedo/fin_invest_info/NTTAsystem/Documents/2016/NTTAS_Bringdown_Letter_3.25.16.pdf)

THE FOREGOING LINKS ARE NOT INCLUDED TO INCORPORATE BY REFERENCE, EITHER EXPRESSLY OR BY IMPLICATION, INTO THIS OFFICIAL STATEMENT ANY OTHER INFORMATION OR MATERIALS ON NTTA'S WEBSITE. THE INFORMATION CONTAINED AT THE LINK LOCATIONS IS DATED AS OF THE DATE OF THE RESPECTIVE DOCUMENTS, AND THERE CAN BE NO ASSURANCE THAT SUCH INFORMATION WILL BE UPDATED IN THE FUTURE. NTTA, ITS FINANCIAL ADVISORS AND THE UNDERWRITERS DISCLAIM ANY RESPONSIBILITY TO UPDATE SUCH INFORMATION. NTTA, ITS FINANCIAL ADVISORS AND THE UNDERWRITERS DISCLAIM ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF THE CONTENT OF ANY MATERIAL CONTAINED ON ANY LINK TO OR CONTENT OR MATERIAL ON OTHER INTERNET SITES OR HYPERLINKS/URL REFERENCES ACCESSED THROUGH NTTA'S WEBSITE.

## **ENGINEERING REPORTS AND PROGRESS REPORTS**

NTTA has received multiple engineering reports with respect to various components of the NTTA System. As of the date hereof, the Consulting Engineers are only required, pursuant to the Trust Agreement, to submit semi-annual progress reports relating to the SRT and PGBT EE. Copies of all engineering and semi-annual progress reports are available upon request at the offices of NTTA. Such reports reflect the facts, conditions, and estimates existing or made at the time of the report. Each such report speaks only as of its date and no effort has been made to update such reports.

## **INVESTMENTS**

Investment of NTTA's money is governed by State law (including the Texas Public Funds Investment Act), and the comprehensive investment policy and strategy statement adopted by the Board (the "*Investment Policy*").

NTTA is required by the Public Funds Investment Act to invest its money under written investment policies that (i) primarily emphasize safety of principal and liquidity, (ii) address investment diversification, yield, maturity and the quality and capability of investment management and (iii) include a list of authorized investments, maximum allowable stated maturity of any individual investment for pooled funds, the maximum dollar-weighted average maturity, methods to monitor the market price of investments and a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis. For a discussion of the investments of NTTA, see "**APPENDIX B-1**" and "**APPENDIX B-2**."

The Chief Financial Officer has been appointed by the Board as the "Investment Officer" as required by the Public Funds Investment Act. No person may invest NTTA funds without express written authority from the Board. NTTA's investments must be made "with judgment and care under circumstances then prevailing that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." At least

quarterly the Investment Officer of NTTA must submit an investment report detailing: (i) the book value and market value of each investment at the beginning and end of the reporting period, (ii) if funds are pooled for investment purposes, the beginning market value of the pool portfolio changes in the market value during the reporting period, the ending market value of the portfolio and fully accrued interest for the reporting period and (iii) compliance with the investment portfolio as it relates to the adopted investment strategy.

Additionally, the Board must (i) review annually its adopted policies and strategies, (ii) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (iii) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and NTTA, (iv) require the qualified representative of firms offering to engage in an investment transaction with NTTA to: (a) receive and review NTTA's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between NTTA and the business organization that are not authorized by the Board's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of NTTA's entire portfolio or requires an interpretation of subjective investment standards) and (c) deliver a written statement in a form acceptable to NTTA and the business organization attesting to these requirements, (v) perform an annual audit of the management controls on investments and adherence to NTTA's investment policy, (vi) provide specific investment training for the treasurer, chief financial officer and investment officers, (vii) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement, (viii) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of NTTA's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (ix) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (x) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with NTTA.

NTTA generally invests in direct obligations of the United States or its agencies and instrumentalities or repurchase agreements fully collateralized by obligations of the United States or its agencies or instrumentalities.

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**APPENDIX B-1**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE NORTH TEXAS TOLLWAY  
AUTHORITY SYSTEM, AN ENTERPRISE FUND OF THE NORTH TEXAS TOLLWAY AUTHORITY,  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

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**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)

2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED DECEMBER 31, 2014



B-1-1



**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended December 31, 2014

**Gerald Carrigan**  
Executive Director

**Horatio Porter**  
Chief Financial Officer

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended December 31, 2014**

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**NORTH TEXAS TOLLWAY AUTHORITY**

5900 West Plano Parkway, Suite 100 • Plano, Texas 75026 • (714) 461-2000 • fax (714) 528-4826 • www.ntta.org

June 15, 2015

Chairman Kenneth Barr,  
And the Board of Directors  
North Texas Tollway Authority

The Finance Department of the North Texas Tollway Authority (the Authority or NTTA) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014 in compliance with Section 711 of the Amended and Restated Trust Agreement. The CAFR is intended to provide detailed information on the financial condition of the North Texas Tollway System (the System), an enterprise fund of the Authority, at December 31, 2014, including the North Texas Tollway System, and the Non-major Enterprise Fund. The System consists of the Dallas North Tollway (DNT), the President George Bush Turnpike (PGBT) including the Eastern Extension, Sam Rayburn Tollway, previously State Highway 121, (SRT), the Mountain Creek Lake Bridge (MCLB), the Addison Airport Toll Tunnel (AATT) and the Lewisville Lake Toll Bridge (LLTB). The Non-major Enterprise Fund is a fund for Toll Service Agreements (TSA) for managed lanes which presently consist of the managed toll lanes for Interstate Highway 635 (LBJ-635), North Tarrant Express 1&2W (NTE-1&2W) and the DFW Connector.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Crowe Horwath LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the North Texas Tollway Authority's System financial statements for the year ended December 31, 2014. This independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the North Texas Tollway Authority**

The Turnpike Act of 1953 was passed by the legislature and signed into law by Governor Allan Shivers on June 9, 1953 creating the Texas Turnpike Authority for the purpose of building and managing an expressway between Dallas and Fort Worth. After the initial design was completed in December 1954, \$53,000,000 of bonds were sold to construct the expressway called the Dallas-Fort Worth Turnpike. The turnpike was dedicated on September 5, 1957 and by November 8, 1957 had already served one million patrons.

In 1962, the Dallas Central Business District Association petitioned the Turnpike Authority to investigate the feasibility of a turnpike linking the central business district with north central Dallas. In June 1965 bonds were sold and the Dallas North Tollway was in business. The first segment of the tollway from downtown to Mockingbird Lane opened to traffic on February 11, 1968 and the next segment to Royal Lane, was opened to traffic on June 30, 1968.

Senate Bill 194 mandated cessation of tolls on the Dallas-Fort Worth Turnpike no later than December 31, 1977 and created a Trust Fund known as the Feasibility Study Trust Fund.

In 1997, the Texas Legislature created regional tollway authorities and the current North Texas Tollway Authority was born.

Senate Bill 792, passed in 2007 had a dramatic effect on the Authority by giving it the right of first refusal on any proposed toll road project in the North Texas area.

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The Board is required by Section 505 of the Amended and Restated Trust Agreement to adopt a preliminary budget of Current Expenses and payments into the Reserve Maintenance Fund on or before the 60<sup>th</sup> day prior to the end of each Fiscal Year. Copies of the preliminary budget must be filed with the Trustee and mailed to the consulting engineers. A final budget must be adopted by the first day of the next fiscal year.

The Authority is committed to being a careful steward of all resources placed in its care – financial, physical and environmental. Because the Authority is a public organization chartered by the state of Texas, every toll collected is reinvested in the region. Toll revenues, in 2014, net of bad debt expense were \$580,524,810, representing an increase of 10.5% over 2013 revenues of \$525,458,723. This increased revenue will allow the Authority to preserve current assets, fund capital improvement projects, satisfy debt service obligations and invest in safety and technology to provide to our patrons world-class service.

The operations of the System are accounted for as an enterprise fund in accordance with United States generally accepted accounting principles (GAAP). Management takes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. In keeping with that responsibility, these statements are presented on a consolidated basis and include the NTTA System and the Feasibility Study Fund, a revolving fund of the System. In prior years, separate, non-GAAP financial statements were prepared and audited for the Feasibility Study Fund. Management confirms that the financial statements are presented fairly and in all material respects, represent the financial position of the NTTA as of December 31, 2014. Please refer to the Management's Discussion and Analysis (MD&A) on pages 10-19 of this report for a detailed discussion of the NTTA's financial performance.

#### Economic Development

According to the Dallas Regional Chamber, our region ranks among the top three U.S. metropolitan areas for business expansions, relocations and employment growth. The Dallas-Fort Worth (DFW) region is an innovation hub with a wealth of resources that make it an ideal business climate. The DFW region's attractive quality of life, strong regional and state economy, low cost of living, young and skilled labor force, pro-business mind-set and absence of corporate and personal income taxes all contribute to the thriving DFW location. DFW's young, highly educated workforce of over three million people is growing quickly, providing companies with the abundance of talent they need to make their business a success. Forward-looking companies seeking a friendly and profitable place to do business are discovering our numerous benefits.

Texas' business climate, combined with the attributes and functionality that Dallas currently holds as a major corporate headquarters destination, sends a simple yet compelling message. There is no better region from which to operate a national or global firm today, next year, or even 10 to 20 years from now.

#### Relevant Financial Policies

Section 501 of the Amended and Restated Trust Agreement mandates the Authority will keep in effect a Toll Rate Schedule which will raise and produce Net Revenues (Gross Revenues less Operating and Maintenance Expenses) sufficient to satisfy the greater of (1), (2) or (3) below:

- (1) 1.35 times the scheduled debt service requirements on all outstanding First Tier Bonds for the fiscal year; or
- (2) 1.20 times the scheduled debt service requirements on all outstanding First Tier Bonds and all outstanding Second Tier Bonds for the fiscal year; or
- (3) 1.00 times the scheduled debt service requirements on all outstanding First Tier Bonds, all outstanding Second Tier Bonds, all outstanding Third Tier Bonds and all other outstanding obligations of the Authority secured by net revenues for the fiscal year.

Coverage for all debt for 2014 was 1.41 times, well above the required levels of 1.00.

#### Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Texas Tollway Authority for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2013.

We wish to thank all members of the Finance Department and all NTTA staff for their contributions to the production of the report. We appreciate our Board of Directors for providing leadership as NTTA delivers transportation solutions for customers in the region.

Respectfully submitted

  
 Horacio Porter  
 Chief Financial Officer



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

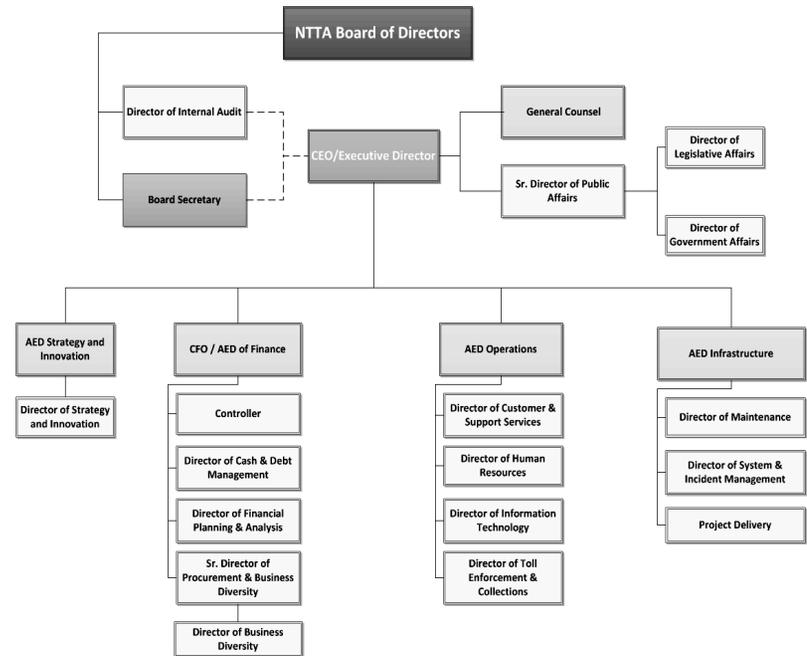
## North Texas Tollway Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

## Organizational Chart



North Texas Tollway Authority  
List of Officials  
December 31, 2014

<b>Kenneth Barr</b> Chairman 	<b>Bill Moore</b> Vice Chairman 	<b>William D. Elliott</b> Director 
Tarrant County Appointee	Collin County Appointee	Gubernatorial Appointee
<b>Matrice Ellis-Kirk</b> Director 	<b>Mojy Haddad</b> Director 	<b>Gary Kloepper</b> Director 
Dallas County Appointee	Tarrant County Appointee	Denton County Appointee
<b>Michael R. Nowels</b> Director 	<b>George "Tex" Quesada</b> Director 	<b>Jane Willard</b> Director 
Denton County Appointee	Dallas County Appointee	Collin County Appointee

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Crowe Horwath LLP  
Independent Member Crowe Horwath International

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
North Texas Tollway Authority

**Report on the Financial Statements**

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the North Texas Tollway System (the System), an enterprise fund of the North Texas Tollway Authority (the Authority), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the System as of December 31, 2014, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As discussed in note 1(a), the financial statements present only the System, an enterprise fund of the Authority and do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2014, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10-19, Modified Approach – Infrastructure on pages 59-60, and schedules of funding progress on page 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The items listed in the introductory section, and the supplementary schedules 1 through 10, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedule 1 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule 1 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The items listed in the introductory section, schedules 2 through 10, and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Crowe Horwath LLP

Dallas, Texas  
June 15, 2015

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Management's Discussion and Analysis  
December 31, 2014

As Management of the North Texas Tollway Authority (Authority), we offer readers the statements for the North Texas Tollway System (System), which consists of the Dallas North Tollway (DNT), the President George Bush Turnpike (PGBT) including the Eastern Extension, Sam Rayburn Tollway (SRT), the Mountain Creek Lake Bridge (MCLB), the Addison Airport Toll Tunnel (AATT), and the Lewisville Lake Toll Bridge (LLTB), which make up the major enterprise fund of the Authority. The Non-major Enterprise Fund is a fund for Toll Service Agreements (TSA) for managed lanes which presently consist of the managed toll lanes for Interstate Highway 635 (LBJ-635), DFW Connector and North Tarrant Express (NTE). The Non-major Enterprise fund is accounted for and presented separately. The Authority also includes the Special Projects System (SPS), another enterprise fund of the System which is reported separately and is not included in these financial statements.

We offer readers of these financial statements a narrative overview and analysis of the financial activities of the System for the year ended December 31, 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read it in conjunction with the financial statements, which immediately follow this section.

**Using This Annual Report**

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the System financial statements, notes to the financial statements, and required supplementary information. The financial statements of the System report information using accounting methods consistent with reporting for an enterprise activity similar to those used by private sector companies.

**Statement of Net Position:** This statement presents information on all of the System's and the Non-major Enterprise fund assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets are useful indicators of whether the Authority's financial position is improving or deteriorating.

**Statement of Revenues, Expenses and Changes in Net Positions:** This statement presents information showing the System's and the Non-major Enterprise fund revenues, expenses, and how the net assets changed during the year.

**Statement of Cash Flows:** This statement presents information about the System's and the Non-major Enterprise fund cash receipts and cash payments, or, in other words, the sources and uses of the System's and the Non-major Enterprise fund cash and the change in cash balance during the fiscal year.

**Notes to the Financial Statements:** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Other:** Certain required supplementary information is presented to disclose trend data on the System's infrastructure condition. Additionally, certain financial schedules are presented by Trust Accounts and in accordance with the Authority's Trust Agreement.

**Financial Results and Analysis**

**2014 Highlights**

- The System's total net position decreased by \$2,246,863 over FY 2013, mainly due to an increase in long-term debt liabilities.

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- Total traffic transactions for FY 2014 were 644,669,523 an increase of 34,539,786 or 5.7% over FY 2013 transactions.
- Approximately 3,189,359 toll tags were active at the end of FY 2014, an increase of 378,192 or 13.4% over FY 2013 active toll tags.
- The System received a toll equity grant in the amount of \$160,270,000 from the Texas Department of Transportation (TxDOT) for Right of Way acquisition and other costs related to the PGBT Eastern Extension (PGBT EE) in 2007. The remaining \$33,050,863 of the toll equity grant has been recognized as revenue for FY 2014. In return for the grant, the Authority agreed to share 20% of the tolls received on the PGBT Eastern Extension with TxDOT over the life of PGBT Eastern Extension. The extension opened in late December 2011. TxDOT received \$6,801,686 on 29,580,956 transactions in 2014 and \$4,805,564 on 27,849,577 transactions in 2013.
- Toll revenues of \$580,524,810, net of bad debt expense, increased \$55,066,087 or 10.5% over FY 2013, due to a 5.7% increase in traffic transactions and a full year benefit of the price increase implemented July 1, 2013.
- The System's Administration and Operations expenses of \$115,465,976 were under budget by 5.9% in FY 2014. (see System's Budget to Actual Schedule - page 87)

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**Summary of Operations**

**Table A-1**

Net Position (in millions of dollars)

	2014	2013
Current unrestricted assets	\$ 400,442,436	\$ 372,198,048
Current restricted assets	296,987,635	244,900,523
Noncurrent assets		
Restricted investments	410,326,873	424,352,853
Other assets	62,757,505	59,634,693
Intangible assets	2,817,791,721	2,856,136,304
Capital assets	<u>3,369,437,050</u>	<u>3,372,954,141</u>
Total assets	<u>7,357,743,220</u>	<u>7,330,176,562</u>
Deferred outflow of resources	<u>109,324,238</u>	<u>55,569,135</u>
Current unrestricted liabilities	80,409,110	74,762,461
Current liabilities payable from restricted assets	190,962,470	225,221,589
Noncurrent liabilities	52,953,118	46,602,992
Long-term debt	<u>7,815,035,989</u>	<u>7,708,911,934</u>
Total liabilities	<u>8,139,360,687</u>	<u>8,055,498,976</u>
Deferred inflow of resources	<u>4,630,518</u>	<u>4,923,605</u>
Net position:		
Investment in capital assets	(4,234,262,561)	(4,212,230,014)
Restricted for debt service	763,704,484	763,566,930
Restricted for SCA Intangible	2,816,826,721	2,856,136,304
Restricted for TSA's	-	1,697,108
Unrestricted	<u>(23,192,391)</u>	<u>(83,847,212)</u>
Total net position	<u>\$ (676,923,747)</u>	<u>\$ (674,676,884)</u>

The net position indicates an unrestricted current ratio of 4.98 and 4.98 for FY 2014 and FY 2013, respectively. Working capital was \$320,033,326 and \$297,435,587 in FY 2014 and FY 2013, respectively. Total unrestricted current assets were \$400,442,436 in FY 2014, compared to \$372,198,048 in FY 2013. Total unrestricted and restricted current assets were \$697,430,071 at the end of FY 2014. Cash and investments of \$620,093,785 represent the largest component of current assets. The remaining \$77,336,286 is comprised of accrued interest receivable of \$1,478,569, accounts receivable of \$56,815,990, inter-project/interagency receivables of \$17,585,545 and prepaid expenses of \$1,456,182.

Total unrestricted current liabilities were \$80,409,110 million at the end of FY 2014, including \$109,571 for accounts payable, \$45,666,746 of deferred revenue and \$20,973,115 for accrued liabilities, mainly accrued salaries and vacation liability and \$13,659,678 of interfund payables.

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**Table A-2**

Change in Net Position  
(in millions of dollars)

	2014	2013
Revenues		
Tolls	\$ 580,524,810	\$ 525,458,723
Other revenues	<u>34,526,543</u>	<u>26,138,924</u>
Operating revenues	615,051,353	551,597,647
Operating expenses before depreciation	<u>170,116,876</u>	<u>150,224,601</u>
Income from operations before depreciation	444,934,477	401,373,046
Amortization of intangible (Sam Rayburn Tollway)	(64,403,243)	(63,943,350)
Depreciation	<u>(6,159,420)</u>	<u>(6,203,704)</u>
Operating income	374,371,814	331,225,992
Nonoperating revenue (expenses):		
Gain (Loss) on fair value of investments	2,466,494	(6,287,411)
Interest expense	(438,701,716)	(442,625,824)
Other	<u>(1,218,263)</u>	<u>(17,891,948)</u>
Net nonoperating revenue (expenses):	(437,453,485)	(466,805,183)
Capital contributions		
Payments from other governments	1,790,774	8,389,180
Operating Transfers	-	919,608
BAB's subsidy	26,877,164	26,674,318
Capital contribution	<u>32,166,870</u>	<u>-</u>
Change in net position	(2,246,863)	(99,596,085)
Net position- beginning	<u>(674,676,884)</u>	<u>(575,080,799)</u>
Net position - ending	<u>\$ (676,923,747)</u>	<u>\$ (674,676,884)</u>

Total operating revenues were \$615,051,353 for FY 2014 and \$551,597,647 for FY 2013 (see Table A-2). Toll revenues in FY 2014 were \$580,524,810 (net of bad debt expense of \$48,574,497), a 10.5% increase over FY 2013 toll revenues of \$525,458,723 (net of bad debt expense of \$46,133,481). Traffic on the System continues to grow, with average daily transactions of 1,766,218 and 1,677,930 in FY 2014 and FY 2013, respectively.

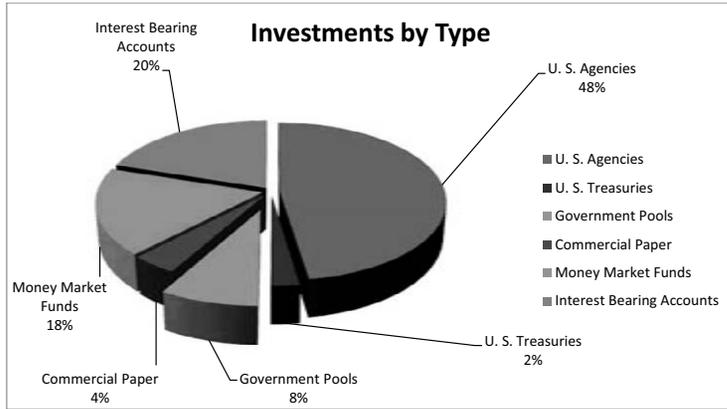
Total operating expenses, including the Reserve Maintenance Fund and the Capital Improvement Fund, before depreciation for FY 2014 were \$170,116,876, representing an 13.2% increase from FY 2013 operating expenses of \$150,224,601 (See Table A-2). Interest expense, inclusive of capitalized interest, for 2014 was \$438,701,716, a 0.9% decrease from FY 2013 interest expense of \$442,625,824. Debt service coverage for all debt for FY 2014 and FY 2013 were 1.41 and 1.26 times, respectively. The Trust Agreement and the Authority's Debt Policy both require bond principal and interest coverage of 1.35 for first tier debt. For FY 2014, the debt service coverage for first tier debt was 1.89.

The System's overall financial position decreased in FY 2014, as indicated by the (\$2,246,863) decrease in net position.

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**Investments:** Investments at December 31, 2014 and 2013 were approximately \$1,011,913,924 and \$957,049,956 respectively. Table A-3 chart below shows the types of authorized investments in the December 31, 2014 portfolio.

**Table A-3**

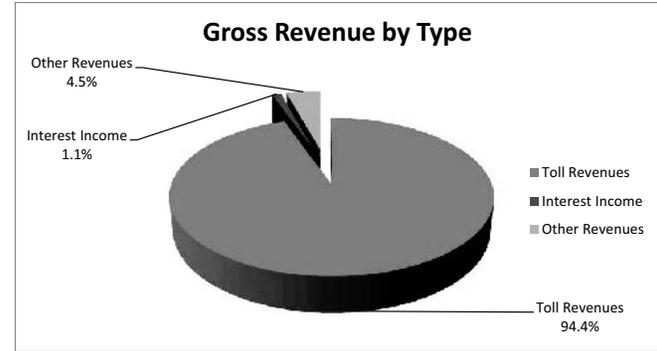


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Table A-4 below shows revenue in FY 2014 by revenue source type.

**Table A-4**

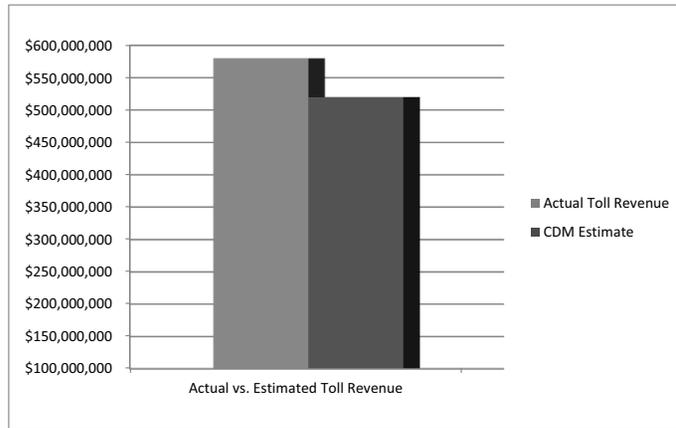


Revenues for FY 2014 were \$615,051,353, an 11.5% increase over FY 2013 gross revenues of \$551,597,647. Toll revenues of \$580,524,810 (net of bad debt expenses of \$48,574,497) account for 94.4% of total revenue. Interest income (excluding Construction Fund interest) was \$6,980,433 or 1.1%. Other revenue, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was \$27,546,110, representing 4.5% of the total.

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Table A-5 below shows the System's actual toll revenue for FY 2014 compared to the estimated toll revenue of the Authority's traffic and toll revenue engineer, CDM Smith Inc. (CDM). Toll revenue was over CDM's estimates by 11.5%.

**Table A-5**



Traffic on the System continues to grow with approximately 1,766,218 average daily transactions in 2014, up 5.3% from the 1,677,930 daily averages in 2013.

The increases in the toll revenue were largely attributed to:

- The increased growth of population in the North Texas counties (Dallas, Tarrant, Denton & Collin).
- Toll Rate increase in July 2013.

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**Engineering Estimates**

The annual estimates by the System's traffic and revenue engineer, CDM Smith Inc. (CDM), are displayed in comparison to the actual revenue for the years of 2005 through 2014 in Table A-6 below:

**Table A-6**  
 Actual vs. Estimated Revenue

Year	Actual	Estimate	Variance
2014	\$ 580,045,215(*)	\$ 520,318,600	\$ 59,726,615
2013	525,458,723	483,799,800	41,658,774
2012	485,463,608	442,688,000	39,263,359
2011	402,569,354	410,749,700	(8,180,166)
2010	366,597,323	377,132,800	(10,535,477)
2009	290,404,547	265,051,729	25,352,818
2008	240,776,791	262,346,900	(21,570,109)
2007	202,675,564	204,491,800	(1,816,236)
2006	191,434,120	197,052,500	(5,618,380)
2005	172,537,345	167,457,300	5,080,045

\* Net of bad debt expenses (\$47,803,631)

The System's FY 2014 toll revenue of \$580,045,215 increased by 10.4% over FY 2013 actual toll revenue of \$525,458,723. The System's total revenues produced a debt coverage ratio of 1.41 for all debt. Please see the Historical Debt Coverage Table (A-8) on page 19.

**Capital Assets** – The Authority's investment in capital assets includes land, buildings, right-of-way, roadway, bridges, equipment, and computer systems. Capital assets at December 31, 2014 were \$3,369,437,050, decreasing from FY 2013 by \$3,517,091. For additional information on capital assets see Note (1) (f) and Note (4).

The Authority utilizes GASB No. 34, Modified Approach of reporting infrastructure assets. Each year a comprehensive assessment is conducted on all the Authority's infrastructure assets which affect the following fiscal year's maintenance budget. For fiscal year 2014, the Authority estimated it would need to spend \$27,394,112 for infrastructure maintenance and preservation, but actually expended \$11,144,585. Fluctuations from year to year between the amount spent to preserve and maintain the Authority's infrastructure assets and the estimated amount result from the timing of work activities. For additional information and results of the 2014 assessment, please see the Required Supplementary Information on pages 59 and 60 of this report. The Authority's Condition Index for 2014 is 8.9 versus the 8.0 goal.

The Sam Rayburn Tollway (SRT) will revert to Texas Department of Transportation after the expiration of the 50 year period commencing when the Authority began collecting tolls on the project on its own behalf (September 2008).

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The Authority will amortize the cost of the acquisition and the construction costs of the SRT over the term of the project agreement pursuant to which the Authority acquired the project utilizing the straight-line basis. The effect of amortizing the cost of the acquisition and the construction costs of the SRT will reduce the Authority's net revenues as reported on the general accepted accounting principles (GAAP) basis. Since the amortization will be a non-cash item, it will not impact the Authority's calculation of net revenues available per the Trust Agreement.

**Long-Term Debt** – At the end of FY 2014, the Authority's total bonded debt outstanding was \$7,648,188,182 compared to \$7,588,629,243 in 2013 (See Table A-7). This debt represents bonds secured solely by toll revenue. For detailed information see Note (5) and schedule of revenue bonds outstanding as of December 31, 2014, on page 44.

**Table A-7**  
Revenue Bonds Outstanding  
As of FY 2014 and FY 2013

Series	2014	2013
Series 2005C	\$ 178,310,000	\$ 178,310,000
Series 2008A	1,419,325,000	1,733,205,000
Series 2008B	226,930,000	226,930,000
Series 2008D	593,718,182	560,239,885
Series 2008E	-	215,000,000
Series 2008F	856,460,000	1,000,000,000
Series 2008I	295,165,000	277,394,358
Series 2008K	205,000,000	205,000,000
Series 2009A	373,425,000	373,425,000
Series 2009B	825,000,000	825,000,000
Series 2009C	170,730,000	170,730,000
Series 2009D	178,400,000	178,400,000
Series 2010A *	90,000,000	90,000,000
Series 2010B *	310,000,000	310,000,000
Series 2010 Rev Refund	332,225,000	332,225,000
Series 2011A	100,000,000	100,000,000
Series 2011B	268,625,000	268,625,000
Series 2012A	25,930,000	25,930,000
Series 2012B	383,625,000	383,625,000
Series 2012C	101,775,000	101,775,000
Series 2012D	32,815,000	32,815,000
Series 2014A	310,415,000	-
Series 2014B	146,420,000	-
Series 2014C	223,895,000	-
<b>Revenue Bonds Outstanding</b>	<b>\$ 7,648,188,182</b>	<b>\$ 7,588,629,243</b>

\* Issued out of the Capital Improvement Fund. This debt is supported solely out of excess revenues flowing into the Capital Improvement Fund.

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Table A-8 sets forth debt service coverage for all Revenue Bonds outstanding for the years 2005 through 2014.

**Table A-8**  
Historical Debt Coverage

Year	Coverage
2014	1.41x
2013	1.26x
2012	1.47x
2011	1.77x
2010	1.83x
2009	1.56x
2008	1.60x
2007	1.96x
2006	1.98x
2005	1.80x

Additionally, the Authority funded, in part, costs of the construction of the PGBT with proceeds from a loan, which totaled \$135,000,000, made by TxDOT in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Interest at the rate of 4.2% began to accrue on October 1, 2000, compounding annually on January 1, with the first payment made in October 2004, and annual payments on January 1 thereafter until final payment in 2029, which resulted in a new loan amount at October 1, 2004 of \$154,338,133. Repayment of the loan to TxDOT is to be made from amounts on deposit in the Capital Improvement Fund with payments subordinate to bonds or other obligations of the Authority issued or entered into and secured by the tolls and revenues of the Authority. The ISTEA loan payment of \$8,000,000 was made on December 31, 2014 for the fiscal year of 2015. The amortization schedule for this loan can be found in Note (5) page 50.

On September 1, 2009, the Series 2005C bonds were converted to fixed rate bonds. The outstanding Swap Transactions remain legally tied to the Series 2005C Bonds, which have been remarketed to fixed rate. However, the Authority recognized the need for the Swap Transactions to be economically tied to variable rate bonds so that the Swap Transactions could function properly and generate a reasonable synthetic fixed rate. To that end, the Authority negotiated a letter of credit with JPMorgan and issued \$178,400,000 Series 2009D variable rate bonds on November 5, 2009.

**Short-Term Debt** - The Authority maintains a \$200,000,000 commercial paper program. No commercial paper was issued in 2014. As of December 31, 2014 there was no outstanding note under the commercial paper program. (Note 5 page 50)

**Contacting the NTTA's Financial Management**

This financial report is designed to provide overview information to our bondholders, patrons, and other interested parties. Should you have questions about this report, please contact the North Texas Tollway Authority's Chief Financial Officer, 5900 W. Plano Parkway, Suite 100, Plano, Texas 75093.

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Assets	North Texas Tollway System	Non-Major Enterprise Fund	Total
Current assets:			
Cash and cash equivalents (note 3)	\$ 18,325,616	\$ 174,124	\$ 18,499,740
Investments (note 3)	291,902,330	18,404,420	310,306,750
Accounts receivable (net of allowance for uncollectibles) (note 9)	50,699,193	1,676,537	52,375,730
Other assets	17,720,381	1,539,835	19,260,216
Total current unrestricted assets	<u>378,647,520</u>	<u>21,794,916</u>	<u>400,442,436</u>
Current restricted assets:			
Restricted for construction:			
Cash and cash equivalents (notes 3 and 5)	6,993	-	6,993
Investments (notes 3 and 10)	76,604,404	-	76,604,404
Accrued interest receivable	95,860	-	95,860
Restricted for debt service:			
Investments (notes 3 and 5)	214,675,898	-	214,675,898
Accrued interest receivable	1,164,220	-	1,164,220
Accounts receivable	4,440,260	-	4,440,260
Total current restricted assets	<u>296,987,635</u>	<u>-</u>	<u>296,987,635</u>
Total current assets	<u>675,635,155</u>	<u>21,794,916</u>	<u>697,430,071</u>
Noncurrent assets:			
Investments restricted for debt service (notes 3 and 5)	410,326,873	-	410,326,873
Unavailable feasibility study costs	62,757,505	-	62,757,505
Service Concession Arrangement - Intangible asset (note 1(m)) (net of accumulated amortization)	2,817,791,721	-	2,817,791,721
Capital assets (note 4) (net of accumulated depreciation)	3,369,437,050	-	3,369,437,050
Total noncurrent assets	<u>6,660,313,149</u>	<u>-</u>	<u>6,660,313,149</u>
<b>Total assets</b>	<b><u>7,335,948,304</u></b>	<b><u>21,794,916</u></b>	<b><u>7,357,743,220</u></b>
<b>Deferred outflow of resources</b>			
Accumulated decrease in fair value of hedging derivatives	31,754,251	-	31,754,251
Loss on refunding	77,569,987	-	77,569,987
<b>Total deferred outflow of resources</b>	<b><u>109,324,238</u></b>	<b><u>-</u></b>	<b><u>109,324,238</u></b>

See accompanying notes to basic financial statements

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Liabilities	North Texas Tollway System	Non-Major Enterprise Fund	Total
Current liabilities:			
Accounts payable	\$ 109,571	\$ -	\$ 109,571
Accrued liabilities	20,871,778	101,337	20,973,115
Unearned revenue	45,666,746	-	45,666,746
Other	13,659,654	24	13,659,678
Total current unrestricted liabilities	<u>80,307,749</u>	<u>101,361</u>	<u>80,409,110</u>
Payable from restricted assets:			
Construction-related payables:			
Retainage payable	2,161,313	-	2,161,313
Debt service-related payables:			
Accrued interest payable	187,649,422	-	187,649,422
Accrued arbitrage rebate payable	186,735	-	186,735
Revenue bonds payable, current portion (note 5)	965,000	-	965,000
Total current liabilities payable from restricted assets	<u>190,962,470</u>	<u>-</u>	<u>190,962,470</u>
Total current liabilities	<u>271,270,219</u>	<u>101,361</u>	<u>271,371,580</u>
Noncurrent liabilities:			
Other post-employment benefits (note 8)	21,198,867	-	21,198,867
Accumulated increase in fair value of hedging derivatives	31,754,251	-	31,754,251
Loans payable	133,784,783	-	133,784,783
Dallas North Tollway System revenue bonds payable, net of bond discount (premium) costs of \$34,028,024 (note 5)	7,681,251,206	-	7,681,251,206
Total noncurrent liabilities	<u>7,867,989,107</u>	<u>-</u>	<u>7,867,989,107</u>
<b>Total liabilities</b>	<b><u>8,139,259,326</u></b>	<b><u>101,361</u></b>	<b><u>8,139,360,687</u></b>
<b>Deferred inflow of resources</b>			
Gain on refunding	4,630,518	-	4,630,518
<b>Net Position</b>			
Net investment in capital assets	(4,234,262,561)	-	(4,234,262,561)
Restricted for:			
Debt service	763,704,484	-	763,704,484
SCA Intangible	2,816,826,721	-	2,816,826,721
Unrestricted	(4,885,946)	21,693,555	(23,192,391)
<b>Total net position</b>	<b><u>(698,617,302)</u></b>	<b><u>21,693,555</u></b>	<b><u>(676,923,747)</u></b>

See accompanying notes to basic financial statements

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
 Statement of Revenues, Expenses and Changes in Net Position  
 Year ended December 31, 2014

	North Texas Tollway System	Non-Major Enterprise Fund	Total
<b>Operating revenues:</b>			
Tolls	\$ 580,045,215	\$ 479,595	\$ 580,524,810
Other	28,170,791	6,355,752	34,526,543
<b>Total operating revenues</b>	<b>608,216,006</b>	<b>6,835,347</b>	<b>615,051,353</b>
<b>Operating expenses:</b>			
General			
Administration	21,292,271	914,129	22,206,400
Operations	94,173,705	3,743,737	97,917,442
Preservation			
Reserve maintenance	11,144,585	-	11,144,585
Capital improvement	38,848,449	-	38,848,449
Amortization of intangibles	64,403,243	-	64,403,243
Depreciation	6,159,420	-	6,159,420
Operating expenses	236,021,673	4,657,866	240,679,539
<b>Operating income</b>	<b>372,194,333</b>	<b>2,177,481</b>	<b>374,371,814</b>
<b>Nonoperating revenues (expenses):</b>			
Gain (loss) on fair value of investments	2,466,494	-	2,466,494
Interest expense	(438,701,716)	-	(438,701,716)
Other	(1,218,263)	-	(1,218,263)
<b>Net nonoperating revenues (expenses)</b>	<b>(437,453,485)</b>	<b>-</b>	<b>(437,453,485)</b>
<b>Income (loss) before capital contributions, subsidies, and transfers</b>	<b>(65,259,152)</b>	<b>2,177,481</b>	<b>(63,081,671)</b>
Payments from other governments	1,790,774	-	1,790,774
Build America Bonds Subsidy (BAB's)	26,877,164	-	26,877,164
Capital contribution	32,166,870	-	32,166,870
Change in net position	(4,424,344)	2,177,481	(2,246,863)
<b>Beginning net position</b>	<b>(694,192,958)</b>	<b>19,516,074</b>	<b>(674,676,884)</b>
<b>Ending net position</b>	<b>\$ (698,617,302)</b>	<b>\$ 21,693,555</b>	<b>\$ (676,923,747)</b>

See accompanying notes to basic financial statements

**NORTH TEXAS TOLLWAY SYSTEM**  
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 Statement of Cash Flows  
 Year ended December 31, 2014

	North Texas Tollway System	Non-Major Enterprise Fund	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 594,745,022	\$ 3,740,788	\$ 598,485,810
Payments to contractors and suppliers	(185,965,332)	(3,703,027)	(189,668,359)
Payments to employees	(46,152,142)	(914,129)	(47,066,271)
<b>Net cash provided by operating activities</b>	<b>362,627,548</b>	<b>(876,368)</b>	<b>361,751,180</b>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(13,581,447)	-	(13,581,447)
Capital contributions	1,790,774	-	1,790,774
Capital contribution-BABS subsidy	35,884,100	-	35,884,100
Deferred financing costs	1,426,519	-	1,426,519
Issuance of revenue bonds	680,730,000	-	680,730,000
Refunding of revenue bonds	(667,675,000)	-	(667,675,000)
Defeased revenue bonds	(4,745,000)	-	(4,745,000)
Principal paid on revenue bonds	(965,000)	-	(965,000)
Principal paid on ISTEAL loan	(2,285,066)	-	(2,285,066)
SWAP interest expense	(6,228,530)	-	(6,228,530)
Interest paid on ISTEAL loan	(5,714,934)	-	(5,714,934)
Interest paid on revenue bonds and other debt	(329,054,987)	-	(329,054,987)
<b>Net cash used in capital and related financing activities</b>	<b>(310,418,571)</b>	<b>-</b>	<b>(310,418,571)</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(4,455,419,000)	(857,333)	(4,456,276,333)
Proceeds from sales and maturities of investments	4,401,622,652	1,907,825	4,403,530,477
Interest	206,198	-	206,198
<b>Net cash provided by (used in) investing activities</b>	<b>(53,590,150)</b>	<b>1,050,492</b>	<b>(52,539,658)</b>
Net increase (decrease) in cash and cash equivalents	(1,381,173)	174,124	(1,207,049)
Cash and cash equivalents, beginning of the year	19,713,782	-	19,713,782
<b>Cash and cash equivalents, end of the year</b>	<b>18,332,609</b>	<b>174,124</b>	<b>18,506,733</b>
<b>Classified as:</b>			
Current assets	18,325,616	174,124	18,499,740
Restricted assets	6,993	-	6,993
<b>Total</b>	<b>18,332,609</b>	<b>174,124</b>	<b>18,506,733</b>
<b>Noncash financing, capital, and investing activities:</b>			
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	372,194,333	2,177,481	374,371,814
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	6,159,420	-	6,159,420
Amortization of intangible	64,403,243	-	64,403,243
Bad debt expense	47,803,631	770,866	48,574,497
Changes in assets and liabilities:			
Increase in accounts receivable	(65,937,982)	(3,865,475)	(69,803,457)
Increase in prepaid expenses and other assets	(283,020)	-	(283,020)
Increase in unearned revenue	4,663,417	-	4,663,417
Increase in accrued liabilities	237,789	101,337	339,126
(Increase) decrease in accrued interest receivable	(50)	50	-
Decrease in accounts and retainage payable	(66,613,233)	(60,627)	(66,673,860)
Total adjustments	(9,566,785)	(3,053,849)	(12,620,634)
<b>Net cash provided by operating activities</b>	<b>\$ 362,627,548</b>	<b>\$ (876,368)</b>	<b>\$ 361,751,180</b>
<b>Noncash financing activities:</b>			
Increase in fair value of investments	2,360,407	-	2,360,407
Interest accretion on bonds	(51,248,940)	-	(51,248,940)
Capital contributions	1,790,774	-	1,790,774

See accompanying notes to basic financial statements.

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**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
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(1) **Nature of the Organization and Summary of Significant Accounting Policies**

**(a) Reporting Entity**

In June 1997, the Texas Legislature approved a bill to create the North Texas Tollway Authority (the Authority), a regional tollway authority under Chapter 366, Transportation Code. Effective September 1, 1997, the Authority became the successor agency to the Texas Turnpike Authority and succeeded to all assets, rights, liabilities, and other property of the Texas Turnpike Authority located in Collin, Dallas, Denton, and Tarrant Counties. The Authority also assumed and became liable for all duties and obligations related to the Texas Turnpike Authority at that time.

The Authority is a political subdivision of the State of Texas, authorized and empowered by the Regional Tollway Authority Act (the Act) to construct, maintain, repair, and operate turnpike projects at such locations within Collin, Dallas, Denton, and Tarrant Counties, as may be determined by the Authority. The Authority is further authorized to issue turnpike revenue bonds, payable solely from tolls and other revenue of the Authority, for the purpose of paying all or any part of the cost of a turnpike project. Under the provisions of the Act, these revenue bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of Texas or of any other political subdivision thereof.

The North Texas Tollway Authority System (the System) is an enterprise fund and does not purport to be the entire activities of the Authority. The System is a turnpike project of the Authority and consists of the Dallas North Tollway (the DNT), the Addison Airport Toll Tunnel (the AATT), the President George Bush Turnpike (the PGBT), the Mountain Creek Lake Bridge (the MCLB), Sam Rayburn Tollway (SRT), and the Lewisville Lake Toll Bridge (the LLTB). The Non-Major Enterprise Fund is a fund for Toll Service Agreements (TSA) for managed toll lanes which presently consist of the lanes for Interstate Highway 635 (LBJ-635), DFW Connector and North Tarrant Express (NTE).

In April 2011, the Authority entered into a trust agreement authorizing the Authority to own, design, construct, operate, maintain and finance a turnpike project known as the Special Projects System (SPS). The SPS consists of the President George Bush Turnpike-Western Extension (the PGBT-WE) and the Southwest Parkway/Chisholm Trail Project (CTP). The SPS is an enterprise fund of the Authority and does not purport to be the entire activities of the Authority and are not included in the financial statements herein.

**(b) Basis of Accounting**

The operations of the System are accounted for as enterprise funds on an accrual basis in order to recognize the flow of economic resources.

Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and all assets and liabilities associated with the operation of the System are included in the Statement of Net Position. The assets of the System are stated at cost with the exception of certain investments and interest rate swap derivatives, which are stated at fair value.

The principal revenues of the System are toll revenues received from patrons. Operating expenses for the System include the costs of operating and maintaining the Authority and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The principal revenues of the Non-Major Enterprise Fund are fees from processing of interoperability payments, and fees charged for billing services on managed lanes for the Toll Service Agreements. Operating expenses for the Non-Major Enterprise Fund include the costs of billing and collections of managed lane transactions.

The Trust Agreement also requires that certain funds and accounts be established and maintained. The System consolidates these System funds and accounts for the purpose of enterprise fund presentation in its external financial statements.

In accordance with House Bill 749, an act of the 72nd Legislature of Texas, the Authority may transfer an amount from a surplus fund (currently Capital Improvement Fund) established for a turnpike project to the North Texas Tollway Feasibility Study Fund (Feasibility Study Fund) each a sub-fund included in the System. However, the Authority may not transfer an amount that results in a balance in the surplus fund that is less than the minimum balance required in the trust agreement for that project, if any. Revenues are recognized when they are earned, expenses are recorded in the period in which they are incurred.

When the feasibility of a project is determined, pursued project costs are capitalized, and the related project study costs are reimbursed to the sub-fund Feasibility Study Fund from the proceeds of the project's bond issue. Unfeasible projects are written off to expense when approved by the Executive Director.

**(c) Budget**

Operating budgets are established in accordance with the practices set forth in the provisions of the Trust Agreement for the Dallas North Tollway Authority Revenue Bonds, as interpreted by the Authority. These practices are similar to accounting principles generally accepted in the United States (GAAP) for an enterprise fund on an accrual basis except that depreciation and amortization of certain non-infrastructure capital assets and related acquisition and revenue bond issuance costs are not included as an operating expense or otherwise provided, and interest accrued for certain periods after official completion on certain of the System's bond issues is capitalized as allowed by the Trust Agreement and bond resolution, rather than being reflected as an expense. Otherwise, revenues are recognized when they are earned, expenses are recognized in the period in which they are incurred, and all assets and liabilities associated with the operation of the System are included in the statement of net assets in accordance with the Trust Agreement as described above.

Each year the Authority completes a review of its financial condition for the purpose of estimating whether the net revenues of the System for the year will meet its debt covenants. See additional information regarding legal compliance for budgets in Note (2).

**(d) Restricted Assets**

Certain proceeds of the Revenue Bonds are restricted by applicable bond covenants for construction or restricted as reserves to ensure repayment of the bonds. Also, certain other assets are accumulated and restricted on a monthly basis in accordance with the Trust Agreement for the purpose of paying interest and principal payments that are due on a semiannual and annual basis, respectively, and for the purpose of maintaining the reserve funds at the required levels. Payments from these restricted accounts are strictly governed by the Trust Agreement and can only be made in compliance with the Trust Agreement.

Limited types of expenses may be funded from these accounts. Expenses that do not meet these requirements are funded from unrestricted accounts. The sub-funds and accounts that have been established in accordance with the Trust Agreement are as follows:

- **Construction and Property Fund** – The Construction and Property Fund was created to account for that portion of the proceeds from the sale of the Authority Revenue Bonds, which were required to be deposited with the trustee in order to pay all costs of construction. There also may be deposited in the Construction and Property Fund any monies received from any other source for paying the cost of the Authority.
- **Revenue Fund** – The Revenue Fund was created to account for all revenues (all tolls, other revenues, and income) arising or derived by the Authority from the operation and ownership of the Authority. All revenues of this fund are distributed to other funds in accordance with the Trust Agreement.
- **Non-Major Enterprise Fund** – The Non-Major Enterprise Fund was created to account for toll service agreements (TSA) revenues separately from revenues that are devoted to the repayment of bonds.
- **Operation and Maintenance Fund** – The Operation and Maintenance Fund was created to account for and pay current operating expenses of the Authority.

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- **Reserve Maintenance Fund** – The Reserve Maintenance Fund was created to account for those expenses of maintaining the Authority that do not recur on an annual or shorter basis. As defined in the Trust Agreement, such items include repairs, painting, renewals, and replacements necessary for safe or efficient operation of the Authority or to prevent loss of revenues, engineering expenses relating to the functions of the Authority, equipment, maintenance expenses, and operating expenses not occurring at annual or shorter periods.
- **Capital Improvement Fund** – The Capital Improvement Fund (CIF) was created to account for the cost of repairs, enlargements, extensions, resurfacing, additions, renewals, improvements, reconstruction and replacements, capital expenditures, engineering, and other expenses relating to the powers or functions of the Authority in connection with the Authority, or for any other purpose now or hereafter authorized by law. This CIF fund will also be combined with a revolving fund, called the Feasibility Study Fund to use only to pay the expenses of studying the cost and feasibility and any other expenses relating to; (1) the preparation and issuance of bonds for the acquisition and construction of a proposed turnpike project for the Authority; (2) the financing of the improvement, extension or expansion of an existing turnpike or Authority; (3) private participation, as authorized by law, in the financing of a proposed turnpike project or Authority, the refinancing of an existing turnpike project or Authority or the improvement, extension or expansion of a turnpike project or Authority.
- **Bond Interest Account** – The Bond Interest Account was created to account for the payment of the semiannual interest requirements of the revenue bonds.
- **Reserve Account** – The Reserve Account was created for the purpose of paying interest and principal of the bonds whenever and to the extent that the monies held for the credit of the Bond Interest Account and the Redemption Account shall be insufficient for such purpose. The required reserve is an amount equal to the average annual debt service requirements of all bonds outstanding. At December 31, 2014, according to staff calculations the Authority was in compliance with this requirement.
- **Redemption Account** – The Redemption Account was created to account for the payment of the annual principal requirements of the revenue bonds.

**(e) Cash, Cash Equivalents and Investments**

Cash includes amounts in demand deposits. Cash equivalents are amounts included in any overnight sweep from the demand deposit accounts. These deposits are fully collateralized or covered by federal deposit insurance.

The Authority considers other money market funds along with State & Local Government Investment Pools to be investments. The carrying amount of the investments is fair value. The net change in fair value of investments is recorded on the Statement of Revenues, Expenses, and Changes in Net Position and includes the unrealized and realized gains and losses on investments.

**(f) Capital Assets**

All capital assets are stated at historical cost, except for donated assets, which are valued at the estimated fair value of the item at the date of its donation. This includes costs for infrastructure assets (right-of-way, highways, bridges, and highways and bridges substructures), toll equipment, buildings, land, toll facilities; other related costs, including property and equipment with a value greater than \$5,000 and software with a value greater than \$1,000,000. Highways and bridges substructure includes road sub-base, grading, land clearing, embankments, and other related costs. Also included in capital assets are the costs of certain real estate for right-of-way requirements and administrative and legal expenses incurred during the construction period.

The costs to acquire additional capital assets, which replace existing assets or improve the efficiency of the Authority, are capitalized. Under the Authority's policy of accounting for infrastructure assets pursuant to the "preservation method of accounting" or "modified approach," property costs represent an historical accumulation of costs expended to acquire rights-of-way and to construct, improve, and place in operation the various projects and related facilities. These infrastructure assets are considered to be "indefinite lived assets" that is, the assets themselves will last indefinitely and are, therefore, not depreciated.

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Costs related to renewing and maintaining these assets are not capitalized, but instead are considered to be period costs and are included in preservation expense classified as part of reserve maintenance and capital improvement expenses. Additional charges to preservation expense occur whenever the condition of the infrastructure assets is determined to be at a level that is below the standards adopted by the Board of Directors of the Authority.

Depreciation is computed using a straight-line method over the following estimated useful lives:

Machinery and Equipment	3-10 years
Buildings	20-50 years
Roadways	50-60 years
Infrastructure	25-50 years
Intangibles	5-15 years

**(g) Compensated Absences**

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**(h) Retainage Payable**

Retainage payable represents amounts billed to the Authority by contractors for which payment is not due pursuant to retained percentage provision in construction contracts until substantial completion of performance by contractor and acceptance by the Authority.

**(i) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The Authority has two items that qualifies for reporting in this category in the statement of net position. One is the loss on refunding and the second one is the accumulated decrease in fair value of hedging derivatives. The loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority only has one type of item that qualifies for reporting in this category. It is the deferred gain on refunding reported in the statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**(j) Bond Discounts and Premiums**

Revenue bonds payable are reported net of unamortized bond discount or premium.

**(k) Arbitrage Rebate Payable**

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements, and arbitrage rebate liability on issuers of tax-exempt debt. This represents interest earnings on bond proceeds in excess of amounts allowed under the Act. This Act requires the remittance to the Internal Revenue Service (IRS) of 90% of the cumulative arbitrage rebate within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The System's cumulative arbitrage rebate liabilities for the year ended December 31, 2014 are \$186,735.

**(l) Estimates**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**(m) Service Concession Arrangement for Sam Rayburn Tollway (SRT)**

In October 2007, the Authority entered into an agreement with Texas Department of Transportation ("TXDOT") to construct a continuous express lane within the State Highway 121 corridor extending between Business SH 121 in Denton County to US 75 in Collin County consisting of 26 miles in five designated segments. Under the agreement, the Authority provided an upfront payment to TXDOT in the amount of \$3.2 billion. An intangible asset has been recorded and is being amortized over 50 years. At the end of the intangible asset's life, the roadway will be returned to TXDOT subject to the Handback Requirements in the agreement.

The revenue generated from the operation of the toll road will be shared between TXDOT and the Authority in accordance with the limits and calculations in the agreement. In the current year the amount of revenue given to TXDOT was \$0.

	January 1, 2014	Additions	Disposal	Amortization	December 31, 2014
Roadway	\$ 3,197,211,448	25,598,767	-	-	3,222,810,215
Less accumulated amortization	(341,075,144)	-	-	(63,943,350)	(405,018,494)
<b>Total</b>	<b>\$ 2,856,136,304</b>	<b>25,598,767</b>	<b>-</b>	<b>(63,943,350)</b>	<b>2,817,791,721</b>

**(n) New Accounting Pronouncements**

In the current year the System implemented the following statements:

GASB Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This standard becomes effective for financial statements for periods beginning after June 15, 2013. There was no impact of this statement on the System's financial statements.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, which is effective for fiscal years beginning after December 15, 2013, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. There was no impact of this statement on the System's financial statements.

GASB Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees which is effective for fiscal years beginning after June 15, 2013, establishes guidance for governments that extend financial guarantees for the obligations of another government, a not-for-profit entity or a private entity without directly receiving equal or approximately equal value in exchange (a non-exchange transaction). As part of this non-exchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a non-exchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. There was no impact of this statement on the System's financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans—an amendment of GASB Statement No. 27. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This standard becomes effective for financial statements for periods beginning after June 15, 2014. The impact on the System's financial statements has not yet been determined.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, and should be applied simultaneously with the provisions of GASB No. 68, which is effective for periods beginning after June 15, 2014.

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The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions.

The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The impact of this statement on the System's financial statements has not yet been determined.

GASB Statement No. 72, Fair Value Measurement and Valuation. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. The effect of implementation of this statement has not yet been determined.

**(2) Legal Compliance – Budgets**

The Authority is required to prepare a preliminary budget of current expenses, deposits to the Reserve Maintenance Fund, and the purposes for which the monies held in the Reserve Maintenance Fund will be expended for the ensuing year. Copies of the preliminary budget must be filed with the bond trustee, and mailed to the consulting engineers, traffic engineers, principal underwriters, and all bondholders who have filed their names and addresses with the secretary and treasurer of the Authority 60 days prior to year-end. The Authority is required by the Trust Agreement to adopt a final budget for the Authority on or before December 31 prior to the beginning of the year. The budget is prepared at the Department level and is based upon the Trust Agreement.

The Authority may not expend any amount or incur any obligations for maintenance, repairs, and operations in excess of the total amount of the budgeted expenses in the Annual Budget unless the funding source is other than revenues received from the Authority. The Authority may expend additional monies from the Reserve Maintenance Fund in excess of the annual deposits. Budget amendments must be approved by the Board Members of the Authority in a manner similar to the adoption of the annual budget. There were no occurrences of budget noncompliance in 2014.

Pursuant to the Trust Agreement, the Authority has agreed that it will at all times keep in effect a plan for toll collecting facilities and a schedule of rates of tolls, which will raise and produce net revenues during each fiscal year sufficient to satisfy the greatest of (1), (2), or (3) below:

- 1) 1.35 times the scheduled debt service requirements on all outstanding First Tier Bonds for the fiscal year; or
- 2) 1.20 times the scheduled debt service requirements on all outstanding First Tier Bonds and Second Tier Bonds for the fiscal year; or
- 3) 1.00 times the scheduled debt service requirements on all outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and all other obligations secured by net revenues for the fiscal year.

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The Authority was in compliance in 2014.

