**NEW ISSUE - BOOK-ENTRY ONLY** **RATINGS: See "RATINGS" herein**

*In the opinion of Co-Bond Counsel to the Authority, interest on the Series 2011A 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 hereof, except as explained under "TAX MATTERS – Federal Income Tax Treatment for the Series 2011A Bonds" herein, including the alternative minimum tax on corporations.*

# $100,000,000
# NORTH TEXAS TOLLWAY AUTHORITY
## SYSTEM FIRST TIER VARIABLE RATE
## REVENUE REFUNDING BONDS, SERIES 2011A

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

The captioned revenue bonds (the "*Series 2011A Bonds*") will be issued as fully registered obligations by the North Texas Tollway Authority (the "*Authority*"), a body politic and corporate and a political subdivision of the State of Texas. Proceeds of the Series 2011A Bonds will be used for the purpose of refunding the Authority's North Texas Tollway Authority System First Tier Revenue Bonds, Series 2008J. The Series 2011A 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 Series 2011A Bonds pursuant to its Book-Entry-Only System described herein. No physical delivery of the Series 2011A Bonds will be made to the respective beneficial owners thereof. Principal of, premium, if any, and interest on the Series 2011A Bonds will be payable by Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), under an Amended and Restated Trust Agreement dated as of April 1, 2008, as amended and supplemented (the "*Trust Agreement*"), to DTC, which will make distribution of the amounts so paid to the beneficial owners thereof. See "**GENERAL INFORMATION REGARDING THE SERIES 2011A BONDS – Book-Entry-Only System.**"

The Series 2011A 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 the Authority on June 15, 2011. The Series 2011A Bonds, together with the Authority's outstanding revenue bonds and other obligations secured by the Trust Agreement, are special, limited obligations of the Authority payable solely from, and secured solely by, the tolls and other revenues of the NTTA System and certain specified funds and accounts created pursuant to the Trust Agreement, on the basis and in the priority described therein and herein.

The Series 2011A Bonds are further described in this Official Statement. See page (i) for additional information relating to the Series 2011A Bonds, including provisions relating to maturities, interest rates, prices, credit and liquidity enhancement, and lien priorities.

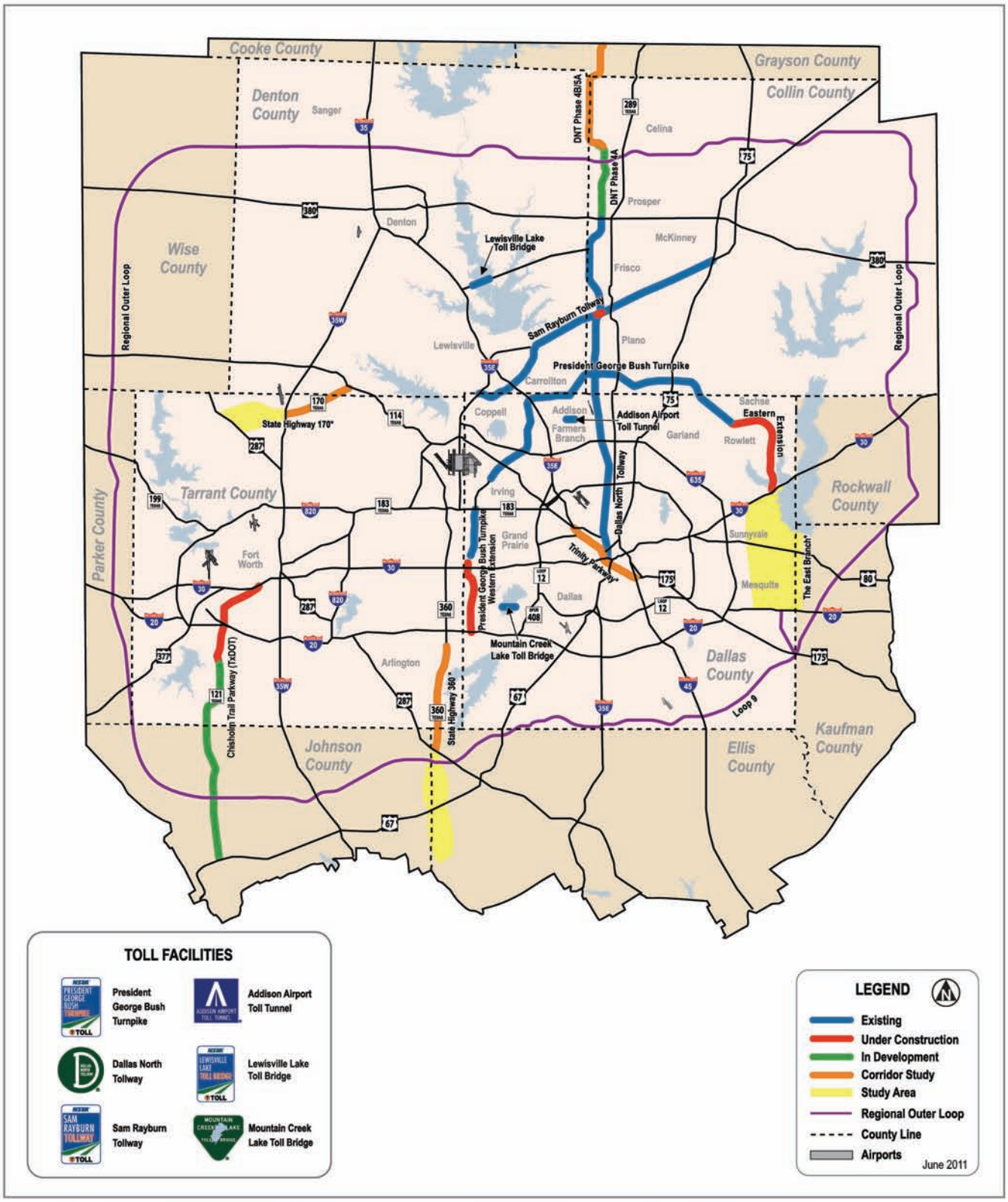
THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011A BONDS ONLY FROM THE TOLLS AND OTHER REVENUES OF THE NTTA SYSTEM AND CERTAIN SPECIFIED FUNDS AND ACCOUNTS CREATED PURSUANT TO THE RESOLUTION AND THE TRUST AGREEMENT ON THE BASIS AND IN THE PRIORITY DESCRIBED THEREIN AND HEREIN. EXCEPT AS SPECIFIED IN THE PRECEDING SENTENCE, NONE OF THE STATE OF TEXAS, THE AUTHORITY, THE COUNTIES CURRENTLY SERVED BY THE AUTHORITY, 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 SERIES 2011A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTIES CURRENTLY SERVED BY THE AUTHORITY 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 SERIES 2011A BONDS. THE AUTHORITY HAS NO TAXING POWER.

This cover page and page (i) contain information for quick reference only. Such pages do not contain a complete summary of the Series 2011A Bonds. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision. Investment in the Series 2011A Bonds is subject to certain investment considerations. See "**RISK FACTORS.**"

The Series 2011A Bonds are offered for delivery when, as, and if issued and received by the Underwriter and subject to the approval of the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Mahomes Bolden & Warren PC, Dallas, Texas, Co-Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Locke Lord Bissell & Liddell LLP, Dallas, Texas, Outside General Counsel for the Authority, for Morgan Stanley Bank, N.A. by Chapman and Cutler LLP, and for the Underwriter by Andrews Kurth LLP, Houston, Texas and West & Associates L.L.P., Dallas, Texas, Co-Counsel for the Underwriter. It is expected that delivery of the Series 2011A Bonds will be made through DTC on or about July 7, 2011.

**MORGAN STANLEY**

The date of this Official Statement is June 30, 2011.




# Facility Map of the North Texas Region

NTTA
NORTH TEXAS TOLLWAY AUTHORITY

**MATURITY, INTEREST RATE, PRICE, CREDIT AND LIQUIDITY ENHANCEMENT AND ADDITIONAL INFORMATION REGARDING THE SERIES 2011A BONDS**

THIS OFFICIAL STATEMENT DESCRIBES THE SERIES 2011A BONDS IN THE WEEKLY MODE AND THE DAILY MODE ONLY. IF THE SERIES 2011A BONDS ARE CONVERTED TO AN INTEREST RATE MODE OTHER THAN THE WEEKLY MODE OR DAILY MODE, A NEW OFFICIAL STATEMENT OR A SUPPLEMENT TO THIS OFFICIAL STATEMENT WILL BE PREPARED FOR OFFERING SUCH SERIES 2011A BONDS IN SUCH DIFFERENT INTEREST RATE MODE. THE SERIES 2011A BONDS ARE SUBJECT TO MANDATORY TENDER AND PURCHASE ON EACH CONVERSION DATE.