	<b>2014</b>
	<i>(unaudited)</i>
GAAP basis operating income	\$ 372,194,333
Non-construction fund interest income	6,954,822
Gross Income	379,149,155
Add:	
Depreciation	6,159,420
Amortization of intangible	64,403,243
Capital improvement fund expenses	38,848,449
Reserve maintenance fund expenses	11,144,585
Net revenues available for debt service	499,704,852
Bond interest expense, net of capitalized interest	351,568,310
Scheduled principal amount due	3,250,066
Calculated debt service requirement	\$ 354,818,376 *
Coverage ratio (for 1st tier debt)	1.89
Coverage ratio (for 1st and 2nd tier debt)	1.55
Coverage ratio (for all debt)	1.41

\*Debt service requirement for 1st tier-\$264,842,227, 2nd tier-\$57,870,701 and other-\$32,105,448

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**(3) Deposits and Investments**

The Authority's investment policy is in accordance with the laws of the State of Texas. The Authority may purchase investments as authorized by the Trust Agreement and as further authorized by the revised investment policy and strategy approved by the Board of Directors in March 2014. These investments include obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; certificates of deposit issued by a state or national bank; fully collateralized repurchase agreements; commercial paper with a stated maturity of 270 days or fewer from the date of its issuance; no load money market mutual funds that have a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share; and State & Local Government Investment Pools.

The Authority does not invest in financial instruments other than those authorized by the investment policy.

The Authority reports all securities and debt instruments with readily determinable market values to be carried at fair value, with changes in fair value reflected in the Statements of Revenues, Expenses, and Changes in Net Position.

**(a) Deposits**

The Authority's deposits were fully insured or collateralized at December 31, 2014. The carrying amount of the Authority's deposits was \$18,506,733 and the respective bank balances totaled \$20,284,977. As of December 31, 2014 Federal Depository Insurance Corporation (FDIC) provided \$250,000 of coverage for deposits. All balances in excess of the \$250,000 were fully collateralized in accordance with the Authority's investment policy and the Public Funds Investment Act.

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**(b) Investments**

As of December 31, 2014 the maturity values are as follows:

	2014			WAM(*)
	Maturity Value (in Yrs)			
	Fair Value	Less Than 1		
Description	Yr	1 Yr or More		
<b>Government Sponsored Entities (GSE):</b>				
Federal Home Loan Bank	\$ 134,920,269	\$ 6,768,037	\$ 128,152,232	
Federal National Mortgage Association	124,556,153	15,139,000	109,417,153	
Federal Agricultural Mortgage Corporation	9,105,300	-	9,105,300	
Federal Farm Credit Bank	104,952,612	20,010,000	84,942,612	
Federal Home Loan Mortgage Corporation	108,296,593	-	108,296,593	
<b>Total GSE</b>	<b>481,830,927</b>	<b>41,917,037</b>	<b>439,913,890</b>	<b>522</b>
Money Market Funds	180,517,652	180,517,652	-	-
U.S. Treasuries	25,001,150	15,106,650	9,894,500	15
Commercial Paper	39,967,686	39,967,686	-	5
Government Pool	82,423,843	82,423,843	-	4 (**)
Interest Bearing Account	202,172,667	202,172,667	-	-
<b>Total Investments</b>	<b>\$ 1,011,913,925</b>	<b>\$ 562,105,535</b>	<b>\$ 449,808,390</b>	<b>546</b>

\*WAM = Weighted Average Maturity (in days)

\*\*WAM of Government Pools reflects the actual Weighted Average Maturity as reported by the Government Pools.

**(c) Interest Rate Risk**

Investment portfolios are designed with the objective of attaining the best possible rate of return commensurate with the Authority's investment risk constraints and the cash flow characteristics of the portfolio. Return on investments, although important, is subordinate to the safety and liquidity objectives. The weighted average yield-to-maturity of the portfolio for December 31, 2014 was 0.72%. The weighted average maturity in days was 546 days for 2014. Approximately 56% of the investments are maturing within one year and 44% are maturing one year or greater. The Authority does not have a formal policy on Interest Rate Risk.

**(d) Credit Risk**

Per the Investment Policy, on the date of the purchase of any Government Obligation purchased by the Authority, the obligation must have a rating as to investment quality by a nationally recognized investment firm of not less than "AAA" or its equivalent.

As of December 31, 2014, the Authority invested 18% in AAA rated money market funds, 20% in Interest Bearing Accounts, 8% in AAAM rated State and Local Government Pools, 4% in A1/P1 Commercial Paper, 48% in Government Sponsored Entities (GSE) and 2% in U.S. Treasuries backed by the full faith and credit of the U.S. Government. U.S. Treasuries and GSE are Aaa rated by Moody's.

The Authority participates in two local government investment pools operating as SEC 2a-7 like pools: TexPool and TexStar. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc serve as co-administrators for TexStar under an agreement with the TexStar board of directors.

The local government investment pools in which the Authority invests are structured similarly to money market mutual funds, to provide its liquidity needs. TexPool and TexStar were established in conformity with the interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. These funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. These funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool and TexStar are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60 day limit.

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(e) **Concentration of Credit Risk**

It is the policy of the Authority to diversify its investment portfolios. Assets held in the particular funds shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of December 31, 2014 investments in Wells Fargo Bank Government Money Market Fund, Regions Bank and BB&T Bank, exceeded 5% of the total portfolio. More than 5% of the Authority's investments are invested in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC).

Investments either restricted in accordance with bond provisions or accounted for per the Trust Agreements budget requirements are as follows:

Construction and Property Account	\$ 76,604,404
Revenue Account	59,512,427
Operations and Maintenance Account	3,059
Reserve Maintenance Account	33,444,151
Consolidated Capital Improvement Account	234,932,309
Bond Interest Account	178,302,457
Bond Reserve Account	410,709,022
Bond Redemption Account	1,676
Non-Major Enterprise Account	18,404,420
Total investments	<u>\$ 1,011,913,925</u>

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(4) **Capital Assets**

Capital assets are summarized as follows:

	January 1, 2014	Additions	Disposal	Depreciation	Adjustments	December 31, 2014
<b>Infrastructure network:</b>						
<i>Non-depreciable</i>						
Right-of-way	\$ 256,283,956	\$ -	\$ -	\$ -	\$ -	\$ 256,283,956
Roadway	2,527,849,878	3,274,400	-	-	(8,600,000)	2,522,524,278
Infrastructure - Other *	523,918,337	1,072,747	-	-	-	524,991,084
<b>Total infrastructure network</b>	<b>3,308,052,171</b>	<b>4,347,147</b>	<b>-</b>	<b>-</b>	<b>(8,600,000)</b>	<b>3,303,799,318</b>
<b>Property and Equipment</b>						
Land	7,293,755	-	-	-	-	7,293,755
Buildings	29,596,959	-	-	-	-	29,596,959
Machinery and Equipment	50,748,723	7,238,527	(67,985)	-	2,461	57,921,726
Less accumulated depreciation						
Buildings	(5,353,300)	-	-	(986,560)	-	(6,339,860)
Equipment	(33,648,329)	-	67,985	(5,172,860)	-	(38,753,204)
	(39,001,629)	-	67,985	(6,159,420)	-	(45,093,064)
<b>Total property and equipment</b>	<b>48,637,808</b>	<b>7,238,527</b>	<b>-</b>	<b>(6,159,420)</b>	<b>2,461</b>	<b>49,719,376</b>
<b>Total Capital Assets</b>	<b>3,356,689,979</b>	<b>11,585,674</b>	<b>-</b>	<b>(6,159,420)</b>	<b>(8,597,539)</b>	<b>3,353,518,694</b>
<b>Intangibles</b>						
Intangibles	17,751,682	114,088	-	-	-	17,865,770
Less Amortization	(1,487,520)	-	-	(459,894)	-	(1,947,414)
<b>Total Intangible Assets</b>	<b>16,264,162</b>	<b>114,088</b>	<b>-</b>	<b>(459,894)</b>	<b>-</b>	<b>15,918,356</b>
<b>Total Capital &amp; Intangible Assets</b>	<b>\$3,372,954,141</b>	<b>\$ 11,699,762</b>	<b>\$ -</b>	<b>\$ (6,619,314)</b>	<b>\$ (8,597,539)</b>	<b>\$ 3,369,437,050</b>

\* Includes capitalized interest net of interest earnings. Total bond interest costs incurred amounted to \$381,737,476 during the year ended December 31, 2014.

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(5) **Revenue Bonds, Commercial Paper, and Loans Payable**

**Revenue Bonds**

The Authority has issued and refunded various Revenue Bond Series to construct the Authority and to fund reserves and expenses associated with the bond issues. The Authority follows the provisions of GASB No. 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities (Statement No. 23). Under the provisions of Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as deferred outflow and amortized over the life of the new debt or the life of the old debt (had it not been refunded), whichever is shorter, as an adjustment to the bond interest expense.

The following are descriptions of Revenue Bond Series currently outstanding as of December 31, 2014.

**Series 2005C:**

The \$341,670,000 North Texas Tollway Authority Dallas North Tollway Authority Variable Rate Revenue Bonds, Series 2005C, insured by FGIC, were issued December 15, 2005 for the purpose of refunding \$332,425,000 Series 1995 Bonds. Interest initially accrues from the date of delivery at a Weekly Rate, but may be subsequently converted to bear interest at a Daily Rate, Flexible Rate, Monthly Rate, Quarterly Rate, Semi-Annual Rate, Multi-Annual Rate, or Fixed Rate. While bearing interest at a Weekly Rate, interest is payable on the first business day of each calendar month, and is calculated on the basis of actual days elapsed in a 365-day or 366-day year, as applicable. Upon a change to any of the other interest modes, the bonds will be subject to mandatory tender for purchase and remarketing with a maximum rate of twelve (12%) per annum. The bonds consisted of \$341,670,000 term bonds due January 1, 2025. The bonds are subject to mandatory sinking fund redemption prior to maturity on January 1 of the years 2008-2025. In 2008, FGIC was downgraded below investment grade and remarketing of the bonds was not completely successful.

The Series 2005C Bonds were remarketed on September 1, 2009 to a fixed rate series of bonds. \$161,110,000 of Series 2005C Bonds were refunded by Series 2009A Bonds. The remaining amount of Series 2005C Bonds is \$178,310,000 which consists of \$109,515,000 serial bonds maturing on January 1, 2019 through January 1, 2023 that bear interest rates ranging from 5% to 6.25% and \$68,795,000 term bonds due January 1, 2025 with an interest rate of 6%.

The refunding resulted in a decrease of \$85,851,214 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Series 1995 Bonds (\$14,207,535) was deferred and is being amortized over the stated term of the Series 2005C Refunding Bonds. This amount was adjusted due to the remarketing. The Authority obtained a present value loss of \$13,637,745 in conjunction with the remarketing. The new difference between the reacquisition price and the net carrying amount on the 2005C bonds that were remarketed is (\$8,025,086). This amount was deferred and is being amortized over the stated term of the Series 2005C Bonds. Amortization of the deferred outflow in resources on the refunding was \$581,259 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$4,925,038).

**Series 2008A:**

The \$1,770,285,000 North Texas Tollway Authority Revenue Refunding Bonds, Series 2008A were issued on April 3, 2008 for the purpose of refunding \$58,760,000 of Series 2003C Tender Bonds, \$71,000,000 of Series 2005B Bonds and \$1,203,405,000 of the Bond Anticipation Notes that were issued in November 2007. Interest is payable January 1 and July 1, and principal is payable on January 1 of each year. The issue included \$483,665,000 of serial bonds, which began maturing January 1, 2009 and bear interest rates ranging from 4.0% to 6.0%; \$373,810,000 of 5.125% term bonds due January 1, 2028, which are insured by MBIA Insurance Corporation; \$207,910,000 of 5.625% term bonds due January 1, 2033; \$404,900,000 of 5.75% term bonds due January 1, 2040; and \$300,000,000 5.75% term bonds due January 1, 2048.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes is immeasurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (40 years).

The difference between the reacquisition price and the net carrying amount of the Series 2003C Bonds and the Series 2005B (\$6,964,108) was deferred and is being amortized over the stated term of the Series 2003C Bonds.

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Amortization of the deferred outflow in resources on the refunding was \$499,590 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$853,780).

**Series 2008B:**

The Authority issued \$237,395,000 in principal amount of North Texas Tollway Authority Revenue Refunding Bonds, Series 2008B on April 3, 2008 for the purpose of refunding \$215,185,000 of Series 2005A Bonds. The issue includes \$53,175,000 in serial bonds, which began maturing January 1, 2009 and bear interest rates ranging from 4.0% to 6.0%; \$62,290,000 of 5.625% term bonds due January 1, 2033 and \$121,930,000 of 5.75% term bonds due January 1, 2040. Interest is payable on January 1 and July 1.

The refunding resulted in an increase of \$105,552,916 in the aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the Series 2005A Bonds (\$10,487,892) was deferred and is being amortized over the stated term of the Series 2005A Bonds. Amortization of the deferred outflow in resources on the refunding was \$410,945 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$7,573,880). Outstanding principal on the Series 2005A Bonds in escrow is \$205,485,000 on December 31, 2014.

**Series 2008D:**

The \$399,999,394 North Texas Tollway Authority Revenue Refunding Bonds, Series 2008D were issued on April 3, 2008 for the purpose of refunding \$353,730,000 of the Bond Anticipation Notes that were issued in November 2007. These bonds were issued as Capital Appreciation Bonds, and the sum of the principal and accreted/compounded interest is payable only at maturity. The approximate Yield to Maturity is 5.90% to 5.97%. The maturity dates of the 2008D bonds are January 1, 2028 through January 1, 2038. These bonds are insured by the Assured Guaranty Corp.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes is immeasurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (30 years).

**Series 2008E:**

The \$600,000,000 North Texas Tollway Authority Revenue Refunding Bonds, Series 2008E Put Bonds with an Initial Multiannual period, were issued on April 3, 2008 for the purpose of refunding \$12,970,000 of Series 1997 Bonds and \$465,755,000 of the Bond Anticipation Notes that were issued in November 2007. Interest accrues on the Series 2008E Bonds at the Initial Interest Rate, ranging from 5.0% to 5.75% and is payable January 1 and July 1. The Series 2008E Bonds were issued in subseries. These bonds are subject to mandatory tender on the following Mandatory Tender Dates: Subseries 2008E-1 on January 1, 2010, Subseries E-2 on January 1, 2012, and Subseries E-3 on January 1, 2016. On the Mandatory Tender Dates, the Series will be subject to mandatory tender for purchase. The Authority has agreed that the Bonds will be remarketed at the first date on or after the Mandatory Tender Date at which they can be sold in any interest rate mode and at a rate not exceeding 12.00% per annum. In the event they cannot be remarketed and purchased on the Mandatory Tender Date, the mandatory tender will be deemed to have been rescinded and the Series 2008E Bonds will bear interest at the rate of 12.00% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing. The Series 2009C and Series 2009D Bonds refunded the Subseries 2008E-1 prior to the Mandatory Tender Date. On December 18, 2014, Subseries E-3 was refunded and defeased by the issuance of North Texas Tollway Authority First Tier Revenue Refunding Bonds, Series 2014C SIFMA Index Floating Rate Bonds. Outstanding principal on the Series 2008E-3 Bonds in escrow is \$215,000,000 on December 31, 2014.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes is immeasurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (30 years). The difference between the reacquisition price and the net carrying amount of the Series 1997 Bonds (\$1,214,490) was deferred and is being amortized over the stated term of the Series 1997 Bonds. Amortization of the deferred outflow in resources on the refunding was \$43,191 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$0.00).

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**Series 2008F:**

The Authority issued \$1,000,000,000 North Texas Tollway Authority Second Tier Revenue Refunding Bonds, Series 2008F on July 30, 2008 for the purpose of refunding \$739,150,000 of the Bond Anticipation Notes that were issued in November 2007. Interest is payable January 1 and July 1, and principal is payable on January 1. The issue consists of term bonds bearing interest from 5.75% to 6.125% with maturities on January 1, 2031, January 1, 2033 and January 1, 2038. On November 20, 2014, the Authority issued North Texas Tollway Authority Second Tier Revenue Refunding Bonds, Series 2014B and thereby refunded \$143,540,000 of 2008F term bonds bearing interest of 6.125% with maturities on January 1, 2031. The remaining 2008F bonds bear interest of 5.75% with maturities on January 1, 2033 and January 1, 2038.

The aggregate difference in debt service between the 2008F refunding bonds and the refunded Bond Anticipation Notes is immeasurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (30 years).

**Series 2008I:**

The Authority issued \$199,998,366 of North Texas Tollway Authority Convertible Capital Appreciation Bonds Series 2008I on September 24, 2008 for the purpose of refunding \$175,975,000 of the Bond Anticipation Notes that were issued in November 2007. The Approximate Yield to Maturity Date is 6.2% and 6.5%. Interest will accrete from the date of delivery and will compound semiannually on January 1 and July 1, commencing January 1, 2009. The Conversion Date is January 1, 2015; after this date, interest will accrue at a rate of 6.2% and 6.5% on the total amount of principal and the accreted/compounded interest thereon payable semiannually on January 1 and July 1, commencing July 1, 2015. Principal and accreted/compounded interest accreted prior to January 1, 2015 will come due on January 1, 2042 and January 1, 2043, or upon optional redemption. These bonds are insured by the Assured Guaranty Corp.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes is immeasurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (35 years).

**Series 2008K:**

The \$205,000,000 North Texas Tollway Authority Revenue Refunding Bonds, Series 2008K were issued on November 4, 2008 for the purpose of refunding \$56,135,000 of Bond Anticipation Notes that were issued in November 2007, and \$95,300,000 of Commercial Paper Notes. Interest is payable January 1 and July 1 commencing January 1, 2009. The total consists two subseries of Series 2008K Bonds: \$125,000,000 of 5.75% term bonds, Subseries 2008K-1, due January 1, 2038 and \$80,000,000 of 6.00% term bonds, Subseries 2008K-2, due January 1, 2038. The Subseries 2008K-1 bonds are insured by Assured Guaranty Corp.

The aggregate difference in debt service between the refunding bonds and the refunded Bond Anticipation Notes and Commercial Paper Notes is immeasurable due to the fact that the Bond Anticipation Notes were issued as temporary financing (1 year) and the refunding bonds were issued as long term financing (30 years).

**Series 2009A:**

The \$418,165,000 North Texas Tollway Authority System Revenue Bonds, Series 2009A were issued on August 12, 2009 for the purpose of refunding \$48,655,000 of Series 1997 bonds; refunding \$59,105,000 of Series 1997A Bonds; refunding \$21,210,000 of Series 1998 Bonds; refunding \$161,110,000 of Series 2005C Bonds; and refunding \$90,950,000 of Commercial Paper notes. Additionally, a deposit of \$18,500,000 was made for Capital Improvement Projects from the Series 2009A proceeds. Interest is payable on January 1 and July 1, commencing January 1, 2010.

The total consists of \$44,740,000 Serial Bonds with maturities of January 1, 2011 through January 1, 2013 with interest rates ranging from 3% to 5%, and \$373,425,000 Term Bonds with maturities on January 1, 2024, January 1, 2028 and January 1, 2039 and interest rates ranging from 6% to 6.25%.

Net proceeds of \$292,507,177 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on the refunded Series 1997 bonds, Series 1997A bonds, Series 1998 Bonds and Commercial Paper Notes. As a result, the Series 1997 bonds, a portion of the Series 1997A bonds, a portion of the Series 1998 Bonds, a portion of the Series 2005C bonds and the Commercial Paper notes then outstanding are considered to be defeased and the liability has been removed from the Statement of Net Position. The Authority obtained a present value loss of \$16,920,933.

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The refunding resulted in an increase of \$132,339,031 in the aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2009A of (\$12,613,456) was deferred and is being amortized over the stated term of the Series 1997 Bonds Amortization of the deferred outflow in resources on the refunding was \$1,079,437 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$0.00).

**Series 2009B:**

The \$825,000,000 North Texas Tollway Authority System Revenue Bonds, Series 2009B were issued on August 12, 2009 as Taxable Build America Bonds, ("BABs") for the purpose of funding construction for the Sam Rayburn Tollway project, the Lewisville Lake Toll Bridge project and the President George Bush Turnpike Eastern Extension project. Interest is payable on January 1 and July 1, commencing January 1, 2010. These bonds are entitled to a direct payment subsidy from the United States Treasury in an amount equal to 35% of the interest due on each payment date. The Authority must request this subsidy prior to each interest payment date. The Series 2009B Bonds were issued as one term bond with a maturity of January 1, 2049 and an interest rate of 6.718%. *(The Federal Subsidy Payment is reduced by 7.2% due to automatic federal deficit reduction spending cuts known as "sequestration" which took effect on March 1, 2013. Sequestration affects certain federally funded programs, including the Federal Subsidy Payments payable to the Authority with respect to the Series 2009B.)*

**Series 2009C:**

On November 5, 2009, the Authority issued \$170,730,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2009C, for the purpose of refunding a portion of Series 2008E-1 and Series 2008G Bonds. Interest is payable on January 1 and July 1, commencing July 1, 2010. The bonds were issued as one Term Bond due January 1, 2044 at an interest rate of 5.25%.

Net proceeds of \$166,408,750 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on the refunded Series 2008E-1 bonds and the Series 2008G bonds. As a result, a portion of the Series 2008E-1 bonds and the Series 2008G bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. The Authority obtained a present value gain of \$11,969,757.

The refunding resulted in an increase of \$37,268,508 in aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2009C of \$3,984,364 was deferred and is being amortized over the stated term of the Series 2008E-1 and Series 2008G Bonds. Amortization of the deferred inflow in resources on the refunding was (\$163,281) for the year ended December 31, 2014. The deferred inflow in resources ending balance for the year ended December 31, 2014 was \$3,140,747.

**Series 2009D:**

On November 5, 2009, the Authority issued \$178,400,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2009D, for the purpose of refunding a portion of Series 2008E-1 Bonds. The bonds were issued in variable rate mode, with interest payable on the first Business Day of each month, commencing December 1, 2009, and interest rates are reset weekly. The remarketing agent is J.P. Morgan Securities Inc. The stated maturity for this bond is January 1, 2049.

Net proceeds of \$176,710,000 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payment on the refunded Series 2008E-1 bonds. As a result, a portion of the Series 2008E-1 bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The Authority obtained a present value gain of \$11,463,491.

The refunding resulted in an increase of \$94,234,282 in aggregate debt service between the refunding debt and the refunded debt. This was not an economic refunding but rather a restructuring refunding. The difference between the reacquisition price and the net carrying amount of the 2008E-1 Bonds refunded by 2009D of (\$11,881,769) was deferred and is being amortized over the stated term of the Series 2008E-1 Bonds. Amortization of the deferred outflow in resources on the refunding was \$725,263 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$7,557,512).

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On August 1, 2012 the 2009D Bonds changed interest rate modes from the weekly reset with interest due monthly into a Callable Commercial Paper Mode. The Commercial Paper is marketed with a minimum 25 day call at which they are remarketed into a new period. The interest rate is fixed for the period at the time of remarketing. Interest is payable at each call date.

**Series 2010A:**

On May 13, 2010, the Authority issued \$90,000,000 of North Texas Tollway Authority System Revenue Bonds, Series 2010A, for the purpose of being a contribution to the Special Project System for construction of the PGBT WE (SH 161) project and other projects deemed necessary by the Authority. The bonds were issued as Subordinate Lien Obligations and are to be repaid from net revenues available after the payment of First Tier Bonds, Second Tier Bonds and Third Tier Bonds, the deposit of funds in all reserve funds, to the extent necessary, the deposit of funds into the Reserve Maintenance Fund of the Authority, and the payment of the ISTE A Loan. Interest is payable on February 1 and August 1, commencing Feb 1, 2010. The bonds were issued as one Term Bond due February 1, 2023 at an interest rate of 6.25%.

**Series 2010B:**

On May 13, 2010, the Authority issued \$310,000,000 of North Texas Tollway Authority System Revenue Bonds as Taxable Build America Bonds, ("BABs"), Series 2010B, for the purpose of being a contribution to the Special Project System for construction of the PGBT WE (SH161) project and other projects deemed necessary by the Authority. The bonds were issued as Subordinated Lien Obligations and are to be repaid from net revenues available after the payment of First Tier Bonds, Second Tier Bonds and Third Tier Bonds, the deposit of funds in all reserve funds, to the extent necessary, the deposit of funds into the Reserve Maintenance Fund of the Authority, and the payment of the ISTE A Loan. Interest is payable on February 1 and August 1, commencing Feb 1, 2010.

These bonds were issued as Taxable Build America Bonds, ("BABs") and were issued in two Subseries, 2010B-1 and 2010B-2. These bonds are entitled to a direct payment subsidy from the United States Treasury in an amount equal to 35% of the interest due on each payment date. The Authority must request this subsidy prior to each interest payment date. The 2010B-1 Subseries consist of one Term Bond due February 1, 2030 at an interest rate of 8.41%. The 2010B-2 Subseries consist of one Term Bond due February 1, 2030 at an interest rate of 8.91%. *(The Federal Subsidy Payment is reduced by 7.2% due to automatic federal deficit reduction spending cuts known as "sequestration" which took effect on March 1, 2013. Sequestration affects certain federally funded programs, including the Federal Subsidy Payments payable to the Authority with respect to the Series 2010B.)*

**Series 2010:**

On December 8, 2010, the Authority issued \$332,225,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2010 for the purpose of refunding the \$200,000,000 of 2008H-1 and \$120,000,000 of 2008L-1 bonds which had a mandatory tender of January 1, 2011. Interest is payable January 1 and July 1, commencing July 1, 2011. These bonds were issued as three Term Bonds due January 1, 2034, January 1, 2038 and January 1, 2043. All three term bonds have an interest rate of 6.00%.

The refunding resulted in a decrease of \$562,190,215 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2010 Revenue Refunding Bonds of (\$861,951) was deferred and is being amortized over the stated term of the Series 2008L-1 Bonds. Amortization of the deferred outflow in resources on the refunding was \$35,023 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$719,622).

**Series 2011A:**

On July 7, 2011, the Authority issued \$100,000,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2011A for the purpose of refunding the \$100,000,000 of 2008J. The 2008J bonds were a direct placement with Bank of America and had a Bank Mandatory Tender date of November 1, 2011.

The 2011A bonds were issued in variable rate mode, with interest payable on the first Business Day of each month, commencing August 1, 2011, and interest rates are reset weekly. The remarketing agent is Morgan Stanley Bank, N.A. The stated maturity for this bond is January 1, 2050.

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On April 9, 2014, the Authority converted the bonds from a variable rate mode to a SIFMA Index floating rate mode. The interest rate is reset weekly at SIFMA plus 80 basis points. The initial placement agent was Royal Bank of Canada and Loop Capital Markets.

The aggregate difference in debt service between the refunding bonds and the refunded bonds is immeasurable due to the fact that both series were issued in a variable rate mode. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2011A Revenue Refunding Bonds of (\$452,540) was deferred and is being amortized over the stated term of the Series 2008J Bonds. Amortization of the deferred outflow in resources on the refunding was \$28,552 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$351,484).

**Series 2011B:**

On November 29, 2011, the Authority issued \$268,625,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2011B for the purpose of refunding \$43,345,000 of Series 1997A Bonds; refunding \$51,290,000 of Series 1998 Bonds; and refunding \$175,000,000 of Series 2008E-2 Bonds. The 1997A and 1998 Bonds were refunded for economic savings. The 2008E-2 Bonds had a mandatory tender date of January 1, 2012. Interest is payable January 1 and July 1, commencing January 1, 2012. These bonds were issued as serial bonds maturing January 1, 2019 through January 1, 2026 and one Term Bonds due January 1, 2038. The bonds have an interest rate of 5.00%.

The refunding resulted in a decrease of \$45,413,311 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2011B Revenue Refunding Bonds of \$400,780 was deferred and is being amortized over the stated term of the Series 1997A Bonds. Amortization of the deferred inflow in resources on the refunding was (\$50,911) for the year ended December 31, 2014. The deferred inflow in resources ending balance for the year ended December 31, 2014 was \$243,523.

The 1997A Bonds previously refunded the 1989 and 1994 Bonds and the difference between the reacquisition price and the net carrying amount of the Bonds refunded by the 1997A Bonds was deferred and was being amortized over the term of the 1997A Bonds. The remaining deferred amount from the 1989 and 1994 Bonds refunding will be combined with the amounts deferred from the 2011B Revenue Refunding and amortized over the original life of the 1997A Bonds, which had the shortest remaining term. Amortization of the deferred outflow in resources on the prior refunding was \$167,983 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$635,543).

**Series 2012A:**

On June 6, 2012, the Authority issued \$25,930,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012A, for the purpose of refunding \$26,855,000 of the Series 1998 Bonds for economic savings. Interest is payable January 1 and July 1 of each year, commencing January 1, 2014. These bonds were issued as serial bonds maturing January 1, 2027 through January 1, 2029. The bonds have interest rates between 3.75% and 5.00%

The refunding resulted in a decrease of \$2,859,265 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2012A Revenue Refunding Bonds of (\$501,766) was deferred and is being amortized over the stated term of the Series 1998 Bonds. Amortization of the deferred outflow in resources on the refunding was \$32,189 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$419,594).

**Series 2012B:**

On October 4, 2012, the Authority issued \$383,625,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012B, for the purpose of refunding \$189,210,000 of Series 2003A Bonds and refunding \$209,040,000 of Series 2008H-2 Bonds. The 2003A Bonds were refunded for economic savings. The 2008H-2 Bonds had a mandatory tender date of January 1, 2013. Interest is payable January 1 and July 1 of each year, commencing January 1, 2013. These bonds were issued as serial bonds maturing January 1, 2021 through January 1, 2034 and three Term Bonds due January 1, 2036, January 1, 2042 and January 1, 2052. The bonds have an interest rate between 5.00% and 5.25%.

The refunding of this portion of the Series 2003A resulted in a decrease of \$19,163,860 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the

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net carrying amount of the 2003A Bonds refunded by 2012B Revenue Refunding Bonds of \$150,689 was deferred and is being amortized over the stated term of the Series 2003A Bonds. Amortization of the deferred inflow in resources on the refunding was (\$8,354) for the year ended December 31, 2014. The deferred inflow in resources ending balance for the year ended December 31, 2014 was \$131,962.

The refunding of the Series 2008H-2 resulted in a decrease of \$71,672,879 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008H-2 Bonds refunded by 2012B Revenue Refunding Bonds of \$1,272,414 was deferred and is being amortized over the stated term of the Series 2008H-2 Bonds. Amortization of the deferred inflow in resources on the refunding was (\$70,541) for the year ended December 31, 2014. The deferred inflow in resources ending balance for the year ended December 31, 2014 was \$1,114,286.

**Series 2012C:**

On November 1, 2012, the Authority issued \$101,775,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012C, for the purpose of refunding \$100,000,000 of Series 2008L-2 Bonds which had a mandatory tender date of January 1, 2014. The 2012C Bonds have an initial interest rate of 1.95% payable January 1 and July 1 of each year, commencing January 1, 2014. These bonds are subject to a mandatory tender on January 1, 2019. On the Mandatory Tender Date, the bonds will be subject to mandatory tender for purchase. The Authority has agreed that the Bonds will be remarketed at the first date on or after the Mandatory Tender date at which they can be sold in any interest rate mode and at a rate not exceeding 10.00% per annum. In the event that they cannot be remarketed and purchased on the Mandatory Tender Date, the mandatory tender will be deemed to have been rescinded and the Series 2012C Bonds will bear interest at the rate of 10% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing.

The refunding of the Series 2008L-2 resulted in a decrease of \$21,349,156 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the Bonds refunded by 2012C Revenue Refunding Bonds of (\$1,569,618) was deferred and is being amortized over the stated term of the Series 2008L-2 Bonds. Amortization of the deferred outflow in resources on the refunding was \$69,103 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$1,419,894).

**Series 2012D:**

On November 1, 2012, the Authority issued \$32,815,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2012D, for the purpose of refunding \$35,790,000 of Series 2003A Bonds. These bonds were issued as a Term Bond due January 1, 2038. The bonds have an interest rate of 5.00% payable January 1 and July 1 of each year, commencing January 1, 2013.

The refunding of this portion of the Series 2003A resulted in a decrease of \$6,646,042 in the aggregate debt service between the refunding debt and the refunded debt. The difference between the reacquisition price and the net carrying amount of the 2003A Bonds refunded by 2012D Revenue Refunding Bonds of (\$122,121) was deferred and is being amortized over the stated term of the Series 2003A Bonds. Amortization of the deferred outflow in resources on the refunding was \$4,949 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$111,399).

**Series 2014A:**

On November 20, 2014, the Authority issued \$310,415,000 of North Texas Tollway Authority First Tier Revenue Refunding Bonds, Series 2014A, for the purpose of refunding \$313,880,000 of Series 2008A Bonds. The Series 2014A Bonds were issued as serial bonds maturing on January 1, 2020 through January 1, 2025. The bonds have an interest rate of 5.00%.

The refunding of this portion of the Series 2008A resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008A Bonds refunded by 2014A Revenue Refunding Bonds of (\$40,871,959) was deferred and is being amortized over the stated term of the Series 2008A Bonds. Amortization of the deferred outflow in resources on the refunding was \$586,210 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$40,285,749).

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**Series 2014B:**

On November 20, 2014, the Authority issued \$146,420,000 of North Texas Tollway Authority Second Tier Revenue Refunding Bonds, Series 2014B, for the purpose of refunding \$143,540,000 of Series 2008F Bonds. The Series 2014B Bonds were issued as serial bonds maturing on January 1, 2029 through January 1, 2031. The bonds have an interest rate of 5.00%.

The refunding of this portion of the Series 2008F resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008A Bonds refunded by 2014A Revenue Refunding Bonds of (\$7,426,971) was deferred and is being amortized over the stated term of the Series 2008F Bonds. Amortization of the deferred outflow in resources on the refunding was \$33,680 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$7,393,291).

**Series 2014C:**

On December 18 2014, the Authority issued \$223,895,000 of North Texas Tollway Authority First Tier Variable Rate Revenue Refunding Bonds, Series 2014C, for the purpose of refunding \$210,255,000 of the Series 2008E-3 Bonds. The Series 2014C Bonds were issued as a term bond due January 1, 2038. The bonds are SIFMA Index Floating Rate bonds. The interest rate is reset weekly at SIFMA plus 67 basis points. The initial placement agents were Morgan Stanley and Loop Capital Markets.

The refunding of this portion of the Series 2008E-3 resulted in a decrease in the aggregate debt service between the refunding debt and refunded debt. The difference between the reacquisition price and the net carrying amount of the 2008E-3 Bonds refunded by 2014C Revenue Refunding Bonds of (\$5,331,965) was deferred and is being amortized over the stated term of the Series 2008F Bonds. Amortization of the deferred outflow in resources on the refunding was \$8,764 for the year ended December 31, 2014. The deferred outflow in resources ending balance for the year ended December 31, 2014 was (\$5,323,201).

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The following schedule summarizes the revenue bonds outstanding as of December 31, 2014:

Description of Issue	Beginning Balance	Additions	Matured or Retired	Ending Balance	Due within one year
Series '05C	\$ 178,310,000	\$ -	\$ -	\$ 178,310,000	\$ -
Series '08A	1,733,205,000	-	(313,880,000)	1,419,325,000	965,000
Series '08B	226,930,000	-	-	226,930,000	-
Series '08D	560,239,884	33,478,298	-	593,718,182	-
Series '08E	215,000,000	-	(215,000,000)	-	-
Series '08F	1,000,000,000	-	(143,540,000)	856,460,000	-
Series '08I	277,394,359	17,770,641	-	295,165,000	-
Series '08K	205,000,000	-	-	205,000,000	-
Series '09A	373,425,000	-	-	373,425,000	-
Series '09B	825,000,000	-	-	825,000,000	-
Series '09C	170,730,000	-	-	170,730,000	-
Series '09D	178,400,000	-	-	178,400,000	-
Series '10A	90,000,000	-	-	90,000,000	-
Series '10B	310,000,000	-	-	310,000,000	-
Series '10	332,225,000	-	-	332,225,000	-
Series '11A	100,000,000	-	-	100,000,000	-
Series '11B	268,625,000	-	-	268,625,000	-
Series '12A	25,930,000	-	-	25,930,000	-
Series '12B	383,625,000	-	-	383,625,000	-
Series '12C	101,775,000	-	-	101,775,000	-
Series '12D	32,815,000	-	-	32,815,000	-
Series '14A	-	310,415,000	-	310,415,000	-
Series '14B	-	146,420,000	-	146,420,000	-
Series '14C	-	223,895,000	-	223,895,000	-
	<u>7,588,629,243</u>	<u>731,978,939</u>	<u>(672,420,000)</u>	<u>7,648,188,182</u>	<u>965,000</u>
Less:					
Bond discount (premium)	15,787,159	(54,159,025)	4,343,842	(34,028,024)	-
<b>Totals</b>	<b>\$ 7,572,842,084</b>	<b>\$ 786,137,964</b>	<b>\$ (676,763,842)</b>	<b>\$ 7,682,216,206</b>	<b>\$ 965,000</b>

**Amortization of Premium/Discounts**

Expenses related to the issuance of the bonds and other loans are being amortized using the bonds outstanding method that factors in the maturities of the various serial bonds, over the term of the bonds and loan. The unamortized discount (premium) costs for the year ended on December 31, 2014 was \$(34,028,024).

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The revenue bond debt service requirements below are prepared as of December 31, 2014:

Year	Total Revenue Bonds		BAB Subsidy *	Total
	Principal amount	Interest amount		
Due January 1				
2015	\$ 965,000	387,992,249	(26,862,676)	\$ 362,094,573
2016	1,370,000	396,499,174	(27,007,566)	370,861,608
2017	22,150,000	396,372,698	(27,007,566)	391,515,132
2018	25,525,000	395,931,392	(27,007,566)	394,448,826
2019	74,960,000	395,704,349	(27,007,566)	443,656,783
2020 - 2024	717,530,000	1,909,858,132	(134,206,118)	2,493,182,014
2025 - 2029	1,171,531,254	1,626,950,323	(113,918,217)	2,684,563,360
2030 - 2034	1,317,995,715	1,301,849,787	(91,126,491)	2,528,719,011
2035 - 2039	1,681,132,427	923,899,638	(90,395,729)	2,514,636,336
2040 - 2044	1,397,518,365	484,003,423	(70,887,837)	1,810,633,951
2045 - 2049	895,625,000	146,139,413	(25,853,891)	1,015,910,522
2050 - 2053	53,000,000	1,041,250	-	54,041,250
Interest Accretion	288,885,422	(288,885,422)		
	<u>\$ 7,648,188,182</u>	<u>\$ 8,077,356,407</u>	<u>\$ (661,281,223)</u>	<u>\$ 15,064,263,366</u>

\* Note: Due to sequestration, BAB'S Subsidy is reduced by 7.3% in FY 2015 and 6.8% in FY 2016 and forward.

The Interest and Sinking and Reserve Accounts required by the Trust Agreement have been established with the Trustee. The balances as of December 31, 2014 were:

	Cash and Investment Balance	Trust Requirement
Bond Interest account*	\$ 178,302,457	\$ 163,525,145
Debt service reserve account**	410,709,022	406,279,206
Redemption account***	1,676	965,000.00
Total	<u>\$ 589,013,155</u>	<u>\$ 570,769,351</u>

(\*) The Trustee transferred funds from Escrow Accounts; (\$9,416,400 from #398 and \$4,395,912.50 from #399) to Bond Interest Account in error.

(\*\*) The Debt Service Reserve account per the trust agreement is not valued at market price but amortized value. The amortized value at 12/31/2014 was \$411,990,025.

(\*\*\*) The principal payment in the amount of \$965,000 was transferred to the Bond Interest Account instead of the Redemption Account in error. The Bond Redemption Account had interest earnings from the prior year in the amount of \$1,676.

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**SWAP Transactions**

**History.** Pursuant to the ISDA Master Agreements dated and effective as of August 20, 2004 (the "2004 ISDA Master Agreements") and the schedules, annexes there to, the North Texas Tollway Authority (the "Authority" entered into multiple interest rate swap transactions in the cumulative notional amount of \$202,720,000 with Citibank N.A., New York, Bear Stearns Financial Products Inc. and Lehman Brothers Special Financing Inc. (the "Swap Providers") The 2004 Swap Transactions were executed in connection with the then proposed refunding of a portion of the Dallas North Tollway System Revenue Bonds, Series 1995 (the "Series 1995 Bonds") and the issuance of the Variable Rate Revenue Bonds, Series 2005C (the "Series 2005C Bonds"), (the "2004 Swap Transactions").

Pursuant to the 2004 ISDA Master Agreements and concurrent with the issuance of the Series 2005C Bonds in December 2005, the Authority and the Swap Providers also entered into multiple interest rate swap transactions in the collective nominal amount of \$138,950,000, effective as of December 15, 2005, relating to the portion of the Series 2005C Bonds issued to refund the remaining Series 1995 Bonds (the "2005 Swap Transactions" and together with the 2004 Swap Transactions, the "Swap Transactions").

In September 2008 Lehman Brothers declared bankruptcy and their portion of the Swap Transactions were terminated. On October 1, 2008, a swap termination payment of \$4,511,011 was made by the Authority.

After the collapse of Bear Stearns on May 15, 2009, JPMorgan Chase Bank N.A. acquired some of the assets of Bear Stearns and some derivative transactions, including transactions with the Authority, were transferred from Bear Stearns Financial Products to JPMorgan Chase Bank N.A.

On August 14, 2009, \$5,375,000 for the 2004 Swap Transaction and \$706,700 for the 2005 Swap Transaction was paid to the Swap Providers to terminate a portion of each respective swap. Currently, the notional amount for the 2004 Swap Transaction and the 2005 Swap Transaction is \$84,060,000 and \$94,230,000 respectively. The Swap Providers are currently Citibank N.A. and JPMorgan Chase Bank N.A.

On September 1, 2009, the Series 2005C bonds were converted to fixed rate bonds. The outstanding Swap Transactions remain *legally* tied to the Series 2005C Bonds, which have been remarketed to fixed rate. However, the Authority recognized the need for the Swap Transactions to be *economically* tied to variable rate bonds so that the Swap Transactions could function properly and generate a reasonable synthetic fixed rate. To that end, the Authority negotiated a letter of credit with JPMorgan, and issued \$178,400,000 Series 2009D variable rate bonds on November 5, 2009.

**Objective of the interest rate swap**

The intention of the Swap Transactions was to produce an overall fixed rate cost of funds related to refunding of the Series 1995 Bonds. The Swap Transactions were structured to: lock in low rates; minimize the negative arbitrage in escrow; achieve higher present value savings than traditional fixed rate bond alternatives; and increase future debt capacity. Total present value savings from these transactions was originally estimated at \$41.8 million.

**Terms – 2004 Swap Transactions**

Under the 2004 Swap Transactions, the Authority is obligated to make payments to the Swap Providers calculated at a fixed rate of 3.673% per annum and the Swap Providers are obligated to make floating rate payments to the Authority calculated at a rate equal to 67% of the one-month London Interbank Offered Rate ("LIBOR") for U.S. deposits. The 2004 Swap Transactions have a stated final maturity date of January 1, 2023.

**Terms – 2005 Swap Transactions**

Under the 2005 Swap Transactions, the Authority is obligated to make payments to the Swap Providers calculated at a fixed rate of 3.533% per annum and the Swap Providers are obligated to make floating rate payments to the Authority calculated at a rate equal to 67% of the one-month LIBOR for U.S. deposits. The Series 2005C Bonds and the 2005 Swap Transactions have a stated final maturity date of January 1, 2025.

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As of December 31, 2014, rates were as follows: (see example in table below)

Interest rate swap:	Terms	2004 Swap Rates December 31, 2014	2005 Swap Rates December 31, 2014
Fixed payment to counterparties	Fixed	3.673%	3.533%
Minus Variable payment from counterparties	67% of 1-Month LIBOR	0.109%	0.109%
Net interest rate swap payments		3.564%	3.424%
Plus 2009D Variable-rate bond coupon payments	Avg. Coupon + 100 bps*	1.080%	1.080%
Synthetic interest rate on bonds including LOC & Remarketing		4.644%	4.504%

\*90bps LOC fee & 10bps remarketing fee

**Period Ended December 31, 2014**

Derivative Instrument	Hedge Type	Effectiveness Test Method	Result	Classification	Amount
Combined 2004 Swaps	Cash flow hedges	Regression Analysis	Effective	Deferred Outflow	\$ (13,457,468)
Combined 2005 Swaps	Cash flow hedges	Regression Analysis	Effective	Deferred Outflow	\$ (18,296,782)

**Fair value.** As of December 31, 2014, the 2004 Swap Transactions had a negative fair value of \$13,457,468 and the 2005 Swap Transactions had a negative fair value of \$18,296,782. The negative fair value signifies the amount that the Authority would owe to the Swap Providers upon the termination of all the Swap Transactions as of that date. The fair values were calculated using **FAIRVALUE ADVISOR**, First Southwest's online swap valuation system. First Southwest is an independent third party provider of swap valuations.

**Credit risk.** As of December 31, 2014 the Authority was not exposed to counterparty credit risk because the Swap Transactions had a negative fair value. However, should interest rates change and the fair value of the Swap Transactions become positive, the Authority would be exposed to credit risk in the amount of the fair value of the Swap Transactions.

If the Swap Providers' credit rating is reduced below A2 by Moody's or A by S&P, in the case of Citibank N.A., New York, or Aa3 by Moody's or AA- by S&P in the case of JPMorgan Chase Bank N.A., the provider is required to post collateral to the Authority's credit.

As of December 31, 2014, the Swap Providers' respective ratings by Moody's Investors Service ("Moody's") and by Standard and Poor's Corporation ("S&P") are as follows: Citibank N.A., New York A2/A and JPMorgan Chase Bank N.A. Aa3/A+. Each party's portion of the 2004 Forward Swap and 2005 Current Swap agreement is 2/3 & 1/3 and 1/3 & 2/3 respectively.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Authority's hedging instruments or their cash flows. The Authority is exposed to interest rate risk on its derivatives.

The underlying Bonds (Series 2009D) are issued as a callable CP product and have variable rate coupon payments which are reset with each remarketing. The Swap Payments paid to the Authority by the Swap Providers are also variable, tied to 67% of one month Libor.

A decrease in Libor rates would increase the net swap payments for the Authority but it might be offset by a likely decrease in the variable coupon rate and a lower corresponding coupon payment.

Any increase in the variable coupon rate would increase the corresponding coupon payment, but it might be offset by a likely increase in Libor rates and a lower corresponding net swap payment.

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**Rollover Risk.** Rollover risk is the risk that a hedging instrument associated with hedgeable item does not extend to the maturity of that hedgeable item. The Authority is not exposed to rollover risks because the hedging derivative instruments associated with the hedgeable debt items extend beyond the maturity of the hedgeable debt items.

**Basis risk.** The Authority is exposed to basis risk under the swap agreements as the variable rate received from the counterparties will not perfectly match the rate paid on the bonds and the expected cost savings may not be realized.

**Collateral risk.** On September 30, 2008 MBIA and FGIC completed a reinsurance transaction related to the insurance on the Swap Transactions. The Swap Transactions are now insured by MBIA. The Authority is not required to post collateral on the portion of the Swap Transactions that are counterparty to Citibank. With regard to the portion of the Swap Transactions that are counterparty to JPMorgan, the Authority may be required to post collateral, if MBIA is rated below "A-" by S&P or "A3" by Moody's. If MBIA is rated below "A-" by S&P or "A3" by Moody's and the Authority is downgraded to below A3 by Moody's or A- by S&P, the Authority may be required to post collateral in an amount equal to the swap termination amount owed by the Authority to JPMorgan less the \$5,000,000 threshold amount. If MBIA is rated below "A-" by S&P or "A3" by Moody's and the Authority is downgraded to below Baa1 by Moody's or BBB+ by S&P, the Authority will be obligated to post collateral in an amount equal to the swap termination amount owed by the Authority to JPMorgan. MBIA's rating is below the referenced levels, but the Authority has maintained its ratings above the referenced levels and no collateral is currently required to be posted. As of December 31, 2014, the Authority was rated A2 by Moody's and A- by S&P.

**Market Access Risk.** The Authority is not directly exposed to market access risk on the swaps. It is, however, indirectly exposed to market access risk through the underlying bond issue (Series 2009D) to which the swaps are economically tied. The 2009D bonds are variable rate obligations that are backed by a letter of credit. Letters of credit typically have a two or three year term, and at the end of the initial term the Authority might need to refinance the debt or secure a new letter of credit. The risk is that the Authority may not be able to access the markets to obtain a new letter of credit.

**Foreign Currency Risk.** The Authority is not exposed to Foreign Currency Risk as both the fixed and variable payment portion are in the same currency. (US Dollars)

**Counterparty Risk.** Counterparty risk exists if the counterparty cannot make future payments or cannot make a termination payment due to NTTA. Risk is reduced by ISDA (International Swaps and Derivatives Association) contract terms addressing collateral limits and credit ratings. Additionally, selection of more than one highly-rated counterparty diversifies risk.

**Termination risk.** Termination risk exists if: (i) the Authority opts to terminate the Swap Transactions prior to maturity and the Swap Providers do not have sufficient funds to pay the Authority, (ii) the Authority is downgraded to below A3 by Moody's or A- by S&P and the Authority is unable to post sufficient collateral; or (iii) the Authority's credit rating is reduced below investment grade by Moody's or S&P. If upon termination, the swap has a negative fair value, then the Authority would be liable to the Swap Providers for a payment equal to the Swap's fair value.

The Swap Transactions are subject to optional termination by the Authority at any time over the term of the Swap Transactions at the then prevailing market value. The Swap Providers do not have the elective right to optionally terminate the Swap Transactions. Each of the swap agreements may be terminated by the respective counterparty if the Authority does not maintain a credit rating of least Baa3 by Moody's or BBB- by S&P. The Authority's current ratings are A2 by Moody's and A- by S&P.

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**Swap payments and associated debt.** Using rates as of December 31, 2014, debt service requirements of the variable-rate and net swap payments, assuming current interest rates remain the same for the term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

2009D Bonds Associated with Swaps			
Fiscal Year	Principal amount	Interest amount*	Total
2015	\$ -	\$ 8,025,020	\$ 8,025,020
2016	-	8,047,006	8,047,006
2017	-	8,025,020	8,025,020
2018	-	8,025,020	8,025,020
2019	-	7,887,090	7,887,090
2020	-	7,763,040	7,763,040
2021	-	7,430,494	7,430,494
2022	-	7,098,065	7,098,065
2023	-	6,776,201	6,776,201
2024	-	6,448,669	6,448,669
2025	-	6,065,600	6,065,600
2026	-	6,065,600	6,065,600
2027	-	6,065,600	6,065,600
2028	-	6,082,218	6,082,218
2029	-	6,065,600	6,065,600
2030	-	6,065,600	6,065,600
2031	-	6,065,600	6,065,600
2032	-	6,082,218	6,082,218
2033	-	6,065,600	6,065,600
2034	-	6,065,600	6,065,600
2035	-	6,065,600	6,065,600
2036	-	6,082,218	6,082,218
2037	-	6,065,600	6,065,600
2038	-	6,065,600	6,065,600
2039	-	6,065,600	6,065,600
2040	-	6,082,218	6,082,218
2041	-	6,065,600	6,065,600
2042	-	6,065,600	6,065,600
2043	-	6,065,600	6,065,600
2044	32,000,000	6,082,218	38,082,218
2045	33,800,000	4,977,600	38,777,600
2046	35,600,000	3,828,400	39,428,400
2047	37,500,000	2,618,000	40,118,000
2048	39,500,000	1,346,679	40,846,679
<b>TOTAL</b>	<b>\$ 178,400,000</b>	<b>\$ 209,691,394</b>	<b>\$ 388,091,394</b>

\* Includes interest rates for both swap payments, plus the assumed variable rate amount.

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**Commercial Paper**

On April 18, 2001, the Authority's Board of Directors authorized the \$200,000,000 Dallas North Tollway Authority Tax-Exempt Commercial Paper program. The commercial paper issued must mature not more than 270 days from date of issue. The Authority may retire commercial paper at any time.

Commercial paper notes are supported by a letter of credit agreement with Bank of America Merrill Lynch in excess of \$200,000,000 and constitute a Second Tier obligation under the Amended and Restated Trust Agreement. Any advances for payments of commercial paper under the letter of credit are secured by a Second Tier lien on Authority revenues. No such advances have occurred. The credit agreement was scheduled to expire on December, 16, 2013. On December 16, 2013 the Authority renewed the letter of credit agreement with Bank of America Merrill Lynch. The letter of credit will now expire on December 16, 2016.

Commercial Paper may be issued to provide interim financing for new projects and other capital improvements and to finance equipment purchases for projects of the Authority. As of December 31, 2014, there was no Commercial Paper outstanding.

**Loans Payable**

Additionally, the Authority funded, in part, costs of the construction of the PGBT with proceeds from a loan, which totaled \$135,000,000, made by TxDOT in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Interest at the rate of 4.2% began to accrue on October 1, 2000, compounding annually on January 1, with the first payment made in October 2004, and annual payments on January 1 thereafter until final payment in 2029, which resulted in a new loan amount at October 1, 2004 of \$154,338,133. Repayment of the loan to TxDOT is to be made from amounts on deposit in the Capital Improvement Fund with payments subordinate to bonds or other obligations of the Authority issued or entered into and secured by the tolls and revenues of the Authority. The ISTEA loan payment of \$8,000,000 was made on December 31, 2014 for the fiscal year of 2014. The loan payable was \$133,784,783 as of December 31, 2014.

Debt service requirements on the TxDOT ISTEA loan payable subsequent to December 31, 2014 are as follows:

Fiscal years	TxDOT ISTEA Loan payable	
	Principal	Interest
2015 (*)	\$ 2,381,039	\$ 5,618,961
2016	2,481,043	5,518,957
2017	3,585,247	5,414,753
2018	5,235,827	5,264,173
2019	52,270,602	21,268,983
2020 - 2024	67,831,025	8,780,957
2025 - 2029		
Total principal and interest	\$ 133,784,783	\$ 51,866,784

(\*) ISTEA payment for 1/1/2015 was made in December 2014.

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**(6) Employees' Retirement Plan**

As discussed in Note 1, effective September 1, 1997, the Authority, a regional tollway authority under Chapter 366, Transportation Code, became the successor agency to the Texas Turnpike Authority. In connection with this transition, the Authority changed from being a participant in the plans administered by the Employees Retirement System of Texas (ERS), which are considered single employer defined benefit pension plans, to being a participant in the Texas County and District Retirement System (TCDRS), which is a nonprofit public trust fund that provides pension, disability, and death benefits to eligible employees of the counties and districts that participate in TCDRS. Information related to the TCDRS, the Authority's 401(k) plan, and its refrain from participation in Social Security is included herein. A separate audited GAAP-basis pension plan report for ERS is available at [www.ers.state.tx.us/Publications/FinancialReports](http://www.ers.state.tx.us/Publications/FinancialReports).

**Texas County and District Retirement System**

TCDRS, an agent multiple-employer public employee retirement system, was established by legislative act in 1967 as a nontraditional, joint contributory, defined benefit plan. Individuals are required to become a TCDRS member at the time of their employment regardless of their age, unless the individual is ineligible for one of the reasons specified by the TCDRS (e.g., part time, temporary employee).

The governing body of the political subdivision determines the percentage of salary that both the individual and employer contribute toward retirement. The employee and employer contribution rate established was 6% and 8.27% of wages up to a maximum of \$260,000, respectively, at December 31, 2014.

Once an individual reaches vested status, he or she may end employment with a TCDRS subdivision and retain his or her right to future benefits as long as the individual does not die or withdraw personal contributions. Once a vested employee has satisfied both the service and age requirements for retirement, he or she is considered retirement eligible. Employees are eligible to receive lifetime monthly pension payments following the termination of their employment if the individual has 10 or more years of service credit at age 60 or older or the individual has 30 or more years of service credit at any age.

An individual is also eligible to receive lifetime monthly pension payments after his or her termination of employment if his or her political subdivision has authorized, and the individual has satisfied 10 years of service credit at age 60 or older or the individual's combined age and total service is 75 years or more.

If an individual is eligible for service or disability retirement pension payments, the amount of the lifetime monthly pension to be received after retirement is determined by dividing the total dollars of accumulated retirement credit earned at retirement by the appropriate annuity purchase rate used to convert dollars of retirement credit to a lifetime monthly pension payment.

If an individual has at least ten years of service credit and becomes disabled for any reason, the individual may be approved for disability retirement benefits if the TCDRS Medical Board finds that the individual is mentally or physically incapacitated for any gainful occupation and the incapacity is considered permanent.

Total pension expense allocated to the System by the Authority for the year ended December 31, 2014, was \$3,206,279 based on a covered payroll of \$40,555,664. The Authority made the actuarially required contribution. Employee contributions to the plan for the year ended December 31, 2014 were \$2,328,608.

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A separate audited GAAP-basis pension plan report for TCDRS is available at [www.tcdrs.org/docs](http://www.tcdrs.org/docs).

**Actuarial valuation information (unaudited)**

Actuarial valuation date	December 31, 2011	December 31, 2012	December 31, 2013
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level % of payroll, closed	Level % of payroll, closed	Level % of payroll, closed
Amortization period	30.0	30.0	30.0
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 5-yr smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return**	8.0%	8.0%	8.0%
Projected salary increases**	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

\*\*Includes inflation at the stated rate.

Source reference: Texas County and District Retirement System (GASB Compliance Data) For Employer's Accounting Year ending in 2014

**Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the plan was 103.80% funded. The actuarial accrued liability for benefits was \$64,758,265, and the actuarial value of assets was \$67,217,393, resulting in an overfunded actuarial accrued liability (OAL) of \$(2,459,128). The covered payroll (annual payroll of active employees covered by the plan) was \$36,917,119, and the ratio of the OAL to the covered payroll was (6.66) %.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Trend information for the retirement plan for the employees of the Authority**

<u>Accounting year ended</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net Pension obligation</u>
December 31, 2012	\$ 2,112,085	100%	\$ -
December 31, 2013	\$ 2,221,728	100%	\$ -
December 31, 2014	\$ 2,328,608	100%	\$ -

**401(k) Plan**

As a state agency of the State of Texas, the Texas Turnpike Authority was a participating employer in the State of Texas TexaSaver 401(k) Profit Sharing Plan sponsored by the Employees Retirement System of Texas. The Texas Turnpike Authority, as a state agency, was permitted to participate in the Employees Retirement System of Texas under Section 812.003 of the Texas Government Code.

Because the Act established the Authority as a political subdivision of the State of Texas instead of a state agency, it is no longer eligible to participate in the TexaSaver 401(k) Plan maintained by the Employees Retirement Authority of Texas. As a successor of the Texas Turnpike Authority, however, the Authority is eligible under current IRS rules and regulations to adopt the North Texas Tollway Authority 401(k) Plan as a successor qualified cash or deferred arrangement to the TexaSaver 401(k) Plan.

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Prior to 1986, the IRC of 1986 permitted state or local governments and tax-exempt organizations to maintain qualified cash or deferred arrangement. The Tax Reform Act (TRA) of 1986 amended IRC to provide that a cash or deferred arrangement shall not be treated as a "qualified cash or deferred arrangement" if it is part of a retirement plan maintained by a governmental unit. However, TRA 1986 provides specific exception for cash or deferred arrangements adopted by a governmental unit prior to 1986 "Grandfather Employer". The Authority, a government entity is eligible to adopt the 401(k) plan because it is a successor entity to the Texas Turnpike Authority, a Grandfathered Employer, and is adopting a cash or deferred arrangement substantially similar to the Texas Turnpike Authority's cash or deferred arrangement.

Effective September 1, 1997, each Authority employee became eligible to participate in the North Texas Tollway Authority 401(k) plan, a defined contribution plan. The plan requires that each employee be required to make a mandatory employee contribution, deposited by the Authority towards the cost of the 401(k) plan, in an amount equal to 4% of total wages. All mandatory employee contributions to the 401(k) plan for payroll periods following September 1, 1997 shall be made on a pretax basis, provided they are subject to the Hospital Insurance portion of the Federal Insurance Contributions Act and the Federal Unemployment Tax Act and the withholding of those Acts. Employee contributions and plan earnings are vested at all times and a terminating employee shall be paid all mandatory contributions and plan earnings pursuant to the plan's terms. The Authority is authorized to make discretionary employer matching contributions in such amounts as may be determined by the board, and Authority employees are vested in employer contributions at 100% after five years services. Former Texas Turnpike Authority employees employed by the Authority on or before October 31, 1997 shall receive past service credit for service with the Texas Turnpike Authority for purposes of determining the vested percentage and the Authority's Board of Directors is allowed to further amend or terminate the plan at any time.

Total 401(k) contributions allocated to the System by the Authority for the year ended December 31, 2014 were \$1,317,756 based on a covered payroll of \$37,955,418.

**Social Security**

Effective September 1, 1997, the Authority elected to refrain from participation in Social Security and instead participated in both the TCDRS and the Authority 401(k) plan. The Authority requires mandatory employee participation in both of these plans.

**(7) Risk Management**

The Texas Municipal League (TML) Intergovernmental Risk Pool insures the Authority for workers' compensation. The Authority purchases insurance policies for all major areas of operation including buildings and contents, bridges, general liability, commercial umbrella, crime, directors and officers liability, and boiler and machinery coverage. There have not been any settlements exceeding insurance coverage in the years 2006-2014. There has not been any significant reduction of coverage.

The Authority self-insures health benefits utilizing a third-party benefit administrator. The Authority pays claims based on actual claims reported. Funds are available to pay claims and administrative costs associated with the program. Reserves for these liabilities are included in current liabilities in the Statement of Net Position.

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current-year claims and changes in estimates</u>	<u>Claim payments</u>	<u>Balance at End of Fiscal Year</u>
2013	\$ 687,710	\$ 9,428,924	\$ 9,405,514	\$ 711,120
2014	\$ 711,120	\$ 10,246,833	\$ 10,081,288	\$ 876,665

**(8) Other Post-Employment Benefits**

Plan Descriptions – The Authority provides post-employment defined benefit health care to all eligible retired employees through contributions to either the Employee Retirement System of Texas (ERS) Group Benefit Program (GBP) or the Authority's Health Benefits plan.

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**Employees Retirement System of Texas Group Benefit Program**

The Authority contributes to the Employees Retirement System of Texas Group Benefits Program, a cost sharing multiple employer defined benefit OPEB plan. GBP provides health benefits to eligible retired employees of participating entities.

Chapter 1551, Texas Insurance Code assigns authority to establish and amend benefit provisions to the ERS Board Trustees. The ERS issues a publically available GASB Statement 43 report. The report can be obtained from the ERS website.

**Funding Policy** – Chapter 1551, Texas Insurance Code provided that the contribution requirements under the GBP be established and amended by the ERS Board Trustees. Plan members receiving benefits and the Authority contribute \$537.7 per month for retiree only coverage, \$845.5 for retiree and spouse and \$1,051.68 for retiree and family.

Contribution rates are determined annually by the trustees based on recommendations of the ERS staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred and (i) the funds appropriated and (ii) the funding policy established by the Texas Legislature in connection with the benefits provided through GBP. The trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The Authority has 50 plan members receiving benefits from GBP. An additional 19 active employees have the option of retiring under the ERS GBP or the Authority's plan. The OPEB liability for these 19 employees is calculated under the Authority's plan. The Authority's contributions to the GBP for the fiscal years ended December 31, 2014, 2013 and 2012 was \$363,716, \$357,923 and \$332,669 respectively; which was 100% of the required contribution for those periods.

**Authority Plan Administered through PEBC**

The Authority's Benefits plan is affiliated with the Public Employees Benefits Cooperative (PEBC), an agent multiple-employer postemployment healthcare plan administrator.

The plan does not issue a publicly available report. There are currently 3 individuals receiving benefits and 6 employees fully eligible to receive benefits under the Authority's Benefits plan. No separate financial statements are issued for the Authority's plan.

**Funding Policy** – The contribution requirements under the Authority's Benefits plan for the plan members and the Authority are established and may be amended by the Board of Directors. Authority members receiving benefits contribute the following amounts annually depending on plan, age and coverage:

Plan	Under Age 65		Age 65 and Older	
<b>HDHP</b>	\$ 3,684	\$ 3,912	\$ -	\$ -
<b>PPO</b>	4,860	5,172	-	-
<b>PSS</b>	-	-	2,256	2,268
<b>PMA</b>	-	-	936	924

The required contribution is based on the projected pay-as-you-go financing requirements. For fiscal year 2014 expenses of \$38,562 were recognized for the post-employment health care premiums paid. This represents 56.0% of the total premiums.

**Annual OPEB Cost and Net OPEB Obligation** – The Authority's annual other postemployment benefit (OPEB) cost is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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The following table shows the elements of the Authority's OPEB cost for the year, the amount actually contributed on behalf of the Plan, and changes in the Authority's net OPEB obligation for the year ended December 31, 2014:

	2012	2013	2014
Annual Required Contribution	\$ 3,183,888	\$ 3,183,888	\$ 1,441,286
Interest on Net OPEB Obligation	267,066	359,098	771,163
Adjustment to Annual Required Contribution	511,663	421,410	(254,107)
Annual OPEB Cost (expense)	3,962,617	3,964,396	1,958,342
Payments Made	29,616	31,395	38,562
Increase in Net OPEB Obligation	3,933,001	3,933,001	1,919,780
Net OPEB Obligation - Beginning of Year	11,413,085	15,346,086	19,279,087
Net OPEB Obligation - End of Year	\$ 15,346,086	\$ 19,279,087	\$ 21,198,867

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended December 31, 2012-2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
12/31/2012	\$ 3,962,617	0.75%	\$ 15,346,086
12/31/2013	\$ 3,964,396	0.79%	\$ 19,279,087
12/31/2014	\$ 1,958,342	1.97%	\$ 21,198,867

**Funded Status and Funding Progress** – The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$10,774,597
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$10,774,597
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$36,917,119
UAAL as a percentage of covered payroll	29%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about and the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspectives of the calculations.

In the January 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 4.00% and an annual healthcare cost trend rate of 7.0% for 2014, 6.5% for 2015 reduced by decrements of .5% percent to an ultimate rate in 2018 of 5.0%. The actuarial assumptions include an investment rate of return at 4.00% and projected salary increases at 2.0%. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. At January 1, 2014 the remaining amortization period was 30 years.

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**(9) Disaggregation of Receivable Balances**

The unrestricted accounts receivable balance is \$52,375,730 and the restricted accounts receivable balance is \$4,440,260. The unrestricted balance consists of \$42,518,436 for billed video tolls (net of the allowance for doubtful accounts of \$103,114,398); \$9,857,294 for unbilled video tolls (net of the allowance for doubtful accounts of \$4,557,869) and the restricted balance of \$4,440,260 is due from Series 2009B and 2010B bond rebates. Additionally, there are unrecorded video toll transactions of \$22,079,790 (\*\*\*) (matched no current address) and \$14,057,663 (\*\*\*\*) of unmatched video toll transactions as of December 31, 2014.

Based upon the payment history for each 30 day bucket of aged toll receivables, an allowance is calculated for the expected percentage that will remain unpaid based upon these historical trends. The allowance for uncollectible receivables currently ranges from a minimum of 20% on invoices that are current (age of 0-30 days) to a maximum of 100% for invoices that have met the business rules for write-off with an overall average of 69.6% reserved for all invoices.

The System books as an account receivable the value of uninvoiced Zip Cash transactions that are categorized as "matched, current address," with an allowance for uncollectible receivables of 20%. These transactions will be invoiced on the customer's next monthly invoice as all business rules have been met. The allowance of 20% is a reduction from the 85% reserved for the years 2011-2013. The change reflects the high probability of revenue recognition and ultimately collection for these uninvoiced transactions that have met all business rules for invoicing. The Non-Major Enterprise Fund maintains an allowance of 85% for "matched, current address" uninvoiced transactions and 100% for all other uninvoiced transactions.

Recorded Video Toll Transactions	North Texas Tollway System	Non-Major Enterprise Fund	Total
Billed video tolls	\$ 143,171,428	\$ 2,461,406	\$145,632,834
Net of allowance for uncollectible	(102,146,536)	(967,862)	(103,114,398)
	<u>\$ 41,024,892</u>	<u>\$ 1,493,544</u>	<u>\$ 42,518,436</u>
Unbilled video tolls	\$ 12,144,491	* \$ 2,270,672	**** \$ 14,415,163
Net of allowance for uncollectible	(2,470,190)	(2,087,679)	(4,557,869)
	<u>\$ 9,674,301</u>	<u>\$ 182,993</u>	<u>\$ 9,857,294</u>
Unrecorded Video Toll Transactions:			
Matched no current address video toll transactions	\$ 22,079,790	** \$ -	**** \$ 22,079,790
Unmatched video toll transactions	\$ 14,057,663	*** \$ -	**** \$ 14,057,663

- (\*) Matched current address video toll transactions-ready to bill once the Authority's business rules are met.
- (\*\*) Matched no current address video toll transactions – Vehicle located in Texas Department of Motor Vehicle (DMV) database with no current address on file. (Example: Vehicle has been sold but the transfer of the title has not been updated in the DMV database)
- (\*\*\*) Unmatched video toll transactions– Unable to locate in DMV database, possibly due to temporary tags or out-of-state license plates.
- (\*\*\*\*) Balances do not include the Non-Major Enterprise Fund activity.

**(10) Commitments and Contingencies**

At the end of fiscal year 2014, there was \$1,030,420,658 in cash and investments with \$625,002,771 restricted for debt service, \$76,611,397 restricted for construction and \$328,806,490 available for operation. The System has \$2,270,884 in account and retainage payable that are comprised primarily of construction-related payables at December 31, 2014. Additionally the System has contract and purchase order commitments at December 31, 2014 aggregating \$4.2 million.

The Authority manages existing leases of the Gleneagles buildings. The building complex encompasses 163,380 square feet of which 72,765 is occupied by the Authority, 19,415 is leased, and 71,200 is vacant.

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The term of the lease for 19,415 sq. ft. was extended to June 30, 2020. The following represents minimum future rental income on a non-cancelable operating lease agreement:

2015	\$ 449,737
2016	449,737
2017	449,737
2018	449,737
2019	449,737
2020	449,737
Gleneagles Offices Complex	<u>\$2,698,422</u>

The Authority has an operating lease agreement for the rental of copy machines from January 1, 2011 expiring December 31, 2016. The following represents the required payments under the terms of the lease agreement:

2015	\$ 47,400
2016	47,400
Copy Machine (lease)	<u>\$ 94,800</u>

**(11) Subsequent Events**

On April 1, 2015, the Authority remarketed \$178,400,000 of North Texas Tollway Authority System First Tier Variable Rate Revenue Refunding Bonds, Series 2009D for the purpose of converting existing Series 2009D bonds to the weekly interest rate mode and substituting the Letter of Credit Provider. The bonds were remarketed and converted August 1, 2012 to a flexible interest rate mode. The Series 2009D bonds are backed by a Direct Pay Letter of Credit with Royal Bank of Canada that expires on April 1, 2020. The bonds mature on January 1, 2049.

On April 23, 2015, the Authority issued \$862,920,000 of North Texas Tollway Authority System Second Tier Revenue Refunding Bonds, Series 2015A for the purpose of (i) refunding the remainder of North Texas Tollway Authority System Second Tier Revenue Refunding Bonds, Series 2008F, (ii) funding a debt service reserve fund for the Bonds and (iii) paying costs of issuance of the Bonds. The Series 2015A Bonds mature on January 1, 2038.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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**Modified Approach - Infrastructure**

The Authority has elected to use the Modified Approach to account for maintenance of the Authority's infrastructure assets. As required by the Trust Agreement, an annual inspection of the Authority's roadways has occurred, conducted by the Authority's Maintenance Management Consultant, VRX Inc. This inspection provides an overall rating, indicating the average condition of all of the Authority's infrastructure assets (roadways, bridges, and facilities). The assessment of conditions is made by visual and mechanical tests designed to reveal any condition that would reduce user benefits below the maximum level of service. The Authority's goal is to maintain the Authority's infrastructure assets at a rating of 8 or better (1 to 10 scale), and has established a minimum level for GASB No. 34 purposes of a condition level of 6 or greater. These condition levels were adopted by the Board of Directors for the North Texas Tollway Authority (NTTA) by Resolution No. 02-31 on June 19, 2002 and further clarified by Resolution No. 07-169 on December 19, 2008. In accordance with GASB 34 the Capital Assessment and Inspection Report is due every three years. The last Capital Assessment and Inspection Report for the North Texas Tollway Authority was completed in 2014.

The infrastructure assets include the President George Bush Turnpike (PGBT) including the Eastern Extension, the Dallas North Tollway (DNT), the Addison Airport Toll Tunnel (AATT), the Mountain Creek Lake Bridge (MCLB), Sam Rayburn Tollway (SRT), Lewisville Lake Toll Bridge (LLTB), Main Lane Plazas, Ramp Plazas, maintenance shops, administration buildings, and IT lane equipment. The roadways are a major transportation network consisting of 111 centerline miles of high-speed roadways, 104 interchanges, 15 main lane toll plazas, 108 ramp toll plazas, 461 bridges, one tunnel, and other structures and appurtenances. All assets combined totaled approximately \$3.09 billion in current replacement value for FYE 2014.

**Condition Index**

A Condition Index is a measure of the "intrinsic value" of the asset as opposed to the book value. A Condition Index with a value of 10.0 is considered "like new"; on the contrary, a Condition Index with a value of 0.0 is considered "unusable." Evaluations were performed on all of the infrastructure assets under Authority jurisdiction. The evaluation resulted in an average Condition Index of 8.9 for all of the assets combined. The following table shows the Condition Index for the years 2005 through 2014.

<b>Condition Index Table</b>		
<u>Condition Index</u>		
<u>Fiscal Year</u>	<u>Current</u>	<u>Goal</u>
2014	8.9	8.0
2013	8.9	8.0
2012	8.9	8.0
2011	8.9	8.0
2010	8.9	8.0
2009	9.0	8.0
2008	9.0	8.0
2007	8.9	8.0
2006	8.9	8.0
2005	8.9	8.0

**Condition Assessment and Inventory**

A comprehensive condition assessment on all the Authority's infrastructure assets was conducted in July 2014. The Authority's Maintenance Management Consultant performed condition assessments of the Authority's roadways including pavement, bridges, and facilities. Assessment procedures and representative work samples were reviewed by NTTA's General Engineering Consultants, Atkins North America, Inc.



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**Bridges**

A condition assessment was performed on the Authority's bridges using the *Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges*, published by the Federal Highway Administration (FHWA). To do this, a Sufficiency Rating was determined by totaling four separate factors using the sufficiency rating formula. The Sufficiency Rating Formula is a method of evaluating highway bridge data by calculating the four factors to obtain a numeric value, which is indicative of bridge sufficiency.

The four factors are structural adequacy and safety (55% of the total rating), serviceability and functional obsolescence (30% of the total rating), essentiality for public use (15% of the total rating), and special reductions (total can be reduced by up to 13%).

**Roadways**

A condition assessment was performed on the Authority's roadways using the *Highway Maintenance Condition Assessment Program* (HMCAP) developed by Roy Jorgensen Associates, Inc., the pavement Condition Rating Authority (CRS) developed by Applied Research Associates, Inc., and the Pavement Condition Index (PCI) procedure as outlined in ASTM D5340. To do this, a Maintenance Rating Program (MRP) Index was determined by visual inspection of the Authority's roadways, appurtenances, and edge conditions. Additionally, a baseline PCI and a baseline ride ability survey were conducted on the roadway surface and incorporated into the MRP Index. Although the PCI and ride ability survey were conducted on the entire Authority, it would have been impractical to perform a MRP evaluation over the same length; therefore, 10% of the Authority's total roadways were randomly selected for MRP evaluation. These values were then weighted and totaled to determine an overall MRP Index. Of this total MRP Index, travel lanes and shoulders account for 70% (of which the PCI accounts for 80%), roadside components accounted for 15%, and other items account for 15%.

The Roadway Index (RI) is a measure of the overall health of the roadway Authority that takes into account the current condition of the roadway, how well it is being maintained, and its projected future performance. It is calculated using the results of the annual MRP and pavement condition surveys. In 2006 the RI was revised to use CRS pavement condition ratings in place of the PCI ratings and incorporates remaining pavement service life (RSL). RI is equal to the values of 50% of CRS, 30% RSL, 10% MRP of travel lane element, 5% MRP of roadside element, and 5% MRP of other element.

Currently, the 111 centerline miles (744 main lane miles) of main lane roadways have a Roadway Index of 8.9.

The budget-to-actual expenditures for preservation and other infrastructure maintenance costs were as follows for the years 2005 through 2014.

Fiscal year	Budget	Actual
2014	\$ 27,394,112	\$ 11,144,585
2013	21,231,300	15,568,942
2012	23,464,926	10,240,825
2011	59,503,102	37,557,688
2010	36,316,377	28,475,554
2009	40,239,320	30,745,545
2008	69,532,303	51,747,814
2007	51,283,652	31,818,863
2006	34,574,405	29,186,456
2005	20,552,627	13,704,971

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)

Required Supplementary Information  
December 31, 2014

**Funding Progress**

**Schedule of Funding Progress**  
**Texas County and District Retirement System**  
**Employee Retirement Plan**  
Last three calendar years  
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Overfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/13	\$ 67,217,393	\$ 64,758,265	\$ (2,459,128)	103.80%	\$ 36,917,119	-6.66%
12/31/12	58,887,344	57,701,464	(1,185,880)	102.06%	34,888,560	-3.40%
12/31/11	52,564,706	51,969,647	(595,059)	101.15%	31,976,241	-1.86%

**Schedule of Funding Progress**  
**Other Post Employment Benefits**  
Last two calendar years  
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Overfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2014	—	\$ 10,774,597	\$ 10,774,597	0%	\$ 36,917,119	29%
1/1/2013	—	21,352,403	21,352,403	0%	34,888,560	61%

An actuarial valuation was performed as of 1/1/2014.





**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
**INTRODUCTION TO STATISTICAL SECTION**  
**(Unaudited)**

**INTRODUCTION**

Governmental Accounting Standards Board (GASB) Statement 44 "Economic Condition Reporting": The Statistical Section requires that certain detailed statistical information be presented in this section, typically in ten year trends, to assist users in utilizing the basic financial statements, notes to the financial statements and required supplementary information in order to assess the economic condition of the System.

**FINANCIAL TRENDS**

These tables contain information to help the reader understand how the Authority's financial performance and well being have changed over time.

**REVENUE CAPACITY**

These tables contain information to help the reader assess the Authority's most significant revenue sources.

**DEBT CAPACITY**

These tables present information to help the reader assess the affordability of the Authority's current current level of outstanding debt and the Authority's ability to issue additional debt in the future.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

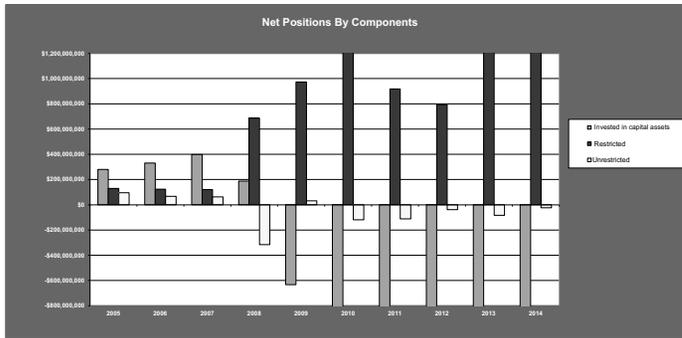
**OPERATING INFORMATION**

These tables contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Sources: Unless other noted, the information in the following tables is derived from the annual financial reports for the relevant years.

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Net Positions by Components  
 Last Ten Fiscal Years  
 (Unaudited)

Business-Type Activities										
Components	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Invested in capital assets	\$280,156,648	\$330,841,254	\$398,078,219	\$187,921,483	\$ (533,265,931)	\$ (831,801,669)	\$ (1,178,473,954)	\$ (1,254,098,836)	\$ (4,212,230,014)	\$ (4,234,262,561)
Restricted	129,195,493	123,194,488	120,495,644	686,236,650	972,154,312	1,211,161,929	917,325,283	792,586,995	3,621,400,342	3,580,531,205
Unrestricted	95,696,520	67,332,901	62,928,573	(316,228,982)	31,783,352	(119,834,279)	(112,356,823)	(38,289,706)	(83,647,212)	(23,192,391)
<b>Total net positions</b>	<b>505,048,661</b>	<b>521,368,643</b>	<b>581,502,436</b>	<b>557,929,151</b>	<b>379,671,733</b>	<b>259,525,981</b>	<b>-373,505,494</b>	<b>-499,771,547</b>	<b>-674,676,884</b>	<b>-476,923,742</b>



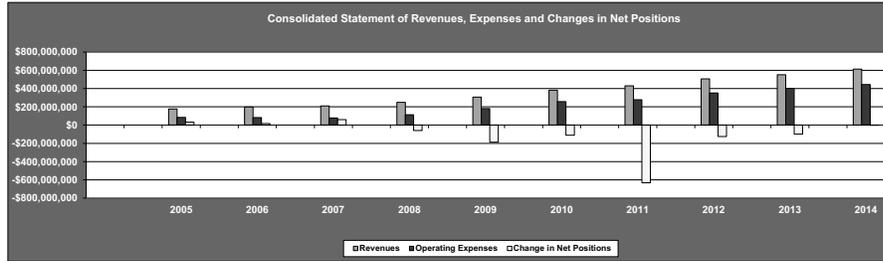
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NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)  
Statements of Revenues, Expenses, and Changes in Net Positions  
Last Ten Fiscal Years  
(Unaudited)

Business-Type Activities	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Tolls	\$ 172,537,345	\$ 191,434,120	\$ 202,675,564	\$ 240,778,791	\$ 290,404,547	\$ 366,597,323	\$ 402,569,534	\$ 485,463,608	\$ 525,458,723	\$ 580,524,810
Other (1)	5,103,941	6,647,546	7,988,624	9,273,124	17,195,849	17,268,589	28,372,616	20,729,193	26,138,024	34,526,543
Total operating revenues	177,641,286	198,081,666	210,664,188	250,049,915	307,600,396	383,865,912	430,942,150	506,192,801	551,597,647	615,051,353
Operating expenses:										
Administration	8,381,359	8,899,052	10,910,385	12,604,559	22,501,450	21,105,565	22,159,182	22,982,801	23,298,130	22,206,400
Operations	48,195,524	52,522,106	64,680,897	68,064,173	68,433,322	74,604,274	77,165,408	83,253,523	88,469,679	97,917,442
Reserve maintenance	7,483,753	22,771,922	23,858,264	18,254,548	15,444,672	11,701,225	16,540,873	11,446,757	10,915,105	11,144,585
Capital improvement	30,117,098	31,975,003	33,381,445	38,541,652	20,039,108	18,259,590	36,535,270	35,691,517	27,541,687	38,848,449
Total operating expenses before depreciation	94,177,734	116,168,083	132,830,991	137,464,932	126,418,552	125,610,654	150,400,733	153,374,598	150,226,601	170,116,876
Operating income before depreciation	83,463,552	81,913,583	77,833,197	112,584,983	181,181,844	258,195,258	278,541,417	352,818,203	401,373,046	444,934,477
Amortization of intangible (SRT)	-	-	-	-	-	-	(63,947,216)	(63,943,350)	(63,943,350)	(64,403,243)
Depreciation	(2,082,825)	(2,128,037)	(1,800,225)	(3,491,013)	(4,529,323)	(4,704,083)	(5,690,160)	(6,038,360)	(6,203,704)	(6,159,420)
Operating income	81,376,727	79,785,546	76,032,972	109,103,970	176,652,521	253,401,155	208,904,041	282,836,493	331,225,992	374,371,814
Nonoperating revenues (expenses):										
Interest earned on investments	13,562,625	16,550,756	17,592,664	50,438,067	25,219,356	22,128,268	17,672,334	10,112,695	419,671	348,383
Net increase(decrease) in the fair value of investments	(1,087,627)	2,335,448	1,067,995	24,555,188	(13,371,674)	3,588,196	(3,659,548)	(4,962,390)	(6,707,062)	2,118,111
Unallocated infrastructure depreciation	-	-	-	(24,555,772)	(60,703,200)	(63,801,840)	-	-	-	-
Interest expense on revenue bonds	(55,184,859)	(53,414,350)	(52,420,707)	(227,034,684)	(352,464,434)	(371,173,164)	(343,422,746)	(444,746,741)	(442,625,824)	(432,986,781)
Interest expense on short term notes	-	(24,658)	(2,653,677)	(35,086,229)	(6,364,724)	(6,269,247)	(6,269,405)	(6,032,854)	(5,814,320)	(5,714,934)
Bond premium/discount amortization	1,285,475	1,618,562	1,386,510	(217,615)	(1,659,291)	6,330,306	(43,237,396)	892,614	1,822,095	4,343,844
Bond issuance cost amortization	-	-	-	(17,543,223)	(9,216,397)	(5,002,937)	(4,173,546)	(4,147,186)	-	(5,728,236)
Deferred amount on refunding amortization	(7,030,110)	(6,557,286)	(6,017,291)	(6,694,083)	(8,911,969)	(571,990)	(5,829,048)	(4,701,591)	2,264,029	(4,013,052)
SWAP termination payment	-	-	-	(4,511,011)	(6,061,700)	-	-	-	-	-
Net amount on refunded bonds	-	-	-	(3,197,688)	-	-	-	-	-	-
Capital contribution	-	(25,000,000)	25,000,000	-	-	-	-	-	-	32,166,870
Transfer to SPS & Enterprise	-	-	-	-	-	(217,866)	(508,991,349)	911,870	919,608	-
Payments from other governments	-	-	-	74,902,422	59,588,883	31,526,405	25,712,730	8,523,679	8,389,180	1,706,774
BAA's Subsidy	-	-	-	-	7,489,870	28,263,794	28,979,075	28,979,075	26,674,318	26,877,164
Other	395,564	1,013,964	135,327	(355,245)	2,565,331	(7,346,832)	1,284,373	6,069,273	(16,163,752)	4,179,180
Net nonoperating revenues (expenses)	(48,058,932)	(63,477,564)	(15,909,179)	(169,269,873)	(363,909,939)	(364,546,917)	(841,935,516)	(409,102,546)	(430,822,077)	(376,618,677)
Change in net positions	\$ 33,317,795	\$ 16,307,982	\$ 60,143,793	\$ (60,165,903)	\$ (187,257,416)	\$ (111,145,752)	\$ (633,031,475)	\$ (126,266,053)	\$ (99,596,085)	\$ (2,246,863)

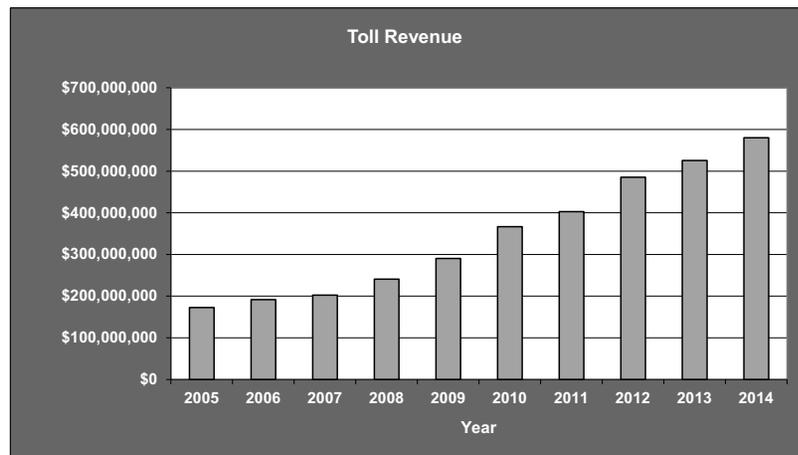
(1) Administrative fees, parking transaction fees, statement fees and miscellaneous charges.



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NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)  
Traffic and Toll Revenue  
Last Ten Fiscal Years  
(Unaudited)

Year	Annual Revenue Vehicle Transactions	Annual Toll Revenue	Average Toll Rate per Transaction
2005	338,390,215	172,537,345	0.51
2006	370,696,171	191,434,120	0.52
2007	383,481,098	202,675,564	0.53
2008	412,272,003	240,776,791	0.58
2009	455,546,197	290,404,547	0.64
2010	481,913,338	366,597,323	0.76
2011	513,454,344	402,569,534	0.78
2012	585,051,845	485,463,608	0.83
2013	610,129,737	525,458,723	0.86
2014	644,669,523	580,045,215 (*)	0.90



(\*) System only

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)  
Toll Rates  
Last Ten Fiscal Years  
(Unaudited)

		Years										
Roadway		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Two-axle passenger cars and trucks												
Dallas North Tollway:												
Main Lane Plaza 1		Cash	\$0.75	\$0.75	-	-	-	-	-	-	-	
		TollTag	0.60	0.60	\$0.60	\$0.70	\$1.26	\$1.26	\$1.33	\$1.33	1.40	1.40
		ZipCash	-	-	0.75	1.00	1.89	1.89	2.00	2.00	2.10	2.10
<i>(all ETC, effective in Jan., 2007)</i>												
Main Lane Plaza 2		Cash/ZipCash	0.75	0.75	1.00	1.00	1.35	1.35	1.43	1.43	1.52	1.52
		TollTag	0.60	0.60	0.70	0.70	0.90	0.90	0.95	0.95	1.01	1.01
Main Lane Plaza 3		Cash/ZipCash	0.75	0.75	1.00	1.00	1.20	1.20	1.28	1.28	1.35	1.35
		TollTag	0.60	0.60	0.70	0.70	0.80	0.80	0.85	0.85	0.90	0.90
Main Lane Plaza 4 (1)		Cash/ZipCash	-	-	1.30	1.30	2.15	2.12	2.24	2.24	2.37	2.37
		TollTag	-	-	1.05	1.05	1.41	1.41	1.49	1.49	1.58	1.58
Addison Airport Toll Tunnel:												
Mainlane Plaza		Cash/ZipCash	0.50	0.50	0.50	0.50	0.75	0.75	0.80	0.80	0.84	0.84
		TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.53	0.53	0.56	0.56
President George Bush Turnpike:												
Main Lane Plaza 5 (7)		ZipCash	-	-	-	-	-	-	2.28	2.28	2.42	2.42
		TollTag	-	-	-	-	-	-	1.52	1.52	1.61	1.61
Main Lane Plaza 6		Cash/ZipCash	0.75	0.75	1.00	1.00	1.50	1.50	1.58	1.58	1.67	1.67
		TollTag	0.60	0.60	0.70	0.70	1.00	1.00	1.05	1.05	1.11	1.11
Main Lane Plaza 7		Cash/ZipCash	0.75	0.75	1.00	1.00	1.62	1.62	1.71	1.71	1.80	1.80
		TollTag	0.60	0.60	0.70	0.70	1.08	1.08	1.14	1.14	1.20	1.20
Main Lane Plaza 8		Cash/ZipCash	0.75	0.75	1.00	1.00	1.50	1.50	1.59	1.59	1.68	1.68
		TollTag	0.60	0.60	0.70	0.70	1.00	1.00	1.06	1.06	1.12	1.12
Main Lane Plaza 9 (2)		Cash/ZipCash	0.75	0.75	1.00	1.00	1.20	1.20	1.26	1.26	1.34	1.34
		TollTag	0.60	0.60	0.70	0.70	0.80	0.80	0.84	0.84	0.89	0.89
Main Lane Plaza 10		Cash/ZipCash	0.75	0.75	1.00	1.00	0.69	0.69	0.74	0.74	0.77	0.77
		TollTag	0.60	0.60	0.70	0.70	0.46	0.46	0.49	0.49	0.51	0.51
Mountain Creek Lake Bridge:												
Mainlane Plaza		Cash/ZipCash	0.50	0.50	0.50	0.50	0.75	0.75	0.80	0.80	0.84	0.84
		TollTag	0.50	0.50	0.50	0.50	0.50	0.50	0.53	0.53	0.56	0.56
Sam Rayburn Tollway (SRT):												
Main Lane Gantry 1 (3) (6)		ZipCash	-	-	-	0.65	0.72	0.72	0.75	0.75	0.80	0.80
		TollTag	-	-	-	0.45	0.48	0.48	0.50	0.50	0.53	0.53
Main Lane Gantry 2 (3) (6)		ZipCash	-	-	-	1.71	1.86	1.86	1.95	1.95	2.07	2.07
		TollTag	-	-	-	1.18	1.24	1.24	1.30	1.30	1.38	1.38
Main Lane Gantry 3 (4) (6)		ZipCash	-	-	-	-	2.04	2.57	2.70	2.70	2.87	2.87
		TollTag	-	-	-	-	1.36	1.71	1.80	1.80	1.91	1.91
Lewisville Lake Toll Bridge:												
Mainlane Plaza (5)		ZipCash	-	-	-	-	1.50	1.50	1.59	1.59	1.68	1.68
		TollTag	-	-	-	-	1.00	1.00	1.06	1.06	1.12	1.12

(1) Main Lane Plaza 4 opened September 2007  
(2) Main Lane Plaza 9 opened September 2005  
(3) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008  
(4) Main Lane Plaza 3 on SRT opened September 2009  
(5) Lewisville Lake Toll Bridge opened August 2009  
(6) SRT mainlanes were extended to US 75 in December 2010  
(7) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011  
Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC).  
Cash will no longer be accepted on NTTA facilities. Vehicles with no transponders will be billed through video tolling.  
Toll rates are 16.16 cents per mile effective July 1, 2013

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
**Toll Rates**  
Last Ten Fiscal Years  
(Unaudited)

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
**Toll Rates**  
Last Ten Fiscal Years  
(Unaudited)

Three-axle vehicle and vehicle combination	Roadway	Years									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$1.20	\$1.20	\$1.20	-	-	-	-	-	-	-
	TollTag	0.95	0.95	0.95	\$0.95	\$1.40	\$2.52	\$2.66	\$2.66	\$2.80	2.80
(all ETC, effective in Jan., 2007)	ZipCash	-	-	-	1.20	2.00	3.78	4.00	4.00	4.20	4.20
Main Lane Plaza 2	Cash/ZipCash	1.20	1.20	1.20	2.00	2.00	2.70	2.86	2.86	3.04	3.04
	TollTag	0.95	0.95	0.95	1.40	1.40	1.90	1.90	2.02	2.02	
Main Lane Plaza 3	Cash/ZipCash	1.20	1.20	1.20	2.00	2.00	2.40	2.56	2.56	2.70	2.70
	TollTag	0.95	0.95	0.95	1.40	1.40	1.60	1.70	1.70	1.80	
Main Lane Plaza 4 (1)	Cash/ZipCash	-	-	-	2.60	2.60	4.30	4.48	4.48	4.74	4.74
	TollTag	-	-	-	2.10	2.10	2.82	2.98	2.98	3.16	3.16
<b>Addison Airport Toll Tunnel:</b>											
Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.50	0.50	0.50	1.50	1.60	1.60	1.68	1.68
	TollTag	0.50	0.50	0.50	0.50	0.50	1.00	1.06	1.06	1.12	1.12
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 5 (7)	ZipCash	-	-	-	-	-	-	-	4.56	4.84	4.84
	TollTag	-	-	-	-	-	-	-	3.04	3.22	3.22
Main Lane Plaza 6	Cash/ZipCash	1.50	1.50	1.50	2.00	2.00	3.00	3.16	3.16	3.34	3.34
	TollTag	1.20	1.20	1.20	1.40	1.40	2.00	2.10	2.10	2.22	2.22
Main Lane Plaza 7	Cash/ZipCash	1.50	1.50	1.50	2.00	2.00	3.24	3.42	3.42	3.60	3.60
	TollTag	1.20	1.20	1.20	1.40	1.40	2.16	2.28	2.28	2.40	2.40
Main Lane Plaza 8	Cash/ZipCash	1.50	1.50	1.50	2.00	2.00	3.00	3.18	3.18	3.36	3.36
	TollTag	1.20	1.20	1.20	1.40	1.40	2.00	2.12	2.12	2.24	2.24
Main Lane Plaza 9 (2)	Cash/ZipCash	-	1.50	1.50	2.00	2.00	2.40	2.52	2.52	2.68	2.68
	TollTag	-	1.20	1.20	1.40	1.40	1.60	1.68	1.68	1.78	1.78
Main Lane Plaza 10	Cash/ZipCash	1.50	1.50	1.50	2.00	2.00	1.38	1.48	1.48	1.54	1.54
	TollTag	1.20	1.20	1.20	1.40	1.40	0.92	0.98	0.98	1.02	1.02
<b>Mountain Creek Lake Bridge:</b>											
Mainlane Plaza	Cash/ZipCash	0.75	0.75	0.75	0.75	0.75	1.50	1.60	1.60	1.68	1.68
	TollTag	0.75	0.75	0.75	0.75	0.75	1.00	1.06	1.06	1.12	1.12
<b>Sam Rayburn Tollway (SRT):</b>											
Main Lane Gantry 1 (3) (6)	ZipCash	-	-	-	-	1.30	1.44	1.50	1.50	1.60	1.60
	TollTag	-	-	-	-	0.90	0.96	1.00	1.00	1.06	1.06
Main Lane Gantry 2 (3) (6)	ZipCash	-	-	-	-	3.42	3.72	3.90	3.90	4.14	4.14
	TollTag	-	-	-	-	2.36	2.48	2.60	2.60	2.76	2.76
Main Lane Gantry 3 (4) (6)	ZipCash	-	-	-	-	4.08	5.40	5.40	5.74	5.74	
	TollTag	-	-	-	-	2.72	3.60	3.60	3.82	3.82	
<b>Lewisville Lake Toll Bridge:</b>											
Mainlane Plaza (5)	ZipCash	-	-	-	-	3.00	3.18	3.18	3.36	3.36	
	TollTag	-	-	-	-	2.00	2.12	2.12	2.24	2.24	

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  - (5) Lewisville Lake Toll Bridge opened August 2009
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- Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC). Cash will no longer be accepted on NTTA facilities. Vehicles with no transponders will be billed through video tolling. Toll rates are 16.16 cents per mile effective July 1, 2013

Four-axle vehicle and vehicle combination	Roadway	Years									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$1.50	\$1.50	\$1.50	-	-	-	-	-	-	-
	TollTag	1.20	1.20	1.20	\$1.20	\$2.10	\$3.78	\$3.78	\$3.99	\$4.20	4.20
(all ETC, effective in Jan., 2007)	ZipCash	-	-	-	1.50	3.00	5.67	6.00	6.00	6.30	6.30
Main Lane Plaza 2	Cash/ZipCash	1.50	1.50	1.50	3.00	3.00	4.05	4.05	4.29	4.56	4.56
	TollTag	1.20	1.20	1.20	2.10	2.10	2.70	2.70	2.85	3.03	3.03
Main Lane Plaza 3	Cash/ZipCash	1.50	1.50	1.50	3.00	3.00	3.60	3.60	3.84	4.05	4.05
	TollTag	1.20	1.20	1.20	2.10	2.10	2.40	2.40	2.55	2.70	2.70
Main Lane Plaza 4 (1)	Cash/ZipCash	-	-	-	3.90	3.90	6.45	6.72	6.72	7.11	7.11
	TollTag	-	-	-	3.15	3.15	4.23	4.23	4.47	4.74	4.74
<b>Addison Airport Toll Tunnel:</b>											
Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.50	0.50	0.50	2.25	2.25	2.40	2.52	2.52
	TollTag	0.50	0.50	0.50	0.50	0.50	1.50	1.50	1.59	1.68	1.68
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 5 (7)	ZipCash	-	-	-	-	-	-	-	6.84	7.26	7.26
	TollTag	-	-	-	-	-	-	-	4.56	4.83	4.83
Main Lane Plaza 6	Cash/ZipCash	2.25	2.25	2.25	3.00	3.00	4.50	4.50	4.74	5.01	5.01
	TollTag	1.80	1.80	1.80	2.10	2.10	3.00	3.00	3.15	3.33	3.33
Main Lane Plaza 7	Cash/ZipCash	2.25	2.25	2.25	3.00	3.00	4.86	4.86	5.13	5.40	5.40
	TollTag	1.80	1.80	1.80	2.10	2.10	3.24	3.24	3.42	3.60	3.60
Main Lane Plaza 8	Cash/ZipCash	2.25	2.25	2.25	3.00	3.00	4.50	4.50	4.77	5.04	5.04
	TollTag	1.80	1.80	1.80	2.10	2.10	3.00	3.00	3.18	3.36	3.36
Main Lane Plaza 9 (2)	Cash/ZipCash	-	2.25	2.25	3.00	3.00	3.60	3.60	3.78	4.02	4.02
	TollTag	-	1.80	1.80	2.10	2.10	2.40	2.40	2.52	2.67	2.67
Main Lane Plaza 10	Cash/ZipCash	2.25	2.25	2.25	3.00	3.00	2.07	2.22	2.22	2.31	2.31
	TollTag	1.80	1.80	1.80	2.10	2.10	1.38	1.47	1.47	1.53	1.53
<b>Mountain Creek Lake Bridge:</b>											
Mainlane Plaza	Cash/ZipCash	1.00	1.00	1.00	1.00	1.00	2.25	2.25	2.40	2.52	2.52
	TollTag	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.59	1.68	1.68
<b>Sam Rayburn Tollway (SRT):</b>											
Main Lane Gantry 1 (3) (6)	ZipCash	-	-	-	-	1.95	2.16	2.25	2.25	2.40	2.40
	TollTag	-	-	-	-	1.35	1.44	1.50	1.50	1.59	1.59
Main Lane Gantry 2 (3) (6)	ZipCash	-	-	-	-	5.13	5.58	5.85	5.85	6.21	6.21
	TollTag	-	-	-	-	3.54	3.72	3.90	3.90	4.14	4.14
Main Lane Gantry 3 (4) (6)	ZipCash	-	-	-	-	6.12	8.10	8.10	8.10	8.61	8.61
	TollTag	-	-	-	-	4.08	5.40	5.40	5.40	5.73	5.73
<b>Lewisville Lake Toll Bridge:</b>											
Mainlane Plaza (5)	ZipCash	-	-	-	-	4.50	4.77	4.77	5.04	5.04	
	TollTag	-	-	-	-	3.00	3.18	3.18	3.36	3.36	

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**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
**Toll Rates**  
Last Ten Fiscal Years  
(Unaudited)

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
**Toll Rates**  
Last Ten Fiscal Years  
(Unaudited)

Five-axle vehicle and vehicle combination Roadway		Years									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$1.80	\$1.80	\$1.80	-	-	-	-	-	-	-
	TollTag	1.45	1.45	1.45	\$1.45	\$2.80	\$5.04	\$5.04	\$5.32	\$5.60	5.60
(all ETC, effective in Jan., 2007)	ZipCash	-	-	-	1.80	4.00	7.56	8.00	8.00	8.40	8.40
Main Lane Plaza 2	Cash/ZipCash	1.80	1.80	1.80	4.00	4.00	5.40	5.40	5.72	6.08	6.08
	TollTag	1.45	1.45	1.45	2.80	2.80	3.60	3.60	3.80	4.04	4.04
Main Lane Plaza 3	Cash/ZipCash	1.80	1.80	1.80	4.00	4.00	4.80	4.80	5.12	5.40	5.40
	TollTag	1.45	1.45	1.45	2.80	2.80	3.20	3.20	3.40	3.60	3.60
Main Lane Plaza 4 (1)	Cash/ZipCash	-	-	-	5.20	5.20	8.60	8.96	8.96	9.48	9.48
	TollTag	-	-	-	4.20	4.20	5.64	5.96	5.96	6.32	6.32
<b>Addison Airport Toll Tunnel:</b>											
Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.50	0.50	0.50	3.00	3.00	3.20	3.36	3.36
	TollTag	0.50	0.50	0.50	0.50	0.50	2.00	2.00	2.12	2.24	2.24
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 5 (7)	ZipCash	-	-	-	-	-	-	-	9.12	9.68	9.68
	TollTag	-	-	-	-	-	-	-	6.08	6.44	6.44
Main Lane Plaza 6	Cash/ZipCash	3.00	3.00	3.00	4.00	4.00	6.00	6.00	6.32	6.68	6.68
	TollTag	2.40	2.40	2.40	2.80	2.80	4.00	4.00	4.20	4.44	4.44
Main Lane Plaza 7	Cash/ZipCash	3.00	3.00	3.00	4.00	4.00	6.48	6.48	6.84	7.20	7.20
	TollTag	2.40	2.40	2.40	2.80	2.80	4.32	4.32	4.56	4.80	4.80
Main Lane Plaza 8	Cash/ZipCash	3.00	3.00	3.00	4.00	4.00	6.00	6.00	6.36	6.72	6.72
	TollTag	2.40	2.40	2.40	2.80	2.80	4.00	4.00	4.24	4.48	4.48
Main Lane Plaza 9 (2)	Cash/ZipCash	-	3.00	3.00	4.00	4.00	4.80	4.80	5.04	5.36	5.36
	TollTag	-	2.40	2.40	2.80	2.80	3.20	3.20	3.36	3.56	3.56
Main Lane Plaza 10	Cash/ZipCash	3.00	3.00	3.00	4.00	4.00	2.76	2.96	2.96	3.08	3.08
	TollTag	2.40	2.40	2.40	2.80	2.80	1.84	1.96	1.96	2.04	2.04
<b>Mountain Creek Lake Bridge:</b>											
Mainlane Plaza	Cash/ZipCash	1.25	1.25	1.25	1.25	1.25	3.00	3.00	3.20	3.36	3.36
	TollTag	1.25	1.25	1.25	1.25	1.25	2.00	2.00	2.12	2.24	2.24
<b>Sam Rayburn Tollway (SRT):</b>											
Main Lane Gantry 1 (3) (6)	ZipCash	-	-	-	-	2.60	2.88	3.00	3.00	3.20	3.20
	TollTag	-	-	-	-	1.80	1.92	2.00	2.00	2.12	2.12
Main Lane Gantry 2 (3) (6)	ZipCash	-	-	-	-	6.84	7.44	7.60	7.60	8.28	8.28
	TollTag	-	-	-	-	4.72	4.96	5.20	5.20	5.52	5.52
Main Lane Gantry 3 (4) (6)	ZipCash	-	-	-	-	8.16	10.80	10.80	11.48	11.48	11.48
	TollTag	-	-	-	-	5.44	7.20	7.20	7.64	7.64	7.64
<b>Lewisville Lake Toll Bridge:</b>											
Mainlane Plaza (5)	ZipCash	-	-	-	-	6.00	6.36	6.36	6.72	6.72	6.72
	TollTag	-	-	-	-	4.00	4.24	4.24	4.48	4.48	4.48

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Note: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC).  
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Six or more-axle vehicle and vehicle combination Roadway		Years									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Dallas North Tollway:</b>											
Main Lane Plaza 1	Cash	\$2.10	\$2.10	\$2.10	-	-	-	-	-	-	-
	TollTag	1.70	1.70	1.70	\$1.70	\$3.50	\$6.30	\$6.30	\$6.65	\$7.00	7.00
(all ETC, effective in Jan., 2007)	ZipCash	-	-	-	2.10	5.00	9.45	10.00	10.00	10.50	10.50
Main Lane Plaza 2	Cash/ZipCash	2.10	2.10	2.10	5.00	5.00	6.75	6.75	7.15	7.60	7.60
	TollTag	1.70	1.70	1.70	3.50	3.50	4.50	4.50	4.75	5.05	5.05
Main Lane Plaza 3	Cash/ZipCash	2.10	2.10	2.10	5.00	5.00	6.00	6.00	6.40	6.75	6.75
	TollTag	1.70	1.70	1.70	3.50	3.50	4.00	4.00	4.25	4.50	4.50
Main Lane Plaza 4 (1)	Cash/ZipCash	-	-	-	6.50	6.50	10.75	11.20	11.20	11.85	11.85
	TollTag	-	-	-	5.25	5.25	7.05	7.05	7.45	7.90	7.90
<b>Addison Airport Toll Tunnel:</b>											
Mainlane Plaza	Cash/ZipCash	0.50	0.50	0.50	0.50	0.50	3.75	3.75	4.00	4.20	4.20
	TollTag	0.50	0.50	0.50	0.50	0.50	2.50	2.50	2.65	2.80	2.80
<b>President George Bush Turnpike:</b>											
Main Lane Plaza 5 (7)	ZipCash	-	-	-	-	-	-	-	11.40	12.10	12.10
	TollTag	-	-	-	-	-	-	-	7.60	8.05	8.05
Main Lane Plaza 6	Cash/ZipCash	3.75	3.75	3.75	5.00	5.00	7.50	7.50	7.90	8.35	8.35
	TollTag	3.00	3.00	3.00	3.50	3.50	5.00	5.00	5.25	5.55	5.55
Main Lane Plaza 7	Cash/ZipCash	3.75	3.75	3.75	5.00	5.00	8.10	8.10	8.55	9.00	9.00
	TollTag	3.00	3.00	3.00	3.50	3.50	5.40	5.40	5.70	6.00	6.00
Main Lane Plaza 8	Cash/ZipCash	3.75	3.75	3.75	5.00	5.00	7.50	7.50	7.95	8.40	8.40
	TollTag	3.00	3.00	3.00	3.50	3.50	5.00	5.00	5.30	5.60	5.60
Main Lane Plaza 9 (2)	Cash/ZipCash	-	3.75	3.75	5.00	5.00	6.00	6.00	6.30	6.70	6.70
	TollTag	-	3.00	3.00	3.50	3.50	4.00	4.00	4.20	4.45	4.45
Main Lane Plaza 10	Cash/ZipCash	3.75	3.75	3.75	5.00	5.00	3.45	3.70	3.70	3.85	3.85
	TollTag	3.00	3.00	3.00	3.50	3.50	2.30	2.45	2.45	2.55	2.55
<b>Mountain Creek Lake Bridge:</b>											
Mainlane Plaza	Cash/ZipCash	1.50	1.50	1.50	1.50	1.50	3.75	3.75	4.00	4.20	4.20
	TollTag	1.50	1.50	1.50	1.50	1.50	2.50	2.50	2.65	2.80	2.80
<b>Sam Rayburn Tollway (SRT):</b>											
Main Lane Gantry 1 (3) (6)	ZipCash	-	-	-	-	3.25	3.60	3.75	3.75	4.00	4.00
	TollTag	-	-	-	-	2.25	2.40	2.50	2.50	2.65	2.65
Main Lane Gantry 2 (3) (6)	ZipCash	-	-	-	-	8.55	9.30	9.75	9.75	10.35	10.35
	TollTag	-	-	-	-	5.90	6.20	6.50	6.50	6.90	6.90
Main Lane Gantry 3 (4) (6)	ZipCash	-	-	-	-	10.20	13.50	13.50	14.35	14.35	14.35
	TollTag	-	-	-	-	6.80	9.00	9.00	9.55	9.55	9.55
<b>Lewisville Lake Toll Bridge:</b>											
Mainlane Plaza (5)	ZipCash	-	-	-	-	7.50	7.95	7.95	8.40	8.40	8.40
	TollTag	-	-	-	-	5.00	5.30	5.30	5.60	5.60	5.60

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**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Ratio of Outstanding Debt by Type  
 Business-Type Activities  
 Last Ten Fiscal Years  
 (Unaudited)

Year	Revenue Bonds	Bond Anticipation Notes	Commercial Paper Notes Payable	Texas Department of Transportation ISTEAL Loan	Texas Department of Transportation Loan Payable	Total Debt Amount	Total Revenue Vehicle Toll Transactions(1)	Debt Per Transactions	Debt Per Capita(2)
2005	1,420,605,000	-	-	135,000,000	4,600,000	1,560,205,000	338,390,215	4.61	301
2006	1,390,130,000	-	25,000,000	135,000,000	4,600,000	1,554,730,000	370,696,171	4.19	290
2007	1,368,550,000	\$3,487,245,000	75,000,000	135,000,000	4,600,000	5,070,395,000	383,481,098	13.22	931
2008	6,150,814,166	-	89,700,000	135,000,000	4,600,000	6,380,114,166	412,272,003	15.48	1,140
2009	7,122,390,015	-	5,200,000	146,609,022	4,600,000	7,278,799,037	455,546,197	15.98	1,283
2010	7,543,021,558	-	119,200,000	142,857,298	-	7,805,078,856	481,913,338	16.20	1,392
2011	7,555,401,914	-	56,300,000	140,607,304	-	7,752,309,218	513,454,344	15.10	1,371
2012	7,556,400,009	-	38,300,000	138,262,812	-	7,732,962,821	585,051,845	13.22	1,353
2013	7,588,629,243	-	-	136,069,850	-	7,724,699,093	610,129,737	12.66	1,322
2014	7,648,188,182	-	-	133,784,783	-	7,781,972,965	644,669,523	12.07	1,301

Note---Details on the System's outstanding debt can be found in the notes to the financial statements.  
 (1) See table of Traffic and Toll Revenue on page 68.  
 (2) See table of Demographic Data on page 78.

**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Ratio of Revenue-backed Debt Outstanding  
 Business-Type Activities  
 Last Ten Fiscal Years  
 (Unaudited)

Year	Revenue Bonds	Bond Anticipation Notes	Less: amounts Available in Bond Redemption Account	Commercial Paper Notes Payable	Texas Department of Transportation ISTEAL Loan	Total Debt Amount	Annual Toll Revenues(1)	Debt Per Annual Toll Revenue	Debt Per Capita(2)
2005	1,420,605,000	-	(17,311,773)	-	135,000,000	1,538,293,227	172,537,345	9	297
2006	1,390,130,000	-	(22,008,278)	25,000,000	135,000,000	1,528,121,722	191,434,120	8	285
2007	1,368,550,000	\$3,487,245,000	(23,240,000)	75,000,000	135,000,000	5,042,555,000	202,675,564	25	926
2008	6,150,814,166	-	(34,110,000)	89,700,000	135,000,000	6,341,404,166	240,776,791	26	1,133
2009	7,122,390,015	-	(32,170,000)	5,200,000	146,609,022	7,242,029,037	290,404,547	25	1,277
2010	7,543,021,558	-	(29,685,000)	119,200,000	142,857,298	7,775,393,856	366,597,323	21	1,387
2011	7,555,401,914	-	(27,980,000)	56,300,000	140,607,304	7,724,329,218	402,569,534	19	1,366
2012	7,556,400,009	-	(16,605,000)	38,300,000	138,262,812	7,716,357,821	485,463,608	16	1,351
2013	7,588,629,243	-	-	-	136,069,850	7,724,699,093	525,458,723	15	1,322
2014	7,648,188,182	-	-	-	133,784,783	7,781,972,965	580,045,215	13	1,301

Note---Details on the System's outstanding debt can be found in the Notes to the Financial Statements.  
 (1) See table of Traffic and Toll Revenue on page 68.  
 (2) See table of Demographic Data on page 78.