*General.* The First Tier Variable Rate Revenue Refunding Bonds, Series 2011A (the "*Series 2011A Bonds*") will be issued as fully registered bonds, without coupons, in denominations of $100,000 and integral multiples of $5,000 in excess thereof. The Series 2011A Bonds will be dated the date of delivery. Interest on the Series 2011A Bonds will initially accrue at the Weekly Rate, but not in excess of the Maximum Rate (as defined herein), calculated on the basis of a 365 or 366 day year, as applicable, for the number of days actually elapsed, from the date of delivery therefor, and will be payable on the first Business Day of each month, commencing August 1, 2011. Principal will come due on January 1, 2050 or upon earlier redemption as described herein. The Series 2011A Bonds will be sold at par and will bear the following CUSIP Number[(1)]: 66285W HQ2.

*Credit Enhancement and Liquidity Enhancement.* The scheduled payment of principal of and interest on the Series 2011A Bonds when due and the purchase price of Series 2011A Bonds tendered for purchase pursuant to the optional and mandatory tender and purchase provisions of the Resolution will be entitled to the benefit of an irrevocable direct pay letter of credit (the "*Letter of Credit*") issued by Morgan Stanley Bank, N.A. (the "*Bank*"). See "**THE SERIES 2011A BONDS – The Letter of Credit**" and "**—The Bank**." The Letter of Credit, unless otherwise extended or earlier terminated pursuant to its terms, terminates on July 7, 2014.

# Morgan Stanley Bank, N.A.

*Optional Redemption and Mandatory Sinking Fund Redemption.* The Series 2011A Bonds are subject to optional redemption and mandatory sinking fund redemption as described herein. See "**THE SERIES 2011A BONDS – Redemption**."

*Conversion.* The Series 2011A Bonds are subject to conversion to another interest rate mode at the direction of the Authority. Prior to any such conversion the bonds to be converted are subject to mandatory tender and purchase. See "**THE SERIES 2011A BONDS – Conversion**."

*Optional and Mandatory Tender.* The Series 2011A Bonds are subject to optional and mandatory tender for purchase as described herein. See "**THE SERIES 2011A BONDS – Optional and Mandatory Tender**."

*Lien Priority.* The Series 2011A Bonds constitute First Tier Bonds under the Trust Agreement. See "**PLAN OF FINANCE – Priority of Payment**" and "**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS**" herein.

*Remarketing Agent.* Morgan Stanley & Co. LLC is acting as the initial remarketing agent for the Series 2011A Bonds.

*Tax Status*. In the opinion of Co-Bond Counsel to the Authority, interest on the Series 2011A Bonds will be excludable from the gross income of the holders thereof for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date hereof, except as explained under "**TAX MATTERS – Federal Income Tax Treatment for the Series 2011A Bonds**" herein, including the alternative minimum tax on corporations.

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[(1)]CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriter and are included solely for the convenience of the holders of the Series 2011A Bonds. Neither the Authority nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2011A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series 2011A 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 Series 2011A Bonds.

## AUTHORITY BOARD, ADMINISTRATION, CONSULTANTS AND ADVISORS

**Board of Directors**[1]

| Name | Approximate Length of Service | Term Expires August 31[2] | Appointed by | Occupation |
|---|---|---|---|---|
| Victor T. Vandergriff, Chairman | 3 years | 2012 | Tarrant County | Businessman |
| David R. Denison, Vice Chairman | 5 years | 2011 | Denton County | Businessman |
| Robert K. Shepard | 4 years | 2011 | Governor | Airline Pilot |
| Michael R. Nowels | 3 years | 2012 | Denton County | Businessman |
| Dr. Bob Day | 3 years | 2011 | Dallas County | Optometrist |
| Kenneth Barr | 2 years | 2011 | Tarrant County | Businessman |
| William Moore | 1 year | 2011 | Collin County | Businessman |
| Kent Cagle | 9 months | 2012 | Dallas County | City Manager |
| Jane Willard | 8 months | 2012 | Collin County | Community Advocate |

**Administration**[3]

| Name | Position |
|---|---|
| Allen Clemson | Executive Director |
| Janice D. Davis | Chief Financial Officer |
| Magdalena M. Kovats | Director of Internal Audit |
| Gerald E. Carrigan | Assistant Executive Director of Project Delivery |
| Clayton Howe | Assistant Executive Director of Operations |
| Kimberly B. Tolbert | Assistant Executive Director of Administrative Services |
| Everett Ray Zies | Controller |
| Ruby Franklin | Secretary of the Board |

**Consultants and Advisors**

| | |
|---|---|
| Outside General Counsel | Locke Lord Bissell & Liddell LLP<br>Dallas, Texas |
| Co-Bond Counsel | McCall, Parkhurst & Horton L.L.P.<br>Dallas, Texas |
| | Mahomes Bolden & Warren PC<br>Dallas, Texas |
| Independent Auditors | Crowe Horwath LLP<br>Chicago, Illinois |
| Traffic Engineers | Wilbur Smith Associates<br>Dallas, Texas |
| | with the assistance of<br>Baez Consulting, LLC<br>Allen, Texas |
| Consulting Engineers | HNTB Corporation<br>Dallas, Texas |
| Financial Advisor | RBC Capital Markets, LLC<br>New York, New York |
| Co-Financial Advisor | TKG & Associates<br>Dallas, Texas |
| Trustee and Paying Agent/Registrar | Wells Fargo Bank, National Association<br>Dallas, Texas |

For additional information regarding the Authority, please contact:


Ms. Janice Davis
Chief Financial Officer
North Texas Tollway Authority
5900 West Plano Parkway, Suite 100
Plano, Texas 75093-4694
(214) 461-2000

Mr. Ron Morrison, Director
RBC Capital Markets, LLC
2711 N. Haskell Avenue, Suite 2500
Dallas, Texas 75204
(214) 989-1607


(1) See "**GOVERNMENT AND MANAGEMENT — The Board of Directors**" in **APPENDIX A**.
(2) Serves until appointment of successor or reappointment.
(3) 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 the Authority or Morgan Stanley & Co. LLC, (the "*Underwriter*") to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2011A 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 Series 2011A Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2011A Bonds and in no instance may this Official Statement be reproduced or used for any other purpose.

A CUSIP number has been assigned to the Series 2011A Bonds by Standard & Poor's CUSIP Service Bureau for the convenience of the owners of the Series 2011A Bonds. None of the Authority, its Financial Advisors or the Underwriter shall be responsible for the selection or the correctness of the CUSIP number.

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 SERIES 2011A BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

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 THE AUTHORITY, THE FINANCIAL ADVISOR, THE CO-FINANCIAL ADVISOR, OR THE UNDERWRITER MAKE 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 UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE PRICE AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2011A BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER SUCH SERIES 2011A BONDS ARE RELEASED FOR SALE, AND SUCH SERIES 2011A BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICE, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH SERIES 2011A BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE SERIES 2011A BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011A 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 Series 2011A Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Series 2011A Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Series 2011A Bonds been registered or qualified under the securities laws of any other jurisdiction. The Authority assumes no responsibility for the registration or qualification for sale or other disposition of the Series 2011A Bonds under the securities laws of any jurisdiction in which the Series 2011A Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Series 2011A 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 SERIES 2011A BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2011A 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, and in other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. See "**RISK FACTORS – Forward-Looking Statements**."

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**OFFICIAL STATEMENT**

**relating to**

**$100,000,000**
**NORTH TEXAS TOLLWAY AUTHORITY**
**SYSTEM FIRST TIER VARIABLE RATE**
**REVENUE REFUNDING BONDS, SERIES 2011A**

## INTRODUCTION

This Official Statement (this "*Official Statement*") contains certain information relating to the offering and sale by the North Texas Tollway Authority (the "*Authority*") of its System First Tier Variable Rate Revenue Refunding Bonds, Series 2011A (the "*Series 2011A Bonds*"). The Authority 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*").

The Series 2011A Bonds are being issued by the Authority pursuant to (i) the laws of the State, particularly Chapter 366, Texas Transportation Code, as amended (the "*Authority Act*"), and Chapters 1207 and 1371, Texas Government Code, as amended, and (ii) a resolution adopted by the Board of Directors (the "*Board*") of the Authority on June 15, 2011 (the "*Resolution*") which authorizes the issuance of the Series 2011A Bonds.

The Series 2011A Bonds, together with the Authority's outstanding revenue bonds and other obligations secured by an Amended and Restated Trust Agreement dated as of April 1, 2008, as amended and supplemented (the "*Trust Agreement*") between the Authority and Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), are special, limited obligations of the Authority payable from and secured solely by the tolls and other revenues of the NTTA System (described below) 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 SERIES 2011A BONDS — Priority of Payment**."

The NTTA System described herein currently consists of 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 (subject to a reversionary interest of the Texas Department of Transportation ("*TxDOT*") on September 1, 2058) (the "*SRT*") (collectively, the DNT, the AATT, the PGBT, the PGBT EE, the MCLB, the LLTB, and the SRT are referred to herein as the "*NTTA System*"). See "**THE NORTH TEXAS TOLLWAY AUTHORITY — THE NTTA SYSTEM**" in "**APPENDIX A**."