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
**Schedule of Pro Forma Debt Service Requirements**  
For the years 2014-2047  
(Unaudited)

FYE (12/31) <sup>(1)(2)</sup>	A Outstanding First Tier Net Debt Service <sup>(3)(4)</sup>	B Outstanding Second Tier Net Debt Service <sup>(3)(4)</sup>	C Outstanding ISTEVA Loan Debt Service	D Outstanding Subordinate Lien Debt Service <sup>(5)</sup>	E Total Net Debt Service
2014	\$ 272,878,819	\$ 57,038,984	\$ 8,000,000	\$ 24,105,899	\$ 362,021,702
2015	294,279,576	57,401,231	8,000,000	24,115,479	383,796,286
2016	313,231,237	56,567,450	8,000,000	24,115,479	401,914,166
2017	315,389,408	56,567,450	9,000,000	24,115,479	405,072,337
2018	383,424,485	56,567,450	10,500,000	24,115,479	454,607,414
2019	388,932,301	56,567,450	12,250,000	54,540,479	492,290,230
2020	385,144,407	56,567,450	15,322,396	54,538,917	511,573,169
2021	410,022,212	56,567,450	15,322,396	54,543,604	536,455,662
2022	409,880,281	56,567,450	15,322,396	54,521,987	536,292,094
2023	418,719,367	56,567,450	15,322,396	54,412,567	545,021,780
2024	429,047,922	56,567,450	15,322,396	54,299,966	555,237,734
2025	458,485,026	56,567,450	15,322,396	54,177,044	581,551,917
2026	466,009,167	56,567,450	15,322,396	54,046,650	591,945,663
2027	493,613,487	56,567,450	15,322,396	619,413,339	619,413,339
2028	518,384,552	57,567,450	-	640,046,169	640,046,169
2029	477,071,982	62,647,450	15,322,396	559,710,432	559,710,432
2030	414,725,492	166,340,807	-	581,068,299	581,068,299
2031	419,760,135	184,636,450	-	630,396,585	630,396,585
2032	459,865,680	173,621,525	-	634,487,205	634,487,205
2033	471,456,477	176,682,325	-	648,138,802	648,138,802
2034	529,631,598	135,435,175	-	665,069,773	665,069,773
2035	558,328,473	130,842,538	-	689,169,011	689,169,011
2036	576,664,898	123,821,000	-	700,485,898	700,485,898
2037	614,057,277	78,101,976	-	692,159,253	692,159,253
2038	352,788,123	-	-	352,788,123	352,788,123
2039	412,644,523	-	-	412,644,523	412,644,523
2040	441,046,006	-	-	441,046,006	441,046,006
2041	447,233,084	-	-	447,233,084	447,233,084
2042	460,977,721	-	-	460,977,721	460,977,721
2043	197,407,408	-	-	197,407,408	197,407,408
2044	197,585,680	-	-	197,585,680	197,585,680
2045	199,625,498	-	-	199,625,498	199,625,498
2046	201,350,074	-	-	201,350,074	201,350,074
2047	147,358,895	-	-	147,358,895	147,358,895
	<b>\$ 13,494,919,849</b>	<b>\$ 2,102,944,399</b>	<b>\$ 193,651,564</b>	<b>\$ 863,331,808</b>	<b>\$ 16,453,947,530</b>

**NORTH TEXAS TOLLWAY SYSTEM**  
(An Enterprise Fund of the North Texas Tollway Authority)  
**Schedule of Estimated Toll Revenues, Other Revenues, Expenses and Estimated Debt Service Coverage Ratio<sup>(1)</sup>**  
For the years 2014-2051  
(Unaudited)

FYE (12/31) <sup>(1)</sup>	Estimated Toll Revenues <sup>(2)</sup>	Estimated Other Revenues <sup>(3)</sup>	Estimated Expenses <sup>(4)</sup>	Estimated Net Revenue	Estimated Deposit to RMF <sup>(5)</sup>	Estimated Debt Service on all Debt <sup>(6)</sup>	Estimated Coverage on 1st Tier Debt <sup>(7)</sup>	Estimated Coverage on 1st & 2nd Tier Debt <sup>(8)</sup>	Estimated Coverage on all Debt and RMF Deposits
2014	\$ 550,156,100	\$ 24,347,281	\$ 111,218,970	\$ 463,284,411	\$ -	\$ 362,021,702	1.70x	1.40x	1.28x
2015	598,334,400	25,295,163	131,020,000	492,609,563	-	383,796,285	1.64x	1.37x	1.26x
2016	624,861,200	28,769,309	135,156,600	518,473,909	18,833,312	401,914,166	1.65x	1.40x	1.23x
2017	653,002,000	28,253,581	139,211,298	542,044,283	15,913,309	405,072,337	1.72x	1.46x	1.29x
2018	683,486,900	29,697,028	143,587,637	569,766,291	20,511,134	454,607,414	1.97x	1.38x	1.20x
2019	723,663,900	29,754,080	147,689,286	605,728,714	28,116,655	492,290,230	2.04x	1.42x	1.16x
2020	786,792,700	32,880,821	152,119,844	667,563,677	70,087,531	511,573,169	2.08x	1.47x	1.11x
2021	801,652,100	32,957,923	156,683,542	677,926,481	21,167,564	536,455,662	1.65x	1.45x	1.22x
2022	841,051,900	33,042,873	161,384,049	712,710,725	51,763,716	536,292,094	1.74x	1.53x	1.21x
2023	880,605,700	33,159,423	166,225,570	747,539,553	45,295,354	545,021,780	1.79x	1.57x	1.27x
2024	922,553,900	33,268,587	171,212,337	784,610,150	69,587,744	555,237,734	1.83x	1.62x	1.28x
2025	965,308,100	36,079,094	176,348,707	825,038,487	38,200,610	581,551,917	1.81x	1.61x	1.33x
2026	1,012,144,300	36,201,208	181,639,169	866,706,340	49,598,704	591,945,663	1.86x	1.66x	1.35x
2027	1,058,255,200	36,326,522	187,088,344	907,493,378	234,149,195	619,413,339	1.84x	1.65x	1.08x
2028	1,110,539,600	36,458,544	192,700,994	954,297,150	58,175,055	646,046,169	1.84x	1.66x	1.36x
2029	1,158,678,600	36,472,407	198,482,024	996,669,984	105,171,765	559,710,432	2.09x	1.76x	1.50x
2030	1,210,313,700	44,873,983	204,436,484	1,050,751,199	96,103,497	581,068,299	2.53x	1.81x	1.56x
2031	1,263,044,300	45,048,796	210,569,579	1,097,524,517	118,920,984	604,396,585	2.61x	1.82x	1.52x
2032	1,303,858,100	45,229,511	216,886,666	1,145,810,945	158,978,022	633,487,205	2.50x	1.81x	1.45x
2033	1,378,084,900	45,353,420	223,398,286	1,200,045,054	42,170,715	648,138,802	2.55x	1.85x	1.74x
2034	1,440,343,300	45,452,626	230,095,094	1,255,700,861	310,138,431	665,069,773	2.37x	1.89x	1.29x
2035	1,499,607,600	45,376,963	236,997,916	1,307,986,607	69,809,253	689,169,010	2.34x	1.90x	1.73x
2036	1,588,152,300	45,250,320	244,107,854	1,389,294,767	186,727,369	700,485,898	2.37x	1.95x	1.54x
2037	1,635,863,800	45,532,616	251,431,089	1,429,465,327	139,575,006	692,159,253	2.33x	2.07x	1.72x
2038	1,709,486,300	41,742,485	258,974,022	1,492,254,763	65,317,515	352,788,123	4.23x	4.23x	3.57x
2039	1,784,483,200	41,823,244	266,743,243	1,559,563,201	211,894,078	412,644,523	3.78x	3.78x	2.50x
2040	1,865,089,600	54,180,284	274,745,540	1,644,534,344	63,671,811	441,046,006	3.73x	3.73x	3.26x
2041	1,935,651,500	53,776,920	282,987,908	1,706,450,514	383,055,896	447,233,084	3.82x	3.82x	2.08x
2042	2,011,511,400	53,189,826	291,477,543	1,773,223,782	116,666,187	460,977,721	3.85x	3.85x	3.07x
2043	2,088,660,100	52,373,379	300,221,970	1,840,811,610	181,510,863	197,407,408	9.32x	9.32x	4.86x
2044	2,172,492,300	52,512,814	309,228,526	1,915,776,588	174,863,607	197,585,680	9.70x	9.70x	5.14x
2045	2,254,033,200	52,632,442	318,505,381	1,988,160,261	81,239,851	199,625,498	9.96x	9.96x	7.08x
2046	2,340,938,300	52,894,566	328,090,343	2,065,562,713	295,443,463	201,350,074	10.26x	10.26x	4.15x
2047	2,427,948,300	52,635,839	337,902,359	2,142,681,780	104,269,487	147,358,895	14.54x	14.54x	8.51x
2048	2,521,604,400	51,691,532	348,039,430	2,225,256,502	468,293,181	-	-	-	-
2049	2,614,780,700	49,732,832	358,480,913	2,306,032,619	130,975,762	-	-	-	-
2050	2,715,960,900	48,431,033	369,235,031	2,389,156,902	238,975,268	-	-	-	-
2051	2,812,967,300	48,606,065	380,212,062	2,481,161,313	204,947,223	-	-	-	-
	<b>\$ 35,912,683,100</b>	<b>\$ 1,745,536,861</b>	<b>\$ 8,744,000,459</b>	<b>\$ 44,693,749,502</b>	<b>\$ 4,662,922,824</b>	<b>\$ 16,453,947,530</b>			

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<sup>1</sup>Excludes any payments to be made into the Reserve Maintenance Fund ("RMF") under the Trust Agreement. Payments made into the RMF are made after debt service on the First, Second, and Third Tier Bonds but prior to debt service on the ISTEVA Loan and the Subordinate Lien Bonds. See "SCHEDULE OF ESTIMATED TOLL REVENUES, EXPENSES, OTHER INCOME AND ESTIMATED DEBT SERVICE COVERAGE" for estimated deposits to the RMF. Additionally, excludes debt that has been or is expected to be incurred under the SPS Trust Agreement payable from revenues of the Special Projects System.

<sup>2</sup>For all Bonds other than the Series 2010A & B Subordinate Lien Bonds, Fiscal Year debt service includes debt service on the following January 1 (i.e. Fiscal Year 2014 includes debt service on January 1, 2015). With respect to the Subordinate Lien Bonds, Fiscal Year debt service in each year included the required deposit to the CIF Bond Payment Account on January 1 of the following year for the Series 2010A & B Subordinate Lien Bonds debt service due on August 1 of that year and February 1 of the next succeeding year (e.g. Fiscal Year 2014 includes debt service on August 1, 2015, and February 1, 2016).

<sup>3</sup>Net of direct subsidy related to the Series 2009B Bonds issued as Build America Bonds. The Federal Subsidy Payment is reduced by 7.3% due to automatic federal deficit reduction spending cuts known as "sequestration" which took effect on March 1, 2013. Sequestration affects certain federally funded programs, including the Federal Subsidy Payments payable to NTTA with respect to the Series 2009B Bonds. It is assumed that this reduction in Federal Subsidy Payments continues at the same rate through the final maturity. The January 1, 2014 Federal Subsidy Payment was received late and will be applied to the July 1, 2014 interest payment along with the July 1, 2014 Federal Subsidy Payment.

<sup>4</sup>Assumes the Series 2012C Bonds are remarketed to a fixed rate of 5.00% on the January 1, 2019, mandatory tender date. Assumes the 2009D Bonds are associated with existing interest rate exchange agreements and the interest rate thereon is synthetically fixed with two interest rate exchange agreements, one with a notional amount of approximately \$84.06 million with a swap rate of 3.673% and one with a notional amount of approximately \$96.23 million with a swap rate of 3.533%. The interest rate exchange agreements amortize in 2019 to 2025. Any unhedged variable rate Series 2009D Bonds are assumed to bear interest at a rate of 5.00% inclusive of liquidity and remarketing costs. Assumes the Series 2011A Bonds bear interest at a rate of 2.00% and are remarketed to a fixed rate of 5.00% on the January 1, 2019 mandatory tender date. Assumes the Series 2014C Bonds bear interest at 1.83% to the January 1, 2020 mandatory tender date and are remarketed into variable rate mode and bear interest at 3.00% thereafter.

<sup>5</sup>Debt Service in Fiscal Years 2047-2051 is net of cash balances in the First Tier Debt Service Reserve Fund which is required by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding bonds.

<sup>6</sup>Debt service in Fiscal Year 2030 is net of cash balances in the 2014 Second Tier Debt Service Reserve Subaccount which is required by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding Series 2014B Second Tier Bonds.

<sup>7</sup>Debt service in Fiscal Year 2037 is net of cash balances in the 2009F Second Tier Debt Service Reserve Subaccount which is required by the terms of the Trust Agreement to be used to retire the last maturities of the outstanding Series 2009F Second Tier Bonds.

<sup>8</sup>Net of direct subsidy related to the Series 2010B Subordinate Lien Bonds issued as Build America Bonds. The Federal Subsidy Payment is reduced by 7.2% due to automatic federal deficit reduction spending cuts known as "sequestration" which took effect on March 1, 2013. Sequestration affects certain federally funded programs, including the Federal Subsidy Payments payable to the Authority with respect to the Series 2010B Subordinate Lien Bonds. It is assumed that this reduction in Federal Subsidy Payments continues at the same rate through the final maturity.

<sup>1</sup>For all Bonds other than the Series 2010A & B Subordinate Lien Bonds, Fiscal Year debt service includes debt service on the following January 1 (i.e. Fiscal Year 2014 includes debt service on January 1, 2015). With respect to the Series 2010A & B Subordinate Lien Bonds, Fiscal Year debt service in each year included the required deposit to the CIF Bond Payment Account on January 1 of the following year for the Subordinate Lien Bonds debt service due on August 1 of that year and February 1 of the next succeeding year (e.g. Fiscal Year 2014 includes debt service on August 1, 2015, and February 1, 2016).

<sup>2</sup>Estimated toll revenues are provided by CDM Smith, the Traffic Engineers for the NTTA System. Estimated revenues are projected at levels to be actually collected in each year (i.e. cash basis). Historical toll revenues and historical debt service coverage are reported by NTTA on accrual based revenues as recognized under Generally Accepted Accounting Principles.

<sup>3</sup>Estimated "Other Revenues" are provided by NTTA and include interest earnings, video tolling administrative fees and other charges.

<sup>4</sup>Estimated expenses are net of inter-fund transfers and are provided by Atkins North America, the Consulting Engineers for the NTTA System.

<sup>5</sup>Deposits to the RMF are estimated by NTTA based on the current cash balance in the RMF and expenses to be paid out of the RMF are estimated by Atkins North America, the Consulting Engineers for the NTTA System.

<sup>6</sup>See column E under the table heading "SCHEDULE OF PRO FORMA DEBT SERVICE REQUIREMENTS".

<sup>7</sup>See "SCHEDULE OF PRO FORMA DEBT SERVICE REQUIREMENTS" and related notes for information regarding assumptions included in the estimates.

<sup>8</sup>See column A of the table under the heading "SCHEDULE OF PRO FORMA DEBT SERVICE REQUIREMENTS" for totals of debt service for all First Tier Debt.

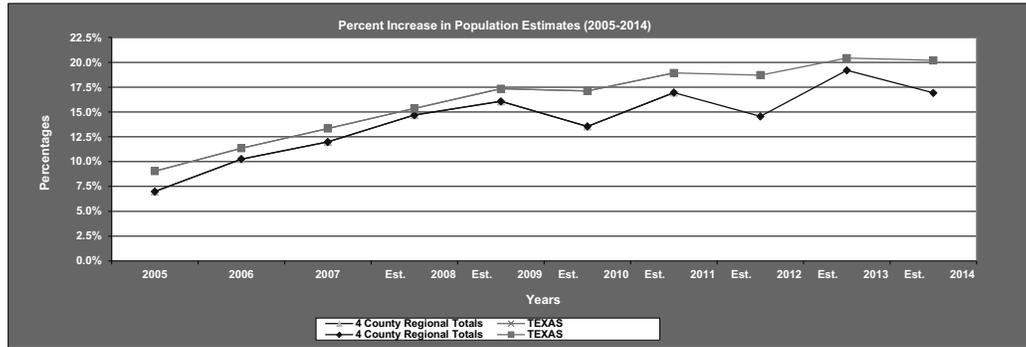
<sup>9</sup>See column A-B of the table under the heading "SCHEDULE OF PRO FORMA DEBT SERVICE REQUIREMENTS" for totals of debt service for all First Tier and Second Tier Debt.

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data-Combined Four County Region and State of Texas Population Estimated Data  
 For Years 2005-2014  
 (Unaudited)

Year	COLLIN	DALLAS	DENTON	TARRANT	Est. Four County Regional Totals		Estimated Texas Totals		Percentage Change (From Prior Years)	
					Regional Totals	Texas Totals	Regional Totals	Texas Totals	Regional Totals	Texas Totals
2005	659,457	2,330,050	552,600	1,642,950	5,185,057	22,897,000	1.84%	5.21%		
2006	690,500	2,383,300	578,500	1,702,250	5,354,550	23,426,000	3.27%	2.31%		
2007	724,900	2,417,650	559,350	1,745,050	5,446,950	23,891,000	1.73%	1.98%		
Est. 2008	748,050	2,451,800	614,650	1,780,150	5,594,650	24,371,000	2.71%	2.01%		
Est. 2009	764,500	2,471,000	628,300	1,807,750	5,671,550	24,857,000	1.37%	1.99%		
Est. 2010	791,631	2,368,139	637,750	1,809,034	5,606,554	25,294,000	-1.15%	1.76%		
Est. 2011	801,740	2,373,870	662,614	1,817,840	5,656,064	25,695,000	0.88%	1.59%		
Est. 2012	813,133	2,385,990	683,010	1,831,230	5,713,363	26,107,000	1.01%	1.60%		
Est. 2013	834,642	2,453,843	694,050	1,858,921	5,841,456	26,497,000	2.24%	1.49%		
Est. 2014	854,778	2,480,331	713,200	1,931,335	5,979,644	26,889,000	2.37%	1.48%		
<b>Increase Total from Year 2005 to Year 2014</b>	<b>195,321</b>	<b>150,281</b>	<b>160,600</b>	<b>288,385</b>	<b>794,587</b>	<b>3,992,000</b>				

Source: US Census Bureau

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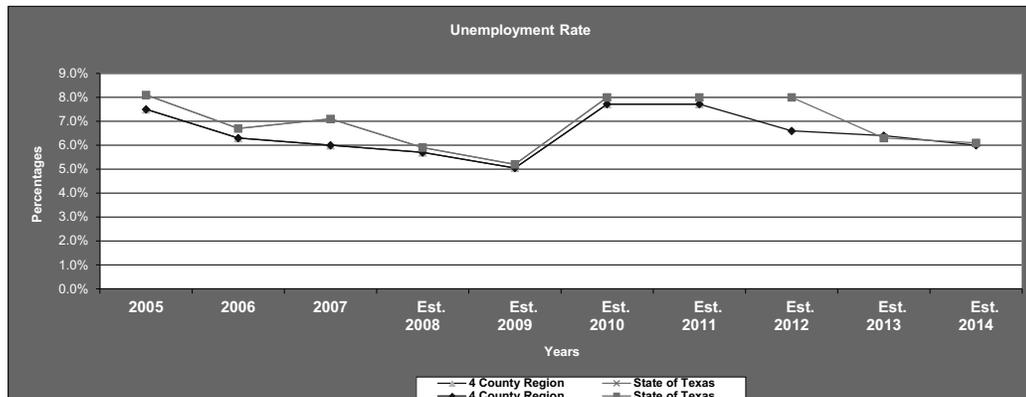
( c o n t i n u e d )

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data-Combined Four County Region and State of Texas Employment Status Estimates  
 For Years 2005-2014  
 (Unaudited)

Year	COLLIN	DALLAS	DENTON	TARRANT	Combined Four County Regional		Texas		Unemployment Rate	
					Estimated Totals	Texas Totals	Estimated Totals	Texas Totals	4 County	Texas
2005	367,651	1,177,947	312,530	840,440	2,698,568	11,024,191	7.5%	8.1%		
2006	389,629	1,219,541	337,144	884,101	2,830,415	11,617,834	6.3%	6.7%		
2007	400,678	1,205,730	344,810	904,015	2,855,233	11,647,654	6.0%	7.1%		
Est. 2008	407,840	1,180,870	346,869	877,646	2,813,225	11,466,657	5.7%	5.9%		
Est. 2009	285,900	1,415,000	172,600	743,500	2,617,000	10,204,500	5.1%	5.2%		
Est. 2010	390,106	1,063,304	330,122	833,527	2,617,059	10,204,500	7.7%	8.0%		
Est. 2011	397,033	1,082,185	335,984	845,263	2,660,465	10,204,500	7.7%	8.0%		
Est. 2012	413,783	1,102,322	356,467	883,503	2,756,075	11,742,600	6.6%	8.0%		
Est. 2013	330,300	1,509,000	195,500	812,600	2,847,400	11,091,900	6.4%	6.3%		
Est. 2014	346,400	1,558,500	205,800	825,600	2,936,300	11,433,600	6.0%	6.1%		
<b>Increase Total from Year 2005 to Year 2014</b>	<b>(21,251)</b>	<b>380,553</b>	<b>(106,730)</b>	<b>(14,840)</b>	<b>237,732</b>	<b>409,409</b>				

Source: U.S. Bureau of Labor Statistics

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( c o n t i n u e d )

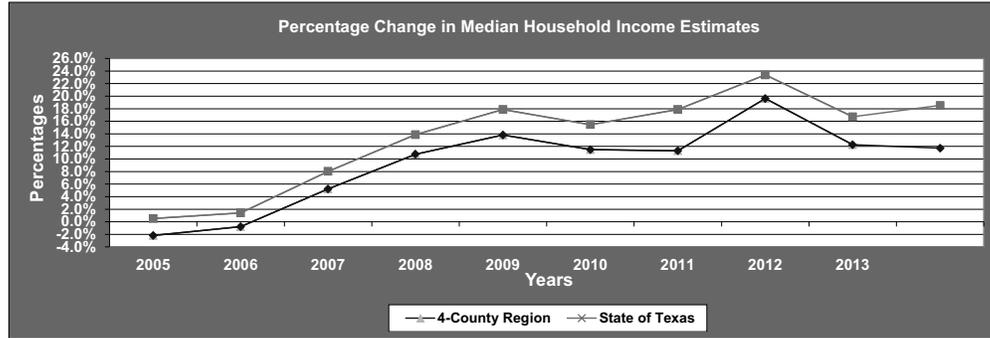
**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Demographic Data - Combined Four County Region and State of Texas Median Household Income Estimates  
 For Years 2004 - 2013  
 (Unaudited)

Year	COLLIN	DALLAS	DENTON	TARRANT	Regional Totals		Percentage Change from Prior Years	
					Estimated Avg Median Income	Estimated Avg Median Income	4 County	Texas
2004	68,567	43,444	61,528	47,369	55,227	41,759	-2.19%	0.51%
2005	70,784	42,598	61,520	49,104	56,002	42,139	1.40%	0.91%
2006	74,051	44,815	66,792	51,813	59,368	44,922	6.01%	6.60%
2007	79,657	46,372	71,109	53,459	62,649	47,548	5.53%	5.85%
2008	81,395	47,085	73,544	56,251	64,569	49,453	3.06%	4.01%
2009	80,545	47,059	70,002	54,647	63,063	48,259	-2.33%	-2.41%
2010	77,862	46,909	68,671	52,482	61,481	48,259	-2.51%	0.00%
2011	82,758	48,942	72,305	56,178	65,046	50,920	5.80%	5.51%
2012	83,238	49,159	72,939	56,859	65,549	51,563	0.77%	1.26%
2013	82,762	49,481	74,155	56,853	65,813	51,900	0.40%	0.65%
<b>Averaged Yearly Totals</b>	<b>\$78,162</b>	<b>\$46,586</b>	<b>\$69,257</b>	<b>\$53,502</b>	<b>\$61,877</b>	<b>\$47,672</b>		

Source: U.S. Census Bureau

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( p e r n i o u s )



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**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 North Texas Four County Region's Top Ten Employers  
 (Unaudited)

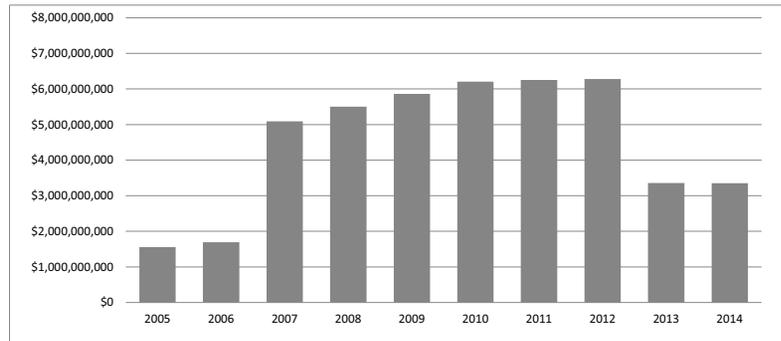
2014				2005			
EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY	EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	INDUSTRY
<b>COLLIN COUNTY TOP TEN EMPLOYERS</b>				<b>COLLIN COUNTY TOP TEN EMPLOYERS</b>			
HP ENTERPRISE SERVICES Llc	10,000	2.22%	PROF/TECH	EDS/CDP/HP ENTERPRISE SERVICES	6,700	1.86%	PROF/TECH
PLANO ISD	6,538	1.03%	EDUCATION	PLANO ISD	6,528	1.86%	EDUCATION
BANK OF AMERICA HOME LOANS	4,648	0.89%	FINANCIAL SERVICES	ALCATEL	5,080	1.32%	PROF/TECH
TOYOTA	4,000	0.84%	AUTO-MAKER	JC PENNEY	3,800	1.08%	RETAIL
J.C. PENNY (Corporate HQ)	3,800	0.78%	RETAIL	STONEBRIAR CENTER	3,456	0.78%	RETAIL
CAPITAL ONE	3,500	0.78%	FINANCIAL SERVICES	THE SHOPS AT WILLOW BEND	3,240	0.66%	RETAIL
UNIVERSITY OF TEXAS AT DALLAS	3,500	0.69%	EDUCATION	RAYTHEON	3,200	0.66%	TECHNOLOGY
BLUE CROSS and BLUE SHIELD OF TEXAS	3,100	0.66%	INSURANCE	FRITO-LAY, INC.	3,000	0.51%	RETAIL
MEDICAL CENTER OF PLANO (MCA Inc)	3,000	0.51%	HEALTH CARE PROVIDER	COUNTRYWIDE HOME LOANS	3,000	0.51%	FINANCIAL SERVICES
GE ENERGY	2,300	0.51%	ENERGY	PEROT SYSTEMS CORPORATION/DELL	2,811	0.51%	TECHNOLOGY
<b>Total</b>	<b>44,384</b>	<b>8.91%</b>		<b>Total</b>	<b>40,815</b>	<b>9.75%</b>	
<b>DALLAS COUNTY TOP TEN EMPLOYERS</b>				<b>DALLAS COUNTY TOP TEN EMPLOYERS</b>			
TEXAS HEALTH RESOURCES	21,100	0.55%	HEALTH CARE	AMR CORPORATION (AMERICAN AIRLINES)	22,900	0.94%	TRANSPORTATION
BANK OF AMERICA	20,000	0.81%	FINANCIAL SERVICES	WALMART STORES	21,300	0.91%	RETAIL
DALLAS PUBLIC SCHOOLS	19,800	0.80%	EDUCATION	DALLAS INDEPENDENT SCHOOL DISTRICT	19,244	0.83%	EDUCATION
AMR CORPORATION (AMERICAN AIRLINES)	19,219	0.77%	TRANSPORTATION	LOCKHEED MARTIN AERONAUTICS CO.	16,700	0.72%	MANUFACTURING
BAYLOR HEALTH CARE SYSTEM	16,850	0.68%	HEALTH CARE PROVIDER	BAYLOR HEALTH CARE SYSTEM	15,000	0.64%	HEALTH CARE
JPMORGAN CHASE	14,500	0.58%	FINANCIAL SERVICES	AT&T/BBG COMMUNICATIONS INC.	14,000	0.60%	TELECOMMUNICATIONS
TEXAS INSTRUMENTS INCORPORATED	14,000	0.58%	ELECTRONICS and SEMI-CONDUCTOR	U.S. POSTAL SERVICES	13,225	0.57%	MAIL DELIVERY
CITY OF DALLAS	13,000	0.56%	MUNICIPAL GOVERNMENT	THE VISITING NURSE ASSOC OF TEXAS	12,697	0.55%	HEALTH RELATED SERVICES
UT-SOUTHWESTERN MEDICAL CENTER	12,100	0.52%	HEALTH CARE PROVIDER	VERIZON COMMUNICATIONS INC.	12,500	0.54%	TELECOMMUNICATIONS
PARLAND HEALTH & HOSPITAL	13,000	0.49%	HEALTH CARE PROVIDER	TEXAS HEALTH RESOURCE	12,004	0.53%	HEALTH CARE PROVIDER
<b>Total</b>	<b>163,569</b>	<b>6.65%</b>		<b>Total</b>	<b>159,170</b>	<b>6.83%</b>	
<b>DENTON COUNTY TOP TEN EMPLOYERS</b>				<b>DENTON COUNTY TOP TEN EMPLOYERS</b>			
UNIVERSITY OF NORTH TEXAS	8,738	1.23%	EDUCATION	UNIVERSITY OF NORTH TEXAS	5,900	1.07%	EDUCATION
LEWISVILLE ISD	6,325	0.89%	EDUCATION	LEWISVILLE ISD	4,500	0.81%	EDUCATION
WALMART	3,900	0.55%	RETAIL	FRITO LAY	2,436	0.44%	RETAIL
DENTON ISD	3,800	0.53%	EDUCATION	AMERICAN AIRLINES	2,350	0.43%	TRANSPORTATION
CENTEX HOME EQUITY	2,800	0.36%	FINANCIAL SERVICES	DENTON ISD	2,000	0.36%	EDUCATION
FRITO-LAY, INC.	2,500	0.35%	RETAIL	HORIZON HEALTH	1,500	0.27%	HEALTH CARE
AMERICAN AIRLINES	2,154	0.30%	TRANSPORTATION	DENTON COUNTY	1,365	0.25%	MUNICIPAL GOVERNMENT
PETERBILT MOTORS	2,100	0.29%	TRANSPORTATION	DENTON STATE SCHOOL	1,350	0.24%	EDUCATION
NORTHWEST ISD	2,050	0.29%	EDUCATION	PETERBILT MOTORS	1,200	0.22%	TRANSPORTATION
DENTON STATE SCHOOL	1,700	0.24%	EDUCATION	CITY OF DENTON	1,200	0.22%	MUNICIPAL GOVERNMENT
<b>Total</b>	<b>35,867</b>	<b>5.03%</b>		<b>Total</b>	<b>23,801</b>	<b>4.31%</b>	
<b>TARRANT COUNTY TOP TEN EMPLOYERS</b>				<b>TARRANT COUNTY TOP TEN EMPLOYERS</b>			
AMRCORP/AMERICAN AIRLINES	24,000	2.56%	TRANSPORTATION	LOCKHEED FORT WORTH DIVISION	16,800	2.08%	MANUFACTURING
LOCKHEED MARTIN AERONAUTICS CO	12,600	1.34%	MANUFACTURING	AMRCORP/AMERICAN AIRLINES	14,608	1.81%	TRANSPORTATION
TEXAS HEALTH RESOURCES	12,207	1.30%	HEALTH CARE PROVIDER	FORT WORTH INDEPENDENT SCHOOL DISTRICT	10,366	1.29%	EDUCATION
FORT WORTH INDEPENDENT SCHOOL DISTRICT	12,000	1.28%	EDUCATION	ARLINGTON INDEPENDENT SCHOOL DISTRICT	7,831	0.97%	EDUCATION
NASA FORT WORTH JOINT RESERVE BASE	11,000	1.17%	MILITARY	TEXAS HEALTH RESOURCE	7,422	0.92%	HEALTH CARE
ARLINGTON INDEPENDENT SCHOOL DISTRICT	8,500	0.91%	EDUCATION	D.R. HORTON INC.	5,770	0.72%	HOME BUILDER
JOHN PETER SMITH HOSPITAL	6,000	0.64%	HEALTH CARE PROVIDER	CITY OF FORT WORTH	5,606	0.70%	MUNICIPAL GOVERNMENT
COOK CHILDRENS HEALTH CARE SYSTEM	5,611	0.60%	HEALTH CARE PROVIDER	BELL HELICOPTER - TEXTRON	4,900	0.61%	TRANSPORTATION
Alcon Laboratories Inc.	5,451	0.58%	MANUFACTURING	SBC-SOUTHWESTERN BELL	4,443	0.55%	COMMUNICATION
Bell Helicopter	5,400	0.58%	TRANSPORTATION	TARRANT COUNTY GOVERNMENT	4,213	0.52%	MUNICIPAL GOVERNMENT
<b>Total</b>	<b>102,768</b>	<b>10.36%</b>		<b>Total</b>	<b>81,559</b>	<b>10.17%</b>	

Source: Local Counties CAFR's (Collin, Dallas, Denton and Tarrant)

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)  
Contribution to Infrastructure Assets  
Last Ten Fiscal Years  
(Unaudited)

Year	Additions	Beginning Balance	Deletions/Depreciation	Adjustments	Ending Balance
2005	203,757,845	1,352,849,562	-	-	1,556,607,407
2006	141,163,305	1,556,607,407	(2,923,868)	-	1,694,846,844
2007	3,390,485,923 (1)	1,698,121,926	\$ (983,452)	-	5,087,624,397
2008	452,204,613 (2)	5,087,624,397	(38,340,388)	-	5,501,488,622
2009	3,558,138,403 (3)	5,501,488,622	(3,197,211,448) (3)	-	5,862,415,577
2010	344,755,250	5,862,415,577	(234,076)	-	6,206,936,751
2011	108,559,116	6,206,936,751	(62,875,322)	-	6,252,620,545
2012	35,418,771	6,315,495,868	(69,521,816)	-	6,281,392,822
2013	25,112,483	6,281,392,822	(2,949,815,326) (4)	-	3,356,689,979
2014	11,585,674	3,356,689,979	(6,159,420)	(8,597,539)	3,353,518,694

- (1) Includes a \$3.2 billion payment to Texas Department of Transportation for the acquisition of State Highway 121 project.  
(2) Deletions include property and equipment previously recorded as infrastructure.  
(See the Notes to Financial Statements - Note 4 Capital Assets)  
(3) Includes reclass from CIP to Roadway due to the completion of Sam Rayburn Tollway  
(4) Includes reclass of Sam Rayburn Tollway to an intangible asset



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NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)  
Toll Collection Variance  
Last Four Fiscal Years  
(Unaudited)

TABLE I				
	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014
Value of invoiced ZipCash transactions uncollected	\$ 44,675,438	\$ 80,413,340	\$ 81,701,089	\$ 81,508,283
Value of uninvoiced ZipCash transactions	38,069,555	52,451,196	61,518,201	80,989,673
<b>Total</b>	<b>\$ 82,744,993</b>	<b>\$ 132,864,536</b>	<b>\$ 143,219,290</b>	<b>\$ 162,497,956</b>
Value of all AVI and ZipCash transactions adjusted for Vtoll transactions	\$493,585,247	\$591,226,667	\$ 676,584,037	\$ 795,784,407
<b>Toll collection variance</b>	<b>16.75%</b>	<b>22.47%</b>	<b>21.17%</b>	<b>20.42%</b>

**Notes:**

- (1) These calculations use aggregate transaction information from the NTTA System and the Special Projects System (and thus do not reflect only the NTTA System) and are unaudited.

- (2) The toll collection variance calculation (the "All-ETC Methodology") is as follows:

*(value of invoiced ZipCash transactions for the reporting period uncollected as of end of reporting period + value of uninvoiced ZipCash transactions for the reporting period as of end of reporting period)*

*value of all AVI and ZipCash transactions that have occurred during the reporting period as adjusted for Vtoll transactions*

TABLE II				
	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013	Calendar Year 2014
Percentage of ZipCash transactions (by value) out of all NTTA transactions during period	29.28%	29.43%	28.83%	30.40%
Percentage of ZipCash transactions (by value) that were invoiced during period	54.70%	62.94%	61.92%	64.61%
Percentage of ZipCash transactions (by value) that were collected as of period end	41.29%	41.29%	48.75%	45.03%

**Notes:**

- (1) These calculations use aggregate transaction information from the NTTA System and the Special Projects System (and thus do not reflect only the NTTA System) and are unaudited.

- (2) Uninvoiced ZipCash transactions that are paid in the reporting period are deemed to be invoiced and are reflected in the percentages in the preceding table. Uninvoiced ZipCash transactions that are invoiced in subsequent reporting periods, and uncollected invoiced ZipCash transactions that are collected in subsequent reporting periods, are not reflected in the percentages in the preceding table. Furthermore, the percentages in the table do not take into account adjustments for VToll transactions and unassigned ZipCash invoices occurring after such reporting period. ZipCash transactions are not invoiced if the transaction (i) does not meet NTTA's business rules regarding invoicing, or (ii) is not pursuable because a readable license plate image was not captured or because the license plate information could not be matched to the vehicle owner information.

- (3) The All-ETC Methodology does not include ZipCash transactions collected after the end of the calendar (or other reporting period) in which the transaction occurred, therefore NTTA also reports total ZipCash collections, including invoiced and uninvoiced payments, for the calendar year (or other reporting period). This amount includes all ZipCash transactions collected regardless of the date the transactions occurred. Total ZipCash collections were approximately \$41.3 million for 2011, \$67.4 million for 2012, \$68.3 million for 2013 and \$76.6 million for 2014.

NORTH TEXAS TOLLWAY SYSTEM  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Total Lane Miles Operating and Number of Employees by Department  
 Last Ten Fiscal Years  
 (Unaudited)

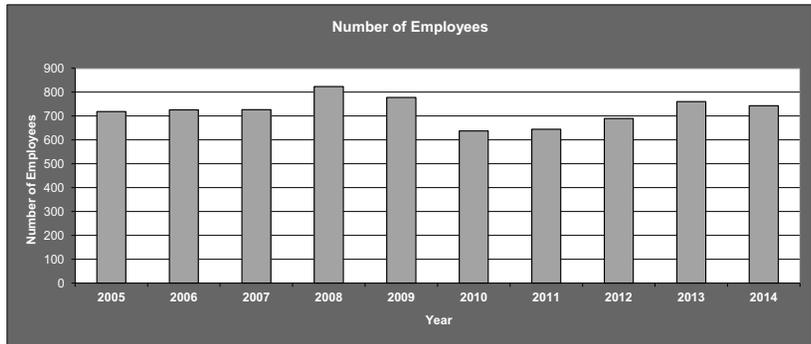
Lane Miles										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Lane Miles	319	319	365	618	669	685	744	744	744	744

Note—Lane miles are recorded during the year proportionate to the number of months they were operational.

Full-time Equivalent Employees										
Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration	7	9	9	9	6	4	6	7	3	2
Board	0	0	0	0	1	1	1	2	1	1
Operations	0	0	0	0	2	3	3	1	3	5
Strategic & Innovative Solutions	0	0	0	0	0	0	0	0	9	6
Finance	5	5	6	6	10	22	24	23	25	19
Business Diversity	0	1	1	3	5	5	5	5	5	5
Communications	7	8	9	12	15	15	15	14	15	14
Internal Audit	0	0	0	2	5	6	5	8	8	7
Human Resources	8	12	12	13	14	12	12	11	13	12
Legal Services	4	3	3	3	3	5	6	5	5	5
System & Incident Management	26	26	25	51	57	73	79	84	91	94
Accounting	6	7	5	8	7	0	0	0	0	0
Information Technology	19	19	20	32	47	61	64	71	77	76
Vault	31	30	28	23	19	2	0	0	0	0
Audit - Revenue Reconciliation	6	5	7	6	5	0	0	0	0	0
Procurement Services	6	6	6	10	12	11	11	11	11	9
Government Affairs	1	1	1	3	3	3	2	3	3	3
Toll Collection	412	416	386	321	162	4	0	0	0	0
Maintenance	76	68	81	178	162	163	160	181	195	167
Customer Service Center	92	98	115	133	228	232	236	248	279	298
Project Delivery	12	11	9	6	9	10	10	11	13	16
Project Evaluation	0	0	3	4	0	0	0	0	0	0
Cash and Debt Management	0	0	0	0	5	5	5	4	4	4
<b>Total</b>	<b>718</b>	<b>725</b>	<b>726</b>	<b>823</b>	<b>777</b>	<b>637</b>	<b>644</b>	<b>689</b>	<b>760</b>	<b>743</b>

Note 1—Project Evaluation is now Cash Debt and Management.

Note 2—During 2010, Accounting and Audit Revenue merged with Finance.



**CONTINUING FINANCIAL DISCLOSURE SCHEDULES**  
 (Unaudited)

The Continuing Financial Disclosure Schedules present various financial data in support of the Management's Discussion and Analysis and Financial Statements in the Financial Section of the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014.

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)  
Consolidating Schedule for Capital Improvement Fund  
December 31, 2014  
(Unaudited)

Schedule 2

Assets	Consolidated Capital Improvement Fund	Capital Improvement Fund	Feasibility Study Fund
Current assets:			
Cash and cash equivalents (note 3)	\$ (415,957)	(424,060)	8,103
Investments (note 3)	222,878,908	222,878,908	-
Accrued interest receivable	144,761	144,761	-
Interfund receivable	373,394,771	355,191,386	18,203,385
Interproject/agency receivables (Note 4)	1,680,513	1,638,365	42,148
Total current unrestricted assets	597,682,996	579,429,360	18,253,636
Current restricted assets:			
Restricted assets:			
Restricted for construction:			
Cash and cash equivalents (notes 3 and 10)	27,288	27,288	-
Restricted for debt service:			
Investments (notes 3 and 5)	12,053,401	12,053,401	-
Total current restricted assets	12,080,689	12,080,689	-
Total current assets	609,763,685	591,510,049	18,253,636
Noncurrent assets:			
Unavailable feasibility study costs	62,757,505	-	62,757,505
Capital assets net of amortization and depreciation (note 4)	(1,993,433)	(1,993,433)	-
Total noncurrent assets	60,764,072	(1,993,433)	62,757,505
<b>Total assets</b>	<b>670,527,757</b>	<b>589,516,616</b>	<b>81,011,141</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts and retainage payable	569	569	-
Accrued liabilities	4,615,652	4,364,119	251,533
Interfund payable	289,477,466	(5,801,506)	295,278,972
Interagency payable	160,534	160,534	-
Total current unrestricted liabilities	294,254,221	(1,276,284)	295,530,505
Payable from restricted assets:			
Construction-related payables:			
Retainage payable (note 10)	1,173,195	194,253	978,942
Debt service-related payables:			
Accrued interest payable	13,748,334	13,748,334	-
Total current liabilities payable from restricted assets	14,921,529	13,942,587	978,942
Total current liabilities	309,175,750	12,666,303	296,509,447
Noncurrent liabilities:			
Dallas North Tollway System revenue bonds payable, net of unamortized net deferred amount on refundings of \$0 and bond discount (premium) costs of \$282,835 (note 5)	400,000,000	400,000,000	-
Total noncurrent liabilities	400,000,000	400,000,000	-
<b>Total liabilities</b>	<b>709,175,750</b>	<b>412,666,303</b>	<b>296,509,447</b>
<b>Net Position</b>			
Net investment in capital assets	(215,498,306)	-	(215,498,306)
Restricted for:			
Debt service	7,750,002	7,750,002	-
Unrestricted	169,100,311	169,100,311	-
<b>Total net position</b>	<b>\$ (38,647,993)</b>	<b>176,850,313</b>	<b>(215,498,306)</b>

See accompanying independent auditors' report.

NORTH TEXAS TOLLWAY SYSTEM  
(An Enterprise Fund of the North Texas Tollway Authority)  
Schedule of Budget and Actual Revenues and Expenses on Trust Agreement Basis  
Year ended December 31, 2014  
(Unaudited)

Schedule 3

	Budget	Actual	Variance Over (Under)
Revenues:			
Toll revenues	\$ 520,318,600	580,045,215	59,726,615
Interest income	6,674,500	6,954,822	280,322
Other revenue	14,109,850	21,215,969	7,106,119
Gross revenues	541,102,950	608,216,006	67,113,056
Operating expenses:			
Administration:			
Administration	556,956	431,711	(125,245)
Board	152,873	137,258	(15,615)
Finance	15,261,969	13,187,370	(2,074,599)
Human resources	1,388,401	1,321,718	(66,683)
Internal audit	828,471	723,194	(105,277)
Legal	2,437,130	2,498,417	61,287
Public Affairs	2,846,945	2,747,259	(99,686)
Strategic & Innovative Solutions	956,096	245,344	(710,752)
Total administration	24,428,841	21,292,271	(3,136,570)
Operations:			
Customer service center	48,363,838	47,091,453	(1,272,385)
Information technologies	13,995,184	13,438,966	(556,218)
Maintenance	24,283,669	23,153,564	(1,130,105)
Operations	594,621	718,324	123,703
Project delivery	164,528	239,869	75,341
System & incident management	10,869,319	9,531,529	(1,337,790)
Total operations	98,271,159	94,173,705	(4,097,454)
Total operating expenses	122,700,000	115,465,976	(7,234,024)
Net revenues available for debt service	\$ 418,402,950	492,750,030	74,347,080

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Changes in Net Position by Trust Account  
December 31, 2014  
(Unaudited)

Schedule 4

	Total	Non-Major Enterprise Fund	North Texas Tollway System	Construction and property account	Revenue account	Debt service accounts					
						Operation and maintenance account	Reserve maintenance account	Consolidated Capital Improvement Fund	Bond interest account	Reserve account	Redemption account
<b>Net positions, beginning of year</b>	<b>\$ (674,676,884)</b>	<b>19,516,074</b>	<b>(694,192,958)</b>	<b>(1,224,827,598)</b>	<b>(161,349,443)</b>	<b>16,336,240</b>	<b>42,029,525</b>	<b>(84,014,093)</b>	<b>344,716,334</b>	<b>407,556,766</b>	<b>(34,640,689)</b>
Gross revenues	615,051,353	6,835,347	608,216,006	-	600,285,593	551,638	150,543	1,489,166	1,561	5,737,505	-
Grant revenues	1,790,774	-	1,790,774	883,993	-	-	-	906,781	-	-	-
Net increase (decrease) in the fair value of investments	2,360,407	-	2,360,407	134,981	(66,568)	-	59,462	573,770	-	1,658,762	-
Interest earned on investments	348,383	-	348,383	348,383	-	-	-	-	-	-	-
Gain (loss) on sale of investments	(242,296)	-	(242,296)	(59,381)	-	-	-	-	-	(182,915)	-
Administration and operations expenses	(120,123,842)	(4,657,866)	(115,465,976)	-	-	(115,465,976)	-	-	-	-	-
Depreciation on property and equipment	(6,159,420)	-	(6,159,420)	(6,159,420)	-	-	-	-	-	-	-
Bond interest expense	(432,986,782)	-	(432,986,782)	-	-	-	-	(32,996,000)	(399,990,782)	-	-
BAB's Subsidy	26,877,164	-	26,877,164	-	-	-	-	-	26,877,164	-	-
Other nonoperating costs	4,179,181	-	4,179,181	4,735,889	284,679	(314,473)	-	(526,914)	-	-	-
Bond discount/premium amortization	(1,384,392)	-	(1,384,392)	(1,667,227)	-	-	-	282,835	-	-	-
Interest on loan	(5,714,934)	-	(5,714,934)	(5,714,934)	-	-	-	-	-	-	-
Amortization of deferred amount on refunding (note 5)	(4,013,052)	-	(4,013,052)	(4,013,052)	-	-	-	-	-	-	-
Unallocated infrastructure depreciation	(64,403,243)	-	(64,403,243)	(64,403,243)	-	-	-	-	-	-	-
Reserve maintenance account expenses	(11,144,585)	-	(11,144,585)	-	-	-	(11,144,585)	-	-	-	-
Consolidated capital improvement fund expenses	(38,848,449)	-	(38,848,449)	-	-	-	-	(38,848,449)	-	-	-
Net revenues	(34,413,733)	2,177,481	(36,591,214)	(75,914,011)	600,503,704	(115,228,811)	(10,934,580)	(69,118,811)	(373,112,057)	7,213,352	-
Interfund transactions:											
Distribution from revenue fund	-	-	-	-	(242,672,674)	92,487,674	-	150,185,000	-	-	-
Operating transfers (other funds)	-	-	-	(19,371,453)	(353,432,623)	18,471,817	(1,832,905)	(35,700,091)	383,705,112	8,160,143	-
Capital contribution	32,166,870	-	32,166,870	32,166,870	-	-	-	-	-	-	-
Net changes during the year	(2,246,863)	2,177,481	(4,424,344)	(63,118,594)	4,398,407	(4,269,320)	(12,767,485)	45,366,098	10,593,055	15,373,495	-
<b>Net positions, end of year</b>	<b>\$ (676,923,747)</b>	<b>21,693,555</b>	<b>(698,617,302)</b>	<b>(1,287,946,192)</b>	<b>(156,951,036)</b>	<b>12,066,920</b>	<b>29,262,040</b>	<b>(38,647,995)</b>	<b>355,309,389</b>	<b>422,930,261</b>	<b>(34,640,689)</b>

See accompanying independent auditors' report.

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**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Cash Receipts and Disbursements by Trust Account  
Year ended December 31, 2014  
(Unaudited)

Schedule 5

	Total	Non-Major	North Texas	Construction	Revenue	Operation and	Reserve	Consolidated	Debt service accounts		
	(memorandum only)	Enterprise Fund	Tollway System	and property account	account	maintenance account	maintenance account	Capital Improvement account	Bond interest account	Reserve account	Redemption account
<b>Balance of cash, December 31, 2013</b>	<b>\$ 19,672,813</b>	<b>(40,969)</b>	<b>19,713,782</b>	<b>(26,772)</b>	<b>6,477,574</b>	<b>13,823,666</b>	<b>(127,032)</b>	<b>(433,654)</b>	-	-	-
Receipts:											
Toll revenues	52,848,378	-	52,848,378	-	52,848,378	-	-	-	-	-	-
Enterprise IOP Revenue	28,453,057	5,209,600	23,243,457	-	23,243,457	-	-	-	-	-	-
2010 B BABS rebate	35,882,734	-	35,882,734	-	-	-	-	-	35,882,734	-	-
Investments	389,016,591	488,419	388,528,171	-	-	-	-	50,609,655	337,918,516	-	-
Earnings received from investments	4,847,728	27,221	4,820,506	414,173	369,873	-	146,404	-	1,704	3,888,352	-
Gain/loss from sale of investments	2,703,564	-	2,703,564	119,559	-	-	-	-	-	2,584,005	-
Prepaid customers' accounts	673,623,294	-	673,623,294	-	673,623,294	-	-	-	-	-	-
Miscellaneous revenue	10,246,148	-	10,246,148	3,406,779	1,909,287	1,265,995	-	3,664,087	-	-	-
	1,197,621,491	5,725,240	1,191,896,252	3,940,511	751,994,289	1,265,995	146,404	54,273,742	373,802,954	6,472,357	-
Disbursements:											
SWAP Payment	(6,212,649)	-	(6,212,649)	-	-	-	-	-	(6,212,649)	-	-
Interest on bonded debt	(525,949,026)	-	(525,949,026)	-	(159,334,971)	-	-	-	(366,614,055)	-	-
Investments	(84,917,862)	-	(84,917,862)	-	(50,771,433)	-	-	(42,655,335)	-	8,508,906	-
Operating expenses	(385,883,283)	(6,560,640)	(379,322,643)	-	(293,629,030)	(85,693,613)	-	-	-	-	-
Reserve maintenance fund expenses	(13,291,704)	-	(13,291,704)	-	-	-	(13,291,704)	-	-	-	-
Capital improvement fund expenses	(89,419,606)	-	(89,419,606)	-	-	-	-	(89,419,606)	-	-	-
Deferred study cost	(4,395,230)	-	(4,395,230)	-	-	-	-	(4,395,230)	-	-	-
Capitalized costs	(6,563,847)	-	(6,563,847)	(6,563,847)	-	-	-	-	-	-	-
	(1,116,633,206)	(6,560,640)	(1,110,072,567)	(6,563,847)	(503,735,434)	(85,693,613)	(13,291,704)	(136,470,171)	(372,826,704)	8,508,906	-
Interfund and interproject transactions:											
Distribution from revenue fund	-	-	-	-	(244,083,703)	84,897,927	-	150,185,000	9,000,776	-	-
Other interfund transactions - net	(82,154,365)	1,050,493	(83,204,858)	2,629,813	(6,038,877)	-	13,106,081	(67,943,586)	(9,977,026)	(14,981,263)	-
	(82,154,365)	1,050,493	(83,204,858)	2,629,813	(250,122,580)	84,897,927	13,106,081	82,241,414	(976,250)	(14,981,263)	-
Receipts over (under) disbursements and interfund and interproject transactions for the year ended December 31, 2014	(1,166,080)	215,093	(1,381,173)	6,477	(1,863,725)	470,309	(39,219)	44,985	-	-	-
<b>Balance of cash, December 31, 2014</b>	<b>\$ 18,506,733</b>	<b>174,124</b>	<b>18,332,609</b>	<b>(20,295)</b>	<b>4,613,849</b>	<b>14,293,975</b>	<b>(166,251)</b>	<b>(388,669)</b>	-	-	-

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
 Schedule of Toll Revenue and Traffic Analysis  
 Year Ended December 31, 2014  
**(Unaudited)**

**Schedule 6**

**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Schedule of Toll Rates  
 As of December 31, 2014  
 (Unaudited)

Schedule 7

Toll revenue (*):		
AVI	\$	486,328,903
ZipCash		141,519,943
Less bad debt expense		(47,803,631)
<b>Total</b>	<b>\$</b>	<b>580,045,215</b>

Vehicle transactions (*):		
Two-axle vehicle transactions		629,355,344
Multiaxle vehicle transactions		15,314,179
Nonrevenue vehicle transactions		2,549,354
<b>Total</b>	<b></b>	<b>647,218,877</b>

Toll revenue – average per day (*):		
AVI		1,332,407
Zipcash		256,757
<b>Average</b>	<b>\$</b>	<b>1,589,164</b>

Vehicle transactions – average per day (*):		
Two-axle vehicle transactions		1,724,261
Multiaxle vehicle transactions		41,957
Nonrevenue vehicle transactions		6,985
<b>Average</b>	<b></b>	<b>1,773,203</b>

**(\* System only**

See accompanying independent auditors' report.

	Two-Axle Passenger Cars and Trucks		Three-Axle Vehicles and Vehicle Combinations		Four-Axle Vehicles and Vehicle Combinations		Five-Axle Vehicles and Vehicle Combinations		Six or More Axle Vehicles and Special Permits	
	Toll/Tax	ZipCash	Toll/Tax	ZipCash	Toll/Tax	ZipCash	Toll/Tax	ZipCash	Toll/Tax	ZipCash
<b>Dallas North Tollway</b>										
Wycliff Main Lane Gantry (MLP1)	\$1.40	\$2.10	\$2.80	\$4.20	\$4.20	\$6.30	\$6.60	\$8.40	\$7.00	\$10.50
Mooresglord Lane (MCLN)	\$1.02	\$1.53	\$2.04	\$3.06	\$3.06	\$4.59	\$4.08	\$6.12	\$5.10	\$7.65
Northwest Highway (NORHY)	\$0.70	\$1.05	\$1.40	\$2.10	\$2.10	\$3.15	\$2.80	\$4.20	\$3.50	\$5.25
Royal Lane (ROYLN)	\$0.37	\$0.60	\$0.74	\$1.20	\$1.11	\$1.80	\$1.48	\$2.40	\$1.85	\$3.00
Spring Valley Road (SPVRD)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Belt Line Road (BELRD)	\$0.32	\$0.55	\$0.64	\$1.10	\$0.96	\$1.65	\$1.28	\$2.20	\$1.60	\$2.75
Keller Springs Road (KESRD)	\$0.49	\$0.74	\$0.98	\$1.48	\$1.47	\$2.22	\$1.96	\$3.28	\$2.45	\$3.70
Trinity Mills Main Lane Gantry (MLP2)	\$1.01	\$1.52	\$2.02	\$3.04	\$3.03	\$4.56	\$4.04	\$6.08	\$5.05	\$7.60
Frankford Road (FRARD)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Park Boulevard (PARBD)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Parker Main Lane Gantry (MLP3)	\$0.90	\$1.35	\$1.80	\$2.70	\$2.70	\$4.05	\$3.60	\$5.40	\$4.50	\$6.75
Parker Road (PARRD)	\$0.63	\$0.80	\$1.06	\$1.60	\$1.59	\$2.40	\$2.12	\$3.20	\$2.65	\$4.00
Spring Creek Parkway (SPCPY)	\$0.30	\$0.53	\$0.60	\$1.06	\$0.90	\$1.59	\$1.20	\$2.12	\$1.50	\$2.65
Legacy Drive (LEGDR)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Headquarters Drive (HEADR)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Gayford Parkway (GAYPY)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Lebanon Road (LEBRD)	\$0.36	\$0.59	\$0.72	\$1.18	\$1.08	\$1.77	\$1.44	\$2.36	\$1.80	\$2.95
Stone Brook Parkway (STOPY)	\$0.47	\$0.71	\$0.94	\$1.42	\$1.41	\$2.13	\$1.88	\$3.24	\$2.35	\$3.55
Main Street (MAIST)	\$0.76	\$1.14	\$1.52	\$2.28	\$2.28	\$3.42	\$3.04	\$4.56	\$3.80	\$5.70
Eldorado Main Lane Gantry (MLP4)	\$1.58	\$2.37	\$3.16	\$4.74	\$4.74	\$7.11	\$6.32	\$9.48	\$7.90	\$11.85
Eldorado Parkway (ELDPY)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
<b>Toll Rates Effective July 1, 2013</b>										
<b>PG&amp;T EE</b>										
Miller Road (MLIRD)	\$0.40	\$0.63	\$0.80	\$1.26	\$1.20	\$1.89	\$1.60	\$2.52	\$2.00	\$3.15
Main Street (MAIST)	\$0.80	\$1.20	\$1.60	\$2.40	\$2.40	\$3.60	\$3.20	\$4.80	\$3.95	\$6.00
Merritt Road (MERRD)	\$0.85	\$1.28	\$1.70	\$2.55	\$2.55	\$3.84	\$3.40	\$5.12	\$4.25	\$6.40
Merritt Main Lane Gantry (MLG5)	\$1.61	\$2.42	\$3.22	\$4.84	\$4.84	\$7.26	\$6.64	\$9.96	\$8.05	\$12.00
Miles Road (MLIRD)	\$0.34	\$0.57	\$0.68	\$1.14	\$1.02	\$1.71	\$1.31	\$2.28	\$1.70	\$2.85
Firewheel Parkway (FRPY)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Cris Road (CRIRD)	\$0.48	\$0.72	\$0.96	\$1.44	\$1.44	\$2.16	\$1.92	\$2.88	\$2.35	\$3.50
<b>President George Bush Turnpike</b>										
North Garland Avenue (GARRD)	\$0.29	\$0.52	\$0.58	\$1.04	\$0.87	\$1.56	\$1.16	\$2.08	\$1.45	\$2.60
Campbell Road (CAMRD)	\$0.46	\$0.69	\$0.92	\$1.38	\$1.38	\$2.07	\$1.84	\$2.76	\$2.30	\$3.45
East Renner Road (ERERD)	\$1.14	\$1.71	\$2.28	\$3.42	\$3.42	\$5.13	\$4.44	\$6.66	\$5.55	\$8.35
Shiloh Main Lane Gantry (MLP6)	\$1.11	\$1.67	\$2.22	\$3.34	\$3.33	\$5.01	\$4.44	\$6.66	\$5.55	\$8.35
Shiloh Road (SHIRD)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
West Renner Road (WRERD)	\$0.60	\$0.92	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
Independence Parkway (INDPY)	\$0.38	\$0.61	\$0.76	\$1.22	\$1.14	\$1.83	\$1.52	\$2.44	\$1.90	\$3.05
Coil Road (COIRD)	\$0.67	\$0.88	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
Coil Main Lane Gantry (MLP7)	\$1.20	\$1.80	\$2.40	\$3.60	\$3.60	\$5.40	\$4.80	\$7.20	\$6.00	\$9.00
Preston Road (PRERD)	\$0.32	\$0.55	\$0.64	\$1.10	\$0.96	\$1.65	\$1.28	\$2.20	\$1.60	\$2.75
Miskey Road (MISRD)	\$0.48	\$0.72	\$0.96	\$1.44	\$1.44	\$2.16	\$1.92	\$2.88	\$2.35	\$3.50
Marin Lane (MARLN)	\$0.33	\$0.56	\$0.68	\$1.12	\$0.99	\$1.68	\$1.32	\$2.24	\$1.65	\$2.80
Frankford Main Lane Gantry (MLP8)	\$1.12	\$1.68	\$2.24	\$3.36	\$3.36	\$5.04	\$4.44	\$6.66	\$5.55	\$8.35
Kelly Boulevard (KELBD)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Jossey Lane (JOSLN)	\$0.38	\$0.61	\$0.76	\$1.22	\$1.14	\$1.83	\$1.52	\$2.44	\$1.90	\$3.05
Sandy Lake Main Lane Gantry (MLP9)	\$0.89	\$1.34	\$1.78	\$2.68	\$2.67	\$4.02	\$3.66	\$5.46	\$4.45	\$6.70
Belt Line - Lura Road (NERD)	\$0.53	\$0.80	\$1.06	\$1.60	\$1.59	\$2.40	\$2.12	\$3.20	\$2.65	\$4.00
Royal Lane (ROYLN)	\$0.27	\$0.50	\$0.54	\$1.00	\$0.81	\$1.50	\$1.08	\$2.00	\$1.35	\$2.50
Belt Line Road (SBERD)	\$0.51	\$0.77	\$1.02	\$1.54	\$1.53	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
Belt Line Main Lane Gantry (MLP10)	\$0.51	\$0.77	\$1.02	\$1.54	\$1.53	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
Confiance Road	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Shady Grove Road	\$0.42	\$0.65	\$0.84	\$1.30	\$1.26	\$1.95	\$1.68	\$2.60	\$2.10	\$3.25
Lower Tarrant (North of Gantry)	\$0.43	\$0.68	\$0.86	\$1.32	\$1.29	\$1.98	\$1.72	\$2.64	\$2.16	\$3.30
Lower Tarrant (Main Lane Gantry)	\$0.84	\$1.41	\$1.88	\$2.82	\$2.82	\$4.23	\$3.76	\$5.64	\$4.70	\$7.05
Lower Tarrant (South of Gantry)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Daisworth Street	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Marshall Drive	\$0.47	\$0.71	\$0.94	\$1.42	\$1.41	\$2.13	\$1.88	\$3.24	\$2.35	\$3.55
Pioneer Parkway	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
Arkansas Maritime Gantry	\$0.98	\$1.49	\$1.98	\$2.98	\$2.97	\$4.47	\$3.96	\$5.96	\$4.95	\$7.45
Arkansas Lane (South of Gantry)	\$0.35	\$0.58	\$0.70	\$1.18	\$1.05	\$1.74	\$1.40	\$2.32	\$1.75	\$2.90
Mayfield Road	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
<b>Sam Rayburn Tollway</b>										
Denton Tap Main Lane Gantry (MLG1)	\$0.53	\$0.80	\$1.06	\$1.60	\$1.59	\$2.40	\$2.12	\$3.20	\$2.65	\$4.00
MacArthur Blvd (MACBD)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Cannollon Parkway (CARPY)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Parker Road (PARRD)	\$0.35	\$0.58	\$0.70	\$1.18	\$1.05	\$1.74	\$1.40	\$2.32	\$1.75	\$2.90
Old Denton Road (OLDOR)	\$0.40	\$0.63	\$0.80	\$1.20	\$1.20	\$1.89	\$1.60	\$2.52	\$2.00	\$3.15
Slansbridge Drive - South (SSDOR)	\$0.61	\$0.92	\$1.22	\$1.84	\$1.83	\$2.76	\$2.44	\$3.68	\$3.05	\$4.60
Jossey Lane - South (JSOLN)	\$0.74	\$1.11	\$1.48	\$2.22	\$2.22	\$3.33	\$2.96	\$4.44	\$3.70	\$5.55
Jossey Main Lane Gantry (MLG2)	\$1.38	\$2.07	\$2.76	\$4.14	\$4.14	\$6.21	\$5.52	\$8.28	\$6.90	\$10.35
Slansbridge Drive - North (NSDOR)	\$0.78	\$1.17	\$1.56	\$2.34	\$2.34	\$3.51	\$3.12	\$4.68	\$3.90	\$5.85
Jossey Lane - North (JSOLN)	\$0.65	\$0.98	\$1.30	\$1.98	\$1.95	\$2.94	\$2.60	\$3.92	\$3.25	\$4.90
Piano Parkway (PLAPY)	\$0.51	\$0.77	\$1.02	\$1.54	\$1.53	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
Binning Creek Parkway (SPCPY)	\$0.26	\$0.49	\$0.52	\$0.98	\$0.78	\$1.47	\$1.04	\$1.96	\$1.30	\$2.45
Preston Road (PRERD)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Hilcrest Road (HLIRD)	\$0.25	\$0.48	\$0.50	\$0.96	\$0.75	\$1.44	\$1.00	\$1.92	\$1.25	\$2.40
Coil Road (COIRD)	\$0.64	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.16	\$3.24	\$2.60	\$4.20
Independence Parkway (INDPY)	\$0.74	\$1.11	\$1.48	\$2.22	\$2.22	\$3.33	\$2.96	\$4.44	\$3.70	\$5.55
Coilier Road - South (CSIRD)	\$0.62	\$1.38	\$1.86	\$2.78	\$2.78	\$4.14	\$3.68	\$5.52	\$4.60	\$6.90
Custer Main Lane Gantry (MLG3)	\$1.91	\$2.87	\$3.82	\$5.74	\$5.73	\$8.61	\$7.84	\$11.48	\$9.55	\$14.35
Exchange Parkway (SALDR)	\$0.99	\$1.49	\$1.98	\$2.98	\$2.97	\$4.47	\$3.96	\$5.96	\$4.95	\$7.45
Alms Drive (ALMDR)	\$1.10	\$1.73	\$2.30	\$3.45	\$3.45	\$5.18	\$4.60	\$6.90	\$5.65	\$8.50
Stacy Road (STARD)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
Lake Forest Drive (LAFDR)	\$0.67	\$0.86	\$1.04	\$1.52	\$1.52	\$2.28	\$2.08	\$3.12	\$2.60	\$3.35
Heston Boulevard (HABRD)	\$0.28	\$0.51	\$0.56	\$1.02	\$0.84	\$1.51	\$1.28	\$2.04	\$1.40	\$2.55
<b>Addison Airport Toll Tunnel (AATT)</b>										
Addison Airport Toll Tunnel (AATT)	Toll/Tax	ZipCash	Toll/Tax	ZipCash	Toll/Tax	ZipCash	Toll/Tax	ZipCash	Toll/Tax	ZipCash
	\$0.58	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
<b>Mountain Creek Lake Toll Bridge</b>										
Mountain Creek Lake Toll Bridge (MCLB)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
<b>Lewisville Lake Toll Bridge</b>										
Lewisville Lake Toll Bridge (LLTB)	\$1.12	\$1.68	\$2.24	\$3.36	\$3.36	\$5.04	\$4.48	\$6.72	\$5.60	\$8.40

Footnote: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC). Cash will no longer be accepted on NTTA Facilities. Vehicles with no transponders will be tolled through video tolling. Toll rates are 16.16 cents per mile effective July 1, 2013.

See accompanying independent auditors' report.

B-1-S1

**NORTH TEXAS TOLLWAY SYSTEM**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Schedule of Historical Traffic, Toll Revenues and Net Revenues  
 Year Ended December 31, 2014  
 (Unaudited)

Schedule 8

**Historical Traffic and Toll Revenue**

The table below sets forth the annual revenue vehicle transactions and gross toll revenue with respect to the Dallas North Tollway System for the ten calendar years 2005 through 2014:

Year	Annual revenue vehicle transactions (unaudited)	Annual toll revenue
2005 (1)	338,390,215	172,537,345
2006	370,696,171	191,434,120
2007 (2)	383,481,098	202,675,564
2008 (3)	412,272,003	240,776,791
2009 (4)	455,546,197	290,404,547
2010 (5)	481,913,338	366,597,323
2011 (6)	513,454,344	402,569,534
2012	585,051,845	485,463,608
2013	610,129,737	525,458,723
2014	644,669,523	580,045,215

- (1) Reflects the opening of Segment IV of the President George Bush Turnpike in September 2005.
- (2) Reflects the opening of DNT Phase 3 and toll rate increase in late September 2007.
- (3) Reflects the opening of Sam Rayburn Tollway (121 Tollway) in September 2008.
- (4) Reflects the opening of Lake Lewisville August 2009.
- (5) Four major direct connectors at SRT/US75 interchange were opened during 2010
- (6) PGBT EE mainlanes from SH 78 to IH 30 opened in December 2011

**Historical Net Revenues**

The table set forth below shows the Net Revenues for debt service (as defined by Trust Agreement) of the Dallas North Tollway System for the ten calendar years 2005 through 2014:

Year	Toll revenue	Current expenses	Investment and other earnings	Net revenues	Coverage
2005	\$ 172,537,345	\$ 56,676,883	\$ 14,085,285	\$ 130,045,747	1.80
2006	191,434,120	61,421,158	18,259,576	148,272,538	1.98
2007	202,675,564	76,593,495	21,307,811	147,389,880	1.96
2008	240,776,791	80,668,732	20,958,496	181,066,555	1.60
2009	290,404,547	90,934,772	31,253,174	230,722,950	1.56
2010	366,597,323	95,709,839	30,086,350	300,973,834	1.61
2011	402,569,534	99,324,590	41,161,515	344,406,459	1.77
2012	485,463,608	151,466,804	28,832,506	362,829,310	1.47
2013	525,458,723	109,240,378	21,721,506	437,939,851	1.26
2014	580,045,215	115,465,976	28,170,791	492,750,030	1.41

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY**  
 (An Enterprise Fund of the North Texas Tollway Authority)  
 Schedule of Capitalized Costs by Project  
 As of December 31, 2014  
 (Unaudited)

Schedule 9

**Cumulative Total Through December 31, 2014**

<b>Dallas North Tollway - 3711</b>		
Preliminary costs		17,379,877
Right-of-way		49,485,647
Engineering		21,439,097
Administration		2,953,499
Buildings		5,580,003
Land		1,714,934
Roadways		150,043,598
Equipment		771,382
Accumulated Depreciation		(1,467,542)
Subtotal		247,900,495
Financing costs		53,721,626
Total capitalized costs - Dallas North Tollway		301,622,121
<b>Dallas North Tollway Extension - 3712</b>		
Preliminary costs		6,619,070
Right-of-way		8,557,830
Engineering		25,393,882
Administration		1,413,506
Roadways		211,325,099
Equipment		35,684
Subtotal		253,345,071
Financing costs		(3,330,254)
Total capitalized costs - Dallas North Tollway Extension		250,014,817
<b>Addison Airport Toll Tunnel - 3741</b>		
Preliminary costs		1,244,082
Right-of-way		617,278
Engineering		4,895,697
Administration		295,203
Roadways		18,204,644
Subtotal		25,256,904
Financing costs		(1,351,007)
Total capitalized cost - Addison Airport Toll Tunnel		23,905,897
<b>President George Bush Turnpike - Segments I - IV - 3721</b>		
Preliminary costs		18,040,104
Right-of-way		76,906,305
Engineering		114,239,012
Administration		25,252,891
Buildings		24,016,957
Land		5,578,821
Roadways		602,608,024
Equipment		57,114,656
Accumulated Depreciation on Buildings		(6,339,861)
Accumulated Depreciation on Equipment		(37,284,574)
Subtotal		880,132,335
Financing costs		55,562,993
Total capitalized cost - President George Bush Turnpike - Segments I - IV		935,695,328
<b>President George Bush Turnpike - Segment V - 3723</b>		
Preliminary costs		1,596,208
Right-of-way		16,459
Engineering		8,981,476
Administration		235,829
Roadways		68,433,928
Subtotal		79,263,900
Financing costs		6,757,054
Total capitalized cost - President George Bush Turnpike - Segment V		86,020,954

(continued)

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Capitalized Costs by Project  
As of December 31, 2014  
*(Unaudited)*

Schedule 9

**NORTH TEXAS TOLLWAY SYSTEM**  
**(An Enterprise Fund of the North Texas Tollway Authority)**  
Schedule of Deferred Study Costs - Feasibility Study Fund  
Year ended December 31, 2014  
*(Unaudited)*

Schedule 10

	<u>Cumulative Total Through December 31, 2014</u>
<b>Dallas North Tollway Phase 3 - 3713</b>	
Preliminary costs	5,118,815
Right-of-way	569,830
Engineering	33,249,534
Administration	2,690,663
Roadways	<u>221,237,505</u>
Subtotal	262,866,347
Financing costs	<u>(20,316,333)</u>
Total capitalized cost – Dallas North Tollway Phase 3	<u>242,550,014</u>
<b>Lewisville Lake Toll Bridge - 3761</b>	
Preliminary costs	9,876
Right-of-way	13,177
Engineering	14,360,183
Administration	249,620
Roadways	<u>99,165,049</u>
Subtotal	113,797,905
Financing costs	<u>310,255</u>
Total capitalized cost – Lewisville Lake Toll Bridge	<u>114,108,160</u>
<b>President George Bush Turnpike - Eastern Extension - 3722</b>	
Infrastructure (Other)	30,192
Right-of-way	104,963,086
Engineering	72,545,358
Administration	4,861,209
Roadways	384,205,292
Accumulated Depreciation Equipment	<u>(1,088)</u>
Subtotal	566,604,049
Financing costs	<u>60,917,072</u>
Total capitalized cost – President George Bush Turnpike - Eastern Extension	<u>627,521,121</u>
<b>MCLB 1977 Construction Fund - 3731</b>	
Preliminary Cost	483,969
Right-of-way	50,777
Engineering	616,968
Administration	379,131
Roadways	<u>5,955,649</u>
Subtotal	7,486,494
Financing costs	<u>1,414,783</u>
Total capitalized cost – MCLB 1977 Construction Fund	<u>8,901,277</u>

<b>Totals by Category</b>	
Infrastructure (Other)	30,192
Preliminary costs	51,634,469
Right-of-way	256,283,956
Engineering	384,439,225
Administration	59,540,551
Buildings	29,596,959
Land	7,293,755
Roadways	2,266,263,047
Equipment	57,921,722
Accumulated depreciation Equipment	(38,753,204)
Accumulated depreciation on Buildings	<u>(6,339,861)</u>
Subtotal	3,067,910,811
Financing costs	<u>301,526,239</u>
Total Capitalized Cost as of December 31, 2014	<u>3,369,437,050</u>

(concluded)

(1) Total capitalized cost includes bond discount/premiums, which have been capitalized in accordance with the Trust Agreement. These costs are netted against revenue bonds within the statement of net position.

See accompanying independent auditors' report.

The table below sets forth the accumulated unavailable feasibility study costs, by project, through December 31, 2014 that have not been transferred out of the Feasibility Study Fund into a construction project.

<u>Projects</u>	<u>Accumulated December 31, 2014</u>
Trinity Tollway	\$ 374,328
SH 161 FSF (FREE)	133,015
Dallas North Tollway:	
380 Interchange	285,767
Extension Phase 4	3,738,109
Extension Phase 4B/5A	3,652,801
Phase 3	8,282
President George Bush Turnpike - East Branch	121,176
State Highway 360	6,584,163
Trinity Parkway	39,981,135
North Central Texas Council of Governments	848,892
State Highway 170 - Alliance Gateway	5,147,639
Capital Planning Model	364,329
Collin/Grayson Corridor	175,712
Future Bond Issue Planning	336,519
State Highway 183 Managed Lanes	901,486
Collin County Outer Loop	3,152
Denton County Corridor	7,857
Loop 9	32,649
IH35 E Managed Lanes	<u>60,494</u>
	<u>\$ 62,757,505</u>

See accompanying independent auditor's report



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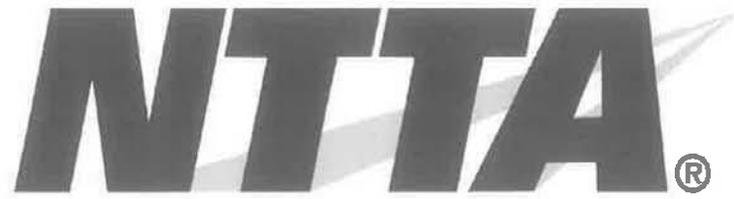


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**APPENDIX B-2**

**UNAUDITED FINANCIAL REPORT OF THE NORTH TEXAS TOLLWAY AUTHORITY SYSTEM,  
AN ENTERPRISE FUND OF THE NORTH TEXAS TOLLWAY AUTHORITY, FOR THE FISCAL  
YEAR ENDED DECEMBER 31, 2015**

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***NORTH TEXAS TOLLWAY AUTHORITY***

**PRELIMINARY REPORT**

**(DOES NOT INCLUDE ALL YEAR-END ADJUSTMENTS)**

**MONTHLY FINANCIAL REPORT  
FOR THE MONTH ENDED  
DECEMBER 31, 2015**

**Prepared by  
Finance Department**

**NORTH TEXAS TOLLWAY AUTHORITY**  
5900 W. Plano Parkway, Suite 100, Plano, Texas 75093  
P.O. Box 260729, Plano, Texas 75026

Kenneth Barr, Chairman  
Bill Moore, Vice Chairman  
Matrice Ellis-Kirk, Director  
John Mahalik, Director  
Michael Nowels, Director  
George "Tex" Quesada, Director  
William "Bill" Elliott, Director  
Mojoy Haddad, Director  
Jane Willard, Director

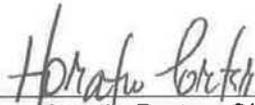
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Gerald Carrigan, Executive Director  
Horatio Porter, Chief Financial Officer

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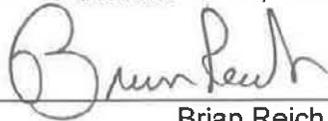
**MONTHLY FINANCIAL REPORT**  
**December 31, 2015**

This report is unaudited and is furnished as general information only.



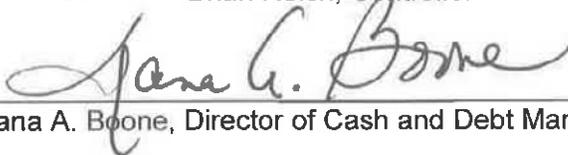
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Horatio Porter, Chief Financial Officer



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Brian Reich, Controller



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Dana A. Boone, Director of Cash and Debt Management

**NORTH TEXAS TOLLWAY AUTHORITY**

**December 31, 2015**

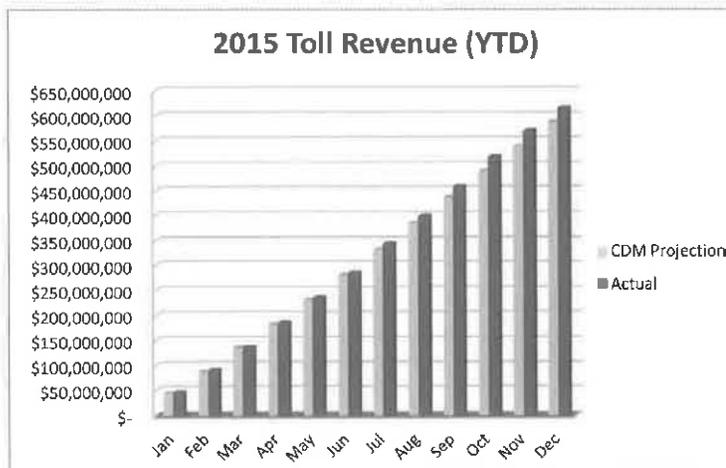
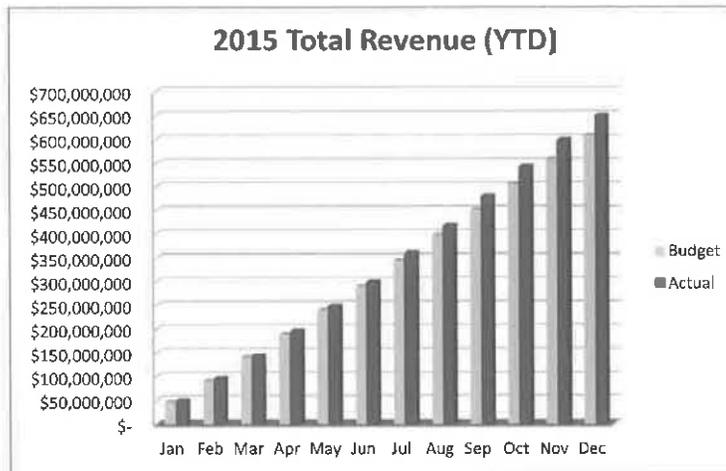
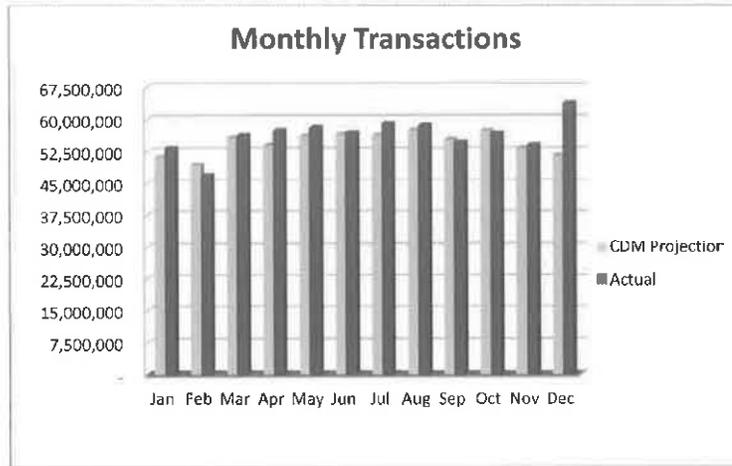
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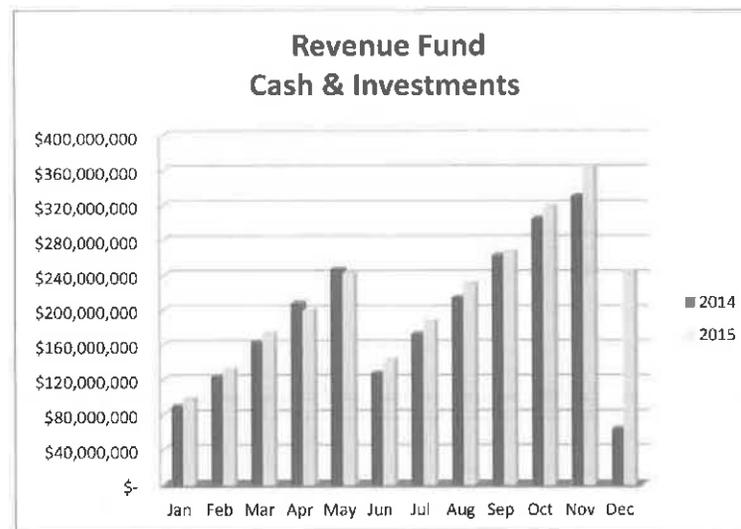
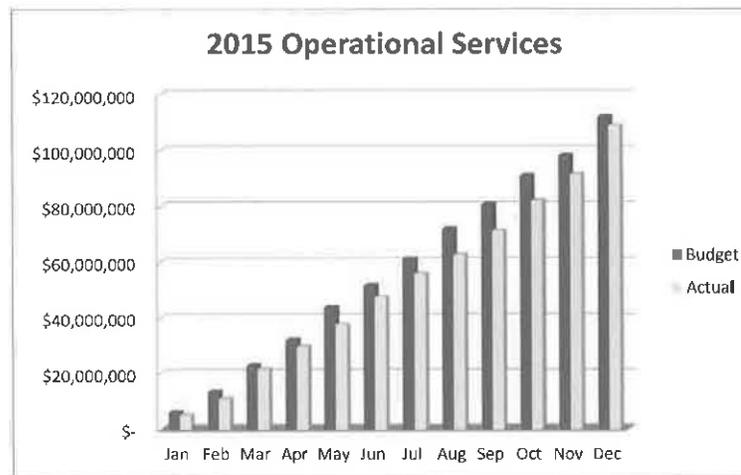
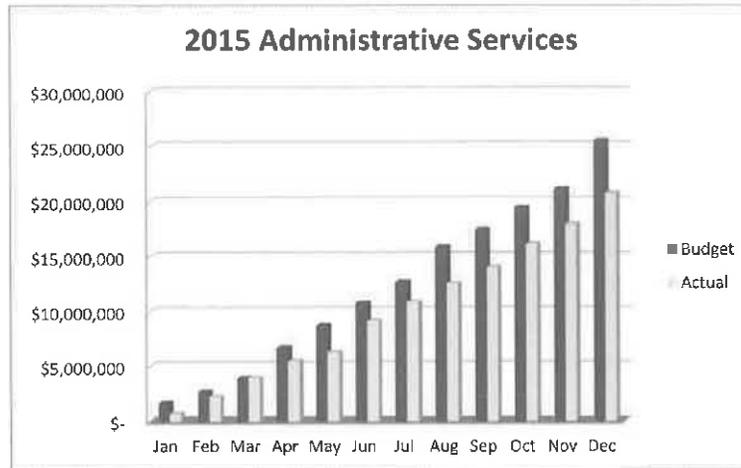
This report is unaudited and is furnished as general information only.

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# December 2015 At A Glance

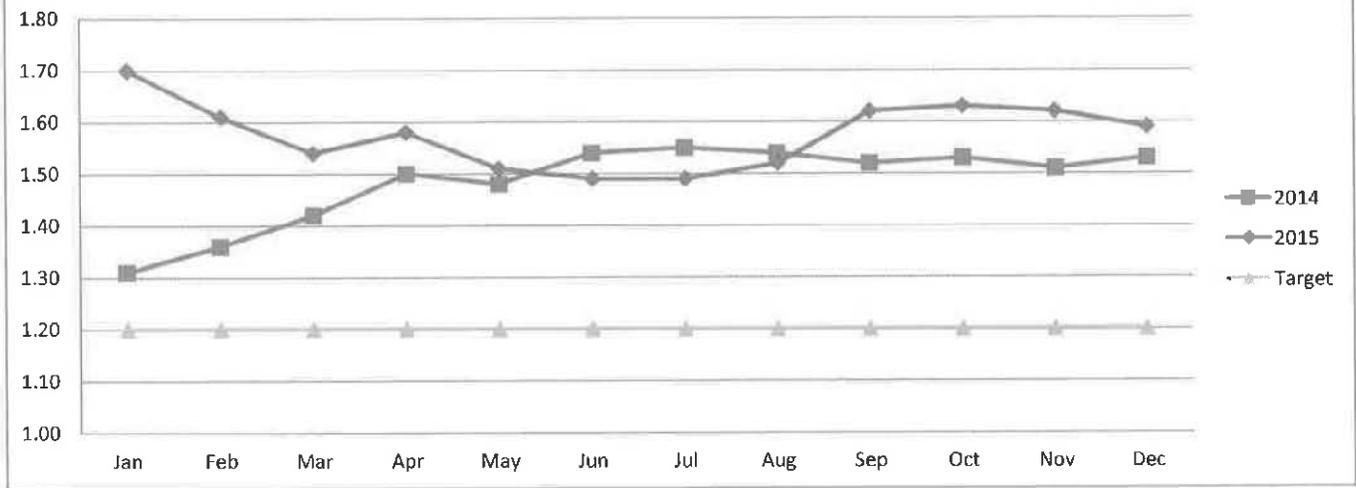


## December 2015 At A Glance

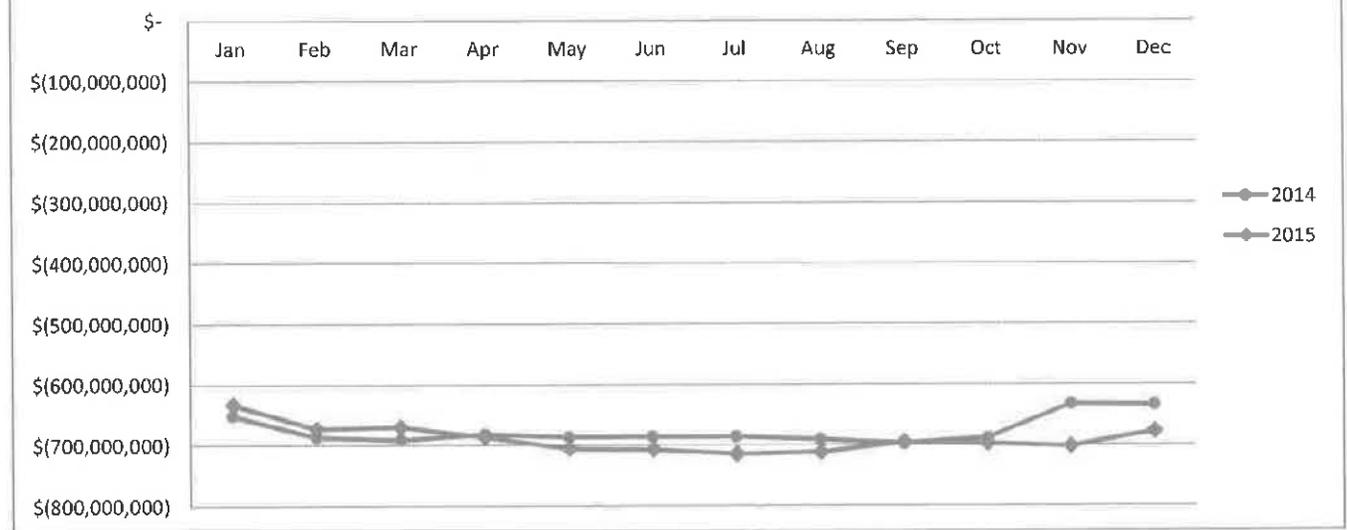


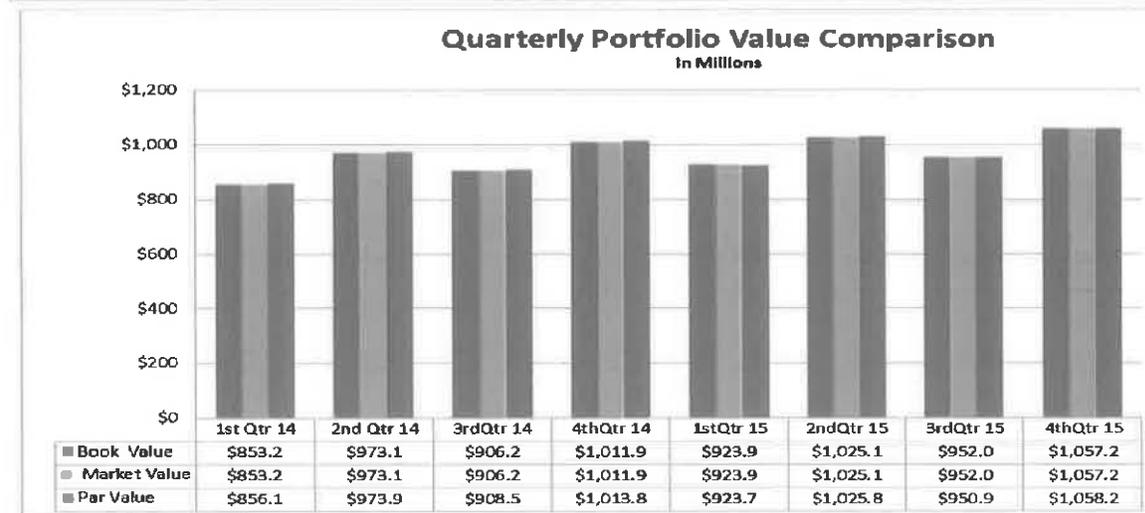
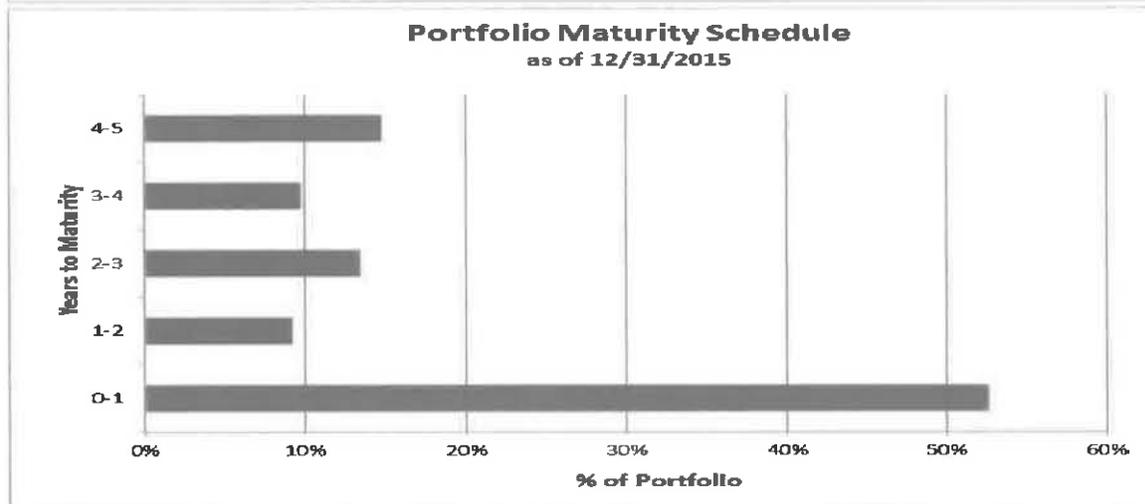
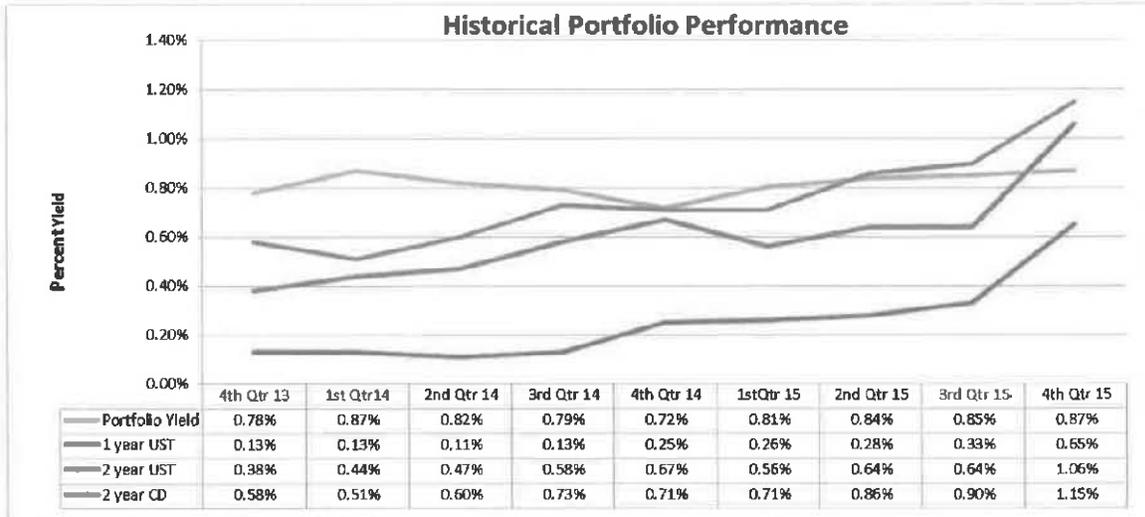
## December 2015 At A Glance

### Coverage Calculation (1st & 2nd Tier)



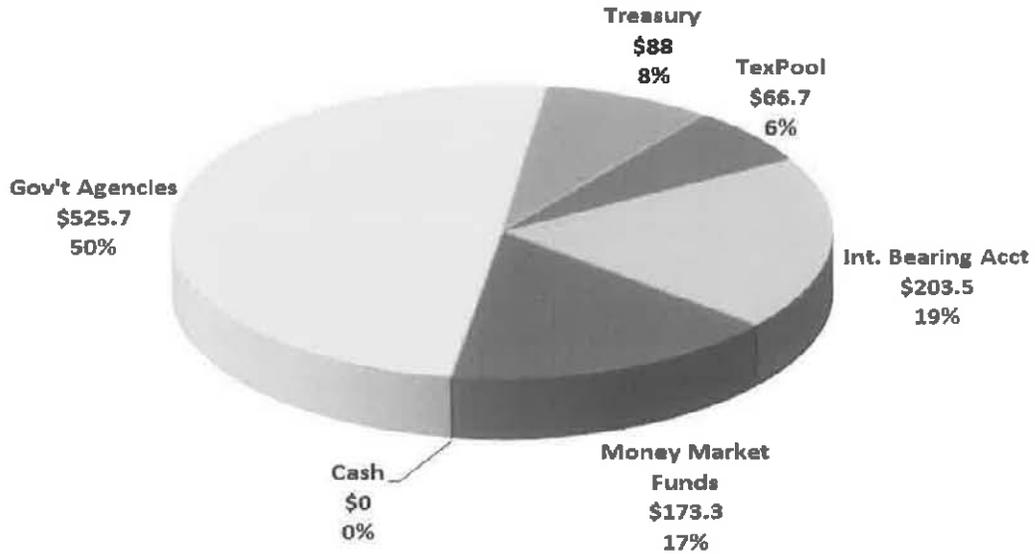
### Total Net Position





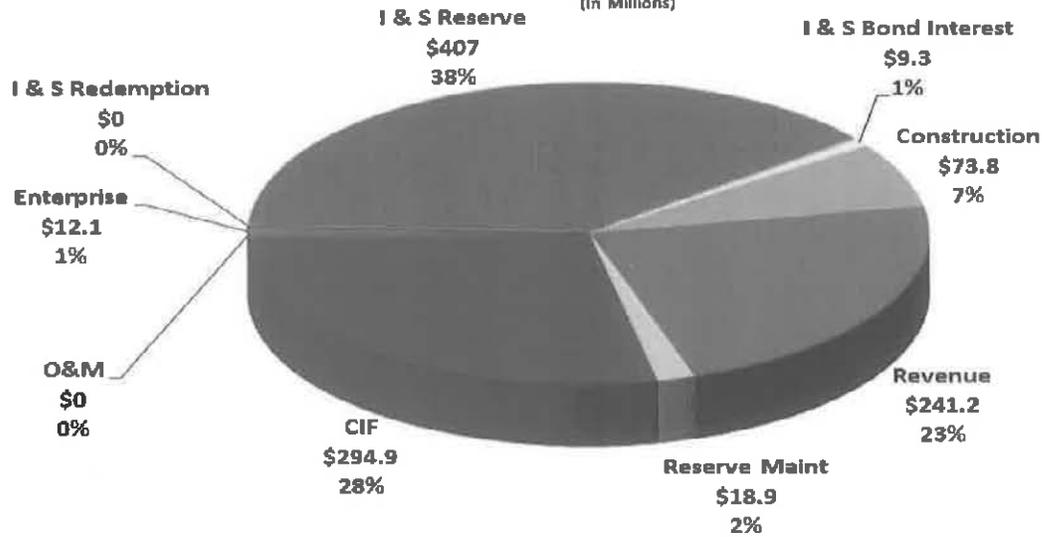
**NTTA Portfolio Composition by Type  
as of 12/31/2015**

**\$1,057.2**  
(In Millions)



**NTTA Portfolio Composition by Fund  
as of 12/31/2015**

**\$1,057.2**  
(In Millions)



**NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM  
STATEMENT OF NET POSITION  
December 31, 2015  
(Unaudited)**

<b>Assets</b>	North Texas Tollway Authority System Totals	Interfund eliminations/ reclassifications	Construction & Property Fund	Revenue Fund
<b>Current assets:</b>				
Cash	28,044,920	-	-	3,783,091
Investments, at amortized cost	307,900,400	-	-	48,780,033
Accrued interest receivable on investments	732,882	-	-	207,753
Interfund receivables	-	(942,065,837)	(12,820,786)	11,348,372
Interproject/agency receivables	11,865,947	-	926,649	(872,590)
Accounts receivable	191,396,371	-	-	177,153,219
Allowance for uncollectible receivables	(141,088,984)	-	-	(132,371,725)
Unbilled accounts receivable	25,371,693	-	-	16,206,482
Allowance for unbilled receivables	(17,541,443)	-	-	(9,525,491)
Prepaid expenses	1,865,699	-	-	-
Total current unrestricted assets	408,347,485	(942,065,837)	(11,894,139)	114,709,146
<b>Current restricted assets:</b>				
Restricted for construction:				
Cash	(271,990)	-	(299,278)	-
Investments, at amortized cost	32,893,428	-	25,978,748	-
Accrued interest receivable on investments	109,056	-	109,056	-
Restricted for debt service:				
Investments, at amortized cost	215,953,734	-	-	161,417,133
Accrued interest receivable on investments	943,444	-	-	-
Total current restricted assets	249,627,672	-	25,788,526	161,417,133
Total current assets	657,975,157	(942,065,837)	13,894,387	276,126,279
<b>Noncurrent assets:</b>				
Investments, at amortized cost restricted for construction	47,834,400	-	47,834,400	-
Investments, at amortized cost restricted for operations	76,802,678	-	-	30,964,940
Investments, at amortized cost restricted for debt service	373,800,612	-	-	-
Net pension asset	7,805,971	-	-	-
Unavailable feasibility study cost	63,298,249	-	-	-
Service Concession Arrangement - Intangible asset (net of accumulated amortization)	2,752,866,500	-	2,752,866,500	-
Capitalized cost (net of accumulated depreciation)	3,179,465,498	-	3,181,176,097	-
Total noncurrent assets	6,503,872,907	-	5,981,876,996	30,964,940
<b>Total assets</b>	<b>7,161,848,064</b>	<b>(942,065,837)</b>	<b>5,895,771,383</b>	<b>307,091,219</b>
<b>Deferred outflow of resources</b>				
Accumulated decrease in fair value of hedging derivatives	29,801,868	-	29,801,868	-
Loss on refunding	295,768,875	-	295,768,875	-
Deferred outflow of resources-Pension Contributions	3,305,101	-	-	-
Deferred outflow of resources-Pension Earnings	1,107,309	-	-	-
<b>Total deferred outflow of resources</b>	<b>329,983,154</b>	<b>-</b>	<b>325,570,744</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts and retainage payable	3,980,781	-	893,772	23,394
Accrued liabilities	23,797,150	-	303,148	396,255
Interfund payables	475	(942,065,837)	193,039,324	395,195,421
Intergovernmental payables	15,817,679	-	3,459,616	13,903,071
Deferred income	54,462,313	-	-	49,462,313
Total current unrestricted liabilities	98,058,398	(942,065,837)	197,696,860	458,980,454
Payable from restricted assets:				
Debt service related payables:				
Accrued interest payable on bonded debt	177,430,570	-	-	-
Accrued arbitrage rebate payable	186,735	-	186,735	-
Revenue bonds payable-current portion	10,387,283	-	7,360,000	-
Total current liabilities payable from restricted assets	188,004,589	-	7,546,735	-
Total current liabilities	286,062,986	(942,065,837)	205,242,595	458,980,454
<b>Noncurrent liabilities:</b>				
Texas Department of Transportation - ISTEAP loan payable	131,403,745	-	131,403,745	-
Dallas North Tollway System revenue bonds payable	7,698,529,169	-	7,296,529,169	-
Other Post Employment Benefits	23,118,647	-	-	-
Total noncurrent liabilities	7,853,051,561	-	7,650,268,980	458,980,454
<b>TOTAL LIABILITIES</b>	<b>8,139,114,547</b>	<b>(942,065,837)</b>	<b>7,855,511,575</b>	<b>917,960,907</b>
<b>Deferred inflow of resources</b>				
Accumulated increase in fair value of hedging derivatives	29,801,868	-	29,801,868	-
Deferred inflow of resources - Pension Experience	961,498	-	-	-
	30,763,366	-	29,801,869	-
<b>NET POSITION</b>				
Net investment in capital assets	(1,475,109,927)	83,259,264	(1,343,635,250)	-
Restricted for:				
Debt service	925,608,041	309,182,472	-	(151,889,235)
Unrestricted	(128,544,809)	(392,441,736)	-	-
<b>TOTAL NET POSITION</b>	<b>(678,046,695)</b>	<b>-</b>	<b>(1,343,635,250)</b>	<b>(151,889,235)</b>

Operation & Maint. Fund	Reserve Maint. Fund	Consolidated Capital Improvement Fund	Enterprise Account	Debt Service Fund		
				Bond Interest	Reserve Account	Redemption Account
22,290,138	(313,638)	(454,460)	2,739,789	-	-	-
3,060	14,004,574	233,038,762	12,073,971	-	-	-
-	32,693	492,436	-	-	-	-
56,862,001	334,081	373,394,771	-	494,531,958	11,057,117	7,358,324
3,282,139	-	(111,709)	4,177,248	4,464,210	-	-
35,707	-	70,912	14,136,533	-	-	-
-	-	-	(8,717,259)	-	-	-
-	-	-	9,165,211	-	-	-
-	-	-	(8,015,952)	-	-	-
1,685,699	-	-	-	-	-	-
84,138,744	14,057,710	606,430,712	25,559,541	498,996,168	11,057,117	7,358,324
-	-	27,288	-	-	-	-
-	-	6,914,680	-	-	-	-
-	-	-	-	-	-	-
-	-	12,057,942	-	9,237,557	33,239,426	1,676
-	-	-	-	5	943,439	-
-	-	18,999,910	-	9,237,562	34,182,865	1,676
84,138,744	14,057,710	625,430,621	25,559,541	508,233,730	45,239,982	7,360,000
-	4,912,520	42,925,218	-	-	373,800,612	-
7,806,971	-	-	-	-	-	-
-	-	63,296,249	-	-	-	-
-	-	-	-	-	-	-
-	-	(1,710,599)	-	-	-	-
7,806,971	4,912,520	104,510,868	-	-	373,800,612	-
91,945,715	18,970,230	729,941,490	25,559,541	508,233,730	419,040,594	7,360,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,305,101	-	-	-	-	-	-
1,107,309	-	-	-	-	-	-
4,412,410	-	-	-	-	-	-
-	-	-	-	-	-	-
34,506	83,853	2,664,442	280,815	-	-	-
12,814,194	999,972	9,283,581	-	-	-	-
26,888,425	3,034,640	289,266,138	-	-	-	34,642,364
(1,705,542)	-	160,534	-	-	-	-
-	-	5,000,000	-	-	-	-
38,031,583	4,118,465	306,374,695	280,815	-	-	34,642,364
-	-	13,748,333	-	163,882,237	-	-
-	-	-	-	3,027,283	-	-
-	-	13,748,333	-	166,709,520	-	-
38,031,583	4,118,465	320,123,029	280,815	166,709,520	-	34,642,364
-	-	-	-	-	-	-
-	-	400,000,000	-	-	-	-
23,118,647	-	-	-	-	-	-
61,150,229	4,118,465	733,871,362	280,815	336,446,323	-	34,642,364
99,181,813	8,236,930	1,053,994,390	561,630	503,155,843	-	69,284,728
-	-	-	-	-	-	-
961,498	-	-	-	-	-	-
961,498	-	-	-	-	-	-
-	-	(214,733,941)	-	-	-	-
-	-	7,750,000	-	341,524,210	419,040,594	-
34,246,397	14,851,765	218,802,403	25,278,726	-	-	(27,282,364)
34,246,397	14,851,765	9,816,462	25,278,726	341,524,210	419,040,594	(27,282,364)

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NORTH TEXAS TOLLWAY AUTHORITY  
NORTH TEXAS TOLLWAY AUTHORITY SYSTEM  
STATEMENT OF NET POSITION  
CONSOLIDATED CAPITAL IMPROVEMENT FUND  
December 31, 2015  
(Unaudited)

<b>Assets</b>	Consolidated Capital Improvement Fund	Capital Improvement Fund	Feasibility Study Fund
Current assets:			
Cash	(454,460)	(454,480)	-
Investments, at amortized cost	233,038,762	233,038,762	-
Accrued interest receivable on investments	492,436	492,436	-
Interfund receivables	373,394,771	355,191,386	18,203,385
Interproject/agency receivables	(111,709)	40,268	(151,977)
Accounts receivable	70,912	70,912	-
Total current unrestricted assets	<u>606,430,712</u>	<u>588,379,304</u>	<u>18,051,408</u>
Current restricted assets:			
Restricted for construction:			
Cash	27,288	27,288	-
Investments, at amortized cost	6,914,680	6,914,680	-
Restricted for debt service:			
Investments, at amortized cost	<u>12,057,942</u>	<u>12,057,942</u>	<u>-</u>
Total current restricted assets	<u>18,999,910</u>	<u>18,999,910</u>	<u>-</u>
Total current assets	<u>625,430,622</u>	<u>607,379,214</u>	<u>18,051,408</u>
Noncurrent assets:			
Investments, at amortized cost restricted for operations	42,925,218	42,925,218	-
Unavailable feasibility study cost	63,296,249	-	63,296,249
Capitalized cost (net of accumulated depreciation)	<u>(1,710,599)</u>	<u>(1,710,599)</u>	<u>-</u>
Total noncurrent assets	<u>104,510,868</u>	<u>41,214,619</u>	<u>63,296,249</u>
<b>Total assets</b>	<b><u>729,941,490</u></b>	<b><u>648,593,833</u></b>	<b><u>81,347,657</u></b>
<b>Liabilities</b>			
Current liabilities:			
Accounts and retainage payable	2,664,442	1,818,109	846,333
Accrued liabilities	9,283,581	9,241,258	42,323
Interfund payable	289,266,138	(5,926,804)	295,192,942
Interagency payable	160,534	160,534	-
Deferred income	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
Total current unrestricted liabilities	<u>306,374,695</u>	<u>10,293,097</u>	<u>296,081,598</u>
Payable from restricted assets:			
Debt service related payables:			
Accrued interest payable on bonded debt	<u>13,748,333</u>	<u>13,748,333</u>	<u>-</u>
Total current liabilities payable from restricted assets	<u>13,748,333</u>	<u>13,748,333</u>	<u>-</u>
Total current liabilities	<u>320,123,028</u>	<u>24,041,430</u>	<u>296,081,598</u>
Noncurrent liabilities:			
Dallas North Tollway System revenue bonds payable	<u>400,000,000</u>	<u>400,000,000</u>	<u>-</u>
Total noncurrent liabilities	<u>400,000,000</u>	<u>400,000,000</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>720,123,028</u></b>	<b><u>424,041,430</u></b>	<b><u>296,081,598</u></b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	(214,733,941)	-	(214,733,941)
Restricted for:			
Debt service	7,750,000	7,750,000	-
Unrestricted	<u>216,802,403</u>	<u>216,802,403</u>	<u>-</u>
<b>Total net position</b>	<b><u>9,818,462</u></b>	<b><u>224,552,403</u></b>	<b><u>(214,733,941)</u></b>

**NORTH TEXAS TOLLWAY AUTHORITY**  
**STATEMENT OF CHANGES IN NET POSITION**  
**Year to Date December 31, 2015**  
**(Unaudited)**

	Totals	Construction & Property Fund	Revenue Fund
<b>BEGINNING NET POSITION January 01, 2015</b>	\$ (666,155,009)	(1,287,946,192)	(156,951,036)
<b>Revenues:</b>			
Toll revenue	696,846,274	-	684,213,161
Interest revenue	7,628,196	-	691,002
Other revenue	34,635,292	-	24,709,724
Less: bad debt expense	(71,382,269)	-	(66,812,565)
<b>Total operating revenues</b>	<b>667,727,493</b>	<b>-</b>	<b>642,801,322</b>
<b>Operating Expenses:</b>			
Administration	(21,715,849)	-	-
Operations	(121,770,608)	-	-
	(143,486,457)	-	-
<b>Preservation of System Assets:</b>			
Reserve Maintenance Fund expenses	(11,970,722)	-	-
Capital Improvement Fund expenses	(32,660,949)	48,440,939	-
Construction Fund expenses	1,228,441	1,228,441	-
<b>Total operating expenses</b>	<b>(185,889,687)</b>	<b>49,669,380</b>	<b>-</b>
<b>Operating income (loss) before amortization and depreciation</b>	<b>480,837,806</b>	<b>49,669,380</b>	<b>642,801,322</b>
<b>Amortization and Depreciation</b>			
Depreciation	(6,889,660)	(6,889,660)	-
Amortization of intangible asset - Sam Rayburn Tollway (SRT)	(65,385,114)	(65,385,114)	-
<b>Operating income (loss)</b>	<b>408,563,033</b>	<b>(22,605,394)</b>	<b>642,801,322</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest earned on investments	421,911	421,910	-
Gain/(Loss) on sale of investments	53,183	(5,860)	1,441
Net increase (decrease) in fair value of investments	(1,030,729)	(70,043)	(29,805)
Reimbursements from other governments	(131,206)	179,293	-
Government subsidy	26,935,116	-	-
Interest expense on revenue bonds	(330,039,758)	-	-
Interest accretion on 2008D Bonds	(35,803,269)	-	-
Interest expense on 2nd Tier Bonds	(51,835,920)	-	-
Bond discount/premium amortization	14,914,793	14,631,958	-
Bond issuance cost amortization	(12,125,235)	(12,125,235)	-
Interest on loan	(5,618,961)	(5,618,961)	-
Deferred amount on refunding amortization	(12,471,595)	(12,471,595)	-
Loss on disposal of assets	(13,309,293)	(13,309,293)	-
Other	(423,757)	5,944	-
<b>Total nonoperating revenues (expenses):</b>	<b>(420,454,718)</b>	<b>(28,361,882)</b>	<b>(28,364)</b>
<b>Income (loss) before transfers</b>	<b>(11,891,686)</b>	<b>(50,967,276)</b>	<b>642,772,958</b>
Operating transfers (other funds)	-	(4,721,782)	(359,677,858)
Distribution from Revenue Fund	-	-	(278,033,299)
<b>Change in net position year to date December 31, 2015</b>	<b>(11,891,686)</b>	<b>(55,689,058)</b>	<b>5,061,801</b>
<b>Ending Net Position December 31, 2015</b>	<b>\$ (678,046,695)</b>	<b>(1,343,635,250)</b>	<b>(151,889,235)</b>

Operation & Maint. Fund	Reserve Maint. Fund	Consolidated Capital Improvement Fund	Enterprise Account	Debt Service Funds		
				Bond Interest	Reserve Account	Redemption Account
22,835,658	29,262,040	(38,647,995)	21,683,555	355,309,389	422,930,261	(34,840,689)
-	-	-	12,633,113	-	-	-
-	126,179	908,795	21,535	3,645	5,877,040	-
694,405	8,749	-	8,222,414	-	-	-
-	-	-	(4,569,704)	-	-	-
694,405	134,928	908,795	17,307,358	3,645	5,877,040	-
(20,792,224)	-	-	(923,625)	-	-	-
(106,972,046)	-	-	(12,798,562)	-	-	-
(129,764,270)	-	-	(13,722,187)	-	-	-
-	(11,970,722)	-	-	-	-	-
-	-	(81,101,888)	-	-	-	-
(129,764,270)	(11,970,722)	(81,101,888)	(13,722,187)	-	-	-
(129,069,865)	(11,835,794)	(80,193,093)	3,585,171	3,645	5,877,040	-
-	-	-	-	-	-	-
(129,069,865)	(11,835,794)	(80,193,093)	3,585,171	3,645	5,877,040	-
-	-	-	-	-	-	-
-	(121,775)	173,105	-	-	67,602	1
-	-	(310,499)	-	-	(982,212)	-
-	-	(32,996,000)	-	26,935,118	-	-
-	-	-	-	(297,043,758)	-	-
-	-	-	-	(35,803,269)	-	-
-	-	-	-	(51,835,920)	-	-
-	-	282,835	-	-	-	-
-	-	-	-	-	-	-
-	-	(429,701)	-	-	-	-
-	(121,775)	(33,260,260)	-	(357,747,829)	(914,610)	1
(129,069,865)	(11,957,569)	(113,473,353)	3,585,171	(357,744,184)	4,962,430	1
27,447,305	(2,452,706)	(3,060,190)	-	343,959,005	(8,852,097)	7,358,324
113,033,299	-	165,000,000	-	-	-	-
11,410,739	(14,410,275)	48,466,457	3,585,171	(13,785,179)	(3,889,667)	7,358,325
34,246,397	14,851,765	9,818,462	25,278,726	341,524,210	419,040,594	(27,282,364)

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**North Texas Tollway Authority**  
**Statement of Cash Flows**  
Year to Date December 31, 2015