The Series 2011A Bonds are being issued for the purpose of refunding the Authority's North Texas Tollway Authority System First Tier Revenue Bonds, Series 2008J (the "*Refunded Bonds*"). See "**PLAN OF FINANCE**."

Investment in the Series 2011A Bonds involves certain risks, some of which are discussed in this Official Statement. The statements contained in this Official Statement, including the appendices herein, that are not purely historical, are forward-looking statements, including statements regarding the Authority'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 the Authority as of the date hereof, and the Authority 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 Series 2011A 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 E**.

THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011A BONDS ONLY FROM THE TOLLS AND OTHER REVENUES OF THE NTTA SYSTEM AND CERTAIN SPECIFIED FUNDS AND ACCOUNTS CREATED PURSUANT TO 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, THE AUTHORITY, THE COUNTIES CURRENTLY SERVED BY THE AUTHORITY, 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 SERIES 2011A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTIES CURRENTLY SERVED BY THE AUTHORITY 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 SERIES 2011A BONDS. THE AUTHORITY HAS NO TAXING POWER.

## THE AUTHORITY

### Introduction

The Authority is a regional tollway authority governed by the Authority Act and is a political subdivision of the State of Texas currently serving Collin, Dallas, Denton, and Tarrant Counties. It 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 and abolished in 1997. The Authority assumed ownership of the NTTA System and all obligations of the TTA related to the NTTA System.

The Authority's Board has adopted a mission statement which provides that the mission of the Authority is to enhance mobility through responsible and innovative tolling solutions.

The Authority Act authorizes the Authority 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 the Authority and to issue bonds and other obligations, for the purpose of paying all or any part of the cost of a turnpike project.

The Authority operates two systems: the NTTA System (discussed above) and the Special Projects System. See "**APPENDIX A**" for additional information regarding the NTTA System and the Special Projects System. The Special Projects System currently consists of only the President George Bush Turnpike Western Extension (the "*PGBT WE*"). However, the Authority expects to undertake the development and construction of a 27.6 mile tollway between IH 30 near the Central Business District in the City of Fort Worth and US 67 in Cleburne (the "*Chisholm Trail Parkway*"). If undertaken, the Authority expects to make the Chisholm Trail Parkway part of the Special Projects System. **The Series 2011A Bonds 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 assets of the Authority**.

It should be noted that to the extent annual operating and maintenance 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 Special Projects System revenues, or (ii) exceed prescribed standards, the Authority will be responsible for paying such amounts, with the source of payment likely being NTTA System revenues on deposit in the Capital Improvement Fund established under the Trust Agreement. See "**APPENDIX A**" for additional information regarding the Authority.

## PLAN OF FINANCE

### General

The Series 2011A Bonds are being issued in accordance with the Authority Act, Chapters 1207 and 1371, Texas Government Code, as amended, and the Resolution. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**" in **APPENDIX E**.

Proceeds of the Series 2011A Bonds will be used to refund the Refunded Bonds. The Authority has caused the Refunded Bonds to be called for redemption on July 8, 2011. On the date of delivery of the Series 2011A Bonds, the Authority will transfer the proceeds of the Series 2011A Bonds and certain of its own funds to the Trustee, which funds will be in an amount sufficient to pay the interest on and redemption price of the Refunded Bonds on July 8, 2011. Such deposits will be invested in Wells Fargo Advantage Government Money Market Fund.

The table below sets forth the anticipated stated maturity, principal amount, redemption price and redemption date for the Refunded Bonds:

**Refunded Bonds**

| Series | Stated Maturity | Principal Amount | Redemption Price | Redemption Date |
|---|---|---|---|---|
| Series 2008J Refunded Bonds | January 1, 2039 | $100,000,000 | 100% | July 8, 2011 |

### Prefunding Interest; Deposit to Satisfy Coverage in 2013

On June 30, 2011, with Board direction, the Authority transferred $16,400,000 from the Capital Improvement Fund to the First Tier Bond Interest Account to pre-fund a portion of the interest coming due on the July 1, 2013 interest payment date for First Tier Bonds. Without such transfer, the revenue and expense projections for the NTTA System resulted, for fiscal year 2013, in a projected debt service coverage ratio that was below the required minimum per the Trust Agreement toll rate covenant and below the level required to meet NTTA System's additional bonds test. The pre-funding of a portion of the interest payment coming due on July 1, 2013 is allowed by the terms of the Trust Agreement, is expected to allow the Authority to meet the Board's goal of 1.50x first tier debt service coverage and exceed the required minimum debt service coverage ratio under the Trust Agreement toll rate covenant and meet the additional bonds test for fiscal year 2013. The projections for all other fiscal years debt service coverage ratios exceeded the minimum debt service coverage ratio tests.

### Concurrent and Subsequent Financings Secured by the NTTA System Revenues

*New Money Bonds*

In the 2012-2016 period, the Authority expects to issue approximately $53.73 million of long-term fixed rate First Tier Bonds under the Trust Agreement (excluding refunding bonds). The proceeds of such First Tier Bonds are expected to be used to finance the completion of construction of the SRT and the PGBT EE. See "**THE NTTA SYSTEM — The President George Bush Turnpike Eastern Extension**" and "**The Sam Rayburn Tollway**" in **APPENDIX A**.

In addition, the Authority anticipates spending an additional $221 million over the 2012-2016 period for roadway bottleneck improvements, roadway capacity improvements and roadway widening, all or a portion of which may be financed with the issuance of additional bonds under the Trust Agreement. See "**THE NTTA SYSTEM — Multi-Year NTTA System Capital Plan**" in **APPENDIX A**.

*Refunding Bonds*

The Authority's outstanding Series 2008E Bonds, Series 2008H Bonds and Series 2008L Bonds are expected to be refunded on or prior to the mandatory tender date for such bonds with long-term fixed rate First Tier Bonds.

Set forth below is a schedule of the bonds expected to be refunded, their principal amounts, and their mandatory tender dates:

| Series | Principal Amount | Mandatory Tender Date |
|---|---|---|
| Series 2008E-2 | $175,000,000 | January 1, 2012 |
| Series 2008E-3 | 215,000,000 | January 1, 2016 |
| Series 2008H-2 | 209,040,000 | January 1, 2013 |
| Series 2008L-2 | 100,000,000 | January 1, 2013 |

**Estimated Sources and Uses of Funds**

The proceeds from the sale of the Series 2011A Bonds and the use of such funds are anticipated to be as follows:

| Sources of Funds | Series 2011A |
|---|---|
| Principal Amount of Series 2011A Bonds | $100,000,000 |
| Release of Debt Service Reserve Fund | 850,000 |
| Authority Contribution[(2)] | 54,850 |
| Total | $100,904,850 |
| | |
| Uses of Funds | |
| Deposit with Trustee for Series 2008J Refunded Bonds | 100,000,000 |
| Cost of Issuance[(1)] | 850,000 |
| Accrued Interest on Series 2008J Bonds[(2)] | 54,850 |
| Total | $100,904,850 |

(1) Includes underwriting, legal, financial advisory and accounting fees, initial fees of the Trustee, initial fees of the Bank, publication costs and printing expenses.

(2) The Authority contribution consists of interest accrued on the Series 2008J Bonds, estimated at a rate of 2.86%, from July 1, 2011 through July 7, 2011. The actual amount contributed by the Authority is subject to change depending upon the interest rate resets on June 29, 2011 and July 6, 2011.

*[Remainder of page intentionally left blank]*

## PRO FORMA DEBT SERVICE REQUIREMENTS

Set forth in the table below are the total debt service requirements for the outstanding obligations of the Authority secured by Pledged Revenues.[1] The table reflects the Authority's assumptions described under "**PLAN OF FINANCE**" and in the footnotes below.