<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 676,480,751
Payments to contractors and suppliers	(204,561,485)
Payments to employees	(46,598,930)
Net cash provided by operating activities	<u>425,322,336</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	247,336,396
Issuance of revenue bonds	17,277,964
Capital contributions - BABS Subsidy	26,935,118
Refunding of revenue bonds	(218,198,888)
Principal paid on revenue bonds	9,422,283
SWAP termination payment	(514,748)
Deferred financing costs	(5,658,408)
Loss on sale of assets	(13,309,293)
Interest paid on revenue bonds	(433,002,012)
Net cash used in capital and related financing activities	<u>(369,711,588)</u>
<b>Cash flows from investing activities:</b>	
Purchase of investments	(658,413,583)
Proceeds from sales and maturities of investments	612,174,709
Interest received	(105,678)
Net cash provided by investing activities	<u>(46,344,553)</u>
Net increase in cash and cash equivalents	9,266,196
Cash and cash equivalents, beginning of the year	18,506,734
Cash and cash equivalents, end of the year	<u>27,772,930</u>
Classified as:	
Current assets	28,044,920
Restricted assets	(271,990)
Total	<u>27,772,930</u>
<b>Noncash financing, capital, and investing activities:</b>	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	408,563,033
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,889,660
Amortization of intangible assets	65,385,114
Bad debt expense	71,382,269
Changes in assets and liabilities:	
Increase in accounts receivable	(71,555,785)
Decrease in accounts and retainage payable	(66,245,087)
Increase in accrued liabilities	2,317,083
Decrease in prepaid expenses	(209,517)
Increase in unearned revenue	8,795,567
Total adjustments	<u>16,759,304</u>
Net cash provided by operating activities	<u>\$ 425,322,336</u>
<b>Noncash financing activities:</b>	
Net increase in the fair value of investments	(1,030,729)
Interest accretion on 2008D Bonds	(35,803,269)

**NORTH TEXAS TOLLWAY AUTHORITY  
CASH RECEIPTS AND DISBURSEMENTS  
Year to Date December 31, 2015**

	Totals	Construction & Property Fund	Revenue Fund
<b>Beginning cash balance, January 01, 2015</b>	\$ 18,506,735	(20,295)	4,613,851
<b>Receipts</b>			
Toll revenues	67,764,395	-	67,764,395
Enterprise IOP revenue	39,208,031	-	27,387,246
2010 BABS rebate	8,991,077	-	-
Investments	207,679,135	364,781	45,118
Earnings received from investments	2,536,833	160,563	475,467
Gain/Loss from sale of investments	1,682,088	2,883	-
Prepaid customers' accounts	816,562,317	-	816,562,317
Misc revenue	9,051,497	481,522	1,133,750
	<u>1,153,475,373</u>	<u>1,009,749</u>	<u>913,368,293</u>
<b>Disbursements</b>			
SWAP Payment	(3,114,145)	-	-
Interest on bonded debt	(334,770,106)	-	(148,795,160)
Investments	(237,170,420)	-	-
Operating expenses	(440,731,325)	-	(306,245,602)
Reserve Maintenance Fund expenses	(14,656,302)	-	-
Capital Improvement Fund expenses	(85,088,636)	-	-
Deferred feasibility study cost	(1,221,366)	-	-
Capitalized costs	(4,081,447)	(4,081,447)	-
	<u>(1,120,833,747)</u>	<u>(4,081,447)</u>	<u>(455,040,761)</u>
<b>Interfund and Interproject Transactions</b>			
Distribution from Revenue Fund	-	-	(278,033,301)
Other interfund transactions	(23,375,431)	2,792,715	(181,124,990)
	<u>(23,375,431)</u>	<u>2,792,715</u>	<u>(459,158,292)</u>
Receipts over (under) disbursements year to date, December 31, 2015	9,266,195	(278,983)	(830,760)
<b>Ending cash balance December 31, 2015</b>	\$ <u>27,772,930</u>	<u>(299,278)</u>	<u>3,783,091</u>

Operation & Maint. Fund	Reserve Maint. Fund	Consolidated Capital Improvement Fund	Enterprise Fund	Debt Service Funds		
				Bond Interest	Reserve Account	Redemption Account
14,293,975	(166,251)	(388,669)	174,124	-	-	-
-	-	-	-	-	-	-
-	-	-	11,820,785	-	-	-
-	-	-	-	8,991,077	-	-
-	-	206,707,379	561,857	-	-	-
-	-	-	14,534	2,898	1,883,371	-
-	-	-	-	-	1,679,205	-
-	-	-	-	-	-	-
1,380,565	-	6,055,660	-	-	-	-
1,380,565	-	212,763,039	12,397,176	8,993,975	3,562,576	-
-	-	-	-	-	-	-
-	-	-	-	(3,114,145)	-	-
-	-	-	-	(185,974,946)	-	-
(106,417,703)	(18,142)	(231,491,788)	(28,068,020)	-	(5,660,490)	-
-	(14,656,302)	-	-	-	-	-
-	-	(85,088,636)	-	-	-	-
-	-	(1,221,366)	-	-	-	-
-	-	-	-	-	-	-
(106,417,703)	(14,674,444)	(317,801,790)	(28,068,020)	(189,089,091)	(5,660,490)	-
113,033,301	-	165,000,000	-	-	-	-
-	14,527,057	(59,999,752)	18,236,509	180,095,116	2,097,914	-
113,033,301	14,527,057	105,000,248	18,236,509	180,095,116	2,097,914	-
7,996,163	(147,387)	(38,503)	2,565,665	-	-	-
22,290,138	(313,638)	(427,172)	2,739,789	-	-	-

**NORTH TEXAS TOLLWAY AUTHORITY**  
**Budget and Actual Revenues and Expenses on Trust Agreement Basis**  
**Month Ending**  
**December 31, 2015**

	<u>Total 2015 Budget</u>	<u>Budget To Date</u>	<u>Actual To Date</u>	<u>Variance Over(Under) Budget</u>
<b>Revenues:</b>				
Toll Revenues				
AVI	\$ 507,445,900	507,445,900	534,095,361	26,649,461
ZipCash	143,710,678	143,710,678	150,117,800	6,407,122
Less: Bad debt expense	<u>(62,622,178)</u>	<u>(62,622,178)</u>	<u>(66,812,565)</u>	<u>(4,190,387)</u>
Net Revenues	588,534,400	588,534,400	617,400,596	28,866,196
Interest revenue	6,534,497	6,534,497	7,606,661	1,072,164
Other revenues	13,299,133	13,299,133	25,412,878	12,113,745
Gross revenues	<u>608,368,030</u>	<u>608,368,030</u>	<u>650,420,135</u>	<u>42,052,105</u>
<b>Operating expenses:</b>				
<b>Administration:</b>				
Administration	524,230	524,230	377,814	(146,416)
Board	126,061	126,061	114,738	(11,323)
Strategy & Innovation	889,961	889,961	624,129	(265,832)
Finance	16,023,587	16,023,587	12,570,904	(3,452,683)
Human resources	1,504,881	1,504,881	1,284,785	(220,096)
Internal audit	880,813	880,813	661,364	(219,449)
Legal services	2,397,762	2,397,762	2,156,735	(241,027)
Public Affairs	3,200,967	3,200,967	3,001,755	(199,212)
Total administration	<u>25,548,262</u>	<u>25,548,262</u>	<u>20,792,224</u>	<u>(4,756,038)</u>
<b>Operations:</b>				
Customer service center	59,151,335	59,151,335	58,209,643	(941,692)
Information technology	16,367,132	16,367,132	16,021,260	(345,872)
Maintenance	25,075,562	25,075,562	23,778,568	(1,296,994)
Operations	562,462	562,462	588,302	25,840
Project delivery	310,774	310,774	794,996	484,222
System & incident management	10,497,993	10,497,993	9,579,277	(918,716)
Total operations	<u>111,965,258</u>	<u>111,965,258</u>	<u>108,972,046</u>	<u>(2,993,212)</u>
Total operating expenses	<u>137,513,520</u>	<u>137,513,520</u>	<u>129,764,270</u>	<u>(7,749,250)</u>
Inter-fund transfers	<u>(6,821,738)</u>	<u>(6,821,738)</u>	<u>(5,815,537)</u>	<u>1,006,201</u>
<b>Net revenues available for debt service</b>	<b>\$ <u>477,676,248</u></b>	<b><u>477,676,248</u></b>	<b><u>526,471,402</u></b>	<b><u>48,795,154</u></b>
Net revenues available for debt service			<u>526,471,402</u>	
1st Tier Bond Interest Expense			297,043,758	
2nd Tier Bond Interest Expense			51,835,920	
Less: BABS Subsidy			(18,030,759)	
Less: Prefunded Debt Service			<u>(6,183,692)</u>	
Total 1st & 2nd Tier Bond Interest Expense			324,665,226	
Allocated 1st Tier Principal Amount			2,630,000	
Allocated 2nd Tier Principal Amount			4,730,000	
Net Debt Service			<u>332,025,226</u>	
1st Tier Calculated Debt Service Coverage			<u>1.91</u>	
1st & 2nd Tier Calculated Debt Service Coverage			<u>1.59</u>	

**NORTH TEXAS TOLLWAY AUTHORITY  
TOLL REVENUE AND TRAFFIC ANALYSIS  
December 31, 2015**

	Month To Date		Year To Date	
	2015	2014	2015	2014
<b>TOLL REVENUE</b>				
AVI	\$ 54,161,411	45,303,718	\$ 534,095,362	\$ 486,328,903
ZipCash	-6,905,174 (*)	11,662,588 (*)	83,305,234 (**)	93,716,312 (**)
<b>TOTAL</b>	<b>\$ 47,256,235</b>	<b>\$ 56,966,306</b>	<b>\$ 617,400,596</b>	<b>\$ 580,045,215</b>
<b>Percent increase ( decrease )</b>	<b>-17.0%</b>		<b>6.4%</b>	

	Month To Date		Year To Date	
	2015	2014	2015	2014
<b>VEHICLE TRANSACTIONS</b>				
Two-axle vehicles	62,334,320	53,682,340	659,703,031	629,355,344
Three or more axle vehicles	1,595,142	1,214,148	16,781,748	15,314,179
Non Revenue	241,790	202,010	2,635,596	2,549,354
<b>TOTAL</b>	<b>64,171,252</b>	<b>55,098,498</b>	<b>679,120,375</b>	<b>647,218,877</b>
<b>Percent increase ( decrease )</b>	<b>16.5%</b>		<b>4.9%</b>	

<b>TOLL REVENUE AVERAGE PER DAY</b>				
	2015	2014	2015	2014
Total Revenue	1,524,395	1,837,623	1,691,508	1,589,165
<b>AVERAGE</b>	<b>\$ 1,524,395</b>	<b>\$ 1,837,623</b>	<b>\$ 1,691,508</b>	<b>\$ 1,589,165</b>
<b>Percent increase ( decrease )</b>	<b>-17.0%</b>		<b>6.4%</b>	

<b>VEHICLE TRANSACTIONS AVERAGE PER DAY</b>				
	2015	2014	2015	2014
Two-axle vehicles	2,010,785	1,731,688	1,807,406	1,724,261
Three or more axle vehicles	51,456	39,166	45,977	41,957
Non Revenue	7,800	6,516	7,221	6,985
<b>AVERAGE</b>	<b>2,070,041</b>	<b>1,777,370</b>	<b>1,860,604</b>	<b>1,773,203</b>
<b>Percent increase ( decrease )</b>	<b>16.5%</b>		<b>4.9%</b>	

(\*) 2015 MTD Zip Cash reported Net of Bad Debt Expense of \$ 18,557,668

(\*) 2014 MTD Zip Cash reported Net of Bad Debt Expense of \$ 5,649,244

(\*\*) 2015 YTD Zip Cash reported Net of Bad Debt Expense of \$ 66,812,564

(\*\*) 2014 YTD Zip Cash reported Net of Bad Debt Expense of \$ 47,803,631

**NORTH TEXAS TOLLWAY AUTHORITY  
TOLL RECEIVABLE ANALYSIS  
December 31, 2015**

	<u>A/R Balance as of January 1st,</u>	<u>Month To Date December 31, 2015</u>	<u>Year To Date December 31, 2015</u>
<b>TOLL RECEIVABLE</b>			
<b>Beginning A/R Balance, January 1st,</b>	\$ 143,171,428	-	\$ 143,171,428
<b>System Invoiced:</b>			
ZipCash	191,882,152	14,559,993	206,442,145
<b>System Adjustments</b>			
Unassigned/reassigned	(50,334,617)	(283,262)	(50,617,879)
Excusals	(25,592,509)	(2,985,714)	(28,588,223)
A/R adjustments	8,247,610	1,508,411	9,756,021
Write Offs	-	(38,543,185)	(38,543,185)
Total adjustments	(67,679,517)	(40,313,750)	(107,993,267)
<b>Invoice Payments:</b>			
ZipCash	(45,091,320)	(4,545,809)	(49,637,129)
Violations	(11,636,301)	(3,191,534)	(14,827,835)
Payment Shortages	(1,990)	(132) ***	(2,122)
<b>Ending Balance A/R, December 31, 2015</b>	<u>210,644,451</u>	<u>(33,491,232)</u>	<u>177,153,219</u>
Allowance for uncollectible receivables	<u>(151,914,184)</u>	<u>19,542,459</u>	<u>(132,371,725)</u>
<b>Net A/R balance as of December 31, 2015</b>	<u>58,730,267</u>	<u>(13,948,773)</u>	<u>44,781,494</u>
<b>Beginning Unbilled A/R as of Jan. 1st,</b>	12,144,491 *	4,061,991	16,206,482
Allowance for uncollectible receivables	<u>(2,470,189)</u>	<u>(7,055,302)</u>	<u>(9,525,491)</u>
<b>Net Unbilled A/R balance as of December 31, 2015</b>	<u>9,674,302</u>	<u>(2,993,311)</u>	<u>6,680,991</u>
<b>A/R - Accounts receivable</b>			
* Unbilled transactions matched with a current address.			
***Payment shortages occurs when the Authority accepts payment(s) less(short) of the amount invoiced.			

INVESTMENT REPORT  
NORTH TEXAS TOLLWAY AUTHORITY  
10/1/2015-12/31/2015

This report summarizes the investment position of the North Texas Tollway Authority for the period  
10/1/2015-12/31/2015

	10/1/2015	Purchases	Maturities / Redemptions	Chg in Mkt Value	Amortization (Net)	12/31/2015
Book Value	\$951,981,639	\$1,586,964,002	(\$1,479,679,698)	(\$3,765,003)	\$1,684,313	\$1,057,185,252
Market Value	\$951,981,639	\$1,586,964,002	(\$1,479,679,698)	(\$3,765,003)	\$1,684,313	\$1,057,185,252
Par Value	\$950,884,413	\$1,586,964,002	(\$1,479,679,698)	\$0	\$0	\$1,058,166,717
Weighted Avg. Days to Maturity	574					582
Weighted Avg. Yield to Maturity	0.85%					0.87%
Yield to Maturity of 2-Year Treasury Note	0.64%					1.06%
Accrued Interest						\$1,785,382
Earnings for the Period						\$2,144,243

This report is presented in accordance with the Texas Government Code Title 10, Section 2256.023. The signatories found at the front of the Monthly Financial and Investment Report hereby certify that, to the best of their knowledge on the date this report was created, the North Texas Tollway Authority is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of the North Texas Tollway Authority.

**North Texas Tollway Authority**  
**INVESTMENTS AT**  
**December 31, 2015**

<i>Fund</i>	<i>CUSIP</i>	<i>Invest #</i>	<i>Issuer</i>	<i>Purchase Date</i>	<i>Par Value</i>	<i>Market Value</i>	<i>YTM 365</i>	<i>Maturity Date</i>
<b>CONSTRUCTION FUNDS</b>								
3713 - DNT Phase 3 Construction Fund	932994049	10224	TexPool	08/31/2010	13,951,841.32	13,951,841.32	0.186	
Total			3713 - DNT Phase 3 Construction Fund			13,951,841.32		
3722-03 - PGBT EE BABs Construction Fund	729999268	10443	TexPool	09/23/2014	1,676,090.86	1,676,090.86	0.188	
Total			3722-03 - PGBT EE BABs Construction Fund			1,676,090.86		
3761 - LLTB BABs Construction Fund	932995087	10440	TexPool	09/05/2014	6,657,704.45	6,657,704.45	0.186	
Total			3761 - LLTB BABs Construction Fund			6,657,704.45		
3751-10 - 2009B SRT BABs Constr	932995061	10439	TexPool	09/05/2014	3,446,713.83	3,446,713.83	0.186	
	912828SC5	10529	US Treasury Note	11/25/2015	10,000,000.00	10,000,800.00	0.695	01/31/2017
	912828J35	10514	US Treasury Note	10/19/2015	10,000,000.00	9,959,800.00	0.451	02/28/2017
	3133EEFE5	10497	Federal Farm Credit Bank	07/22/2015	10,000,000.00	9,996,500.00	0.980	12/18/2017
	3134G7F63	10523	Federal Home Loan Mtg Corp	10/30/2015	10,000,000.00	9,965,300.00	0.954	01/19/2018
	3133EFFS1	10508	Federal Farm Credit Bank	09/29/2015	8,000,000.00	7,922,000.00	1.340	03/29/2019
Total			3751-10 - 2009B SRT BABs Constr			61,281,113.83		
3751-11 Construction Fund Ser 2014A&B	VP4510005	10455	Wells Fargo MMF	11/25/2014	142,631.99	142,631.99	0.010	
Total			3751-11 Construction Fund Ser 2014A&B			142,631.99		
3751-12 Construction Fund Ser 2014C	VP4510005	10463	Wells Fargo MMF	11/25/2014	66,134.25	66,134.25	0.010	
Total			3751-12 Construction Fund Ser 2014C			66,134.25		
3751-14 Construction Fund Ser 2015B	VP4510005	10513	Wells Fargo MMF	09/24/2015	37,631.59	37,631.59	0.010	
Total			3751-14 Construction Fund Ser 2015B			37,631.59		
<b>TOTAL CONSTRUCTION FUNDS</b>						<b>73,813,148.29</b>	<b>0.625</b>	
<b>REVENUE FUND</b>								
1101 - Revenue Fund	932994361	10442	Texpool	08/23/2014	9,090,414.26	9,090,414.26	0.186	
	SA6000960	10389	BB&T	06/20/2013	2,036,397.06	2,036,397.06	0.382	
	VP4510005	10416	Wells Fargo MMF	12/30/2012	219,205.76	219,205.76	0.010	
Total			1101 - Revenue Fund			11,348,017.08		
1101 - Revenue Fund - Rest For Debt Svc	VP4510005	10416	Wells Fargo MMF	12/30/2012	161,603,870.46	161,603,870.46	0.010	
Total			1101 - Revenue Fund - Rest For Debt Svc			161,603,870.46		
1101-02 Custody Prepaid Funds	932995673	10316	Texpool	10/14/2011	24,851,005.25	24,851,005.25	0.186	
	VP4510005	10317	Wells Fargo MMF	11/03/2011	2,000,000.00	2,000,000.00	0.010	
	3133XHZK1	10537	Federal Home Loan Bank	12/18/2015	10,000,000.00	10,370,200.00	0.791	12/18/2018
	3133EFKM8	10525	Federal Farm Credit Bank	11/09/2015	10,000,000.00	9,923,500.00	0.949	10/20/2017
	3135G0F99	10519	Federal National Mtg Assn	10/26/2015	11,000,000.00	11,041,140.00	1.275	10/26/2018
	3133EE6L9	10501	Federal Farm Credit Bank	08/17/2015	10,000,000.00	10,000,300.00	1.703	08/12/2019
Total			1101-02 Custody Prepaid Funds			68,186,145.25		
1101-03 Revenue Consolidation			Cash	02/27/2015	24,072.41	24,072.41		
Total			1101-03 Revenue Consolidation			24,072.41		
<b>TOTAL REVENUE FUND</b>						<b>241,162,105.20</b>	<b>0.224</b>	
<b>OPERATIONS &amp; MAINTENANCE FUND</b>								
1001 - Operation & Maintenance Fund	932994122	10233	TexPool	08/31/2010	3,060.27	3,060.27	0.186	
Total			1001 - Operation & Maintenance Fund			3,060.27		
<b>TOTAL OPERATIONS &amp; MAINTENANCE FUND</b>						<b>3,060.27</b>	<b>0.186</b>	
<b>RESERVE MAINTENANCE FUND</b>								
1201 - Reserve Maintenance Fund	Regions	10322	Regions Bank	12/15/2011	4,008,524.03	4,008,524.03	0.150	
	3130A6BD8	10517	Federal Home Loan Bank	10/21/2015	10,000,000.00	9,999,050.00	0.401	09/09/2016
	3130A6ND6	10522	Federal Home Loan Bank	10/28/2015	5,000,000.00	4,912,520.00	1.702	10/28/2020
Total			1201 - Reserve Maintenance Fund			18,917,094.03		
<b>TOTAL RESERVE MAINTENANCE FUND</b>						<b>18,917,094.03</b>	<b>0.690</b>	
<b>CONSOLIDATED CAPITAL IMPROVEMENT FUND</b>								
1501 - Capital Improvement Fund	BB&T	10415	BB&T	12/15/2011	173,075,015.85	173,075,015.85	0.382	
	Regions	10323	Regions Bank	12/31/2013	287,510.89	287,510.89	0.150	
	313396TN3	10512	Federal Home Loan Mtg Corp	09/30/2015	15,000,000.00	14,994,585.00	0.178	02/25/2016
	912828LD0	10533	US Treasury Note	12/11/2015	21,400,000.00	21,718,488.20	0.658	07/31/2016
	912828F47	10532	US Treasury Note	12/11/2015	23,000,000.00	22,963,154.00	0.705	09/30/2016
Total			1501 - Capital Improvement Fund			232,762,526.74		
1501 - CIF Bond Payment Account	BB&T	10415	BB&T	12/31/2013	12,057,942.30	12,057,942.30	0.382	
Total			1501 - CIF Bond Payment Account			12,057,942.30		
1501 - CIF Rest. Rainy Day Fund	3133378UB5E	10334	Federal Home Loan Bank	04/11/2012	6,890,000.00	6,914,679.98	1.075	10/11/2016
	3135G0RU9	10394	Federal National Mtg Assn	05/17/2013	10,000,000.00	9,982,060.00	1.016	11/15/2017
	3135G0UK7	10379	Federal National Mtg Assn	02/28/2013	13,610,000.00	13,583,882.41	1.174	02/28/2018
	3135G0UK7	10387	Federal National Mtg Assn	04/10/2013	9,500,000.00	9,481,769.50	1.150	02/28/2018
	3134G42G2	10388	Federal Home Loan Mtg Corp	04/26/2013	2,750,000.00	2,733,645.75	1.057	04/30/2018
	3130A6Q34	10524	Federal Home Loan Bank	10/29/2015	7,250,000.00	7,143,860.00	1.400	10/29/2019
Total			1501 - CIF Rainy Day Fund			50,000,000.00		
<b>TOTAL CONSOLIDATED CAPITAL IMPROVEMENT FUND</b>						<b>284,820,469.04</b>	<b>0.547</b>	

**North Texas Tollway Authority**  
**INVESTMENTS AT**  
**December 31, 2015**

<i>Fund</i>	<i>CUSIP</i>	<i>Invest #</i>	<i>Issuer</i>	<i>Purchase Date</i>	<i>Par Value</i>	<i>Market Value</i>	<i>YTM 365</i>	<i>Maturity Date</i>
<b>BUSINESS UNIT 3</b>								
7801 - Enterprise Fund	Regions	10303	Regions Bank	09/29/2011	12,073,971.34	12,073,971.34	0.150	
	Total	7801 - Enterprise Fund				12,073,971.34		
<b>TOTAL BUSINESS UNIT 3 FUNDS</b>						<b>12,073,971.34</b>	<b>0.150</b>	
<b>INTEREST &amp; SINKING - BOND INTEREST FUND</b>								
4211 - Bond Interest Fund	VP4510005	10336	Wells Fargo MMF	12/31/2012	653.73	653.73	0.010	
	Total	4211 - Bond Interest Fund				653.73		
4211-01 - 2nd Tier Bond Int Accl	VP4510005	10370	Wells Fargo MMF	12/31/2012	196,442.54	196,442.54	0.010	
	Total	4211-1 - 2nd Tier Bond Int Accl				196,442.54		
4211-02 - 2009B BABs Direct Pay Accl	VP4510005	10414	Wells Fargo MMF	12/31/2012	9,040,460.85	9,040,460.85	0.010	
	Total	4211-02 - 2009B BABs Direct Pay Accl				9,040,460.85		
<b>TOTAL INTEREST &amp; SINKING - BOND INTEREST FUND</b>						<b>9,237,557.12</b>	<b>0.010</b>	
<b>INTEREST &amp; SINKING - RESERVE FUND</b>								
4221 - Bond Reserve Fund	932994015	10239	TexPool	09/31/2010	6,823,284.80	6,823,284.80	0.186	
	313588RJ6	10496	Federal National Mtg Assn	07/02/2015	15,139,000.00	15,139,000.00	5.150	01/04/2016
	313371PV2	10503	Federal Home Loan Bank	06/25/2015	11,081,400.00	11,081,400.00	0.505	12/09/2016
	313378PN5	10347	Federal Home Loan Bank	08/15/2012	9,000,000.00	9,029,610.00	0.860	03/02/2017
	3135G0PD9	10356	Federal National Mtg Assn	09/27/2012	10,000,000.00	9,977,500.00	1.042	09/27/2017
	3134G3Y38	10364	Federal Home Loan Mtg Corp	11/27/2012	12,000,000.00	11,917,680.00	1.822	11/27/2017
	3134G3Y79	10365	Federal Home Loan Mtg Corp	11/28/2012	12,000,000.00	11,931,960.00	1.823	11/28/2017
	3135G0RT2	10435	Federal National Mtg Assn	07/24/2014	5,000,000.00	4,976,000.00	1.215	12/20/2017
	91282BJE8	10430	US Treasury Note	07/16/2014	10,000,000.00	9,932,400.00	1.190	12/31/2017
	3135G0VL4	10380	Federal National Mtg Assn	03/20/2013	15,000,000.00	14,900,700.00	1.128	03/20/2018
	3135G0VL4	10381	Federal National Mtg Assn	03/20/2013	15,500,000.00	15,397,390.00	1.126	03/20/2018
	3134G45D6	10392	Federal Home Loan Mtg Corp	05/30/2013	10,000,000.00	9,946,700.00	1.121	05/25/2018
	313383EP2	10397	Federal Home Loan Bank	06/20/2013	3,719,720.08	3,701,977.02	1.250	06/20/2018
	3134G7P54	10520	Federal Home Loan Mtg Corp	10/29/2015	16,000,000.00	15,889,440.00	1.156	10/29/2018
	3134G85H8	10528	Federal Home Loan Mtg Corp	11/30/2015	13,000,000.00	12,970,480.00	1.420	11/26/2018
	3135G0ZA4	10505	Federal National Mtg Assn	09/28/2015	15,000,000.00	15,201,300.00	1.183	02/19/2019
	3133EE4S6	10498	Federal Farm Credit Bank	07/29/2015	9,500,000.00	9,512,445.00	1.699	07/29/2019
	3133EE6L9	10502	Federal Farm Credit Bank	08/24/2015	11,000,000.00	11,000,330.00	1.681	08/12/2019
	3133EFLB1	10516	Federal Farm Credit Bank	10/22/2015	10,000,000.00	9,647,500.00	1.420	10/22/2019
	3135G0ZY2	10526	Federal National Mtg Assn	11/18/2015	12,800,000.00	12,665,664.00	1.561	11/26/2019
	3134G7N64	10507	Federal Home Loan Mtg Corp	09/30/2015	16,000,000.00	16,018,400.00	1.610	12/30/2019
	3133EFGV3	10510	Federal Farm Credit Bank	10/06/2015	13,000,000.00	14,738,550.00	1.640	01/06/2020
	3133EESF8	10473	Federal Farm Credit Bank	04/17/2015	11,000,000.00	11,001,980.00	1.724	03/03/2020
	91282XE5	10487	US Treasury Note	06/05/2015	13,500,000.00	13,383,485.00	1.651	05/31/2020
	3133EEX21	10521	Federal Farm Credit Bank	10/30/2015	16,000,000.00	15,863,200.00	1.807	06/15/2020
	3133EFFZ5	10506	Federal Farm Credit Bank	09/30/2015	15,000,000.00	14,799,600.00	1.740	09/30/2020
	3130A6KL0	10518	Federal Home Loan Bank	10/21/2015	9,580,000.00	9,405,452.40	1.754	10/08/2020
	3134G7N49	10511	Federal Home Loan Mtg Corp	10/29/2015	16,000,000.00	16,008,160.00	1.875	10/29/2020
	3134G8EU9	10535	Federal Home Loan Mtg Corp	12/21/2015	10,125,000.00	10,098,371.25	2.219	12/21/2020
	3130A6TG2	10530	Federal Home Loan Bank	12/23/2015	11,000,000.00	11,125,400.00	2.027	12/23/2020
	3130A6VY0	10534	Federal Home Loan Bank	12/23/2015	9,545,000.00	9,510,638.00	2.030	12/23/2020
	Total	4221 - Bond Reserve Fund				364,086,017.47		
4221-02 - NTTA 2nd Tier Res Sub 2014	63899B450	10457	TexPool	11/25/2014	38,706.29	38,706.29	0.186	
	3135G0ZY2	10527	Federal National Mtg Assn	11/16/2015	4,000,000.00	4,020,520.00	1.560	11/26/2019
	3130A6SM0	10531	Federal Home Loan Bank	12/11/2015	4,000,000.00	4,143,400.00	2.162	12/11/2020
	Total	4221-02 - NTTA 2nd Tier Res Sub 2014				8,202,626.29		
4221-03 - NTTA 2015 2nd Tier DS Res Fund	731991592	10476	TexPool	04/23/2015	157,034.15	157,034.15	0.186	
	3134G45D6	10393	Federal Home Loan Mtg Corp	05/30/2013	13,000,000.00	12,930,710.00	1.125	05/25/2018
	3133EEX21	10509	Federal Farm Credit Bank	09/29/2015	8,500,000.00	8,480,450.00	1.804	06/15/2020
	3130A6KL0	10515	Federal Home Loan Bank	10/20/2015	5,250,000.00	5,154,345.00	1.750	10/08/2020
	3134G8EU9	10536	Federal Home Loan Mtg Corp	12/21/2015	8,040,000.00	8,018,854.80	2.219	12/21/2020
	Total	4221-03 - NTTA 2015 2nd Tier DS Res Fund				34,741,393.95		
<b>TOTAL INTEREST &amp; SINKING RESERVE FUND</b>						<b>407,040,037.71</b>	<b>1.566</b>	
<b>INTEREST &amp; SINKING - REDEMPTION FUND</b>								
4231 - Bond Redemption Fund	VP4510005	10369	Wells Fargo MMF	12/31/2012	1,676.28	1,676.28	0.010	
	Total	4231 - Bond Redemption Fund				1,676.28		
<b>TOTAL INTEREST &amp; SINKING - REDEMPTION FUND</b>						<b>1,676.28</b>	<b>0.010</b>	
<b>INVESTMENT TOTAL AS OF 12/31/2015</b>						<b>1,057,185,252.12</b>	<b>0.870</b>	

**NORTH TEXAS TOLLWAY AUTHORITY**  
**Schedule of Deferred Study Costs-Feasibility Study Fund**  
**December 31, 2015**  
**(Unaudited)**

The table below sets forth the accumulated deferred study costs by project that have not been transferred out of the Feasibility Study Fund into a construction project.

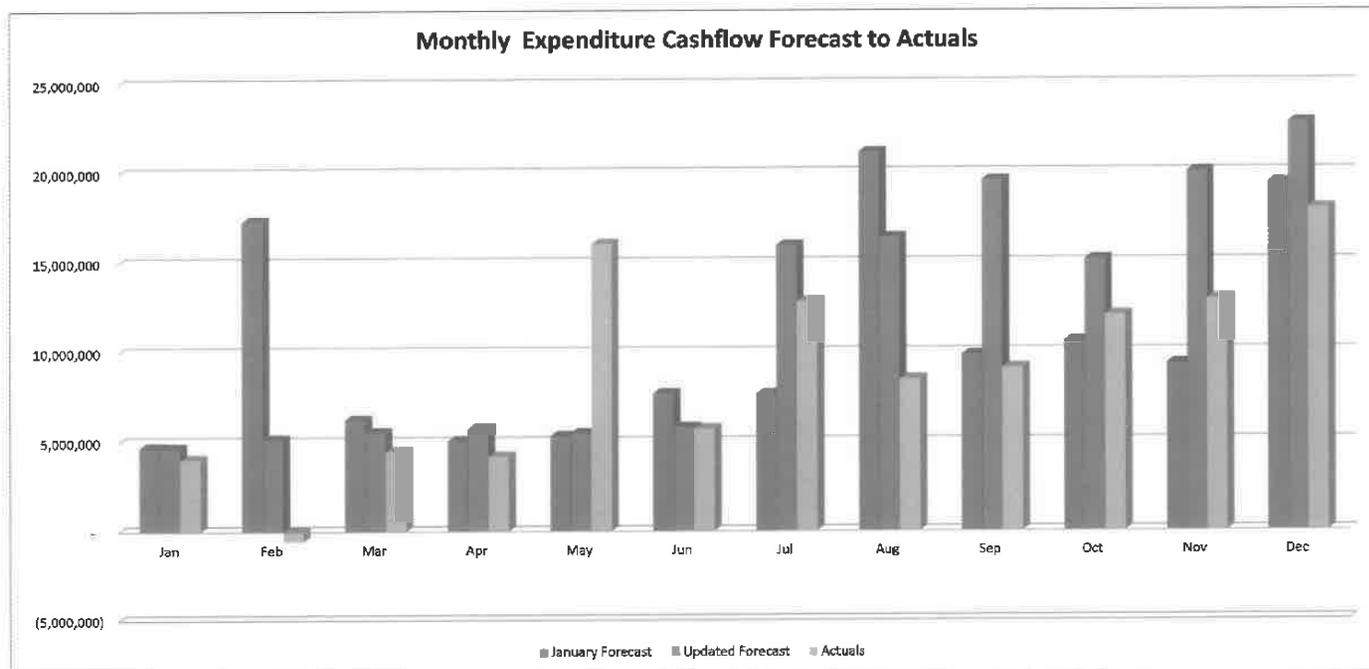
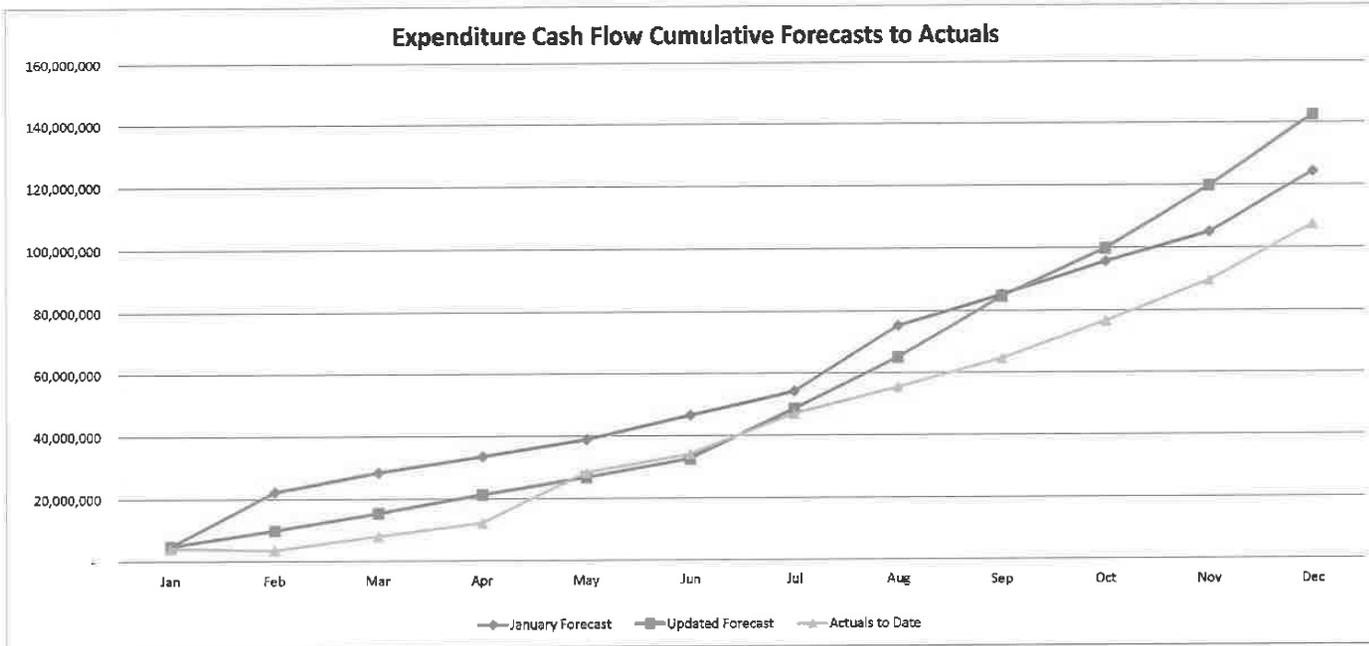
<b>Projects</b>	<b>Accumulated as of December 31,</b>		<b>TxDOT Reimbursement as of December 31, 2015</b>	
	<b>2014</b>	<b>Current Year</b>	<b>2015</b>	<b>31, 2015</b>
Trinity Tollway	374,328	-	374,328	-
SH 161 FSF (FREE)	133,015	-	133,015	-
DNT- 380 Interchange	285,767	-	285,767	-
DNT Extension Phase 4 / 4A	3,738,109	43	3,738,152	-
DNT Ext Phase 4B/5A	3,652,801	-	3,652,801	-
DNT Phase 3	8,282	(3,590)	4,692	-
PGBT-East Branch (SH190)	121,176	-	121,176	-
SH 360	6,584,163	35,117	6,619,280	-
Trinity Pkwy	39,981,135	432,102	40,413,237	31,584,218
NCTCG	848,892	-	848,892	-
SH 170 - Alliance Gateway	5,147,639	75,073	5,222,712	-
Capital Planning Model	364,329	-	364,329	-
Collin/Grayson Corridor	175,712	-	175,712	-
Future Bond Issue Planning	336,519	-	336,519	-
State Highway 183 Managed Lanes	901,486	-	901,486	-
Denton County Corridor	7,857	-	7,857	-
Collin County Outer Loop	3,152	-	3,152	-
Loop 9	32,649	-	32,649	-
IH35 E Managed Lanes	60,494	-	60,494	-
<b>Grand Total</b>	<b>62,757,505</b>	<b>538,744</b>	<b>63,296,249</b>	<b>31,584,218</b>

North Texas Tollway Authority Estimated Project Cash Flow for the Year Ended December 31, 2015 as of 31-Dec-15												
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
	Actuals											
<b>PG&amp;T EE Construction Fund</b>												
	3722											
Beginning Balance	2,914,302	2,755,341	2,697,515	2,661,791	2,637,550	2,608,173	2,586,106	2,555,792	1,742,783	1,712,884	1,828,244	1,804,403
Investment Gain/(Loss)	106	115	93	110	115	125	124	139	149	121	141	152
Miscellaneous Revenue / Cash Receipts	-	-	-	-	-	-	-	13,139	-	-	-	-
IT Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Project Delivery Expenditures	(153,617)	(52,497)	(29,744)	(18,756)	(10,583)	(16,346)	(19,912)	(811,595)	(24,397)	(40,039)	(13,494)	(19,514)
Other	(5,449)	(5,443)	(6,074)	(5,596)	(18,909)	(5,847)	(10,526)	(14,692)	(5,651)	155,277	(10,487)	(18,698)
Total Expenditures	(159,067)	(57,941)	(35,817)	(24,352)	(29,491)	(22,192)	(30,438)	(826,287)	(30,048)	115,239	(23,981)	(38,212)
Projected Ending Balance	2,755,341	2,697,515	2,661,791	2,637,550	2,608,173	2,586,106	2,555,792	1,742,783	1,712,884	1,828,244	1,804,403	1,766,343
<b>DNT Phase 3 Construction Fund</b>												
	3713											
Beginning Balance	14,054,912	14,047,356	14,015,075	14,010,491	14,006,401	13,994,859	13,990,647	13,981,808	13,971,551	13,967,694	13,961,959	13,951,473
Investment Gain/(Loss)	499	555	475	572	604	658	662	749	851	977	1,147	1,269
IT Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Project Delivery Expenditures	(3,516)	(28,301)	-	-	(566)	-	-	(614)	-	-	(6,633)	(19,497)
Other	(4,540)	(4,535)	(5,060)	(4,862)	(11,579)	(4,871)	(9,500)	(10,392)	(4,708)	(6,712)	(4,999)	(5,581)
Total Expenditures	(8,055)	(32,836)	(5,080)	(4,862)	(12,145)	(4,871)	(9,500)	(11,006)	(4,708)	(6,712)	(11,633)	(25,017)
Projected Ending Balance	14,047,356	14,015,075	14,010,491	14,006,401	13,994,859	13,990,647	13,981,808	13,971,551	13,967,694	13,961,959	13,951,473	13,927,724
<b>LLTB Construction Fund</b>												
	3761											
Beginning Balance	6,513,618	6,502,346	6,500,280	6,500,500	6,500,766	6,496,103	6,496,409	6,860,183	6,860,531	6,660,933	6,661,398	6,657,100
Investment Gain/(Loss)	231	257	220	265	280	305	307	348	402	465	547	605
IT Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Project Delivery Expenditures	-	(2,323)	-	-	-	-	-	-	-	-	-	-
Other	(11,503)	-	-	-	(4,942)	-	163,467	-	-	-	(4,845)	-
Total Expenditures	(11,503)	(2,323)	-	-	(4,942)	-	163,467	-	-	-	(4,845)	-
Projected Ending Balance	6,502,346	6,500,280	6,500,500	6,500,766	6,496,103	6,496,409	6,860,183	6,860,531	6,660,933	6,661,398	6,657,100	6,657,704
<b>Sam Rayburn Construction Fund</b>												
	3751											
Beginning Balance	52,886,082	52,950,995	52,934,630	52,927,542	52,418,085	52,401,345	52,363,374	52,218,339	52,019,990	52,073,124	51,610,572	51,423,686
Investment Gain/(Loss)	175,561	32,342	26,761	(29,336)	27,846	8,469	172,532	(54,796)	155,859	(19,750)	(142,441)	(12,184)
Miscellaneous Revenue / Cash Receipts	25	-	-	-	-	-	3,928	1,991	-	-	-	-
Transfer from other accounts	-	-	-	-	-	-	-	-	-	-	-	-
IT Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Project Delivery Expenditures	(38,468)	(43,273)	(22,979)	(13,408)	(29,262)	(11,261)	(2,918)	(82,232)	(47,822)	(6,084)	(19,280)	(45,276)
Other	(72,205)	(5,434)	(10,870)	(456,713)	(15,324)	(35,179)	(318,577)	(53,310)	(54,903)	(434,718)	(25,185)	(89,812)
Total Expenditures	(110,673)	(48,707)	(33,849)	(480,121)	(44,585)	(46,440)	(321,496)	(145,542)	(102,725)	(442,802)	(44,445)	(135,088)
Projected Ending Balance	52,950,995	52,934,630	52,927,542	52,418,085	52,401,345	52,363,374	52,218,339	52,019,990	52,073,124	51,610,572	51,423,686	51,276,434
<b>90 Construction Fund</b>												
	3712											
Beginning Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment Gain/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Account Closures	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from C/F	-	-	-	-	-	-	-	-	-	-	-	-
Projected Ending Balance	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

North Texas Tollway Authority Estimated Project Cash Flow for the Year Ended December 31, 2015 as of 31-Dec-15												
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
<b>Total Construction Funds</b>												
Beginning Balance	76,368,914	76,256,036	76,147,501	76,100,324	75,562,800	75,500,481	75,436,535	75,416,122	74,394,854	74,414,634	74,062,173	73,836,662
Investment Gain/(Loss)	176,398	33,269	27,549	(28,389)	28,644	9,557	173,625	(53,563)	157,261	(18,196)	(140,607)	(10,159)
Account Closeouts	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue / Cash Receipts	25	-	-	-	-	-	3,928	15,129	-	-	-	-
Transfer from other accounts	-	-	-	-	-	-	-	-	-	-	-	-
IT Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Project Delivery Expenditures	(195,601)	(126,394)	(52,723)	(32,164)	(40,411)	(27,607)	(22,830)	(894,440)	(72,219)	(48,123)	(39,387)	(64,227)
TXDOT Loan Repayment	-	-	-	-	-	-	-	-	-	-	-	-
Other	(93,697)	(15,412)	(22,003)	(476,972)	(50,753)	(45,896)	(175,136)	(88,394)	(65,262)	(286,152)	(45,516)	(114,091)
Total Expenditures	(289,298)	(141,805)	(74,726)	(509,135)	(91,164)	(73,503)	(197,966)	(962,834)	(137,482)	(334,275)	(84,904)	(198,318)
Projected Ending Balance	76,256,036	76,147,501	76,100,324	75,562,800	75,500,481	75,436,535	75,416,122	74,394,854	74,414,634	74,062,173	73,836,662	73,628,206
<b>Feasibility Study Fund<sup>(1)</sup></b>												
1601												
Beginning Balance	8102.58	0	(42,396)	16,336	0	(132,610)	(13,077)	(62,756)	0	(48,587)	109,721	87,744
Investment Gain/(Loss)	(3,680)	-	-	-	-	-	-	-	-	177,905	-	-
Reimbursements / Miscellaneous Cash Receipts	-	-	16,509	-	-	-	68,166	-	-	24,010	-	15,843
Transfers from CIF <sup>(2)</sup>	126,820	-	206,196	31,693	52,218	416,913	-	214,235	-	-	-	-
Transfer from Con Funds	-	-	-	-	-	-	-	-	-	-	-	-
Trinity Parkway	(91,934)	(27,564)	(43,098)	(46,154)	(38,049)	(237,381)	(28,801)	(26,261)	-	(40,564)	(11,070)	(4,628)
SH 170	(35,648)	(772)	(60,308)	(1,270)	(6,593)	-	-	(8,604)	-	(1,202)	(39)	(780)
SH 190	-	-	-	-	-	-	-	-	-	-	-	-
SH 360	(3,661)	(3,914)	-	(534)	-	-	(183)	(1,270)	-	-	(10,868)	(7,587)
DNT 4A	-	(5,400)	-	(71)	-	-	-	-	-	-	-	-
DNT 4B/5A	-	(4,746)	-	-	-	-	-	-	-	-	-	-
Collin County Outer Loop	-	-	-	-	-	-	-	-	-	-	-	-
Outer Loop Southeast (Loop 9)	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	(60,566)	-	(138,186)	(60,000)	(88,862)	(115,345)	(48,587)	(1,841)	-	(90,591)
Total NTTA System Expenditures	(131,242)	(42,396)	(163,972)	(48,029)	(184,827)	(297,381)	(117,846)	(151,480)	(48,587)	(43,607)	(21,977)	(103,587)
Projected Ending Balance	0	(42,396)	16,336	0	(132,610)	(13,077)	(62,756)	-	(48,587)	109,721	87,744	-
<b>Reserve Maintenance Fund</b>												
1201												
Beginning Balance	33,277,800	32,434,780	31,800,903	31,231,511	30,176,258	29,731,365	28,195,556	26,985,067	26,164,165	24,990,130	23,285,916	20,821,727
Investment Gain/(Loss)	2,259	4,684	20,434	(19,017)	9,350	(13,507)	17,587	8,749	15,503	(4,028)	(40,623)	(20,196)
Transfer From Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue / Cash Receipts	-	-	-	-	-	-	-	-	-	-	-	-
IT Expenditures	(228,215)	(29,804)	(42,739)	(89,426)	(70,976)	(117,310)	(343,042)	(288,959)	(304,642)	(167,573)	(397,046)	(459,903)
Maintenance Expenditures	(429,433)	(421,527)	(337,960)	(774,116)	(105,657)	(1,203,680)	(677,274)	(317,499)	(710,305)	(1,298,698)	(1,869,783)	(1,544,813)
Project Delivery Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other	(187,630)	(187,430)	(209,127)	(192,694)	(277,609)	(201,313)	(207,859)	(202,193)	(194,591)	(213,814)	(196,737)	(193,458)
Total Expenditures	(845,278)	(638,760)	(589,826)	(1,036,236)	(454,243)	(1,522,302)	(1,228,175)	(809,651)	(1,209,538)	(1,700,185)	(2,423,568)	(2,198,173)
Projected Ending Balance	32,434,780	31,800,903	31,231,511	30,176,258	29,731,365	28,195,556	26,985,067	26,164,165	24,990,130	23,285,916	20,821,727	18,603,356

North Texas Tollway Authority												
Estimated Project Cash Flow												
for the Year Ended December 31, 2015												
as of												
31-Dec-15												
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
<b>Capital Improvement Fund</b>												
1501												
Beginning Balance	172,790,232.54	146,435,723	152,336,037	146,869,652	147,633,044	132,382,606	129,008,670	122,707,872	116,348,240	108,544,664	98,625,421	89,294,941
Investment Gain/(Loss)	26,957	59,763	206,715	7,717	21,857	25,513	1,036	49,471	(49,840)	77	38,812	(600,036)
BABS Subsidy (2)	-	4,440,263	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue / Cash Receipts	525,591	-	-	1,372,170	-	-	5,000,000	200	-	-	-	200
Transfer From Revenue Fund	-	-	-	-	-	-	-	-	-	-	-	165,000,000
Transfer to Rainy Day Account	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Bond Payment Account	(24,119,818)	-	-	-	-	-	-	-	-	-	-	(4,440,263)
Transfer to Debt Service Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to CIF Cash for Investment	-	-	-	-	75,671	465,767	-	160,160	-	89,595	66,938	10,983
Transfer from Con Funds	-	-	-	-	-	-	-	-	-	-	-	-
CP Proceeds (1)	-	-	-	-	-	-	-	-	-	-	-	-
Paydown of CP	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to FSF (2)	(126,820)	-	(104,164)	(31,692)	(52,218)	(416,913)	-	(214,236)	(28,767)	-	-	(15,843)
Transfer to 1990 Const Fund	-	-	-	-	-	-	-	-	-	-	-	-
IT Expenditures	(1,160,026)	(448,992)	(2,559,788)	(266,093)	(1,395,364)	(1,352,380)	(3,789,823)	(1,000,877)	(1,046,610)	(1,673,406)	(1,266,502)	(3,574,518)
Maintenance Expenditures	(411,846)	(65,913)	(91,206)	(292,816)	(29,546)	(903,723)	(303,777)	(586,220)	(1,079,161)	(458,729)	(195,216)	(525,453)
Project Delivery Expenditures	(778,526)	2,521,458	(607,531)	(1,217,710)	(370,339)	(392,138)	(6,222,889)	(4,430,847)	(5,025,820)	(6,458,658)	(8,084,765)	(3,189,285)
Other	(280,021)	(606,264)	(310,402)	(808,184)	(13,500,461)	(800,061)	(985,349)	(335,163)	(573,578)	(1,418,123)	(889,747)	(652,778)
Transfer to SPS	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to TSA	-	-	-	-	-	-	-	-	-	-	-	(6,000,000)
ISTEA Payment	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	(2,787,239)	1,400,288	(3,673,100)	(2,616,495)	(15,347,967)	(3,865,215)	(11,301,834)	(6,569,463)	(7,753,736)	(10,008,916)	(10,436,230)	(15,957,876)
Projected Ending Balance	146,435,723	152,336,037	146,869,652	147,633,044	132,382,606	129,008,670	122,707,872	116,348,240	108,544,664	98,625,421	88,294,941	232,307,947

(1) Prior months are updated to the actual amount issued, current and future months are estimates based on forecasted cash flows  
(2) The Feasibility Study Fund is a revolving account and is reimbursed when necessary by the Capital Improvement Fund  
(3) BABS Credit Partially Offsets CIF Subordinated Debt Interest Payment due in February and August



NORTH TEXAS TOLLWAY AUTHORITY  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
December 31, 2015  
(Unaudited)

	North Texas Tollway Authority Enterprise Fund Total
<b><u>ASSETS</u></b>	
<b>Current Assets:</b>	
Cash	2,739,789
Investments	12,073,971
Accrued Interest Receivable on Investments	0
Accounts Receivable	14,136,533
Allowance for Uncollectible Receivables	(8,717,259)
Unbilled Accounts Receivable	9,165,211
Allowance for Unbilled Receivables	(8,015,952)
Intergovernmental Receivables	4,177,248
Total Current Unrestricted Assets	25,559,541
<b>TOTAL ASSETS</b>	25,559,541
<b><u>LIABILITIES</u></b>	
<b>Current Liabilities:</b>	
Accounts Payable	0
Accrued Liabilities	280,815
Intergovernmental Payable	0
Total Current Unrestricted Liabilities	280,815
<b>TOTAL LIABILITIES</b>	280,815
<b><u>NET POSITION</u></b>	
Unrestricted:	
Unrestricted	25,278,726
<b>TOTAL NET POSITION</b>	25,278,726

**NORTH TEXAS TOLLWAY AUTHORITY**  
**Enterprise Fund - Budget and Actual Revenues and Expenses**  
**Month Ending**  
**December 31, 2015**

	<u>Total 2016 Budget</u>	<u>Budget To Date</u>	<u>Actual To Date</u>	<u>Variance Over(Under) Budget</u>
<b>Revenues:</b>				
Admin Fees	-	-	2,468,663	2,468,663
Interoperability Fees	5,000,000	5,000,000	6,743,657	1,743,657
TSA Fees	4,574,102	4,574,102	4,126,771	(447,331)
Toll Revenue	10,257,766	10,257,766	8,506,341	(1,751,425)
Interest Revenue	-	-	21,535	21,535
Other Revenues	-	-	10,094	10,094
Less: Bad Debt Expense	(6,052,082)	(6,052,082)	(4,569,704)	1,482,378
Gross revenues	<u>13,779,786</u>	<u>13,779,786</u>	<u>17,307,358</u>	<u>3,527,572</u>
<b>Operating expenses:</b>				
<b>Administration:</b>				
Finance	242,367	242,367	126,247	(116,120)
Human resources	63,820	63,820	48,557	(15,263)
Internal Audit	38,254	38,254	31,341	(6,913)
Legal services	500,000	500,000	107,550	(392,450)
Public Affairs	504,050	504,050	489,596	(14,454)
Shared Services	143,117	143,117	120,334	(22,783)
Total Administration	<u>1,491,608</u>	<u>1,491,608</u>	<u>923,625</u>	<u>(567,983)</u>
<b>Operations:</b>				
Customer service center	547,000	547,000	533,310	(13,690)
Information technology	2,553,086	2,553,086	3,070,977	517,891
Operations	53,700	53,700	54,718	1,018
Bad Debt	12,104,164	12,104,164	9,139,556	(2,964,608)
Total Operations	<u>15,257,950</u>	<u>15,257,950</u>	<u>12,798,562</u>	<u>(2,459,388)</u>
Total operating expenses	<u>16,749,558</u>	<u>16,749,558</u>	<u>13,722,186</u>	<u>(3,027,371)</u>
Operating Income	<u>(2,969,772)</u>	<u>(2,969,772)</u>	<u>3,585,171</u>	<u>6,554,943</u>

NORTH TEXAS TOLLWAY AUTHORITY  
Developer TSA - Billings & Collections Analysis  
December 31, 2015  
(Unaudited)

	Budget	Budget YTD	Actual YTD	LBJ	NTE	Variance Better (Worse) Budget
<b><u>Billings &amp; Collections</u></b>						
ZipCash Payments to Developer	(20,515,532)	(20,515,532)	(24,536,283)	(7,362,761)	(17,173,522)	(4,020,751)
Collections - ZipCash	12,617,052	12,617,052	14,708,155	3,840,605	10,865,551	2,089,103
Amount Unpaid	(7,898,480)	(7,898,480)	(9,830,127)	(3,522,156)	(6,307,971)	(1,931,648)
% Collected of Amount Advanced to Developer	61.50%	61.50%	59.94%	52.16%	63.27%	-1.58%
<b><u>Compensation &amp; Other Fees</u></b>						
TSA Compensation	4,574,102	4,574,102	4,086,697	1,373,362	2,713,345	(487,405)
Administrative Fees	-	-	2,468,662	1,013,439	1,455,223	2,468,662
Total Compensation & Other Fees	4,574,102	4,574,102	6,555,359	2,386,792	4,168,567	1,981,257
Net Exposure to Unpaid ZipCash	(3,324,378)	(3,324,378)	(3,274,769)	(1,135,365)	(2,139,404)	49,609
			* Billings Invoiced	16,804,668	4,958,568	11,646,080
				67.87%	67.35%	67.81%

**Mgmt Summary - LBJ/NTE TSA's**  
**December 31, 2015**

ACTIVITY	Actual			Budget		
	Prior Month	Current Month	YTD	Prior Month	Current Month	YTD
TRANSACTION COUNT	3,989,696	4,384,417	32,725,005	3,410,045	3,410,045	40,920,538
NTTA COMPENSATION	495,672	542,177	4,086,697	381,175	381,175	4,574,102
TRANSPONDER PENETRATION	67.08%	66.76%	64.70%	72.52%	72.52%	72.52%