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| Fiscal Year Ending 12/31[1][2] | Outstanding First Tier Net Debt Service [3][4][5][6] | Series 2011A Bonds Debt Service [6][7] | Future First Tier Net Debt Service [8] | Second Tier Net Debt Service [9][10] | ISTEA Loan Debt Service | Subordinated Lien Bonds Debt Service [11] | Total Net Debt Service [5][7] |
| 2011 | 177,035,725 | 4,350,000 | - | 20,644,896 | 8,250,000 | 23,416,150 | 233,696,771 |
| 2012 | 245,129,065 | 4,350,000 | - | 37,724,879 | 8,250,000 | 23,416,150 | 318,870,094 |
| 2013 | 273,050,556 | 4,350,000 | - | 58,038,275 | 8,000,000 | 23,416,150 | 366,854,981 |
| 2014 | 290,415,556 | 4,350,000 | 3,223,500 | 58,038,275 | 8,000,000 | 23,416,150 | 387,443,481 |
| 2015 | 309,393,033 | 4,350,000 | 3,223,500 | 58,038,275 | 8,000,000 | 23,416,150 | 406,420,958 |
| 2016 | 330,675,513 | 4,350,000 | 3,223,500 | 58,038,275 | 8,000,000 | 23,416,150 | 427,703,438 |
| 2017 | 332,808,958 | 4,350,000 | 3,223,500 | 58,038,275 | 9,000,000 | 23,416,150 | 430,836,883 |
| 2018 | 381,653,083 | 4,350,000 | 3,223,500 | 58,038,275 | 10,500,000 | 23,416,150 | 481,181,008 |
| 2019 | 380,416,704 | 4,350,000 | 3,223,500 | 58,038,275 | 12,250,000 | 53,841,150 | 512,119,629 |
| 2020 | 394,343,760 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,839,588 | 529,117,518 |
| 2021 | 419,027,608 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,844,275 | 553,806,054 |
| 2022 | 418,697,189 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,838,675 | 553,470,034 |
| 2023 | 427,334,944 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,811,493 | 562,080,609 |
| 2024 | 437,460,700 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,785,790 | 572,180,661 |
| 2025 | 462,506,200 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,754,696 | 597,195,067 |
| 2026 | 470,661,846 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,721,327 | 605,317,344 |
| 2027 | 498,267,616 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,688,202 | 632,889,990 |
| 2028 | 523,054,501 | 4,350,000 | 3,223,500 | 58,038,275 | 15,322,396 | 53,657,295 | 657,645,968 |
| 2029 | 479,634,490 | 4,350,000 | 3,223,500 | 83,113,275 | - | - | 570,321,265 |
| 2030 | 417,272,321 | 4,350,000 | 3,223,500 | 174,967,431 | - | - | 599,813,253 |
| 2031 | 422,267,065 | 4,350,000 | 3,223,500 | 184,636,450 | - | - | 614,477,015 |
| 2032 | 462,333,776 | 4,350,000 | 3,223,500 | 173,621,525 | - | - | 643,528,801 |
| 2033 | 472,436,390 | 4,350,000 | 3,223,500 | 176,682,325 | - | - | 656,692,215 |
| 2034 | 530,793,028 | 4,350,000 | 3,223,500 | 135,435,175 | - | - | 673,801,703 |
| 2035 | 559,394,153 | 4,350,000 | 3,223,500 | 130,842,538 | - | - | 697,810,190 |
| 2036 | 577,813,401 | 4,350,000 | 3,223,500 | 123,821,000 | - | - | 709,207,901 |
| 2037 | 613,995,690 | 4,350,000 | 3,223,500 | 78,157,961 | - | - | 699,727,151 |
| 2038 | 347,554,353 | 4,350,000 | 50,513,500 | - | - | - | 402,417,853 |
| 2039 | 407,410,753 | 4,350,000 | 6,821,100 | - | - | - | 418,581,853 |
| 2040 | 442,888,016 | 4,350,000 | - | - | - | - | 447,238,016 |
| 2041 | 449,182,825 | 4,350,000 | - | - | - | - | 453,532,825 |
| 2042 | 452,240,414 | 4,350,000 | - | - | - | - | 456,590,414 |
| 2043 | 188,854,433 | 4,350,000 | - | - | - | - | 193,204,433 |
| 2044 | 189,241,978 | 4,350,000 | - | - | - | - | 193,591,978 |
| 2045 | 191,668,385 | 4,350,000 | - | - | - | - | 196,018,385 |
| 2046 | 193,813,299 | 4,350,000 | - | - | - | - | 198,163,299 |
| 2047 | 130,798,405 | 4,350,000 | - | - | - | - | 135,148,405 |
| 2048 | - | - | - | - | - | - | - |
| 2049 | - | - | - | - | - | - | - |
| Total | $ 14,301,525,733 | $ 160,950,000 | $ 134,698,600 | $ 2,248,259,855 | $ 218,151,564 | $ 725,111,692 | $ 17,788,697,444 |

(1) 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 First, Second and Third Tier Bonds but prior to debt service on the ISTEA 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 or is expected to be incurred under the trust agreement relating to the Special Projects System.

(2) 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 2011 includes debt service on January 1, 2012). 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 2011 includes debt service on August 1, 2012 and February 1, 2013).

(3) Excludes debt service on bonds to be refunded by the Series 2011A Bonds.

(4) Net of capitalized interest and net of the direct subsidy related to the Series 2009B Bonds issued as Build America Bonds. Net of $16.4 million transferred to the First Tier Bond Interest Account to be utilized for the July 1, 2013 interest payment.

(5) Assumes the Series 2008E-2 Bonds, the Series 2008E-3 Bonds, the Series 2008H-2 Bonds and the Series 2008L-2 Bonds are remarketed to a fixed rate of 6.00% after their respective mandatory tender date. Assumes the Series 2009D Bonds are associated with existing interest rate exchange agreement and are 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%. As the interest rate exchange agreements amortize in 2019 to 2025, the Series 2009D Bonds will become unhedged variable rate bonds and are assumed to bear interest at a rate of 4.35%, inclusive of liquidity and remarketing costs.

(6) Debt service in years 2048 - 2049 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.

(7) Assumes Series 2011A Bonds bear interest at a rate of 4.35%, inclusive of liquidity and remarketing costs.

(8) Assumes the issuance of approximately $53.73 million additional First Tier current interest bonds within the next twelve months which are assumed to bear interest at 6.00%.

(9) Debt service in year 2037 is net of cash balances in the Second 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.

(10) The Authority has $90,600,000 in commercial paper outstanding. Assumes the CP Notes outstanding are refunded in fiscal year 2011 with proceeds of Special Projects System revenue bonds.

(11) Net of direct subsidy related to the Series 2010B Bonds issued as Build America Bonds.

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

The table on the following page shows estimated annual net revenues of the NTTA System for the period from January 1, 2011 through December 31, 2049. These net revenues were derived by deducting estimated expenses, estimated by the Consulting Engineer, from the annual toll revenues of the NTTA System as estimated by the Traffic Engineers, and adding the Other Revenues estimated by the Authority. See "**THE TRAFFIC AND REVENUE STUDY**" in **APPENDIX A** and "**RISK FACTORS**." The "Other Revenues" include investment and other earnings on projected cash balances of the Authority, and various fees and other charges connected with video tolling. The table reflects the Authority's assumptions described under "**PLAN OF FINANCE**" and "**PRO FORMA DEBT SERVICE REQUIREMENTS**."