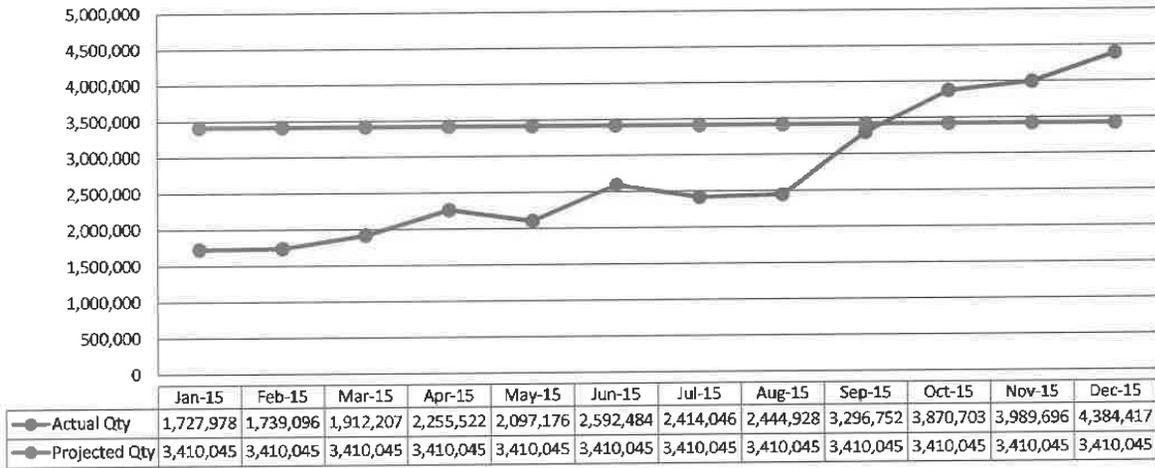
ROLLFORWARD	Uninvoiced A/R			Invoiced A/R		
	Prior Month	Current Month	YTD	Prior Month	Current Month	YTD
Beginning Balance	\$8,124,683	\$9,139,635	\$2,270,675	\$11,597,053	\$12,817,553	\$2,461,406
Video Transactions - Base	\$2,751,506	\$3,036,235	\$24,536,283	\$0	\$0	\$0
Video Transactions - Premium	\$1,398,514	\$1,537,747	\$12,434,654	\$0	\$0	\$0
Invoiced Transactions	(\$2,854,014)	(\$3,001,537)	(\$24,906,602)	\$2,854,014	\$3,001,537	\$24,906,602
Collections - Base	(\$282,878)	(\$264,032)	(\$2,075,067)	(\$845,535)	(\$794,442)	(\$6,601,048)
Collections - Premium	(\$140,569)	(\$131,173)	(\$1,033,989)	(\$423,043)	(\$397,388)	(\$3,308,391)
Collections - Adjustments	(\$155,927)	(\$171,134)	(\$1,589,138)	(\$111,969)	(\$211,018)	(\$98,523)
Excusals & Adjustments	\$298,321	(\$980,532)	(\$471,605)	(\$252,968)	(\$335,709)	(\$3,279,514)
Ending Balance	\$9,139,635	\$9,165,211	\$9,165,211	\$12,817,553	\$14,080,533	\$14,080,533

Administrative Fees Collected      450,566      496,458      2,468,662

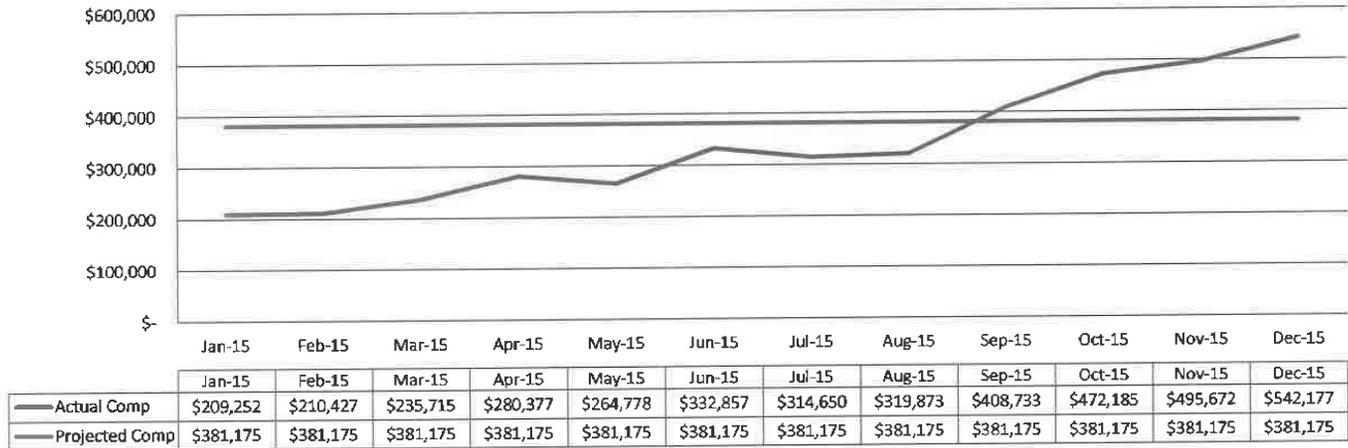
MISCELLANEOUS	Enterprise Fund			Exposure Analysis - Cumulative		
	Prior Month	Current Month	YTD	Prior Month	Current Month	
Cash - Beginning Balance	\$14,789,808	\$14,774,392	\$18,578,543	Video Toll-Base Toll	25,834,638	28,870,873
IOP Fees Incoming	\$503,224	\$726,913	\$6,538,589	Collections - Base Toll	(8,529,854)	(9,588,328)
Escrow Account - Closeout	\$0	\$0	\$0	Collections - Premium	(4,276,516)	(4,805,077)
Reimbursements from System	\$2,679,266	\$3,021,814	\$20,462,653	TSA Compensation	(4,373,253)	(4,915,428)
Interest Earnings	\$1,665	\$1,570	\$23,535	Administrative Fees	(2,105,302)	(2,601,760)
Payments to LBJ/NTE	(\$3,020,488)	(\$3,339,729)	(\$26,124,929)	Collections - Adjustments	(1,528,355)	(1,910,507)
Enterprise Fund Expenses	(\$179,083)	(\$371,200)	(\$4,664,631)	Cumulative Exposure	5,021,359	5,049,774
Cash - Ending Balance	\$14,774,392	\$14,813,761	\$14,813,761			

Reimbursements Due from System      3,927,326

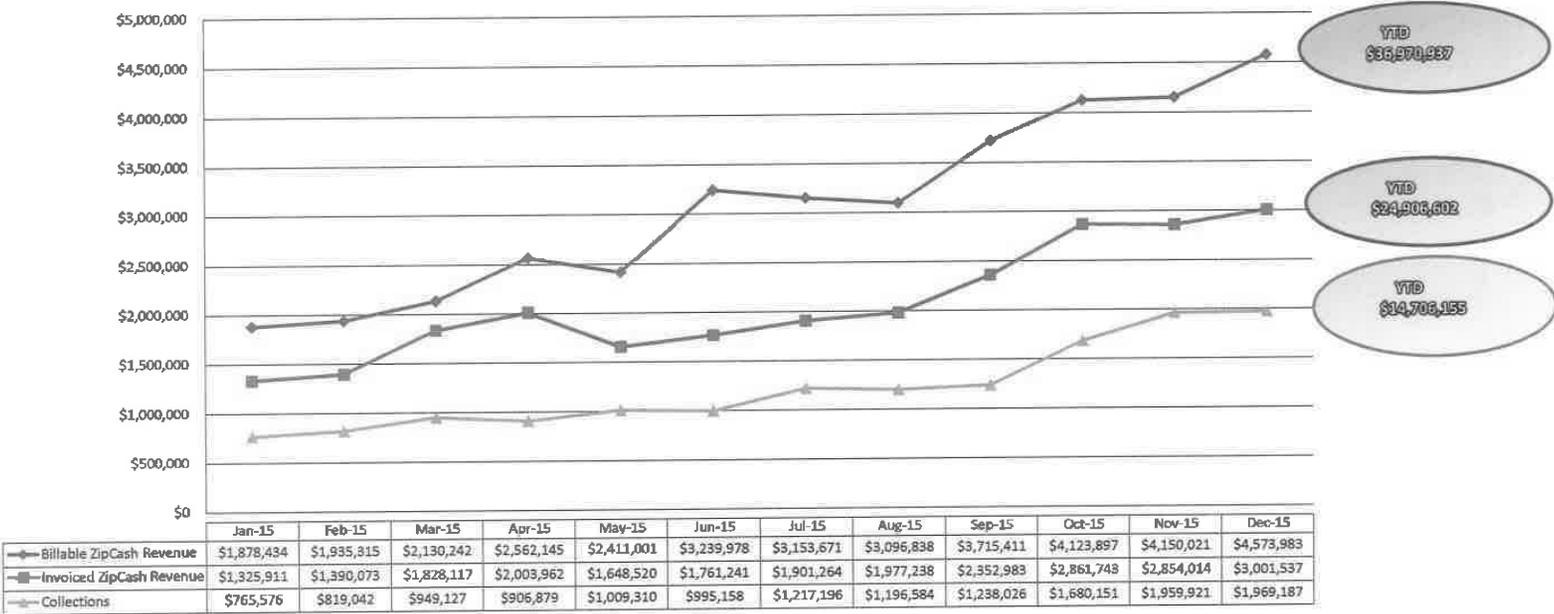
### LBJ/NTE TSA's - Transaction Quantity



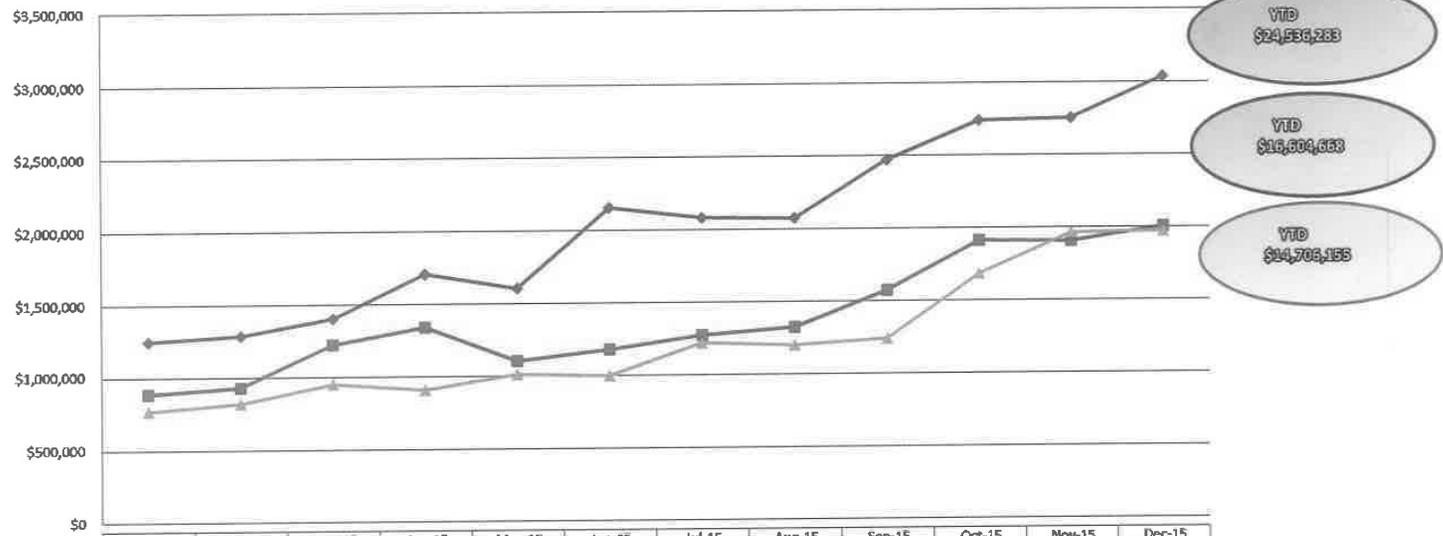
### LBJ/NTE TSA's - Compensation



LBJ/NTE TSA's - Billings & Payments ZipCash Base & Premium



### LBJ/NTE TSA's - Billings & Payments ZipCash Base



	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
◆ Billable ZipCash Revenue - Base	\$1,246,453	\$1,285,703	\$1,402,151	\$1,702,450	\$1,601,977	\$2,152,013	\$2,078,591	\$2,072,288	\$2,469,517	\$2,737,399	\$2,751,506	\$3,036,235
■ Invoiced ZipCash Revenue - Base	\$883,941	\$926,716	\$1,218,745	\$1,335,975	\$1,099,013	\$1,174,161	\$1,267,407	\$1,318,158	\$1,568,655	\$1,908,353	\$1,902,603	\$2,000,941
▲ Collections	\$765,576	\$819,042	\$949,127	\$906,879	\$1,009,310	\$995,158	\$1,217,196	\$1,196,584	\$1,238,026	\$1,680,151	\$1,959,921	\$1,969,187

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**APPENDIX C**  
**NTTA SYSTEM TOLL RATE SCHEDULES**

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**NTTA System Tolling**  
**(Excluding SRT and PGBT EE)**

**Toll Rates**

- Toll rates shall be as set forth in the following schedules for the period indicated in the schedules.
- Toll rate for two-axle vehicles with TollTags is \$0.145 per mile for the DNT and PGBT (Segments I through V) starting September 1, 2009. Toll rate is increased 2.75% per year thereafter, with toll adjustments made every two years commencing July 1, 2011.
- Toll rate for two-axle vehicles with TollTags is \$0.50 for the MCLB and the AATT starting September 1, 2009 and \$1.00 for LLTB starting August 1, 2009. Toll rate is increased 2.75% per year thereafter, with toll adjustments made every two years commencing July 1, 2011.
- Video toll for two-axle vehicles is equal to the sum of (i) the TollTag toll and (ii) the greater of (a) 50% of the TollTag toll or (b) 20 cents per transaction on September 1, 2009, increased 2.75% per year with toll adjustments made every two years commencing July 1, 2011, for DNT, PGBT, MCLB, AATT and LLTB.
- Tolls for two-axle vehicles at any tolling location are rounded to the next highest penny.
- Tolls for all vehicle classifications are calculated based on "N-1" weighting, where "N" denotes the number of axles. For example, the TollTag toll charged to a five-axle vehicle will be four times the TollTag toll charged to a two-axle vehicle and the total Video toll charged to a five-axle vehicle will be four times the total Video toll charged to a two-axle vehicle.

**NTTA SYSTEM TOLL RATES (EXCLUDING SRT AND PGBT EE) EFFECTIVE JULY 1, 2015 THROUGH JUNE 30, 2017**

<b>Dallas North Tollway</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>
Wycliff Main Lane Gantry (MLP1)	\$1.48	\$2.22	\$2.96	\$4.44	\$4.44	\$6.66	\$5.92	\$8.88	\$7.40	\$11.10
Mockingbird Lane (MOCLN)	\$1.08	\$1.62	\$2.16	\$3.24	\$3.24	\$4.86	\$4.32	\$6.48	\$5.40	\$8.10
Northwest Highway (NORHY)	\$0.73	\$1.10	\$1.46	\$2.20	\$2.19	\$3.30	\$2.92	\$4.40	\$3.65	\$5.50
Royal Lane (ROYLN)	\$0.39	\$0.63	\$0.78	\$1.26	\$1.17	\$1.89	\$1.56	\$2.52	\$1.95	\$3.15
Spring Valley Road (SPVRD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Belt Line Road (BELRD)	\$0.34	\$0.58	\$0.68	\$1.16	\$1.02	\$1.74	\$1.36	\$2.32	\$1.70	\$2.90
Keller Springs Road (KESRD)	\$0.51	\$0.77	\$1.02	\$1.54	\$1.53	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
Trinity Mills Main Lane Gantry (MLP2)	\$1.06	\$1.59	\$2.12	\$3.18	\$3.18	\$4.77	\$4.24	\$6.36	\$5.30	\$7.95
Frankford Road (FRARD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Park Boulevard (PARBD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Parker Main Lane Gantry (MLP3)	\$0.95	\$1.43	\$1.90	\$2.86	\$2.85	\$4.29	\$3.80	\$5.72	\$4.75	\$7.15
Parker Road (PARRD)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
Spring Creek Parkway (SPCPY)	\$0.31	\$0.55	\$0.62	\$1.10	\$0.93	\$1.65	\$1.24	\$2.20	\$1.55	\$2.75
Legacy Drive (LEGDR)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Headquarters Drive (HEADR)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Gaylord Parkway (GAYPY)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Lebanon Road (LEBRD)	\$0.38	\$0.62	\$0.76	\$1.24	\$1.14	\$1.86	\$1.52	\$2.48	\$1.90	\$3.10
Stone Brook Parkway (STOPY)	\$0.49	\$0.74	\$0.98	\$1.48	\$1.47	\$2.22	\$1.96	\$2.96	\$2.45	\$3.70
Main Street (MAIST)	\$0.80	\$1.20	\$1.60	\$2.40	\$2.40	\$3.60	\$3.20	\$4.80	\$4.00	\$6.00
Eldorado Main Lane Gantry (MLP4)	\$1.66	\$2.49	\$3.32	\$4.98	\$4.98	\$7.47	\$6.64	\$9.96	\$8.30	\$12.45
Eldorado Parkway (ELDPY)	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
Rockhill Parkway*	\$0.34	\$0.58	\$0.68	\$1.16	\$1.02	\$1.74	\$1.36	\$2.32	\$1.70	\$2.90

<b>President George Bush Turnpike</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>
North Garland Avenue (GARRD)	\$0.30	\$0.54	\$0.60	\$1.08	\$0.90	\$1.62	\$1.20	\$2.16	\$1.50	\$2.70
Campbell Road (CAMRD)	\$0.48	\$0.72	\$0.96	\$1.44	\$1.44	\$2.16	\$1.92	\$2.88	\$2.40	\$3.60
East Renner Road (ERERD)	\$0.78	\$1.17	\$1.56	\$2.34	\$2.34	\$3.51	\$3.12	\$4.68	\$3.90	\$5.85
Shiloh Main Lane Gantry (MLP6)	\$1.17	\$1.76	\$2.34	\$3.52	\$3.51	\$5.28	\$4.68	\$7.04	\$5.85	\$8.80
Shiloh Road (SHIRD)	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
West Renner Road (WRERD)	\$0.40	\$0.64	\$0.80	\$1.28	\$1.20	\$1.92	\$1.60	\$2.56	\$2.00	\$3.20
Independence Parkway (INDPY)	\$0.40	\$0.64	\$0.80	\$1.28	\$1.20	\$1.92	\$1.60	\$2.56	\$2.00	\$3.20
Coit Road (COIRD)	\$0.61	\$0.92	\$1.22	\$1.84	\$1.83	\$2.76	\$2.44	\$3.68	\$3.05	\$4.60
Coit Main Lane Gantry (MLP7)	\$1.27	\$1.91	\$2.54	\$3.82	\$3.81	\$5.73	\$5.08	\$7.64	\$6.35	\$9.55
Preston Road (PRERD)	\$0.34	\$0.58	\$0.68	\$1.16	\$1.02	\$1.74	\$1.36	\$2.32	\$1.70	\$2.90
Midway Road (MIDRD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Marsh Lane (MARLN)	\$0.34	\$0.58	\$0.68	\$1.16	\$1.02	\$1.74	\$1.36	\$2.32	\$1.70	\$2.90
Frankford Main Lane Gantry (MLP8)	\$1.18	\$1.77	\$2.36	\$3.54	\$3.54	\$5.31	\$4.72	\$7.08	\$5.90	\$8.85
Kelly Boulevard (KELBD)	\$0.62	\$0.93	\$1.24	\$1.86	\$1.86	\$2.79	\$2.48	\$3.72	\$3.10	\$4.65
Josey Lane (JOSLN)	\$0.41	\$0.65	\$0.82	\$1.30	\$1.23	\$1.95	\$1.64	\$2.60	\$2.05	\$3.25
Sandy Lake Main Lane Gantry (MLP9)	\$0.94	\$1.41	\$1.88	\$2.82	\$2.82	\$4.23	\$3.76	\$5.64	\$4.70	\$7.05
Belt Line - Luna Road (NBERD)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
Royal Lane (ROYLN)	\$0.28	\$0.52	\$0.56	\$1.04	\$0.84	\$1.56	\$1.12	\$2.08	\$1.40	\$2.60
Belt Line Road (SBERD)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05
Belt Line Main Lane Gantry (MLP10)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05

<b>Addison Airport Toll Tunnel</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>
Addison Airport Toll Tunnel (AATT)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45

<b>Mountain Creek Lake Bridge</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>
Mountain Creek Lake Toll Bridge (MLP1)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45

<b>Lewisville Lake Toll Bridge</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>	<b>TollTag</b>	<b>Video</b>
Lewisville Lake Toll Bridge (LLTB)	\$1.18	\$1.77	\$2.36	\$3.54	\$3.54	\$5.31	\$4.72	\$7.08	\$5.90	\$8.85

\*Expected to open in late 2015

**NTTA SYSTEM TOLL RATES (EXCLUDING SRT AND PGBT EE) EFFECTIVE JULY 1, 2017 THROUGH JUNE 30, 2019**

<b>Dallas North Tollway</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>
Wycliff Main Lane Gantry (MLP1)	\$1.56	\$2.34	\$3.12	\$4.68	\$4.68	\$7.02	\$6.24	\$9.36	\$7.80	\$11.70
Mockingbird Lane (MOCLN)	\$1.14	\$1.71	\$2.28	\$3.42	\$3.42	\$5.13	\$4.56	\$6.84	\$5.70	\$8.55
Northwest Highway (NORHY)	\$0.77	\$1.16	\$1.54	\$2.32	\$2.31	\$3.48	\$3.08	\$4.64	\$3.85	\$5.80
Royal Lane (ROYLN)	\$0.41	\$0.66	\$0.82	\$1.32	\$1.23	\$1.98	\$1.64	\$2.64	\$2.05	\$3.30
Spring Valley Road (SPVRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Belt Line Road (BELRD)	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05
Keller Springs Road (KESRD)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05
Trinity Mills Main Lane Gantry (MLP2)	\$1.12	\$1.68	\$2.24	\$3.36	\$3.36	\$5.04	\$4.48	\$6.72	\$5.60	\$8.40
Frankford Road (FRARD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Park Boulevard (PARBD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Park Boulevard from Direct Connector*	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Parker Main Lane Gantry (MLP3)	\$1.00	\$1.50	\$2.00	\$3.00	\$3.00	\$4.50	\$4.00	\$6.00	\$5.00	\$7.50
Parker Road (PARRD)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Windhaven Parkway*	\$0.48	\$0.73	\$0.96	\$1.46	\$1.44	\$2.19	\$1.92	\$2.92	\$2.40	\$3.65
Spring Creek Parkway (SPCPY)	\$0.33	\$0.58	\$0.66	\$1.16	\$0.99	\$1.74	\$1.32	\$2.32	\$1.65	\$2.90
Legacy Drive (LEGDR)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Headquarters Drive (HEADR)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Gaylord Parkway (GAYPY)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Lebanon Road (LEBRD)	\$0.41	\$0.66	\$0.82	\$1.32	\$1.23	\$1.98	\$1.64	\$2.64	\$2.05	\$3.30
Stone Brook Parkway (STOPY)	\$0.52	\$0.78	\$1.04	\$1.56	\$1.56	\$2.34	\$2.08	\$3.12	\$2.60	\$3.90
Main Street (MAIST)	\$0.85	\$1.28	\$1.70	\$2.56	\$2.55	\$3.84	\$3.40	\$5.12	\$4.25	\$6.40
Eldorado Main Lane Gantry (MLP4)	\$1.76	\$2.64	\$3.52	\$5.28	\$5.28	\$7.92	\$7.04	\$10.56	\$8.80	\$13.20
Eldorado Parkway (ELDPY)	\$0.63	\$0.95	\$1.26	\$1.90	\$1.89	\$2.85	\$2.52	\$3.80	\$3.15	\$4.75
Rockhill Parkway**	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05

<b>President George Bush Turnpike</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>
North Garland Avenue (GARRD)	\$0.32	\$0.57	\$0.64	\$1.14	\$0.96	\$1.71	\$1.28	\$2.28	\$1.60	\$2.85
Campbell Road (CAMRD)	\$0.51	\$0.77	\$1.02	\$1.54	\$1.53	\$2.31	\$2.04	\$3.08	\$2.55	\$3.85
East Renner Road (ERERD)	\$0.83	\$1.25	\$1.66	\$2.50	\$2.49	\$3.75	\$3.32	\$5.00	\$4.15	\$6.25
Shiloh Main Lane Gantry (MLP6)	\$1.24	\$1.86	\$2.48	\$3.72	\$3.72	\$5.58	\$4.96	\$7.44	\$6.20	\$9.30
Shiloh Road (SHIRD)	\$0.64	\$0.96	\$1.28	\$1.92	\$1.92	\$2.88	\$2.56	\$3.84	\$3.20	\$4.80
West Renner Road (WRERD)	\$0.42	\$0.67	\$0.84	\$1.34	\$1.26	\$2.01	\$1.68	\$2.68	\$2.10	\$3.35
Independence Parkway (INDPY)	\$0.43	\$0.68	\$0.86	\$1.36	\$1.29	\$2.04	\$1.72	\$2.72	\$2.15	\$3.40
Coit Road (COIRD)	\$0.64	\$0.96	\$1.28	\$1.92	\$1.92	\$2.88	\$2.56	\$3.84	\$3.20	\$4.80
Coit Main Lane Gantry (MLP7)	\$1.34	\$2.01	\$2.68	\$4.02	\$4.02	\$6.03	\$5.36	\$8.04	\$6.70	\$10.05
Preston Road (PRERD)	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05
Midway Road (MIDRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Marsh Lane (MARLN)	\$0.36	\$0.61	\$0.72	\$1.22	\$1.08	\$1.83	\$1.44	\$2.44	\$1.80	\$3.05
Frankford Main Lane Gantry (MLP8)	\$1.24	\$1.86	\$2.48	\$3.72	\$3.72	\$5.58	\$4.96	\$7.44	\$6.20	\$9.30
Kelly Boulevard (KELBD)	\$0.65	\$0.98	\$1.30	\$1.96	\$1.95	\$2.94	\$2.60	\$3.92	\$3.25	\$4.90
Josey Lane (JOSLN)	\$0.43	\$0.68	\$0.86	\$1.36	\$1.29	\$2.04	\$1.72	\$2.72	\$2.15	\$3.40
Sandy Lake Main Lane Gantry (MLP9)	\$0.99	\$1.49	\$1.98	\$2.98	\$2.97	\$4.47	\$3.96	\$5.96	\$4.95	\$7.45
Belt Line - Luna Road (NBERD)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Royal Lane (ROYLN)	\$0.30	\$0.55	\$0.60	\$1.10	\$0.90	\$1.65	\$1.20	\$2.20	\$1.50	\$2.75
Belt Line Road (SBERD)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
Belt Line Main Lane Gantry (MLP10)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30

<b>Addison Airport Toll Tunnel</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>
Addison Airport Toll Tunnel (AATT)	\$0.63	\$0.95	\$1.26	\$1.90	\$1.89	\$2.85	\$2.52	\$3.80	\$3.15	\$4.75

<b>Mountain Creek Lake Bridge</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>
Mountain Creek Lake Toll Bridge (MCLB)	\$0.63	\$0.95	\$1.26	\$1.90	\$1.89	\$2.85	\$2.52	\$3.80	\$3.15	\$4.75

<b>Lewisville Lake Toll Bridge</b>										
<b>Toll Gantry</b>	<b>Two-Axle Passenger Cars and Trucks</b>		<b>Three-Axle Vehicles and Vehicle Combinations</b>		<b>Four-Axle Vehicles and Vehicle Combinations</b>		<b>Five-Axle Vehicles and Vehicle Combinations</b>		<b>Six or More Axle Vehicles and Special Permits</b>	
	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>	<b>TollTag</b>	<b>ZipCash</b>
Lewisville Lake Toll Bridge (LLTB)	\$1.25	\$1.88	\$2.50	\$3.76	\$3.75	\$5.64	\$5.00	\$7.52	\$6.25	\$9.40

\* Improvements along DNT between Sam Rayburn Tollway and PGBT assumed to be completed by April 1, 2018  
 \*\* Rockhill Parkway toll gantries are assumed to be opened on September 30, 2016

## **SRT Tolling**

### **Toll Rates**

- Toll rates for the SRT shall be as set forth in the following schedules for the period indicated in the schedules.
- Toll rate for two-axle vehicles with TollTags is \$0.145 per mile starting September 1, 2009, and thereafter toll rates shall be determined in accordance with Exhibit R of the SRT Project Agreement, as amended, and shall be the maximum rates ("*Maximum Base*" or "*MBT*") allowed under the SRT Project Agreement, as amended.
- Video toll for two-axle vehicles is equal to the sum of (i) the TollTag toll and (ii) the greater of (a) 50% of TollTag toll or (b) 20 cents per transaction on September 1, 2009, increased 2.75% per year with toll adjustments made every two years commencing July 1, 2011.
- Tolls for two-axle vehicles at any tolling location are rounded to the next highest penny.
- Tolls for all vehicle classifications are calculated based on "N-1" weighting on the SRT, where "N" denotes the number of axles. For example, the TollTag toll charged to a five-axle vehicle will be four times the TollTag toll charged to a two-axle vehicle and the total Video toll charged to a five-axle vehicle will be four times the total Video toll charged to a two-axle vehicle.
- The SRT Project Agreement permits NTTA to implement congestion pricing if certain capacity improvement triggers are met. However, NTTA anticipates amending the SRT Project Agreement with the approval of TxDOT to remove the congestion pricing provisions. The T&R Report assumes that congestion pricing will not be put in place on the SRT at any time.

**SRT TOLL RATES EFFECTIVE JULY 1, 2015 THROUGH JUNE 30, 2017**

Toll Gantry	Sam Rayburn Tollway									
	Two-Axle Passenger Cars and Trucks		Three-Axle Vehicles and Vehicle Combinations		Four-Axle Vehicles and Vehicle Combinations		Five-Axle Vehicles and Vehicle Combinations		Six or More Axle Vehicles and Special Permits	
	TollTag	Video	TollTag	Video	TollTag	Video	TollTag	Video	TollTag	Video
Denton Tap Main Lane Gantry (MLG1)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
MacArthur Boulevard (MACBD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Carrollton Parkway (CARPY)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Parker Road (PARRD)	\$0.37	\$0.61	\$0.74	\$1.22	\$1.11	\$1.83	\$1.48	\$2.44	\$1.85	\$3.05
Old Denton Road (OLDRD)	\$0.42	\$0.66	\$0.84	\$1.32	\$1.26	\$1.98	\$1.68	\$2.64	\$2.10	\$3.30
Standridge Drive - South (SSTDR)	\$0.64	\$0.96	\$1.28	\$1.92	\$1.92	\$2.88	\$2.56	\$3.84	\$3.20	\$4.80
Josey Lane - South (SJOLN)	\$0.78	\$1.17	\$1.56	\$2.34	\$2.34	\$3.51	\$3.12	\$4.68	\$3.90	\$5.85
Josey Main Lane Gantry (MLG2)	\$1.46	\$2.19	\$2.92	\$4.38	\$4.38	\$6.57	\$5.84	\$8.76	\$7.30	\$10.95
Standridge Drive - North (NSTDR)	\$0.82	\$1.23	\$1.64	\$2.46	\$2.46	\$3.69	\$3.28	\$4.92	\$4.10	\$6.15
Josey Lane - North (NJOLN)	\$0.68	\$1.02	\$1.36	\$2.04	\$2.04	\$3.06	\$2.72	\$4.08	\$3.40	\$5.10
Plano Parkway (PLAPY)	\$0.54	\$0.81	\$1.08	\$1.62	\$1.62	\$2.43	\$2.16	\$3.24	\$2.70	\$4.05
Spring Creek Parkway (SPCPY)	\$0.27	\$0.51	\$0.54	\$1.02	\$0.81	\$1.53	\$1.08	\$2.04	\$1.35	\$2.55
Preston Road (PRERD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Hillcrest Road (HILRD)	\$0.27	\$0.51	\$0.54	\$1.02	\$0.81	\$1.53	\$1.08	\$2.04	\$1.35	\$2.55
Coit Road (COIRD)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Independence Parkway (INDPY)	\$0.78	\$1.17	\$1.56	\$2.34	\$2.34	\$3.51	\$3.12	\$4.68	\$3.90	\$5.85
Custer Road - South (CUSRD)	\$0.97	\$1.46	\$1.94	\$2.92	\$2.91	\$4.38	\$3.88	\$5.84	\$4.85	\$7.30
Custer Main Lane Gantry (MLG3)	\$2.02	\$3.03	\$4.04	\$6.06	\$6.06	\$9.09	\$8.08	\$12.12	\$10.10	\$15.15
Exchange Parkway (SALDR)	\$1.05	\$1.58	\$2.10	\$3.16	\$3.15	\$4.74	\$4.20	\$6.32	\$5.25	\$7.90
Alma Drive (NALDR)	\$0.77	\$1.16	\$1.54	\$2.32	\$2.31	\$3.48	\$3.08	\$4.64	\$3.85	\$5.80
Stacy Road (STARD)	\$0.60	\$0.90	\$1.20	\$1.80	\$1.80	\$2.70	\$2.40	\$3.60	\$3.00	\$4.50
Lake Forest Drive (LAFDR)	\$0.47	\$0.71	\$0.94	\$1.42	\$1.41	\$2.13	\$1.88	\$2.84	\$2.35	\$3.55
Hardin Boulevard (HARBD)	\$0.30	\$0.54	\$0.60	\$1.08	\$0.90	\$1.62	\$1.20	\$2.16	\$1.50	\$2.70

**SRT TOLL RATES EFFECTIVE JULY 1, 2017 THROUGH JUNE 30, 2019**

Toll Gantry	Sam Rayburn Tollway									
	Two-Axle Passenger Cars and Trucks		Three-Axle Vehicles and Vehicle Combinations		Four-Axle Vehicles and Vehicle Combinations		Five-Axle Vehicles and Vehicle Combinations		Six or More Axle Vehicles and Special Permits	
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
Denton Tap Main Lane Gantry (MLG1)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
MacArthur Boulevard (MACBD)	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Carrollton Parkway (CARPY)	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Parker Road (PARRD)	\$0.39	\$0.64	\$0.78	\$1.28	\$1.17	\$1.92	\$1.56	\$2.56	\$1.95	\$3.20
Old Denton Road (OLDRD)	\$0.45	\$0.70	\$0.90	\$1.40	\$1.35	\$2.10	\$1.80	\$2.80	\$2.25	\$3.50
Standridge Drive - South (SSTDR)	\$0.67	\$1.01	\$1.34	\$2.02	\$2.01	\$3.03	\$2.68	\$4.04	\$3.35	\$5.05
Josey Lane - South (SJOLN)	\$0.82	\$1.23	\$1.64	\$2.46	\$2.46	\$3.69	\$3.28	\$4.92	\$4.10	\$6.15
Josey Main Lane Gantry (MLG2)	\$1.53	\$2.30	\$3.06	\$4.60	\$4.59	\$6.90	\$6.12	\$9.20	\$7.65	\$11.50
Standridge Drive - North (NSTDR)	\$0.87	\$1.31	\$1.74	\$2.62	\$2.61	\$3.93	\$3.48	\$5.24	\$4.35	\$6.55
Josey Lane - North (NJOLN)	\$0.72	\$1.08	\$1.44	\$2.16	\$2.16	\$3.24	\$2.88	\$4.32	\$3.60	\$5.40
Plano Parkway (PLAPY)	\$0.57	\$0.86	\$1.14	\$1.72	\$1.71	\$2.58	\$2.28	\$3.44	\$2.85	\$4.30
Spring Creek Parkway (SPCPY)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Preston Road (PRERD)	\$0.27	\$0.52	\$0.54	\$1.04	\$0.81	\$1.56	\$1.08	\$2.08	\$1.35	\$2.60
Hillcrest Road (HILRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Coit Road (COIRD)	\$0.62	\$0.93	\$1.24	\$1.86	\$1.86	\$2.79	\$2.48	\$3.72	\$3.10	\$4.65
Independence Parkway (INDPY)	\$0.82	\$1.23	\$1.64	\$2.46	\$2.46	\$3.69	\$3.28	\$4.92	\$4.10	\$6.15
Custer Road - South (CUSRD)	\$1.03	\$1.55	\$2.06	\$3.10	\$3.09	\$4.65	\$4.12	\$6.20	\$5.15	\$7.75
Custer Main Lane Gantry (MLG3)	\$2.12	\$3.18	\$4.24	\$6.36	\$6.36	\$9.54	\$8.48	\$12.72	\$10.60	\$15.90
Exchange Parkway (SALDR)	\$1.10	\$1.65	\$2.20	\$3.30	\$3.30	\$4.95	\$4.40	\$6.60	\$5.50	\$8.25
Alma Drive (NALDR)	\$0.81	\$1.22	\$1.62	\$2.44	\$2.43	\$3.66	\$3.24	\$4.88	\$4.05	\$6.10
Stacy Road (STARD)	\$0.63	\$0.95	\$1.26	\$1.90	\$1.89	\$2.85	\$2.52	\$3.80	\$3.15	\$4.75
Lake Forest Drive (LAFDR)	\$0.49	\$0.74	\$0.98	\$1.48	\$1.47	\$2.22	\$1.96	\$2.96	\$2.45	\$3.70
Hardin Boulevard (HARBD)	\$0.31	\$0.56	\$0.62	\$1.12	\$0.93	\$1.68	\$1.24	\$2.24	\$1.55	\$2.80

## PGBT EE Tolling

### Toll Rates

- Toll rates for the PGBT EE shall be as set forth in the following schedules for the period indicated in the schedules.
- The Construction, Operation and Maintenance Agreement for the PGBT EE between NTTA and TxDOT dated December 5, 2007, as amended (the "*EE Project Agreement*") provides for a supplemental toll on the PGBT EE (the "*Regional Toll*") to be collected by NTTA and held in trust for TxDOT for the benefit of the North Central Texas region. **The Regional Toll and the toll charged by NTTA (the "*NTTA Toll*") together constitute the publicly announced toll (the "*Unified Toll*"), but the Regional Toll does not constitute and is not considered as the property or revenues of NTTA or the NTTA System.**
- The Unified Toll rate for two-axle vehicles with TollTags is \$0.145 per mile as of July 1, 2009. The NTTA Toll is 80% of the Unified Toll. The Unified Toll rate for two-axle vehicles with TollTags is increased 2.75% per year thereafter, with toll adjustments made July 1, 2011 and every two years thereafter. Unified Tolls for two-axle vehicles with TollTags at any tolling location are rounded to the next highest penny. The ratio between the NTTA Toll and the Unified Toll remains constant at 80%. The ratio between the Regional Toll and the Unified Toll remains constant at 20%.
- Toll rates shall be subject to the assumptions, qualifications and agreements set forth in Section 21 of the EE Project Agreement.
- The video toll for two-axle vehicles is equal to the sum of (i) the Unified Toll for two-axle vehicles with TollTags and (ii) the greater of (a) 50% of such Unified Toll or (b) 20 cents per transaction on July 1, 2009, increased 2.75% per year, with toll adjustments made every two years commencing July 1, 2011. The video toll for two-axle vehicles at any tolling location is rounded to the next highest penny. The portion of the video toll described in clause (ii) above is not part of the Unified Toll and constitutes the property and revenues of NTTA only, and not of TxDOT.
- Tolls for all vehicle classifications are calculated based on "N-1" weighting on the PGBT EE, where "N" denotes the number of axles. For example, the TollTag toll charged to a five-axle vehicle will be four times the TollTag toll charged to a two-axle vehicle and the total Video toll charged to a five-axle vehicle will be four times the total Video toll charged to a two-axle vehicle.

**TOLL RATES EFFECTIVE JULY 1, 2015 THROUGH JUNE 30, 2017 (PGBT EE)**

Toll Gantry	PGBT EE (Unified Toll)									
	Two-Axle Passenger Cars and Trucks		Three-Axle Vehicles and Vehicle Combinations		Four-Axle Vehicles and Vehicle Combinations		Five-Axle Vehicles and Vehicle Combinations		Six or More Axle Vehicles and Special Permits	
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
Miller Road (MLRRD)	\$0.43	\$0.67	\$0.86	\$1.34	\$1.29	\$2.01	\$1.72	\$2.68	\$2.15	\$3.35
Lakeview Parkway (LAKPY)	\$0.56	\$0.84	\$1.12	\$1.68	\$1.68	\$2.52	\$2.24	\$3.36	\$2.80	\$4.20
Merritt Road (MERRD)	\$0.90	\$1.35	\$1.80	\$2.70	\$2.70	\$4.05	\$3.60	\$5.40	\$4.50	\$6.75
Merritt Main Lane Gantry (MLG5)	\$1.70	\$2.55	\$3.40	\$5.10	\$5.10	\$7.65	\$6.80	\$10.20	\$8.50	\$12.75
Miles Road (MLSRD)	\$0.36	\$0.60	\$0.72	\$1.20	\$1.08	\$1.80	\$1.44	\$2.40	\$1.80	\$3.00
Firewheel Parkway (FIRPY)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50
Crist Road (CRIRD)	\$0.26	\$0.50	\$0.52	\$1.00	\$0.78	\$1.50	\$1.04	\$2.00	\$1.30	\$2.50

**TOLL RATES EFFECTIVE JULY 1, 2017 THROUGH JUNE 30, 2019 (PGBT EE)**

Toll Gantry	PGBT EE (Unified Toll)									
	Two-Axle Passenger Cars and Trucks		Three-Axle Vehicles and Vehicle Combinations		Four-Axle Vehicles and Vehicle Combinations		Five-Axle Vehicles and Vehicle Combinations		Six or More Axle Vehicles and Special Permits	
	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash
Miller Road (MLRRD)	\$0.45	\$0.70	\$0.90	\$1.40	\$1.35	\$2.10	\$1.80	\$2.80	\$2.25	\$3.50
Lakeview Parkway (LAKPY)	\$0.59	\$0.89	\$1.18	\$1.78	\$1.77	\$2.67	\$2.36	\$3.56	\$2.95	\$4.45
Merritt Road (MERRD)	\$0.95	\$1.43	\$1.90	\$2.86	\$2.85	\$4.29	\$3.80	\$5.72	\$4.75	\$7.15
Merritt Main Lane Gantry (MLG5)	\$1.79	\$2.69	\$3.58	\$5.38	\$5.37	\$8.07	\$7.16	\$10.76	\$8.95	\$13.45
Miles Road (MLSRD)	\$0.38	\$0.63	\$0.76	\$1.26	\$1.14	\$1.89	\$1.52	\$2.52	\$1.90	\$3.15
Firewheel Parkway (FIRPY)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65
Crist Road (CRIRD)	\$0.28	\$0.53	\$0.56	\$1.06	\$0.84	\$1.59	\$1.12	\$2.12	\$1.40	\$2.65

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**APPENDIX D**

**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**

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## SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT

The following constitutes a summary of certain provisions of the Resolution and the Amended and Restated Trust Agreement as amended and supplemented to date (the "*Trust Agreement*"). This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Resolution and the Trust Agreement. Copies of the Resolution and the Trust Agreement are available for examination at the offices of NTTA.

### Definitions

"*Additional Bond Security*" – any credit enhancement for specified bonds and any funds received or obligations payable to NTTA, other than Net Revenues, which NTTA chooses to include as security for specified First Tier Bonds, Second Tier Bonds and/or Third Tier Bonds pursuant to a Supplemental Agreement;

"*Additional Bonds*" – Additional First Tier Bonds, Additional Second Tier Bonds and Additional Third Tier Bonds;

"*Additional First Tier Bonds*" – those obligations, including bonds and First Tier Credit Agreements, which NTTA reserves the right to issue, enter into or incur under the Trust Agreement, which are on a parity with the First Tier Bonds insofar as the lien on Net Revenues is concerned;

"*Additional Second Tier Bonds*" – those obligations, including bonds and Second Tier Credit Agreements, which NTTA reserves the right to issue, enter into or incur under the Trust Agreement, which are on a parity with the Second Tier Bonds insofar as the lien on Net Revenues is concerned;

"*Additional Third Tier Bonds*" – those obligations, including bonds and Third Tier Credit Agreements, which NTTA reserves the right to issue, enter into or incur under the Trust Agreement, which are on a parity with the Third Tier Bonds insofar as the lien on Net Revenues is concerned;

"*Annual Budget*" – the budget adopted or in effect for each Fiscal Year as provided in the Trust Agreement;

"*Assumed Variable Rate*" – in the case of:

- (a) bonds bearing interest at a Variable Rate, the greater of:
  - (1) the average interest rate on such bonds for the most recently completed sixty (60) month period or the period such bonds have been Outstanding if it is less than sixty (60) months, or
  - (2) the rate to be determined pursuant to *clause (b)* below assuming the Outstanding bonds bearing interest at a Variable Rate were being issued on the date of calculation; and
- (b) proposed Additional Bonds to be issued at a Variable Rate:
  - (1) on the basis that, in the opinion of Bond Counsel to be delivered at the time of the issuance thereof, interest on such Additional Bonds would be excluded from gross income for federal income tax purposes, the greater of (i) the average of the Security Industry and Financial Markets Association Municipal Swap Index ("*SIFMA Index*") for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) the average of the SIFMA Index for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points; and
  - (2) on a basis other than as described in *clause (1)*, the greater of (i) the average of the London Interbank Offered Rate ("*LIBOR*") for the time period most closely resembling the reset period for the Additional Bonds for the twelve (12) month period ending seven (7) days preceding the date of calculation plus 100 basis points, or (ii) the average of LIBOR for the time period most closely resembling the reset period for the Additional Bonds for the sixty (60) month period ending seven (7) days preceding the date of calculation plus 100 basis points; and provided that if the SIFMA Index or LIBOR ceases to be published, the index to be used in its place will be the index which NTTA, in consultation with the Financial Consultant, determines most closely replicates such index, as set forth in a certificate of the Chief Financial Officer filed with the Trustee. Notwithstanding the foregoing, in no event may the Assumed Variable Rate be in excess of the maximum interest rate allowed by law on obligations of NTTA;

"*Authorized Investments*" – (a) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including Treasury Receipts evidencing ownership of future interest and principal payments due on direct obligations of the United States of America;

(b) bonds, participation certificates, or other obligations of any agency or instrumentality of the United States of America, including obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Farm Credit System, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Farmers Home Administration and Federal Housing Administration;

(c) new housing authority bonds issued by public agencies of a state or of municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America;

(d) direct and general obligations of any state of the United States of America, any municipality or school district of the State of Texas, or any other political subdivision or agency of the State of Texas to the payment of the principal of and interest on which the full faith and credit of such entity, as the case may be, is pledged, provided that such obligations are rated, at the time of purchase, in either of the two highest rating categories, without regard to rating sub-categories, by a nationally recognized municipal or corporate rating agency;

(e) certificates of deposit, whether negotiable or non-negotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, provided that such certificates of deposit are purchased directly from such bank, trust company, or national banking association and are either (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by such securities as are described above in **clauses (a) through (d)**, inclusive, which have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and are lodged with or as directed by the Board, or the bank, trust company, or national banking association issuing such certificates of deposit;

(f) uncollateralized certificates of deposit of financial institutions which certificates of deposit are rated, at the time of purchase, in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(g) repurchase agreements collateralized by obligations described above in **clauses (a) or (b)** with any registered broker/dealer subject to the Securities Investor Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor's, or any commercial bank with the above ratings, provided:

(1) a master repurchase agreement or specific written repurchase agreement governs the transaction,

(2) the securities are held free and clear of any lien by the bond trustee or an independent third party acting solely as agent for the bond trustee, and such third party is (1) a Federal Reserve Bank, (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than \$25 million or (3) a bank approved in writing for such purpose by each Bond Insurer, and the Trustee has received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee,

(3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq., in such securities is created for the benefit of the Trustee,

(4) the repurchase agreement has a term of six months or less, or NTTA will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation,

(5) the repurchase agreement matures on or before a debt service payment date (or other appropriate liquidation period), and

(6) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to at least 100%;

(h) banker's acceptances, Eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by **clauses (e) and (f)** above) of the domestic branches of foreign banks having a capital and surplus of \$1,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, if located in the State of Texas, in

the amount of \$200,000,000, and, if located outside of the State of Texas, in the amount of \$1,000,000,000; provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of funds under the Trust Agreement with respect to any particular bank, trust company, or national association located in the State of Texas may not exceed 10% of the amount of its capital and surplus and with respect to any particular bank, trust company, or national association located outside of the State of Texas may not exceed 5% of its capital and surplus; and provided further that any such bank, trust company or national association is required to be rated in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(i) municipal or corporate commercial paper rated, at the time of purchase, either "A-1" or "P-1" or higher, or municipal or corporate bonds or notes rated, at the time of purchase, in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(j) other unsubordinated securities or obligations issued or guaranteed (including a guarantee in the form of a bank standby letter of credit) by any domestic corporation (including a bank, national banking association, or trust company) which has outstanding, at the time of investment, debt securities rated in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(k) investments of any type described and permitted by any law of the State of Texas applicable to NTTA; and

(l) money market funds which invest solely in any of the above listed obligations;

*"Balloon Indebtedness"* – a series of bonds of which 25% or more of the original principal matures in the same annual period and is not required by the documents pursuant to which such bonds were issued to be amortized by payment or redemption prior to that annual period (excluding any contingent mandatory redemptions), provided that such bonds will not constitute Balloon Indebtedness and will be assumed to amortize in accordance with its stated terms if the Trustee is provided a certificate of the Chief Financial Officer certifying that such bonds are not to be treated as Balloon Indebtedness;

*"bank"* – any bank, trust company or national banking association organized or operating under the laws of any state of the United States of America or of the United States of America;

*"Board"* – the Board of Directors of NTTA;

*"Board Representative"* – the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Treasurer and the Director of Finance or such other individuals so designated by NTTA to perform the duties of the Board Representative for the specific purpose under the Trust Agreement;

*"Board Representative's Certificate"* – the certificate of the Board Representative to be executed and delivered in connection with the initial issuance of each series of bonds and each certificate of the Board Representative to be executed and delivered in connection with the exercise of the right of NTTA to effect a conversion;

*"bond," "bonds" or "Turnpike Revenue Bond"* – unless otherwise specifically stated, all currently Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, and the Additional Bonds;

*"Bondholder," "holder," "owner," or "registered owner"* – the registered owner of any bond as shown on the Trustee's Bond Registration records and books;

*"Bond Insurance Policy"* – an insurance policy issued by a Bond Insurer insuring or guaranteeing the payment of principal of and interest on any bonds;

*"Bond Insurer"* – an entity that insures or guarantees the payment of principal of and/or interest on any of the bonds;

*"Business Day"* – any day other than a Saturday or a Sunday or a day on which banking institutions are required or authorized by law or executive order to remain closed in the State or the City of New York or in the city in which the designated office of the Trustee or the Securities Depository is located.

*"Chief Financial Officer"* – the Chief Financial Officer, the Treasurer or such other individuals designated by the Board to perform the duties of the Chief Financial Officer under the Trust Agreement;

*"Consulting Engineers"* – the consulting civil engineer or engineering firm or corporation employed by NTTA pursuant to the Trust Agreement to carry out the duties imposed thereby;

"Cost" – all obligations and expenses and all items of cost authorized to be incurred or paid under the Turnpike Act and when used with respect to any facility will mean and include all costs related to such facility, and, without intending thereby to limit or restrict any such definition, including the following:

(a) obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of a facility or any part thereof, and obligations incurred for machinery and equipment;

(b) payments to owners and others, for real property, or interests therein, or for options or other property or contractual rights;

(c) all expenses of every kind or character incurred in the acquisition of real property, including all costs and expenses of whatever kind in connection with the exercise of the power of condemnation, and including the cost of title searches and reports, abstracts of title, title certificates and opinions, title guarantees, title insurance policies, appraisals, negotiations and surveys;

(d) the amount of any damages or claimed damages incident to or consequent upon the construction of a facility; also the cost of any litigation and amounts paid by court order or upon settlement of any litigation or of any claim (although not litigated) of any kind during construction or of any claim arising during or out of or related to construction of a facility;

(e) as to toll collection equipment, it is recognized that some manufacturers of such equipment will not sell such equipment outright, and that some manufacturers will sell it; but that it will not be known, until bids are received by NTTA for the acquisition of such equipment, which manufacturer will offer the most advantageous terms to NTTA. The acquisition of toll collection equipment has been determined and declared to be a capital expenditure, and a proper "cost". It is specially provided, however, that if, in the discretion of NTTA, it will be to the advantage of NTTA to do so, and upon the written recommendation of the Consulting Engineers, NTTA may enter into lease-purchase or lease-rental agreements for the acquisition of such equipment with a term not to exceed three years from the date of acceptance of such equipment by NTTA. In such event NTTA is required to so advise the Trustee, and the Trustee is required to set aside and retain the amounts required for the payments under such agreements in the Construction Fund, and is required to make such payments as so required, upon requisitions from the Construction Fund. Any such payments will constitute proper items of "cost" for all purposes;

(f) the cost of any necessary indemnity and surety bonds, the cost of all fidelity bonds, the fees and expenses of the Trustee and the Paying Agent and premiums on all insurance deemed necessary and advisable by NTTA, until one year after the completion of construction thereof;

(g) the cost of borings and other preliminary investigations to determine foundation or other conditions, all fees, costs, and expenses necessary or incident to determining the feasibility and practicability of constructing a facility, and all fees, costs and expenses of engineers and others for making traffic studies, surveys, and estimates, and all fees, costs, and expenses of engineering services, plans, specifications, surveys, and estimates of cost and revenues, and all costs of supervising construction, as well as for the performance of all other duties of engineers in relation to the construction of a facility or the issuance of bonds therefor;

(h) the cost of preparing and issuing bonds, including refunding bonds, and all legal, accounting and other professional expenses and fees and financing charges in connection with any bonds and/or any facility, and expenses of administration properly chargeable to the construction of a facility, including salaries and all payments and deductions as provided by law pertaining to the State Retirement System;

(i) the cost of restoring, repairing and placing in its original condition, as nearly as practicable, all public or private property damaged or destroyed in the construction of a facility, or the amount paid by NTTA as compensation for such damage or destruction, and all costs lawfully incurred or damages lawfully payable, with respect to the restoration, relocation, removal, reconstruction or duplication of property or facilities in connection with or made necessary or caused by the construction of a facility, and the cost of building facilities to connect land severed by a facility or severance damages paid in lieu of such facilities;

(j) any obligation or expense heretofore or hereafter incurred by NTTA in connection with any of the foregoing items of cost, and the reimbursement of any obligations or expenses incurred in connection with any of the foregoing items of cost;

(k) utility relocations, buildings and other structures, fencing, landscaping, illumination, communication systems and safety devices; and

(1) all other items of cost and expense not elsewhere in this definition specified, incident to the construction and equipment of a facility, the financing thereof and the costs of placing a facility in operation, including all costs as defined under the term "Cost" in the Turnpike Act;

"Credit Agreement" – a First Tier Credit Agreement, a Second Tier Credit Agreement or a Third Tier Credit Agreement, as applicable;

"Credit Provider" – any bank, financial institution, insurance company, surety bond provider or other entity which provides, executes, issues or otherwise is a party to or provider of a Credit Agreement;

"Current Expenses" – NTTA's reasonable and necessary accrued current expenses of maintaining, repairing and operating the Tollway including, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, insurance, bridge painting, all operating, policing, administrative and engineering expenses, all payments and deductions as provided in the laws pertaining to the State Retirement System, fees and expenses of the Trustee, legal and accounting expenses and any other expenses or obligations required to be paid by NTTA under the Trust Agreement or by law, excluding any deposits or transfers to the credit of the Sinking Funds, Reserve Maintenance Fund and Capital Improvement Fund;

"Debt Service Requirements" – for any annual period (any Fiscal Year, or any other consecutive twelve calendar month period), the aggregate amount of interest on and principal of Outstanding bonds specified for the purposes for which Debt Service Requirements is to be calculated, other than any Credit Agreement, and, with respect to any Credit Agreement, the Payment Obligations relating thereto due in such period, as limited and calculated in the following manner:

(a) Except as modified below, (i) for any Fiscal Year while the NTTA System's Fiscal Year is the same as the calendar year, the aggregate amount of interest on and principal of the bonds, including Payment Obligations, which was paid or redeemed or is scheduled to accrue and be paid or redeemed after January 1 of such Fiscal Year and on the next following January 1; it being understood and intended that for the NTTA System's currently established Fiscal Year each such January 1 will be in the next following Fiscal Year; and (ii) for any consecutive twelve calendar month period other than the calendar year, whether or not such period constitutes any future NTTA System Fiscal Year, the aggregate amount of interest on and principal of the bonds, including Payment Obligations, which was paid or redeemed or is scheduled to accrue and be paid or redeemed during such consecutive twelve month period;

(b) As to any annual period prior to the date of any calculation, such requirements are required to be calculated solely on the basis of bonds which were Outstanding as of the first day of such period; and as to any future year such requirements are required to be calculated solely on the basis of bonds Outstanding as of the date of calculation plus any bonds then proposed to be issued as Additional Bonds;

(c) Notwithstanding the foregoing, all amounts which are deposited to the credit of the Bond Interest Accounts from original proceeds from the sale of any First Tier Bonds, Second Tier Bonds or Third Tier Bonds, as applicable, or from any other lawfully available source (other than the Revenue Fund and the investment income from the Operation and Maintenance Fund, the Sinking Funds, and the Reserve Maintenance Fund), and which are used or scheduled to be used to pay interest on such bonds during any annual period, are required to be deemed to reduce the Debt Service Requirements for any such annual period to the extent of such deposits; and the amount of such deposits are required to be excluded from and will not constitute Debt Service Requirements for any such annual period;

(d) If any of the bonds or proposed Additional Bonds bear interest at a Variable Rate the interest rate on such bonds or Additional Bonds for all periods for which the interest rate is not known, is required to be assumed and deemed to be the Assumed Variable Rate;

(e) If any of the bonds or proposed Additional Bonds constitute Balloon Indebtedness or Short-Term Indebtedness, then such amounts thereof as constitute Balloon Indebtedness or Short-Term Indebtedness are required to be treated as if such bonds are to be amortized in substantially equal annual installments of principal and interest over the useful life of the improvements financed with the proceeds of such Balloon Indebtedness or Short-Term Indebtedness as calculated by, and set forth in, a certificate of the Chief Financial Officer. Anything to the contrary notwithstanding, during the annual period preceding the final maturity date of such Balloon Indebtedness or, in the case of Short-Term Indebtedness, in each annual period, all of the principal thereof is required to be considered to be due on the Stated Maturity or due date of such Balloon Indebtedness or Short-Term Indebtedness unless NTTA provides to the Trustee, prior to the beginning of such annual period, a certificate of a Financial Consultant certifying that, in its judgment, NTTA will be able to refund such Balloon Indebtedness or Short-Term Indebtedness through the issuance of Additional Bonds, in which event the Balloon Indebtedness or Short-Term

Indebtedness is required to be amortized over the term of such proposed refunding Additional Bonds and is required to be deemed to bear the interest rate specified in the certificate of the Financial Consultant;

(f) Notwithstanding anything to the contrary in *clause (e)* above, with respect to Short-Term Indebtedness that is part of a commercial paper or similar program of NTTA, the amount of debt service of such Short-Term Indebtedness taken into account during any annual period is required to be equal to the principal component of debt service calculated using the outstanding principal amount of such Short-Term Indebtedness on the date of calculation amortized over the period ending on the date of the maximum maturity date under such program on a level debt service basis at an interest rate deemed to be the Assumed Variable Rate determined as if such Short-Term Indebtedness were Variable Rate Indebtedness; and

(g) Notwithstanding anything to the contrary contained in (a) through (e) above, the Debt Service Requirements for each annual period for a series of Additional Bonds issued (i) in conjunction with one or more Qualified Credit Agreements will be deemed to be the total net payments which the Board Representative certifies NTTA expects to pay in such annual period with respect to such series of Additional Bonds after taking into account the principal and interest payments and the Payment Obligations under such Qualified Credit Agreements made or to be made in such annual period and the amounts received or to be received from the Qualified Credit Provider under such Qualified Credit Agreement in such annual period or (ii) as a series of Variable Rate bonds, or one or more maturities within a series, of equal par amounts, issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such bonds taken as a whole, such composite fixed rate is required to be used in determining the Debt Service Requirement with respect to such bonds;

"*Event of Default*" – as defined under the caption "Events of Default and Remedies";

"*Financial Consultant*" – a nationally recognized firm of independent professional financial consultants knowledgeable in the financial operation of toll roads and having a favorable reputation for skill and experience in the field of financial consultation relating to toll roads;

"*First Tier Bonds*" – unless otherwise specifically stated, all Outstanding bonds issued under the Trust Agreement designated as First Tier Bonds, including the related Credit Agreements, and any bond, bonds, note, notes, other obligation or obligations, including any First Tier Credit Agreement, issued, incurred or entered into pursuant to the Trust Agreement as Additional First Tier Bonds, or all of the foregoing, as the case may be, authorized by law and issued under and secured by the Trust Agreement and any supplement thereto;

"*First Tier Credit Agreement*" – collectively, an obligation entered into on a parity with the Outstanding First Tier Bonds in the form of a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase bonds, purchase or sale agreement, interest rate swap, cap and floor agreement or commitment or other contract or agreement authorized, recognized and approved by NTTA as a First Tier Credit Agreement, whether authorized or approved in anticipation of, simultaneously with, or subsequent to, the authorization of the First Tier Bonds in connection with which it is executed;

"*First Tier Payment Obligations*" – unless otherwise specifically stated, all amounts payable by NTTA under a First Tier Credit Agreement less any amounts of principal or interest payable with respect to any Additional First Tier Bonds pledged under a First Tier Credit Agreement as collateral for the amounts due thereunder; and all such First Tier Payment Obligation payments are required to be deemed to constitute principal payments of First Tier Bonds, and are required to be paid from the First Tier Redemption Account as provided in the Trust Agreement; provided, however, that, if provided in a First Tier Credit Agreement or in the proceedings approved by NTTA in connection therewith, some or all of the amounts payable under a First Tier Credit Agreement may be designated as Second Tier Payment Obligations or Third Tier Payment Obligations;

"*First Tier Required Reserve*" – as of any date an amount equal to the average annual Debt Service Requirements of all First Tier Bonds Outstanding or to be Outstanding as of such date;

"*First Tier Reserve Surety Agreement*" – any substitute for cash and Authorized Investments in the First Tier Reserve Account as provided for in the Trust Agreement;

"*Fiscal Year*" – presently, the same as the calendar year; or any other period hereafter designated by NTTA as the Fiscal Year for the NTTA System in accordance with law;

"*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 in any such period or year, including all investment income from the Revenue Fund, the Operation and Maintenance Fund, the Bond Interest Accounts, the Redemption Accounts, the Reserve Accounts, the Reserve Maintenance Fund and the Capital Improvement Fund, and the investment income from the Construction Fund which is deposited or estimated to be deposited

to the credit of the Bond Interest Accounts, less the Current Expenses for any such period or year; provided, however, any toll revenues collected by NTTA that must be paid to TxDOT as revenue sharing payments pursuant to a project agreement between NTTA and TxDOT will not constitute revenues of the Tollway for purposes of the Trust Agreement;

"*Outstanding*" – with respect to the bonds, at any date of which the amount of the Outstanding bonds is to be determined, the aggregate of all bonds secured by the Trust Agreement, except:

- (a) bonds cancelled or delivered to the Paying Agent for cancellation at or prior to such date;
- (b) bonds for the full payment of the principal of, premium, if any, and interest on which cash has been theretofore deposited with the Paying Agent and which (i) have matured by their terms, or otherwise have become payable, but have not been surrendered for payment or (ii) have been purchased by the Trustee but have not been presented for payment;
- (c) bonds deemed paid as described in *clause (b)* under the caption "*Defeasance*"; and
- (d) bonds in exchange or in lieu of which other bonds have been delivered under the Trust Agreement;

"*Paying Agent*" – the Trustee;

"*Payment Obligations*" – First Tier Payment Obligations, Second Tier Payment Obligations and Third Tier Payment Obligations;

"*Qualified Credit Agreement*" – a First Tier Credit Agreement, a Second Tier Credit Agreement or a Third Tier Credit Agreement, as applicable, entered into with a Qualified Credit Provider;

"*Qualified Credit Provider*" – a Credit Provider (or its corporate parent as guarantor of its obligations under a Credit Agreement) whose long term debt is rated or whose credit rating is, at the time the Qualified Credit Agreement is entered into, in one of the three highest rating categories by Moody's, S&P or Fitch, without regard to rating sub-categories;

"*Registered Bonds*" – bonds registered in the name of the owner;

"*Registrar*" – the Trustee;

"*Required Reserve*" – the First Tier Required Reserve, the Second Tier Required Reserve or the Third Tier Required Reserve, as applicable;

"*Reserve Surety Agreement*" – a First Tier Reserve Surety Agreement, a Second Tier Reserve Surety Agreement or a Third Tier Reserve Surety Agreement, as applicable;

"*Second Tier Bonds*" – unless otherwise specifically stated, all Outstanding bonds issued under the Trust Agreement designated as Second Tier Bonds, including the related Credit Agreements, and any bond, bonds, note, notes, other obligation or obligations, including any Second Tier Credit Agreement, issued, incurred or entered into pursuant to the Trust Agreement as Additional Second Tier Bonds, or all of the foregoing, as the case may be, authorized by law and issued under and secured by the Trust Agreement and any supplement thereto;

"*Second Tier Credit Agreement*" – collectively, an obligation entered into on a parity with the Outstanding Second Tier Bonds in the form of a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase bonds, purchase or sale agreement, interest rate swap, cap and floor agreement or commitment or other contract or agreement authorized, recognized and approved by NTTA as a Second Tier Credit Agreement, whether authorized or approved in anticipation of, simultaneously with, or subsequent to, the authorization of the bonds in connection with which it is executed;

"*Second Tier Payment Obligations*" – unless otherwise specifically stated, all amounts payable by NTTA under a Second Tier Credit Agreement less any amounts of principal or interest payable with respect to any Additional Second Tier Bonds pledged under a Second Tier Credit Agreement as collateral for the amounts due thereunder; and all such Second Tier Payment Obligation payments will be deemed to constitute principal payments of Second Tier Bonds, and will be paid from the Second Tier Redemption Account as provided in the Trust Agreement; *provided, however*, that, if so provided in a Second Tier Credit Agreement or in the proceedings approved by NTTA in connection therewith, some or all of the amounts payable under a Second Tier Credit Agreement may be designated to be Third Tier Payment Obligations; and provided further, that, all payment obligations under a First Tier Credit Agreement which are designated to be Second Tier Payment Obligations will be treated as and constitute Second Tier Payment Obligations for all purposes under the Trust Agreement;

"*Second Tier Required Reserve*" – as of any date the amount set forth in a Supplemental Agreement authorizing Second Tier Bonds Outstanding or to be Outstanding as of such date;

"*Second Tier Reserve Surety Agreement*" – any substitute for cash and Authorized Investments in the Second Tier Reserve Account as provided for in a Supplemental Agreement;

"*Short-Term Indebtedness*" – all bonds that mature in less than 365 days and are issued as Short-Term Indebtedness pursuant to the Trust Agreement. In the event a Credit Provider has extended a line of credit or NTTA has undertaken a commercial paper or similar program, only amounts actually borrowed under such line of credit or program and repayable in less than 365 days will be considered Short-Term Indebtedness and the full amount of such commitment or program will not be treated as Short-Term Indebtedness to the extent that such facility remains available but undrawn;

"*SIFMA*" – the Securities Industry and Financial Markets Association, or any successor thereto;

"*SIFMA Municipal Swap Index*" – the "Securities Industry and Financial Markets Association Municipal Swap Index" announced weekly by Municipal Market Data and based upon the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specified criteria established by SIFMA. The SIFMA Municipal Swap Index is required to be based upon current yields of high-quality, weekly adjustable variable rate demand bonds which are subject to tender upon seven days' notice, the interest on which is tax-exempt and not subject to any personal "alternative minimum tax" or similar tax under the Internal Revenue Code of 1986, as amended, unless all tax-exempt securities are subject to such tax;

"*Stated Maturity*" – for any bond, the scheduled maturity date or final mandatory sinking fund redemption date of such bond;

"*Supplemental Agreement*" – any supplement to the Trust Agreement, now or hereafter duly authorized and entered into in accordance with the Trust Agreement;

"*Third Tier Bonds*" – unless otherwise specifically stated, any bond, bonds, note, notes, other obligation or obligations, including any Third Tier Credit Agreement, issued, incurred or entered into pursuant to the Trust Agreement as Third Tier Bonds, or all of the foregoing, as the case may be, authorized by law and issued under and secured by the Trust Agreement and any supplement thereto;

"*Third Tier Credit Agreement*" – collectively, an obligation entered into on a parity with the Outstanding Third Tier Bonds in the form of a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase bonds, purchase or sale agreement, interest rate swap, cap and floor agreement or commitment or other contract or agreement authorized, recognized and approved by NTTA as a Third Tier Credit Agreement, whether authorized or approved in anticipation of, simultaneously with, or subsequent to, the authorization of the bonds in connection with which it is executed;

"*Third Tier Payment Obligations*" – unless otherwise specifically stated, all amounts payable by NTTA under a Third Tier Credit Agreement less any amounts of principal or interest payable with respect to any Additional Third Tier Bonds pledged under a Third Tier Credit Agreement as collateral for the amounts due thereunder; and all such Third Tier Payment Obligation payments will be deemed to constitute principal payments of Third Tier Bonds, and will be paid from the Third Tier Redemption Account or sub-account therein as provided in the Trust Agreement and specified in a Supplemental Agreement; and all payment obligations under a First Tier Credit Agreement or a Second Tier Credit Agreement which are designated to be Third Tier Payment Obligations will be treated as and constitute Third Tier Payment Obligations for all purposes under the Trust Agreement;

"*Third Tier Required Reserve*" – as of any date the amount set forth in the Supplemental Agreements authorizing Third Tier Bonds Outstanding or to be Outstanding as of such date;

"*Third Tier Reserve Surety Agreement*" – any substitute for cash and Authorized Investments in the Third Tier Reserve Account as provided for in a Supplemental Agreement;

"*Toll Rate Schedule*" – the schedule of tolls to be collected by NTTA established by the Board under the Trust Agreement, including future increases or decreases approved by the Board;

"*Tollway*" or "*NTTA System*" – the presently existing turnpike system, as defined in the Trust Agreement (including all bridges, tunnels, overpasses, underpasses, interchanges, toll plazas, and administration, storage, and other buildings, facilities and improvements which NTTA has deemed necessary for the operation of the presently existing Tollway), together with all property rights, easements and interests acquired by NTTA for the construction or the operation of the presently existing Tollway, and together with all future improvements, extensions, and enlargements or additions of the presently existing Tollway, and together with any other turnpike project or facilities added to, grouped with, or otherwise constituted and declared to be a part of the Tollway by NTTA in accordance with law and pursuant to resolutions adopted by the Board;

"*Traffic Engineers*" – the traffic engineer or engineering firm or corporation employed by NTTA pursuant to the Trust Agreement to carry out the duties imposed thereby;

"Turnpike Act" – Chapter 366 of the Texas Transportation Code, as amended;

"Value of Authorized Investments" – the amortized value of any Authorized Investments, *provided, however*, that all United States of America, United States Treasury Obligations – State and Local Government Series will be valued at par and those obligations which are redeemable at the option of the holder will be valued at the price at which such obligations are then redeemable. Computations of such definition include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. "Amortized value," when used with respect to a security purchased at par means the purchase price of such security and when used with respect to a security purchased at a premium above or discount below par, means as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of interest payment dates remaining to maturity on any such security after such purchase and by multiplying the amount as calculated by the number of interest payment dates having passed since the date of purchase and (a) in the case of a security purchased at a premium, by deducting the product thus obtained from the purchase price, and (b) in the case of a security purchased at a discount, by adding the product thus obtained to the purchase price;

"Variable Rate" – interest on a bond which does not have a predetermined fixed rate or rates to maturity.

### **Certain Covenants of NTTA**

*Payment of Principal, Interest, and Premium.* NTTA has covenanted that it will promptly pay the principal of and the interest on every bond, including Payment Obligations, at the places, on the dates and in the manner provided in the Trust Agreement and in said bonds, and any premium required for the retirement of said bonds by redemption, according to the true intent and meaning thereof. The principal, interest (except interest paid from proceeds of the bonds) and premiums are payable solely in the priorities and from the sources described in the Trust Agreement, including the tolls and other revenues derived from the ownership and operation of the Tollway.

*Progress Reports; Audits during Construction; Certificate as to Date of Opening for Traffic.* NTTA has covenanted that, at least once in every six-month period during the construction of any portion of the Tollway which it finances in whole or in part with bonds, it will cause the Consulting Engineers to prepare a progress report in connection with the acquisition of real property for any project, and a progress report in connection with such construction, including their then current estimates of the:

- (a) date on which such project will be opened for traffic, unless such project has been opened for traffic prior to the date of such report,
- (b) date on which the construction of such project will be completed,
- (c) cost of the project but excluding any bond discount and the interest during construction and for one year after completion of construction, and
- (d) amount of funds required each six (6) months during the remaining estimated period of construction to meet the aforesaid cost of such project exclusive of funds provided for construction contingencies, and accompanied by a progress schedule for such construction, and further including, as to construction, comparisons between the actual times elapsed and the actual costs, and the original estimates of such times and costs. Copies of such progress reports are required to be filed with the Trustee and NTTA and mailed by NTTA to each bondholder who has filed his name with the Board Representative.

At least once in every twelve-month period during the construction of such project NTTA is required to cause an audit to be made by an independent certified public accountant of recognized ability and standing covering all receipts and money of NTTA then on deposit with or in the name of the Trustee, all Depositories, and NTTA, and any security specifically pledged therefor, any investments thereof, and all disbursements made from the Construction Fund. Reports of each such audit are required to be filed with the Trustee and NTTA and mailed by NTTA to the Consulting Engineers and each bondholder who has filed his name with the Board Representative.

*Consulting Engineers.* NTTA covenants that it will cause the Consulting Engineers employed by it to make an inspection of the Tollway on or before the 90th day prior to the end of each Fiscal Year and to submit to NTTA a report setting forth (a) their findings whether the Tollway has been maintained in good repair, working order and condition, (b) their advice and recommendations as to the proper maintenance, repair, and operation of the Tollway during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purposes, including their recommendations as to the total amounts and classifications of items and amounts that should be provided for Current Expenses and the Reserve Maintenance Fund in the Annual Budget for the next ensuing Fiscal Year, and (c) their advice and recommendations as to the amounts and types of insurance which should be carried during the ensuing Fiscal Year with respect to the Tollway described below under the caption "*Insurance.*" Copies of such reports are required to be filed with the Trustee and NTTA and mailed by NTTA to each bondholder who has filed his name and address with the Board Representative.

*Budgets, Hearings Thereon, Payments into Reserve Maintenance Fund, and Payments for Maintenance, Repair, and Operation.* NTTA has covenanted that on or before the 60th day prior to the end of each Fiscal Year it will adopt a preliminary budget of Current Expenses and payments into the Reserve Maintenance Fund for the ensuing Fiscal Year. Copies are required to be filed with the Trustee and NTTA and mailed by NTTA to the Consulting Engineers and each bondholder who has filed his name and address with the Board Representative.

If the holders of at least five percent (5%) in aggregate principal amount of the bonds then Outstanding request in writing on or before the 60th day prior to the end of any Fiscal Year, NTTA is required to hold a public hearing on or before the 30th day prior to the end of such Fiscal Year at which any bondholder may appear in person or by agent or attorney and present any objections he may have to the final adoption of such budget. Notice of the time and place of such hearing is required to be mailed, at least ten (10) days before the date fixed by NTTA for the hearing by NTTA, to the Trustee, the Consulting Engineers, and each bondholder who has filed his name and address with the Board Representative. NTTA has further covenanted that on or before the first day of each Fiscal Year it will finally adopt the budget of Current Expenses and payments into the Reserve Maintenance Fund for such Fiscal Year (hereinafter sometimes called the "*Annual Budget*"). Copies of the Annual Budget are required to be filed with the Trustee and mailed by NTTA to the Consulting Engineers and each bondholder who has filed his name and address with the Board Representative.

If for any reason NTTA has not adopted the Annual Budget before the first day of any Fiscal Year, the preliminary budget for such Fiscal Year or, if there is none prepared, the budget for the preceding Fiscal Year, will, until the adoption of the Annual Budget, be deemed to be in force and will be treated as the Annual Budget as herein described.

NTTA may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year, and when so adopted the Annual Budget as so amended or supplemented will be treated as the Annual Budget under the Trust Agreement; *provided, however*, that before the adoption of any such amended or supplemental Annual Budget, NTTA is required to have obtained and filed with the Trustee the recommendations of the Consulting Engineers in connection therewith. Copies of any such amended or supplemental Annual Budget are required to be filed with the Trustee and mailed by NTTA to the Consulting Engineers and each bondholder who has filed his name and address with the Board Representative.

NTTA has covenanted that all payments for maintenance, repair and operation in any Fiscal Year will not exceed the reasonable and necessary amount required therefor, and that it will not expend any amount or incur any obligations for maintenance, repair, and operation in excess of the amounts provided for Current Expenses in the Annual Budget, or amended or supplemental Annual Budget, except as provided in the Trust Agreement and except amounts payable from the Reserve Maintenance Fund and Capital Improvement Fund. Nothing described herein limits the amount which NTTA may expend for Current Expenses in any Fiscal Year provided any amounts expended therefor in excess of the Annual Budget are received by NTTA from some source other than the Net Revenues of the Tollway for such Fiscal Year.

*Compliance with Requirements; No Liens or Charges upon Tollway, Tolls or Other Revenues; Payment of Charges.* NTTA has covenanted that it will duly observe and comply with all valid requirements of any governmental authority relative to the Tollway or any part thereof, that it will not create or suffer to be created any lien or charge upon the Tollway or any part thereof or upon the tolls or other revenue therefrom except the lien and charge of the bonds secured by the Trust Agreement upon such tolls and revenue, unless any such lien or charge is junior and subordinate in all respects to the lien and charge of the bonds secured by the Trust Agreement, it being understood that NTTA may issue bonds, notes or other obligations payable from, or secured by, money in the Capital Improvement Fund to the extent now or hereafter permitted by law without violating the foregoing covenant. NTTA has further covenanted that, from such revenues or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Tollway or any part thereof or the tolls or other revenue therefrom; *provided, however*, that nothing will require NTTA to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

*Accurate Records; Monthly Reports; Annual Audits; Additional Reports or Audits, Annual Report.* NTTA has covenanted that it will keep an accurate record of the daily tolls and other revenues collected, of the number and class of vehicles using the Tollway and of the application of such tolls. Such record will be open to the inspection of the bondholders and their agents and representatives.

NTTA has further covenanted that once each month it will cause to be filed with the Trustee and mailed to the Consulting Engineers, the Traffic Engineers and each bondholder who has filed his name with the Board Representative, copies of any revision of the Toll Rate Schedule during the preceding calendar month and a report setting forth in respect of the preceding calendar month:

- (a) the income and expense accounts of the Tollway,
- (b) the number of vehicles in each class using the Tollway,
- (c) all payments, deposits and credits to and any payments, transfers and withdrawals from each Fund and Account created under the Trust Agreement,
- (d) all bonds issued, paid, purchased or redeemed,
- (e) the amounts at the end of such month to the credit of each Fund and Account, showing the respective amounts to the credit of each such Fund and Account, and any security held therefor, and showing the details of any investments thereof, and
- (f) the amounts of the proceeds received from any sales of property described herein under the caption "*Covenant Against Sale or Encumbrance; Exception.*"

NTTA has further covenanted that during the month following the end of each Fiscal Year it will cause an audit to be made of its books and accounts relating to the Tollway for the previous Fiscal Year by an independent certified public accountant of recognized ability and standing. Promptly thereafter reports of each audit are required to be filed with NTTA and the Trustee, and copies of such report are required to be mailed by NTTA to the Consulting Engineers, the Traffic Engineers, and each bondholder who has filed his name with the Board Representative. Each such audit is required to set forth in respect to the preceding Fiscal Year the same matters as are hereinabove required for the monthly reports, and also the findings of such certified public accountants whether the money received by NTTA under the Trust Agreement have been applied in accordance therewith. Such monthly reports and annual audit reports are required to be open to the inspection of the bondholders and their agents and representatives.

NTTA has further covenanted to furnish to the Trustee such other information concerning the Tollway or the operation thereof as the Trustee may reasonably request.

*Covenant Against Sale or Encumbrance; Exception.* NTTA has covenanted that, until the bonds and interest thereon have been paid or provision for such payment has been made, and except as otherwise permitted in the Trust Agreement, it will not sell, lease or otherwise dispose of or encumber the Tollway or any part thereof and will not create or permit to be created any charge or lien on the revenues derived therefrom unless such charge or lien is made junior and subordinate in all respects to the charge and lien of the Trust Agreement made for the benefit of the bonds; provided that NTTA may lease or contract with respect to the operation of service stations or other facilities referred to in section 12 of the Turnpike Act. NTTA may, however, from time to time, sell, exchange or otherwise dispose of any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of bonds issued on account of the Tollway or from the revenues thereof or otherwise, if NTTA determines that such articles are no longer needed or are no longer useful in connection with the construction or operation and maintenance of the Tollway, and the proceeds thereof are applied to the replacement of the properties so sold or disposed of or are paid to the Trustee to be held for the credit of the Construction Fund, the Reserve Maintenance Fund, the Capital Improvement Fund or the Sinking Funds, as NTTA directs. NTTA may from time to time sell, exchange or otherwise dispose of any real property or release, relinquish or extinguish any interest therein as NTTA by resolution declares is not needed or serves no useful purpose in connection with the maintenance and operation of the Tollway, and the proceeds thereof, if any, are required to be applied as provided above for the proceeds of the sale or disposal of movable property. Notwithstanding the foregoing, it is acknowledged and agreed that nothing in the Trust Agreement will prevent NTTA from re-conveying or allowing the reversion of property leased or otherwise acquired upon the termination of the lease or agreement pursuant to which such property was originally acquired.

Upon any disposition of property as described herein, NTTA is required to notify the Trustee thereof and the amount and disposition of the proceeds thereof.

#### *Insurance*

Recommendations. NTTA has covenanted that, during each Fiscal Year while any bonds are Outstanding, it will obtain from the Consulting Engineers, on or before the 90th day prior to the end of each Fiscal Year, the report of the Consulting Engineers containing their advice and recommendations concerning the amounts and types of insurance which should be carried with respect to the Tollway during the ensuing Fiscal Year or years. NTTA covenants that it will follow the recommendations of the Consulting Engineers with respect to insurance, and will carry with a qualified and responsible

insurance company or companies such insurance with respect to the Tollway as is then required by law and otherwise as is recommended by the Consulting Engineers in accordance with the Trust Agreement.

Self Insurance. NTTA may, upon the recommendation of the Consulting Engineers, establish programs for self insurance against various risks and losses, to the extent and in the manner as may be deemed advisable.

Schedule of Insurance Policies; Settlement of Insurance Claims. Within the first three (3) months of each Fiscal Year NTTA is required to mail to the Consulting Engineers and the Trustee a schedule of all insurance policies or self insurance plans which are then in effect, stating with respect to each policy the name of the insurer, the amount, number and expiration date, and the hazards and risks covered thereby, and also stating the details of each self insurance program established by NTTA. All such insurance policies are required to be open to the inspection of the bondholders and their representatives at all reasonable times. The Trustee is authorized, but is not obligated, in its own name to demand, collect, sue and receipt for any insurance money which may become due and payable under any policies payable to it. Any appraisal or adjustment of any loss or damage under any policy payable to the Trustee and any settlement or payment of indemnity under such policy which may be agreed upon between NTTA and any insurer is required to be evidenced to the Trustee by a certificate, signed by the Chairman or Vice Chairman and a Board Representative, which certificate may be relied upon by the Trustee as conclusive. The Trustee will in no way be liable or responsible for the collection of insurance money in case of any loss or damage.

All insurance policies will be for the benefit of the Trustee and NTTA, and the insurance policies will be made payable to the Trustee, and will be held by the Trustee. The Trustee will have the sole right to receive the proceeds of such insurance. The proceeds of any insurance will be held by the Trustee as security for the bonds until the bonds are paid out in accordance with the Resolution.

NTTA agrees that, immediately after any damage to or destruction of the NTTA System or any part thereof, competent engineers will prepare plans and specifications for repairing, replacing or reconstructing the damaged or destroyed property (either in accordance with the original or a different design) and an estimate of the cost thereof. Copies of such estimate will be mailed by NTTA to the Trustee and to the Consulting Engineers unless such engineers are the Consulting Engineers.

The proceeds of all insurance will be available for, and to the extent necessary be applied to, the repair, replacement, or reconstruction of the damaged or destroyed property, and will be disbursed by the Trustee. If the proceeds are more than sufficient for such purpose, the balance remaining will be placed in the Revenue Fund. If the insurance proceeds are insufficient for such purpose, the deficiency will be supplied by NTTA from any surplus unpledged, uncommitted, and available moneys in the Capital Improvement Fund and the Reserve Maintenance Fund, in that order, to the extent required or available.

NTTA agrees that, if the cost of repairing, replacing or reconstructing the damaged or destroyed property as estimated does not exceed the proceeds of insurance and other moneys available for such purpose, it will commence with the repair, replacement, or reconstruction of the damaged or destroyed property according to plans and specifications prepared or approved by the Consulting Engineers.

The proceeds of any insurance not applied within 18 months after their receipt to repairing, replacing or reconstructing the damaged or destroyed property must be deposited to the credit of the Reserve Maintenance Fund, unless NTTA advises the Trustee that it has been prevented from so repairing, replacing, or reconstructing because of conditions beyond its control, or unless NTTA, with the consent of the holders of a majority in principal amount of all the bonds then outstanding, shall otherwise direct.

#### *Covenants Regarding Tax Exemption*

Except with respect to Bonds issued as "taxable bonds," NTTA agrees to refrain from taking any action which would adversely affect, and to take any action required to ensure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation (other than with respect to the taxable Bonds).

#### **Investments**

*Investment of Money in Funds and Accounts.* All money held for the credit of the Construction Fund will, as nearly as may be practicable, be invested and reinvested by the Trustee, as directed by NTTA, in Authorized Investments which will mature, or which will be subject to redemption by the holder thereof at the option of such holder, in such amounts and at such times as will be required to provide money when needed to pay the Costs payable from the Construction Fund. Money held for the credit of the Reserve Accounts will, as nearly as may be practicable, be invested and reinvested by the Trustee, as directed by NTTA, in Authorized Investments which will mature, or will be subject to redemption by the holder thereof at the option of such holder, not later than five years after the date of such investment. Money held for the credit of the Reserve

Maintenance Fund may be invested and reinvested by NTTA in Authorized Investments which will mature, or which will be subject to redemption by the holder thereof at the option of such holder, not later than five years after the date of such investment. Money held for the credit of the Capital Improvement Fund may be invested in any of the Authorized Investments or in any other manner authorized by the Board. Money held for the credit of the Operation and Maintenance Fund will be invested and reinvested by NTTA, and the Revenue Fund, the Bond Interest Accounts, and the Redemption Accounts will be invested and reinvested by the Trustee, as directed by NTTA, in Authorized Investments which will mature, or which will be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates which will allow money to be available in each of said Funds and Accounts for use at the appropriate times and for the purposes for which they were created.

In lieu of the investments as provided above, and at the option of NTTA, and in any other case where NTTA deems it advisable, NTTA may make interest bearing time deposits, invest in certificates of deposit, or make other similar arrangements with the Trustee or any other depository in connection with money in any Fund or Account created by the Trust Agreement, as may be permitted by law, and which will allow money to be available in each of the Funds and Accounts created by the Trust Agreement for use at the appropriate times and for the purposes for which they were created, provided that all such time deposits, certificates of deposit, and other similar agreements will be secured in the manner provided in the Trust Agreement.

*Other Investment Matters.* Obligations purchased as an investment of money in any Fund or Account created under the Trust Agreement and all time deposits or similar arrangements made in connection therewith, will be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and any profit realized from any investment will be credited to such Fund or Account, and any loss resulting from any investment will be charged to such Fund or Account; *provided, however,* that the provisions described under the caption "*Sinking Funds; Bond Interest Accounts, Reserve Accounts, and Redemption Accounts*" will be applicable at all times to the Reserve Accounts and the excess investment earnings from the Reserve Accounts.

At the option of NTTA, during the period of construction or completion of construction of any project, NTTA may direct the Trustee to transfer from the Construction Fund and deposit to the credit of the applicable Bond Interest Account, from the investment earnings deposited in the Construction Fund and/or the Reserve Maintenance Fund all or any part of an amount, which, together with the amount then available in the applicable Bond Interest Account, will be sufficient to pay the interest coming due on the bonds on each interest payment date, respectively. The Trustee is required to account for all amounts at any time on hand in the Construction Fund attributable to all investment earnings, regardless of their source, and to make the deposits required above to the extent of such investment earnings on hand at the time each such deposit is required to be made. In the event that such investment earnings are not sufficient to supplement the applicable Bond Interest Account in an amount required to enable the Trustee to pay from the applicable Bond Interest Account the interest coming due on the bonds on any interest payment date, then the Trustee, without further authorization or requisition, is required to use the corpus of the Construction Fund (original bond proceeds) to the extent necessary to provide the required supplement to the applicable Bond Interest Account.

The Trustee, any other depositories, and NTTA, as the case may be, are required to sell at the best price obtainable in the exercise of reasonable diligence, or present for payment or redemption, any obligations so purchased, whenever and to the extent it is necessary so to do, in order to provide money required to meet any payment or transfer from any Fund or Account. The Trustee, any other depositories, and NTTA, as the case may be, are required to present for payment all such obligations when they mature or when they are called for redemption and the proceeds thereof are required to be reinvested promptly, unless needed to meet any such payment or transfer. Neither the Trustee, any other depositories, nor NTTA will be liable or responsible for making any such investment or for any loss resulting from any such investment, but any resulting deficiency in any Fund or Account is required to be restored from the first money available therefor in accordance with the Trust Agreement. The Trustee and any other depositories are required to advise NTTA in writing, on or before the fifth day of each month, of the details of all money and investments held by them for the credit of any such Fund or Account.

The provisions of the Trust Agreement which relate to the deposit and to the investment of money are subject to any applicable laws of the State of Texas.

All Authorized Investments purchased as an investment of any Fund or Account are required to be valued at the Value of Authorized Investments. Reserve Accounts are required to be valued by NTTA as of the last Business Day of the current Fiscal Year, and semiannually thereafter as of the last Business Day of the sixth and twelfth months, respectively, of each Fiscal Year.

Notwithstanding any other provisions of the Trust Agreement, if investment income derived from any Fund or Account maintained pursuant hereto is required to be rebated to the United States of America, as required by the tax covenants of NTTA in order to prevent any bonds from being "arbitrage bonds," such investment income will be so rebated from the appropriate Fund or Account, and the amount of such rebate will not be considered to be revenues of the Tollway.

The Trustee is required, upon the request and direction of NTTA, to transmit any such rebate amounts held by it to the United States of America.

### **Events of Default and Remedies**

*Events of Default.* Each of the following events is hereby declared an "*Event of Default*," that is to say: if

(a) NTTA defaults in the payment of the principal of or premium, if any, on any of the bonds when the same become due and payable, either at maturity or by proceedings for redemption; or

(b) NTTA defaults in the payment of any installment of interest on any bond when the same becomes due and payable; or

(c) any part of the Tollway is destroyed or damaged to the extent of impairing its efficient operation and adversely affecting its gross or net revenues and is not promptly repaired, replaced or reconstructed (whether such failure to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction or to lack of funds therefor or for any other reason); or

(d) judgment for the payment of money is rendered against NTTA if such judgment is under any circumstances payable from the revenues of the Tollway and any such judgment is not discharged within ninety (90) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such judgment has been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, decree or process or the enforcement thereof; or

(e) an order or decree is entered, with the consent or acquiescence of NTTA, appointing a receiver or receivers of the Tollway or any part thereof or of the tolls or other revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of NTTA, is not vacated or discharged or stayed within ninety (90) days after the entry thereof; or

(f) any proceeding is instituted, with the consent or acquiescence of NTTA, for the purpose of effecting a composition between NTTA and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues of the Tollway; or

(g) NTTA defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the bonds or in the Trust Agreement on the part of NTTA to be performed, and such default continues for sixty (60) days after written notice specifying such default and requiring it to be remedied has been given to NTTA by the Trustee, which may give such notice in its discretion and is required to give such notice at the written request of the holders of not less than ten percent (10%) in principal amount of the bonds then Outstanding; and the Trustee is required to investigate and consider any allegation of such default or Event of Default of which any Bond Insurer of record notifies the Trustee in writing; or

(h) the occurrence and continuance of an event of default by NTTA under a Credit Agreement or Reserve Surety Agreement.

A payment default under paragraphs (a) or (b) above with respect to a Second Tier Bond or Third Tier Bond will not constitute an Event of Default with respect to First Tier Bonds. A payment default under paragraphs (a) or (b) above with respect to a Third Tier Bond will not constitute an Event of Default with respect to Second Tier Bonds.

*Enforcement of Remedies.* Upon the happening and continuance of any Event of Default specified under the caption "*Events of Default*," then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than twenty percent (20%) in principal amount of the bonds then Outstanding is required to proceed (subject to receiving adequate indemnity), to protect and enforce its rights and the rights of the bondholders under the Turnpike Act and under the Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained in the Trust Agreement or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights. Acceleration of the principal of or interest on the bonds upon the occurrence of an Event of Default is not a remedy available under the Trust Agreement and in no event may the Trustee, the owners or other parties have the ability, upon the occurrence of an Event of Default, to declare the principal of or interest on the bonds immediately due and payable.

In enforcing any remedy under the Trust Agreement the Trustee is entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from NTTA for principal, interest or otherwise under the Trust Agreement or of the bonds and unpaid, with interest on overdue payments at the rate or rates of interest borne by such bonds, together with any and all costs and expenses of collection and of all proceedings under

the Trust Agreement and under such bonds, without prejudice, to any other right or remedy of the Trustee or of the bondholders, and to recover and enforce judgment or decree against NTTA, but solely as provided in the Trust Agreement and in such bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from money in the applicable Sinking Fund and any other money available for such purposes) in any manner provided by law, the money adjudged or decreed to be payable.

*Pro Rata Application of Funds.* If at any time the money in the First Tier Sinking Fund, the Second Tier Sinking Fund, the Third Tier Sinking Fund, the Reserve Maintenance Fund or any other sinking funds established under the Trust Agreement is not sufficient to pay the principal of or the interest on the bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies set forth in the Trust Agreement or otherwise, are required to be applied (subject to the right of the Trustee to compensation and indemnification) as follows (*provided, however*, amounts on deposit in a fund or account (i) dedicated to the payment or security of the First Tier Bonds, the Second Tier Bonds or Third Tier Bonds or (ii) constituting Additional Bond Security for the benefit of one or more specific series of bonds will not be applied as provided below but will be used only for the purpose for which such deposits were made):

(a) Unless the principal of all the First Tier Bonds is then due and payable, all such money is required to be applied first: to the payment to the persons entitled thereto of all installments of interest then due on the First Tier Bonds, in the order of the maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the First Tier Bonds; and second: to the payment of the principal of any First Tier Bonds which have matured, and, if the amount available is not sufficient to pay all of such matured First Tier Bonds, then to the payment thereof ratably, according to the amount due; or if no First Tier Bonds have matured, to the retirement of First Tier Bonds in accordance with the Trust Agreement.

(b) If the principal of all the First Tier Bonds is then due and payable, all such money is required to be applied to the payment of the principal and interest then due and unpaid upon the First Tier Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any First Tier Bond over any other First Tier Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the First Tier Bonds.

(c) If there is no default existing in the payment of the principal of, premium, if any, or interest on the First Tier Bonds but the principal of, premium, if any, or interest on Second Tier Bonds has not been paid when due, unless the principal of all the Second Tier Bonds is then due and payable, all such money is required to be applied first: to the payment to the persons entitled thereto of all installments of interest then due on the Second Tier Bonds, in the order of the maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Tier Bonds; and second: to the payment of the principal of any Second Tier Bonds which have matured, and, if the amount available is not sufficient to pay all of such matured Second Tier Bonds, then to the payment thereof ratably, according to the amount due; or if no Second Tier Bonds have matured, to the retirement of Second Tier Bonds in accordance with the Trust Agreement.

(d) If there is no default existing in the payment of the principal of, premium, if any, or interest on the First Tier Bonds, but the principal of all the Second Tier Bonds is then due and payable, all such money is required to be applied to the payment of the principal and interest then due and unpaid upon the Second Tier Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Second Tier Bond over any other Second Tier Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Tier Bonds.

(e) If there is no default existing in the payment of the principal of, premium, if any, or interest on the First Tier Bonds and Second Tier Bonds but the principal of, premium, if any, or interest on Third Tier Bonds has not been paid when due, unless the principal of all the Third Tier Bonds is then due and payable, all such money is required to be applied first: to the payment to the persons entitled thereto of all installments of interest then due on the Third Tier Bonds, in the order of priority established in the Supplemental Agreement entered into in conjunction with the issuance of such Third Tier Bonds, and within a class of Third Tier Bonds, in the order of the maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled

thereto, without any discrimination or preference within a class of Third Tier Bonds except as to any difference in the respective rates of interest specified in the Third Tier Bonds; and second: to the payment of the principal of any Third Tier Bonds, in the order of priority established in the Supplemental Agreement entered into in conjunction with the issuance of such Third Tier Bonds, which have matured, and, if the amount available is not sufficient to pay all of such matured Third Tier Bonds within such class, then to the payment thereof ratably, according to the amount due; or if no Third Tier Bonds have matured, to the retirement of Third Tier Bonds in accordance with the Supplemental Agreement executed and delivered in conjunction with the issuance of such Third Tier Bonds.

(f) If there is no default existing in the payment of the principal of, premium, if any, or interest on the First Tier Bonds and Second Tier Bonds, but the principal of all the Third Tier Bonds is then due and payable, all such money is required to be applied to the payment of the principal and interest then due and unpaid upon the Third Tier Bonds of each class, in the order of priority established in the Supplemental Agreement entered into in conjunction with the issuance of such Third Tier Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Third Tier Bond over any other Third Tier Bond within the same class, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Third Tier Bonds.

Whenever money is to be applied by the Trustee as described herein, such money is required to be applied by the Trustee at such times as the Trustee in its sole discretion determines, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such money with the Paying Agent, or otherwise setting aside such money, in trust for the proper purpose will constitute proper application by the Trustee; and the Trustee will incur no liability whatsoever to NTTA, to any bondholder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with the Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such money, it is required to fix the date (which will be an interest payment date unless the Trustee deems another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee is required to give such notice as it deems appropriate of the fixing of any such date, and is not required to make payment to the holder of any unpaid bond or the interest thereon unless such bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

*Effect of Discontinuance of Proceedings.* In case any action taken by the Trustee on account of any default is discontinued or abandoned for any reason, then NTTA, the Trustee, any Bond Insurer of record, and the bondholders will be restored to their former positions and rights under the Trust Agreement, and all rights, remedies, powers and duties of the Trustee will continue as if no action had been taken.

*Majority of Bondholders May Control Proceedings.* Anything in the Trust Agreement to the contrary notwithstanding, the holders of not less than a majority in principal amount of the First Tier Bonds then Outstanding hereunder (or, if no First Tier Bonds are then Outstanding, then the holders of not less than a majority in principal amount of the Second Tier Bonds then Outstanding, or, if no First Tier Bonds or Second Tier Bonds are then Outstanding, then the holders of not less than a majority in principal amount of the Third Tier Bonds then Outstanding) have the right (subject to the Trustee's right to indemnity), by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial actions to be taken by the Trustee, provided that such direction is not in contradiction of law or the Trust Agreement. The Trustee has the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to bondholders not parties to such direction.

*Restrictions upon Action by Individual Bondholder.* No holder of any of the Outstanding bonds has any right to institute any suit, action, mandamus or other proceeding in equity or at law for the execution of any trust under the Trust Agreement or the protection or enforcement of any right under the Trust Agreement or any resolution of NTTA authorizing the issuance of bonds, or any right under the Turnpike Act or the laws of Texas, excepting only an action for the recovery of overdue and unpaid principal, interest or redemption premium, unless such holder has previously given to the Trustee written notice of the Event of Default or breach of trust or duty on account of which such suit or action is to be taken, and unless the holders of not less than twenty percent (20%) in principal amount of the bonds then Outstanding have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, have accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under the Trust Agreement, granted by the Turnpike Act or by the laws of Texas, or to institute such action, suit or proceeding in its or their name, and unless, also, there has been offered to the Trustee reasonable security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Trust Agreement or for any other

remedy thereunder or under the Turnpike Act or the laws of Texas. It is understood and intended that no one or more holders of the bonds secured by the Trust Agreement will have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Trust Agreement, or to enforce any right thereunder or under the Turnpike Act or the laws of Texas with respect to the bonds or the Trust Agreement, except in the manner therein provided, and that all proceedings at law or in equity will be instituted, had and maintained in the manner therein provided and for the benefit of all holders of the Outstanding bonds, except as otherwise permitted therein with reference to over-due and unpaid principal, interest or redemption premium.

*Actions by Trustee.* All rights of action under the Trust Agreement or under any of the bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee is required to be brought in its name for the benefit of all the holders of such bonds, subject to the Trust Agreement.

*No Remedy Exclusive.* No remedy under the Trust Agreement conferred upon or reserved to the Trustee, any Bond Insurer, or to the holders of the bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy will be cumulative and will be in addition to every other remedy given thereunder or now or hereafter existing at law or in equity or by statute.

*Delay or Omission Not Waiver; Repeated Exercise of Powers; Waiver of Default.* No delay or omission of the Trustee or of any holder of the bonds to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by the Trust Agreement to the Trustee and the holders of the bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the holders of not less than a majority in principal amount of the bonds then Outstanding is required to, waive any default which in its opinion has been remedied before the completion of the enforcement of any remedy under the Trust Agreement, but no such waiver will extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

*Notice of Default.* The Trustee is required to mail to each Bond Insurer of record, and each bondholder of record written notice of the occurrence of any Event of Default, within thirty (30) days after the Trustee has knowledge of such Event of Default. If in any Fiscal Year the total amount of deposits to the Sinking Funds is less than the amounts required to be deposited under the Trust Agreement, the Trustee, on or before the first day of the second month of the next succeeding Fiscal Year, is required to mail to each Bond Insurer of record, and all bondholders of record written notice of the failure to make such deposits. The Trustee will not be subject to any liability to any bondholder by reason of its failure to mail any such notice.

*Bond Insurer's Rights.* Notwithstanding any other provisions described under the caption "*Events of Default and Remedies*," if there has been filed with the Trustee a Bond Insurance Policy, or a certified copy thereof, with respect to any bond, all enforcement remedies and rights to waive defaults with respect to such bond may be exercised by the registered bondholders only with the written consent of such Bond Insurer, and, in the alternative, at the option of the Bond Insurer, such Bond Insurer may enforce any such remedies or waive any default with respect to such bond without the consent of the registered bondholder, and in such event such Bond Insurer will be deemed to be the bondholder for such purpose. Any Bond Insurer under a Bond Insurance Policy, or certified copy thereof, which has been filed with the Trustee and is then in effect will, for all purposes of the Trust Agreement, constitute and may be called a Bond Insurer of record.

### **Certain Matters Regarding the Trustee**

*General.* The Trustee has accepted and agreed to execute the trusts imposed upon it by the Trust Agreement. The Trustee is entitled to the benefit of certain protections under the Trust Agreement, including the right to rely on certificates required or permitted to be filed with it, to buy, sell own, hold and deal in any of the bonds issued under and secured by the Trust Agreement, to rely on the opinion of certain experts such as attorneys, engineers or accountants, and to indemnification against any liabilities except for those liabilities resulting from the negligence or willful misconduct of the Trustee.

NTTA is required to pay the Trustee reasonable compensation for all services performed by it under the Trust Agreement and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts thereby created and the performance of their powers and duties under the Trust Agreement. If NTTA fails to make any payment to the Trustee pursuant to the Trust Agreement, the Trustee may make such payments from any money in its possession under the Trust Agreement and will be entitled to a preference therefor over any of the bonds Outstanding.

The Trustee is under no obligation to institute any suit, or to take any remedial proceeding under the Trust Agreement, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any

steps in the execution of the trusts thereby created or in the enforcement of any rights and powers thereunder, until it is indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it, without indemnity, and in any such case NTTA is required to reimburse the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If NTTA fails to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the Trust Agreement and is entitled to a preference therefor over any of the bonds Outstanding.

Except as otherwise provided in the Trust Agreement, the Trustee will not be obliged to take notice or be deemed to have notice of any Event of Default hereunder, unless specifically notified in writing of such Event of Default by the holders of not less than twenty percent (20%) in principal amount of the bonds then Outstanding or by any Bond Insurer of record.

*Resignation of Trustee.* The Trustee may resign and be discharged from the trusts created pursuant to the Trust Agreement, by notice in writing to NTTA and mailed to each bondholder of record not less than sixty (60) days before the resignation is to take effect, but such resignation will take effect immediately upon the appointment of a new Trustee, if such new Trustee is appointed before the time limited by such notice and accepts such trusts; *provided, however,* such resignation will not become effective until and unless a successor trustee is appointed and accepts such trusts. If no successor trustee has been appointed and accepted such trusts within ninety (90) days after the date the resignation is to take effect, the schedule of fees and charges of the Trustee then in effect will terminate, and the Trustee may establish such fees and charges for its services as it deems necessary to reasonably compensate it for such services under the circumstances then existing.

*Removal of Trustee.* The Trustee may be removed at any time by an instrument or instruments in writing, signed by the holders of not less than a majority in principal amount of the bonds secured under the Trust Agreement and Outstanding and filed with NTTA. No removal of a Trustee will be effective until and unless a qualified successor trustee has been appointed and accepted the trusts under the Trust Agreement. The Trustee may also be removed at any time, for any reason, in the sole discretion of NTTA, by a resolution duly adopted by NTTA; provided that such resolution names a successor Trustee as described below, and directs the successor Trustee to mail written notice of such change in Trustee to each registered bondholder on or before the next interest payment date or redemption date, whichever is first.

*Appointment of Successor Trustee.* If at any time the Trustee resigns, or is removed, dissolved or otherwise becomes incapable of acting, or the bank or trust company acting as Trustee is taken over by any governmental official, agency, department or board, the position of Trustee will thereupon become vacant. If the position of Trustee becomes vacant for any reason, NTTA is required to appoint a Trustee to fill such vacancy. NTTA is required to publish notice of any such appointment once in each week for four successive weeks in a financial journal of general circulation published in the Borough of Manhattan, City and State of New York or mail notice to each bondholder of record.

At any time within one year after any such vacancy has occurred, the owners of a majority in principal amount of the bonds then Outstanding, by an instrument or instruments in writing, signed by such bondholders or their attorneys in fact, may appoint a successor Trustee, which will supersede any Trustee theretofore appointed by NTTA. If no appointment of a successor Trustee is made, the owner of any bond Outstanding under the Trust Agreement or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee appointed is required to be a bank or trust company duly organized and doing business under the laws of the United States of America and located in the State of Texas, authorized under such laws to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having, at the time of its appointment, a combined capital and surplus aggregating not less than \$100,000,000.00.

Any Trustee which is replaced by a successor Trustee is required to promptly turn over to such successor Trustee all funds, books, and records pertaining to the Trust Agreement.

### **Modification of the Trust Agreement**

*Supplemental Agreements by NTTA and Trustee.* NTTA and the Trustee may, from time to time and at any time, without the consent of the owners of the bonds, enter into such agreements supplemental to the Trust Agreement as will not be in conflict with the terms and provisions thereof (which supplemental agreements will thereafter form a part thereof),

- (a) to cure any ambiguity or formal defect or omission in the Trust Agreement or in any Supplemental Agreement, or
- (b) to grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Trustee, or

(c) to close the Trust Agreement against or provide limitations and restrictions, in addition to the limitations and restrictions contained in the Trust Agreement, with respect to the future issuance of Additional Bonds, or

(d) to set forth additional covenants and provisions with respect to any improvements, extensions, enlargements, or projects in connection with the Tollway, and any bonds issued in connection therewith, or

(e) to set forth additional provisions, if deemed necessary or advisable, with respect to the issuance of the Additional Bonds, including provisions for the use and functioning of a Construction Fund for additional projects, and the addition of certain other funds and accounts necessary or convenient for effecting the payment of principal of or interest on such bonds or creation and maintenance of a reserve fund for such bonds, or

(f) to comply with additional requirements to the extent necessary in the opinion of Bond Counsel to preserve the exemption from federal income taxation of interest on the bonds under Section 103 of the Code, or

(g) to make any changes or amendments requested by Standard & Poor's, Fitch or Moody's, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of NTTA, materially adversely affect the interests of the owners of the Outstanding bonds or any Bond Insurer of record, or

(h) to the extent permitted by law, to permit NTTA to enter into Qualified Credit Agreements or to issue Additional Bonds in foreign denominated currencies; provided, however, no such amendment may be made unless NTTA has received a letter from Standard & Poor's, Fitch and Moody's to the effect that such amendment will not result in any of such rating agencies lowering the assigned rating on the then Outstanding bonds, or

(i) upon direction of NTTA, provided that the Trustee receives a written confirmation from each rating agency then maintaining a rating on the First Tier Bonds and the Second Tier Bonds to the effect that the execution and delivery of such Supplemental Agreement will not in and of itself cause such rating agency to reduce or withdraw the then current rating on the First Tier Bonds and the Second Tier Bonds, together with the prior written consent of each Bond Insurer and other Credit Provider then providing credit support for any series of bonds, *provided, however*, that no such amendment will have the effect of amending a provision of the Trust Agreement that would otherwise require the consent of the holders of not less than 51% in aggregate principal amount of bonds Outstanding.

*Modification of Agreements with Consent of Holders of 51% of Bonds; Restrictions on Modification; Notices.*

Except as set forth below and except as set forth above under the caption "Supplemental Agreements by NTTA and Trustee," the holders of not less than 51% in aggregate principal amount of the bonds then Outstanding, or if less than all of the bonds then Outstanding are affected by the modification or amendment, the holders of not less than 51% in aggregate principal amount of the bonds so affected and Outstanding, will have the right, from time to time, notwithstanding anything contained in the Trust Agreement to the contrary, to consent to and approve the execution by NTTA and the Trustee of such agreement or agreements supplemental to the Trust Agreement as is deemed necessary or desirable by NTTA for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement or any Supplemental Agreement; provided, however, that nothing therein contained will permit (a) an extension of the principal of or the interest on any bond, or (b) a reduction in the principal amount of any bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with (to the extent not permitted thereunder) the lien or pledge created by the Trust Agreement, or (d) a preference or priority of any First Tier Bonds, Second Tier Bonds or Third Tier Bonds, as the case may be, over any other First Tier Bonds, Second Tier Bonds, or Third Tier Bonds (except, in the case of Third Tier Bonds, as is set forth in the Supplemental Agreement pursuant to which a series of Third Tier Bonds are issued) or (e) a reduction in the aggregate principal amount of the bonds required for consent to such Supplemental Agreement.

If at any time NTTA requests that the Trustee to enter into a Supplemental Agreement for the purposes described herein, the Trustee is required, at the expense of NTTA, to cause notice of the proposed execution of such Supplemental Agreement to be published once in each week for four successive weeks in a financial journal of general circulation published in the Borough of Manhattan, City and State of New York or to cause such notice to be mailed, postage prepaid, to all registered owners of bonds then Outstanding at their addresses as they appear on the registration books. Said notice is required to briefly set forth the nature of the proposed Supplemental Agreement and to state that a copy thereof is on file at the office of the Trustee for inspection by all bondholders. The Trustee will not be subject to any liability to any bondholder by reason of its failure to mail the notice described herein, and any such failure will not affect the validity of such Supplemental Agreement when consented to and approved as provided for herein.

Whenever, at any time within one year after the date of the first publication of such notice or the date of mailing of such notice, as applicable, NTTA is required to deliver to the Trustee an instrument or instruments purporting to be executed

by the holders of not less than 51% in aggregate principal amount of the bonds then Outstanding (or, in the case that less than all of the bonds then Outstanding are affected by the modification or amendment, the holders of not less than 51% in aggregate principal amount of the bonds so affected and Outstanding at the time of the execution), which instrument or instruments are required to refer to the proposed Supplemental Agreement described in such notice and to specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Agreement in substantially such form, without liability or responsibility to any holder of any bond, whether or not such holder has consented thereto.

If the holders of not less than 51% in aggregate principal amount of the bonds Outstanding at the time of the execution (or, in the case that less than all of the bonds then Outstanding are affected by the modification or amendment, the holders of not less than 51% in aggregate principal amount of the bonds so affected and Outstanding at the time of the execution) of such Supplemental Agreement have consented to and approved the execution thereof, no holder of any bond will have any right to object to the execution of such Supplemental Agreement or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or NTTA from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Agreement as described herein, the Trust Agreement will be modified and amended in accordance therewith, and the respective rights, duties, and obligations under the Trust Agreement of NTTA and the Trustee and all holders of bonds then Outstanding will thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments.

*Modification of Trust Agreement with Consent of all Holders.* Notwithstanding anything contained in the Trust Agreement, the rights and obligations of NTTA and of the holders of the bonds and the terms and provisions of the bonds and the Trust Agreement or any Supplemental Agreement, may be modified or altered in any respect with the consent of NTTA and the consent of the holders of all of the bonds then Outstanding.

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**APPENDIX E**  
**FORM OF CO-BOND COUNSEL OPINION**

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**FORM OF CO-BOND COUNSEL OPINION**

**SERIES 2016A**

**Proposed Form of Opinion of Co-Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P. and by Mahomes Bolden PC, co-bond counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*

\_\_\_\_\_, 2016

\$987,790,000

NORTH TEXAS TOLLWAY AUTHORITY  
SYSTEM FIRST TIER REVENUE REFUNDING BONDS, SERIES 2016A

DATED \_\_\_\_\_, 2016

AS CO-BOND COUNSEL for the North Texas Tollway Authority ("NTTA"), we have examined the legality and validity of the issue of bonds described above (the "Bonds"), which bear interest from the dates and mature on the dates specified on the face of the Bonds, all in accordance with the resolution (the "Bond Resolution") of the Board of Directors of NTTA (the "Board") authorizing the issuance of such Bonds. Terms used herein and not otherwise defined shall have the meaning given in the Bond Resolution or the Trust Agreement (as defined herein).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of NTTA, and other pertinent instruments relating to the authorization, issuance, and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of NTTA upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that NTTA is a body corporate and politic and a political subdivision of the State of Texas, created by Senate Bill 370 enacted by the 75th Legislative Session of the Texas Legislature and functioning under Chapter 366, Texas Transportation Code, as amended (the "Act"); that the Bonds have been duly authorized; and that the Bonds have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of NTTA which are payable as to principal and interest from the sources provided in the Bond Resolution and the Amended and Restated Trust Agreement between NTTA and Wells Fargo Bank, National Association, dated as of April 1, 2008, as supplemented through the date hereof (as supplemented, the "Trust Agreement"), (ii) the covenants and agreements in the Trust Agreement constitute valid and binding obligations of NTTA, (iii) the Bonds constitute valid and legally binding obligations of NTTA secured as First Tier Bonds, on a parity with other Outstanding First Tier Bonds, under the Trust Agreement, (iv) the Bonds are payable in accordance with the priorities established in the Trust Agreement from the sources provided therein, and (v) the Trust Agreement is authorized by law, has been duly executed and delivered, and is valid and legally binding upon and enforceable by the parties thereto in accordance with its terms and provisions.

NTTA has reserved the right, subject to the restrictions stated in the Trust Agreement, to issue Additional Bonds which also may be secured by the Trust Agreement on the terms and conditions described therein.

NTTA also has reserved the right to amend the Trust Agreement in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners of fifty-one percent of all outstanding bonds affected by such amendment and secured by the Trust Agreement.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than as described in the Trust Agreement.

IT IS FURTHER OUR OPINION THAT, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private

activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "*Code*"). In expressing the aforementioned opinions, we have relied on, and assume compliance by NTTA with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed or refinanced therewith, and the verification report of Grant Thornton LLP. We call your attention to the fact that failure by NTTA to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by Section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local income tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

WE EXPRESS NO OPINION as to any insurance policies or credit facilities issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies or credit facilities issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "*Service*"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat NTTA as the taxpayer. We observe that NTTA has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE HAVE ACTED AS CO-BOND COUNSEL for NTTA for the purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of NTTA and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,