| Fiscal Year Ending 12/31[1] | Estimated Toll Revenues [2] | Estimated Other Revenues [3] | Estimated Expenses[4] | Estimated Net Revenues | Estimated Deposit to RMF[5] | Estimated Debt Service on all Debt[6][7] | Estimated Coverage on 1st Tier Debt [7][9] | Estimated Coverage on 1st & 2nd Tier Debt[7][8] | Estimated Coverage on all Debt and RMF Deposits |
|---|---|---|---|---|---|---|---|---|---|
| 2011 | 395,570,900 | 29,106,763 | 101,969,647 | 322,708,016 | 60,000,000 | 233,696,771 | 1.78x | 1.60x | 1.10x |
| 2012 | 456,092,300 | 29,812,582 | 110,257,785 | 375,647,097 | 30,000,000 | 318,870,094 | 1.51x | 1.31x | 1.08x |
| 2013 | 498,678,900 | 29,338,464 | 111,860,605 | 416,156,758 | - | 366,854,981 | 1.50x | 1.24x | 1.13x |
| 2014 | 536,553,600 | 28,933,156 | 114,165,067 | 451,321,689 | 28,000,000 | 387,443,481 | 1.51x | 1.27x | 1.09x |
| 2015 | 571,493,700 | 28,603,866 | 117,070,386 | 483,027,179 | 42,000,000 | 406,420,958 | 1.52x | 1.29x | 1.08x |
| 2016 | 610,971,400 | 28,442,436 | 119,952,807 | 519,461,030 | 44,000,000 | 427,703,438 | 1.54x | 1.31x | 1.10x |
| 2017 | 648,129,100 | 28,274,120 | 122,833,884 | 553,569,336 | 76,000,000 | 430,836,883 | 1.63x | 1.39x | 1.09x |
| 2018 | 688,310,700 | 28,229,521 | 125,801,193 | 590,739,028 | 66,000,000 | 481,181,008 | 1.52x | 1.32x | 1.08x |
| 2019 | 751,615,000 | 28,525,858 | 129,701,316 | 650,439,541 | 57,751,279 | 512,119,629 | 1.68x | 1.46x | 1.14x |
| 2020 | 808,415,600 | 28,603,194 | 132,899,746 | 704,119,048 | 47,678,319 | 529,117,518 | 1.75x | 1.53x | 1.22x |
| 2021 | 855,766,600 | 28,721,595 | 136,752,757 | 747,735,438 | 47,758,211 | 553,806,054 | 1.75x | 1.54x | 1.24x |
| 2022 | 904,397,900 | 28,872,980 | 140,644,903 | 792,625,978 | 54,022,488 | 553,470,034 | 1.86x | 1.64x | 1.30x |
| 2023 | 950,786,800 | 29,062,180 | 144,630,529 | 835,218,451 | 58,505,293 | 562,080,609 | 1.92x | 1.69x | 1.35x |
| 2024 | 1,000,417,100 | 29,296,784 | 148,804,639 | 880,909,245 | 95,527,582 | 572,180,661 | 1.98x | 1.75x | 1.32x |
| 2025 | 1,049,812,500 | 29,559,243 | 153,342,805 | 926,028,938 | 112,645,606 | 597,195,067 | 1.97x | 1.75x | 1.30x |
| 2026 | 1,099,338,100 | 29,784,604 | 157,425,234 | 971,697,470 | 132,478,584 | 605,317,344 | 2.03x | 1.81x | 1.32x |
| 2027 | 1,148,413,800 | 30,041,512 | 161,632,610 | 1,016,822,702 | 113,463,978 | 632,889,990 | 2.01x | 1.80x | 1.36x |
| 2028 | 1,200,275,500 | 30,318,850 | 165,943,842 | 1,064,650,508 | 105,598,891 | 657,645,968 | 2.01x | 1.81x | 1.39x |
| 2029 | 1,252,119,900 | 30,623,372 | 170,384,136 | 1,112,359,136 | 113,208,511 | 570,321,265 | 2.28x | 1.95x | 1.63x |
| 2030 | 1,308,200,900 | 30,952,559 | 174,981,564 | 1,164,171,896 | 122,823,707 | 599,813,253 | 2.74x | 1.94x | 1.61x |
| 2031 | 1,365,935,000 | 31,306,114 | 179,664,373 | 1,217,576,741 | 130,671,746 | 614,477,015 | 2.83x | 1.98x | 1.63x |
| 2032 | 1,427,893,900 | 31,680,402 | 184,497,566 | 1,275,076,736 | 153,036,421 | 643,528,801 | 2.71x | 1.98x | 1.60x |
| 2033 | 1,489,831,400 | 32,076,646 | 189,483,850 | 1,332,424,196 | 142,572,678 | 656,692,215 | 2.78x | 2.03x | 1.67x |
| 2034 | 1,556,345,700 | 32,491,178 | 194,622,177 | 1,394,214,701 | 140,422,149 | 673,801,703 | 2.59x | 2.07x | 1.71x |
| 2035 | 1,630,449,400 | 32,972,752 | 199,906,913 | 1,463,515,238 | 132,496,479 | 697,810,190 | 2.58x | 2.10x | 1.76x |
| 2036 | 1,700,128,800 | 33,356,219 | 205,326,505 | 1,528,158,514 | 141,878,906 | 709,207,901 | 2.61x | 2.15x | 1.80x |
| 2037 | 1,766,909,900 | 33,749,152 | 210,972,244 | 1,589,686,808 | 160,989,299 | 699,727,151 | 2.56x | 2.27x | 1.85x |
| 2038 | 1,838,453,700 | 34,152,938 | 216,839,726 | 1,655,766,913 | 182,730,144 | 402,417,853 | 4.11x | 4.11x | 2.83x |
| 2039 | 1,912,668,800 | 34,574,714 | 222,918,537 | 1,724,324,977 | 191,730,661 | 418,581,853 | 4.12x | 4.12x | 2.83x |
| 2040 | 1,991,755,600 | 35,007,413 | 229,191,187 | 1,797,571,826 | 168,907,181 | 447,238,016 | 4.02x | 4.02x | 2.92x |
| 2041 | 2,067,742,300 | 35,421,223 | 235,628,004 | 1,867,535,519 | 160,344,318 | 453,532,825 | 4.12x | 4.12x | 3.04x |
| 2042 | 2,148,547,900 | 35,840,039 | 242,188,718 | 1,942,199,221 | 167,393,443 | 456,590,414 | 4.25x | 4.25x | 3.11x |
| 2043 | 2,229,807,300 | 36,272,305 | 248,858,423 | 2,017,221,182 | 184,874,630 | 193,204,433 | 10.44x | 10.44x | 5.34x |
| 2044 | 2,316,831,300 | 36,713,305 | 255,689,065 | 2,097,855,539 | 218,510,133 | 193,591,978 | 10.84x | 10.84x | 5.09x |
| 2045 | 2,404,488,700 | 37,169,800 | 262,727,309 | 2,178,931,191 | 225,287,318 | 196,018,385 | 11.12x | 11.12x | 5.17x |
| 2046 | 2,497,382,600 | 37,624,734 | 269,850,078 | 2,265,157,256 | 255,369,658 | 198,163,299 | 11.43x | 11.43x | 4.99x |
| 2047 | 2,590,971,600 | 38,093,003 | 277,202,332 | 2,351,862,271 | 205,387,069 | 135,148,405 | 17.40x | 17.40x | 6.91x |
| 2048 | 2,690,827,500 | 38,569,493 | 284,735,714 | 2,444,661,279 | 219,939,209 | - | - | - | - |
| 2049 | 2,789,993,500 | 39,060,540 | 292,436,245 | 2,536,617,794 | 234,491,349 | - | - | - | - |
| Total | $ 55,152,325,200 | $ 1,251,235,607 | $ 7,143,794,422 | $ 49,259,766,385 | $ 4,824,495,239 | $ 17,788,697,444 | | | |

(1) 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 2011 includes debt service on January 1, 2012). 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 2011 includes debt service on August 1, 2012 and February 1, 2013).

(2) Estimated toll revenues are provided by Wilbur Smith Associates.

(3) Estimated other revenues are provided by the Authority and include video tolling fees, other charges and interest earnings. Interest earnings are estimated at $9 million per year.

(4) Estimated expenses are net of inter-fund transfers and are provided by HNTB.

(5) Deposits to RMF are estimated by the Authority based on the current cash balance in the RMF and expenses to be paid out of the RMF are estimated by the Consulting Engineers.

(6) See column G of table under the heading "Pro Forma Debt Service Requirements."

(7) See "Pro Forma Debt Service Requirements" and related notes for information regarding assumptions included in the estimates.

(8) See columns A-D of table under the heading "Pro Forma Debt Service Requirements" on the preceding page for totals of debt service for all First and Second Tier debt.

(9) See columns A-C of the table under the heading "Pro Forma Debt Service Requirements" for totals of debt service for all First Tier debt.

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## THE SERIES 2011A BONDS

### Description

The Series 2011A Bonds will be issued as fully registered bonds without coupons in denominations of $100,000 and integral multiples of $5,000 in excess thereof. The Series 2011A Bonds will initially be issued in the Weekly Mode, will be dated their date of delivery and will initially accrue interest from the original date of delivery calculated on the basis of a 365 or 366-day year, as applicable, for the number of days actually elapsed, *provided*, *however*, that in no event shall interest on the Series 2011A Bonds in the Weekly or Daily Mode be in excess of the Maximum Rate. The "*Maximum Rate*" means the greater of (i) 8% per annum and (ii) the interest rate for which the liquidity agreement or credit facility related to the Series 2011A Bonds, if any, provides coverage, but in no event greater than the lesser of (a) 15% per annum or (b) the highest lawful rate (subject to the provisions of the Resolution). Interest on the Series 2011A Bonds in a Weekly or Daily Mode will be payable on the first Business Day of each month, commencing August 1, 2011. Principal will come due on January 1, 2050 or upon earlier redemption of the Series 2011A Bonds as described herein.

**This Official Statement describes the Series 2011A Bonds in the Weekly Mode and Daily Mode only. If the Series 2011A Bonds are converted to a different interest mode, such Series 2011A Bonds are subject to mandatory tender and purchase on the conversion date. A new official statement or a supplement to this Official Statement will be prepared for reoffering or remarketing such Series 2011A Bonds in an interest rate mode other than the Weekly Mode or Daily Mode.**

### Redemption

*Optional Redemption*. During any Weekly or Daily Mode, the Series 2011A Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part (and if in part in an Authorized Denomination) on any Business Day, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, upon written notice to the Trustee by the Authority at least 15 days prior to the redemption date, which notice is required to specify the principal amount of the Series 2011A Bonds to be redeemed and the redemption date.

On or before the date fixed for redemption, subject to the provision of conditional notice of redemption described below, money is required to be deposited with the Trustee to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Series 2011A Bonds called for redemption. Upon the deposit of such money, unless the Authority has given notice of rescission, the Series 2011A Bonds will cease to bear interest on the redemption date and will no longer be considered outstanding.

*Mandatory Sinking Fund Redemption*. The Series 2011A Bonds 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 following amounts, on the following dates and at a price of par plus accrued interest to the date of redemption, without premium, with the particular Series 2011A Bonds, or portions thereof, to be redeemed to be selected and designated by the Authority in its sole discretion, in authorized denominations:

| Redemption Date (January 1) | Principal Amount |
|---|---|
| 2049 | 50,000,000 |
| 2050[1] | 50,000,000 |

[1] Due at stated maturity.

The principal amount of the Series 2011A Bonds required to be redeemed on any redemption date pursuant to mandatory sinking fund redemption is required to be reduced, at the option of the Authority, by the principal amount of any Series 2011A Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, have been (1) acquired by the Authority and delivered to the Trustee for cancellation, (2) acquired and canceled by the Trustee, at the direction of the Authority, with funds from the First Tier Sinking

Fund, at a price not exceeding the principal amount of such Series 2011A Bonds plus accrued interest to the date of acquisition thereof, or (3) redeemed pursuant to the optional redemption provisions and not previously credited to a scheduled mandatory sinking fund redemption.

*Notice of Redemption*. At least 10 days prior to the date fixed for redemption of any Series 2011A Bonds, 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 Series 2011A Bond to be redeemed at its address as it appeared in the registration books maintained by the Trustee; *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 Series 2011A Bond. The mailing of such notice as required above in connection with the redemption of Series 2011A Bonds prior to maturity at the option of the Authority will be the only notice actually required in connection with or as a prerequisite to such optional redemption of any Series 2011A Bonds or portions thereof. All redemption notices for the Series 2011A Bonds are required to contain a description of the Series 2011A Bonds to be redeemed including such items specified in the Trust Agreement.

In addition to the foregoing, the Trustee is required to give notice of defeasance of any Series 2011A Bonds by mail, first class, postage prepaid within 30 days after the defeasance date to each registered securities depository and to any national information service that disseminates such notices. Any notice sent to the registered securities depositories or national information services is required to be sent so that it is received at least two days prior to the general mailing of such notice. The Trustee is also required to send a notice of redemption to the registered owner who has not sent its Series 2011A Bonds in for redemption 60 days after the redemption date.

If due provision has been made with the Trustee for the payment of the required redemption price for the Series 2011A Bonds or portions thereof which are to be redeemed, plus accrued interest thereon to the date fixed for redemption, and notice is duly given as provided above, the Series 2011A Bonds or portions thereof which are to be redeemed will automatically be treated as redeemed prior to their scheduled maturities, and they will not bear interest after the date fixed for redemption, and they 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 Series 2011A Bonds, the Trustee will send any notices with respect to the Series 2011A Bonds only to 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 Series 2011A Bonds called for redemption or any other action premised on any such notice.

During any period in which ownership of the Series 2011A Bonds is determined by a book-entry at a securities depository for the Series 2011A Bonds, if fewer than all of the Series 2011A Bonds bearing the same interest rate are to be redeemed, the particular Series 2011A Bonds bearing such interest rate will be selected in accordance with the arrangements between the Authority and the securities depository.

*Conditional Notice of Redemption*. In the case of an optional redemption of the Series 2011A 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 the Authority retains the right to rescind such notice at any time prior to the scheduled redemption date if the Authority 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 so 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 the Authority 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 Series 2011A 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 or the Resolution.

*Redemption of Credit Provider Bonds Prior to Other Bonds.* If less than all of the Series 2011A Bonds are to be redeemed pursuant to optional or mandatory sinking fund redemption, the Authority is required to direct the Trustee to call Credit Provider Bonds prior to any other Series 2011A Bonds.

**Calculation of Interest Rates**

The interest rate for the Series 2011A Bonds will initially be the rate established by the underwriter therefor on or about July 6, 2011. Thereafter, the rate will be established as the Weekly Rate by Morgan Stanley & Co. LLC as the remarketing agent for the Series 2011A Bonds (the " *Remarketing Agent*") until such bonds are redeemed or converted in whole or in part to a different interest rate mode (a "*Mode*") permitted under the Resolution.

If the Mode for the Series 2011A Bonds is the Weekly Mode, the Weekly Rate on the Series 2011A Bonds for each Interest Rate Period will be the rate determined by the Remarketing Agent no later than 5:00 p.m., New York City time, on each Tuesday (or the day of any Conversion of the Mode to the Weekly Rate), as the minimum rate of interest which, in the judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, would permit the Remarketing Agent to sell the Series 2011A Bonds on such Effective Date at par, plus accrued interest on and as of the Effective Date, if any, thereon, but not in excess of the Maximum Rate. Each Weekly Rate will remain in effect from and including Wednesday through and including the next Tuesday (or for a shorter period in the event of a conversion from the Weekly Mode).

If the Remarketing Agent fails for any reason to determine the Weekly Rate, or if for any reason such manner of determination is determined to be invalid or unenforceable, the Weekly Rate for such Series 2011A Bonds will be equal to the SIFMA Municipal Swap Index (or comparable index if such index is no longer published) plus 0.05% or, if such rate is not published on that day, the most recent publication of such rate.

If the Mode for the Series 2011A Bonds is the Daily Mode, the Daily Rate on such Series 2011A Bonds for each Interest Rate Period will be the rate established by the Remarketing Agent no later than 9:30 a.m., New York City time, on such Business Day, as the minimum rate of interest which, in the judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, would permit the Remarketing Agent to sell such Series 2011A Bonds at par, plus accrued interest on and as of the Effective Date, if any, thereon, but not in excess of the Maximum Rate.

If the Remarketing Agent fails for any reason to determine the Daily Rate (including, but not limited to, a failure to determine the Daily Rate for a day that is not a Business Day), or if for any reason such manner of determination is determined to be invalid or unenforceable, the Daily Rate for such Series 2011A Bonds will be the Daily Rate in effect on the immediately preceding day plus 0.05%. If no Daily Rate was in effect on such preceding day, the Daily Rate will mean the rate calculated according to the SIFMA Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index composed of one-day, tax-exempt variable rate demand note produced by Municipal Market Data, Inc. or its successor, or as otherwise designated by the Securities Industry and Financial Markets Association; *provided, however,* that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then such other reasonably comparable index selected by the Authority.

Under the Resolution, the Remarketing Agent may resign upon giving at least 10 days' written notice to the Authority and the Trustee. The Remarketing Agent may be removed at any time by the Authority upon at least seven days notice to the Credit Provider, the Trustee, the Remarketing Agent and each rating agency then rating the Bonds.

In addition, the Remarketing Agreement may provide extended notice requirements for resignation and removal of the Remarketing Agent.

**Interest Rate Modes**

The permitted Modes for the Series 2011A Bonds are the "Flexible Mode" for periods of from 1 to 270 days, the "Daily Mode," the "Weekly Mode," the "Monthly Mode," the "Quarterly Mode," the "Semiannual Mode," the "Index Floating Rate Mode," the "Multiannual Mode" for periods of one year or whole multiples

thereof, and the "Fixed-Rate Mode" for the remaining term of the Series 2011A Bonds. **This Official Statement describes the Series 2011A Bonds in the Weekly Mode and the Daily Mode only. If the Series 2011A Bonds are converted to a Mode other than a Weekly Mode or Daily Mode, a new official statement or a supplement to this Official Statement will be prepared for offering the converted Series 2011A Bonds in such different Mode. The Series 2011A Bonds are subject to mandatory tender and purchase on each conversion date**.

The period during which a particular rate of interest is in effect is referred to as a "*Rate Period*" or an "*Interest Rate Period*." Except as otherwise provided in the Resolution, the interest rates in the Weekly and Daily Mode will be determined by the Remarketing Agent under the Resolution, provided that the interest rate on the Series 2011A Bonds may not exceed the Maximum Rate (currently 8.00%) then in effect. Each determination and redetermination of the interest rate on the Series 2011A Bonds by the Remarketing Agent will be conclusive and binding on the Authority, the Trustee, and the Bondholders.

While there exists an Event of Default under the Trust Agreement, the interest rate on the Series 2011A Bonds will be the rate on the Series 2011A Bonds on the day before the Event of Default occurred.

**Optional and Mandatory Tender**

*Optional Tender*. Series 2011A Bonds are subject to tender at the option of the owners thereof at the times and in the manner described below. Purchases are required to be made at a price equal to the principal amount thereof, plus accrued interest, if any, to the date of such purchase (except that if such date of purchase is an Interest Payment Date, accrued interest is required to be paid separately on such date).

*Daily Mode*. Series 2011A Bonds in the Daily Mode are required to be purchased on any Business Day on demand of the owner thereof (i) by providing written notice, telephonic notice or electronic notice to the Trustee on the date specified for such purchase, or (ii) as long as the book-entry system is in effect, by providing written notice, telephonic notice or electronic notice to the Trustee on the Purchase Date, through the Beneficial Owner's DTC Participant, by 11:00 a.m. New York City time on the date specified for such purchase. Accrued interest shall be paid separately and not as part of the Purchase Price on such Purchase Date if the Purchase Date is an Interest Payment Date.

*Weekly Mode*. Series 2011A Bonds in the Weekly Mode are required to be purchased on any Business Day on demand of the owner thereof (i) by providing written notice or electronic notice to the Trustee, on a Business Day at least seven days prior to the date specified for such purchase, or (ii) as long as the book-entry system is in effect, by providing written notice or electronic notice in the form described below, to the Trustee through the Beneficial Owner's DTC Participant, not later than 11:00 a.m., New York City time, no less than seven days before the date specified for such purchase. Accrued interest shall be paid separately and not as part of the Purchase Price on such Purchase Date if the Purchase Date is an Interest Payment Date

In order to provide notice of the exercise of its option to tender, a bondowner is required to use a form of notice substantially as provided on the form of Bond or such other notice satisfactory to the Trustee which sets forth the principal amount of Series 2011A Bonds to be purchased, the purchase date on which such Series 2011A Bond are to be purchased, the name, address and taxpayer identification number of the registered owner and the payment instructions for the Purchase Price.

Such notice is irrevocable, and the bondowner will have no further rights with respect to the tendered Series 2011A Bonds, except payments, upon presentation and surrender.

*Mandatory Tender*. Series 2011A Bonds are required to be tendered for purchase at a price equal to the principal amount thereof, plus accrued interest, if any, to the date of such purchase (except that, if such date of purchase is an Interest Payment Date, accrued interest shall be paid separately) (i) on the date of conversion or proposed conversion to another Mode, (ii) on any Business Day not later than the 20th day after which the Trustee and the Remarketing Agent have received notice from the Authority of (a) its voluntary termination of the Credit Facility (but prior to such voluntary termination date) and (b) its intention not to obtain an Alternate Credit Facility in replacement thereof, (iii) (a) on the fifth Business Day prior to the expiration of the Credit Facility if the Trustee has not received evidence satisfactory to it by the 30th day preceding the scheduled expiration date (or such shorter

period as is acceptable to the Trustee) of an extension of the Credit Facility, or (b) on a Business Day not later than the 15th calendar day (but in no event later than the second Business Day prior to the date the Credit Facility terminates or expires) after which the Trustee has received notice from the Credit Provider under the Credit Facility that the Credit Facility will terminate or expire due to an event of default under the Reimbursement Agreement or that the available amount under the Credit Facility will not be reinstated due to the failure of the Authority to reimburse the Credit Provider for any draws under the Credit Facility, (iv) on the date of substitution of an Alternate Liquidity Agreement or Alternate Credit Facility for the Credit Facility, and (v) at the direction of the Authority on any date on which the Series 2011A Bonds are otherwise subject to optional redemption upon not less than 15 days prior written notice from the Trustee to the bondholders.

*Series 2011A Bonds Subject to Optional Tender and Mandatory Purchase Are Deemed Purchased*. All Series 2011A Bonds not delivered on (i) the purchase dates specified in the bondowners' tender notices or (ii) the dates on which they are required to be purchased (the "*Purchase Date*") will, nevertheless, be deemed to be tendered on the Purchase Date. The purchase price of any Series 2011A Bond so purchased is payable only upon surrender of such Series 2011A Bond to the Trustee at its designated office, accompanied by an instrument of transfer thereof, in form satisfactory to the Trustee, executed in blank by the registered owner thereof with the signature of such registered owner guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

From and after the Purchase Date, each Series 2011A Bond tendered or so deemed to be tendered will cease to bear interest and the former registered owner thereof will have no rights with respect thereto, other than the right to receive the purchase price thereof upon surrender of such Series 2011A Bond to the Trustee.

The Resolution creates the "North Texas Tollway Authority System Revenue Refunding Bonds, Series 2011A CP Bond Purchase Fund" (the "*Series 2011A CP Bond Purchase Fund*"). The Series 2011A CP Bond Purchase Fund will be held as a separate escrow fund, in trust and administered and distributed by the Trustee. Within the Series 2011A CP Bond Purchase Fund there is a Remarketing Account and a Credit Provider Purchase Account. All money deposited into the Series 2011A CP Bond Purchase Fund must be used only for the purposes described below and such money will not constitute a part of the trust estate under the Trust Agreement. The Series 2011A CP Bond Purchase Fund secures and is to be used solely for the Series 2011A Bonds.

The Remarketing Agent must pay or cause to be paid to the Trustee, on the purchase date of tendered Series 2011A Bonds, all amounts representing proceeds of the remarketing of such Bonds (the "*Remarketing Proceeds*"), and all such Remarketing Proceeds must be deposited directly into the Remarketing Account in the Series 2011A CP Bond Purchase Fund.

If the Remarketing Proceeds are not sufficient to pay the purchase price on the purchase date for such Series 2011A Bonds (other than Series 2011A Bonds held by the Credit Provider or by the Authority or its designee), the Credit Provider must provide funds to the Trustee under the Credit Facility, on the purchase date, in an amount sufficient, together with the Remarketing Proceeds, to enable the Trustee to pay the purchase price of such Bonds to be purchased on such purchase date (exclusive, however, of accrued interest which would be due on the purchase date if such date is an Interest Payment Date); *provided*, the Credit Provider may not make any payment under the Credit Facility with respect to Series 2011A Bonds held by the Credit Provider or by the Authority or its designee. The Trustee may only draw funds under the Credit Facility for Series 2011A Bonds.

All money received by the Trustee as Remarketing Proceeds or from the Credit Provider under the Credit Facility, is required to be deposited by the Trustee in the appropriate account of the Series 2011A CP Bond Purchase Fund and must be used solely for the payment of the purchase price of tendered Series 2011A Bonds and not be commingled with other funds held by the Trustee.

The Trustee is required to deposit into the Remarketing Account in the Series 2011A CP Bond Purchase Fund all money delivered for the purchase price of remarketed Series 2011A Bonds by or on behalf of the Remarketing Agent. The Trustee must disburse moneys from the Remarketing Account to pay the purchase price of the Series 2011A Bonds properly tendered for purchase upon surrender of such Series 2011A Bonds by close of business on the purchase date.

The Trustee is required to deposit into the Credit Provider Purchase Account in the Series 2011A CP Bond Purchase Fund all amounts received from the Credit Provider under the Credit Facility. After exhausting any funds in the Remarketing Account, the Trustee is required to disburse money from the Credit Provider Purchase Account to pay the purchase price of the Series 2011A Bonds which are properly tendered for purchase upon surrender of such Series 2011A Bonds by close of business on the purchase date; *provided that* such proceeds may not be applied to purchase Series 2011A Bonds held by the Credit Provider or the Authority or its designee.

THE AUTHORITY RESERVES THE RIGHT, BUT DOES NOT HAVE THE OBLIGATION, TO PURCHASE SERIES 2011A BONDS TENDERED FOR PURCHASE. No purchase of Series 2011A Bonds by the Trustee or the Authority or advance use of any funds to effectuate any such purchase will be deemed to be a payment or redemption of such Series 2011A Bonds or any portion thereof, and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Series 2011A Bonds unless it is expressly stated in a certificate of a Board Representative delivered to the Trustee that the purchase price paid by the Authority is to be deemed the payment and discharge of the purchased Series 2011A Bonds and directs the Trustee to cancel such Series 2011A Bonds.

The money in the Series 2011A CP Bond Purchase Fund is not part of the trust estate under the Trust Agreement, but must be used solely to pay the purchase price of the Series 2011A Bonds and may not be used for any other purposes. If sufficient funds to pay the purchase price for Series 2011A Bonds is held by the Trustee in the Series 2011A CP Bond Purchase Fund for the benefit of the registered owners thereof, each such registered owner will be restricted exclusively to the Series 2011A CP Bond Purchase Fund for any claim of any nature on such owner's part under the Resolution or on, or with respect to, such tendered Series 2011A Bonds. Tendered Series 2011A Bonds supported by the Credit Facility that are not remarketed or purchased on a purchase date will bear interest at the Bond Buyer Seven Day General Market Index (Non-AMT) plus 0.25% until purchased or redeemed. The Authority will use its best efforts to have such bonds remarketed or purchased as soon as reasonably possible and until such time each Business Day will constitute a purchase date for such Series 2011A Bonds that have not been remarketed or purchased.

Moneys held in the Series 2011A CP Bond Purchase Fund for the benefit of registered owners of the Series 2011A Bonds are required to be held uninvested or invested overnight at the direction of the Authority in 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. Moneys in the Series 2011A CP Bond Purchase Fund which remain unclaimed three (3) years after the applicable purchase date must, if the Authority is not at the time in default of any material covenant in the Trust Agreement and the Resolution, be paid to the Authority, and the owners of the Series 2011A Bonds for which the deposit was made will be limited to a claim against the Authority.

The Resolution also creates the "North Texas Tollway Authority System Revenue Refunding Bonds, Series 2011A CP Bond Fund" (the "*Series 2011A CP Bond Fund*") with respect to the Series 2011A Bonds, to be held as a separate escrow fund in trust and administered and distributed by the Trustee. Within the Series 2011A CP Bond Fund is a NTTA Debt Service Account and the Credit Facility Debt Service Account. All money deposited into the Series 2011A CP Bond Fund will not constitute a part of the trust estate under the Trust Agreement. The Series 2011A CP Bond Fund will secure and be used solely for the Series 2011A Bonds.

The Trustee must maintain the Series 2011A CP Bond Fund for the Series 2011A Bonds as follows: the Trustee must deposit into the NTTA Debt Service Account all amounts transferred from the Revenue Fund by the Trustee pursuant to the Trust Agreement, and all amounts transferred from a Reserve Account pursuant to the Trust Agreement. The Trustee must deposit into the Credit Facility Debt Service Account all moneys received by the Trustee from drawings under the Credit Facility to pay principal of, premium, if any, and interest on the Series 2011A Bonds.

Money in the NTTA Debt Service Account must be applied to the following in the order of priority indicated: (A) if the Credit Provider has not dishonored a draw under the Credit Facility, the reimbursement of the Credit Provider when due for moneys drawn under the Credit Facility and deposited in the Credit Facility Debt Service Account for payment of principal of, premium, if any, on and interest on the Series 2011A Bonds; (B)

when insufficient moneys have been received under the Credit Facility, the payment when due of principal of, premium, if any, on and interest on the Series 2011A Bonds, other than Series 2011A Bonds held by the Credit Provider or by the Authority or its designee; (C) the payment when due of principal of, premium, if any, and interest on Series 2011A Bonds held by the Credit Provider; and (D) the payment when due of principal of, premium, if any, on and interest on Series 2011A Bonds held by the Authority or its designee, *provided that* if the Trustee has received written notice from the Credit Provider that any amounts are due and owing to the Credit Provider under a reimbursement agreement between the Authority and the Credit Provider, such payments are required to be made to the Credit Provider, to the extent of amounts due and owing to the Credit Provider, for the account of the Authority.

By 4:00 p.m., New York City time, on any Business Day immediately preceding each Interest Payment Date for the Series 2011A Bonds, each redemption date and the maturity date of such Series 2011A Bonds, the Trustee must present the requisite certificate for a drawing on the Credit Facility so as to comply with the provisions of the Credit Facility for payment to be made in sufficient time for the Trustee to receive the proceeds of such drawing at or before 1:00 p.m., New York City time, on such Interest Payment Date, redemption date or maturity date, as the case may be, to pay principal of, premium, if any, and interest on the Series 2011A Bonds due on such date. Promptly upon presenting the requisite documents for a drawing on the Credit Facility, the Trustee is required to give notice to the Authority by telephone, promptly confirmed in writing, of the amount so drawn. The Trustee is required to promptly notify the Authority by oral or telephonic communication confirmed in writing if the Credit Provider fails to transfer funds in accordance with the Credit Facility upon the presentment of the requisite certificate.

Until applied as provided in the Resolution to the payment of the Series 2011A Bonds or transferred to the Authority, funds must be held by the Trustee in trust in the Series 2011A CP Bond Fund for the benefit of the owners of the Series 2011A Bonds, except that any portion of the funds representing principal or redemption price or purchase price of any such Series 2011A Bonds, and interest on any such Series 2011A Bonds previously matured or called for redemption, is required to be held for the benefit of the owners or the former owners of such Series 2011A Bonds only.

Any amounts remaining in the Series 2011A CP Bond Fund after payment in full of (i) the Series 2011A Bonds, and (ii) all other amounts required to be paid under the Resolution, subject to any applicable provisions of State law, must be paid to the Credit Provider, if required under the Reimbursement Agreement, and the balance, if any, to the Authority. Other than moneys held in the Credit Facility Debt Service Account, money which remains unclaimed three years after the due date shall, subject to applicable State law, if the Authority is not at the time in default of any covenant in the Resolution or the Trust Agreement, be paid to the Authority, and the owners of the Series 2011A Bonds for which the deposit was made shall be limited to a claim against the Authority.

**Conversion**

*General Information*. So long as no Event of Default exists under the Trust Agreement, the Mode for all or any portion of the Series 2011A Bonds (other than Series 2011A Bonds bearing interest at a Fixed Rate) is subject to conversion at the election of the Authority. Such Series 2011A Bonds will be subject to mandatory tender on the effective date of the change. The Authority is required to give notice of a Conversion to the Trustee, the Remarketing Agent, the Credit Provider and the Rating Agencies, as provided in the Resolution.

The Series 2011A Bonds may be converted from a Daily Mode to a Weekly Mode or from a Weekly Mode to a Daily Mode at the option of the Authority on any Business Day or to any other Mode on any Interest Payment Date. Notice of conversion of such Bonds is required to be given to the owners of such Bonds not less than 15 days prior to such conversion. THE AUTHORITY RESERVES THE RIGHT, BUT DOES NOT HAVE THE OBLIGATION, TO PURCHASE SERIES 2011A BONDS TENDERED FOR PURCHASE.

*Notice to Registered Owners of Change in Mode*. When a change in the Mode is to be made, the Trustee will notify the registered owners of the affected Series 2011A Bonds, at least 15 days before the conversion date. The notice will state:

(1) that the Mode will be changed, and

(2) the Conversion Date.

*Determinations Binding*. The setting of the rates and periods as provided in the Resolution will be conclusive and binding on all parties.

**Special Considerations Relating to the Series 2011A Bonds**

*The Remarketing Agent is Paid by the Authority*. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the Series 2011A Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2011A Bonds.

*The Remarketing Agent Routinely Purchases Bonds for its Own Account*. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2011A Bonds for its own account and, in its sole discretion, may acquire such tendered bonds in order to achieve a successful remarketing of such bonds (*i.e.*, because there otherwise are not enough buyers to purchase such bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2011A Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2011A Bonds by routinely purchasing and selling Series 2011A Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2011A Bonds. The Remarketing Agent may also sell any Series 2011A Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2011A Bonds. The purchase of Series 2011A Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2011A Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2011A Bonds being tendered in a remarketing.

*Series 2011A Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date*. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its reasonable judgment, is the lowest rate that would permit the sale of the Series 2011A Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Series 2011A Bonds (including whether the Remarketing Agent is willing to purchase Series 2011A Bonds for its own account). There may or may not be Series 2011A Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Series 2011A Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2011A Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2011A Bonds at the remarketing price. In the event the Remarketing Agent owns any Series 2011A Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2011A Bonds on any date, including the Effective Date, at a discount to par to some investors.

*The Ability to Sell the Series 2011A Bonds other than through Tender Process May Be Limited*. The Remarketing Agent may buy and sell Series 2011A Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 2011A Bonds to do so through the Remarketing Agent with appropriate notice. Thus, investors who purchase the Series 2011A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2011A Bonds other than by tendering the Series 2011A Bonds in accordance with the tender process. Any purchase from holders of Series 2011A Bonds by the Remarketing Agent, or any sale by holders of Series 2011A Bonds to the Remarketing Agent, will not constitute a tender of such Series 2011A Bonds and as such, those transactions would not be supported by the Credit Facility.

*Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Series 2011A Bonds, Without a Successor Being Named*. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

**Credit and Liquidity Enhancement**

The scheduled payment of principal of and interest when due on the Series 2011A Bonds and the purchase price of Series 2011A Bonds tendered for purchase pursuant to the optional and mandatory tender and purchase provisions of the Resolution will be entitled to the benefit of a Credit Facility in the form of an irrevocable letter of credit (the "*Letter of Credit*") issued by Morgan Stanley Bank, N. A. (the "*Bank*") as the Credit Provider. See "**—The Letter of Credit**" and "**—The Bank**."

**The Bank**

Morgan Stanley Bank, N.A. (the "*Bank*") is a national banking association with its principal office in Salt Lake City, Utah, and is an indirect, wholly owned subsidiary of Morgan Stanley & Co. LLC, a Delaware limited liability company ("*Morgan Stanley*"). The Bank is primarily a wholesale commercial bank that offers consumer lending and commercial lending services in addition to deposit products. As an FDIC-insured national bank, the Bank is subject to supervision and regulation by the Office of the Comptroller of the Currency ("*OCC*"). The Bank's obligations are not guaranteed by Morgan Stanley.

The Bank's long-term ratings are A1, A+ and A by Moody's, S&P and Fitch, respectively. The Bank's short-term ratings are P-1, A-1 and F1 by Moody's, S&P and Fitch, respectively. On August 11, 2008, Moody's downgraded the long-term rating from Aa3 to A1. S&P lowered the Bank's ratings from AA-/A-1+ to A+/A-1 on December 19, 2008. On August 25, 2010, Fitch downgraded the Bank's long-term rating from A+ to A.

The Bank files call reports each quarter with the FDIC, which include income statement and balance sheet information. The call reports are publicly available on the FDIC's website at https://cdr.ffiec.gov/public/ManageFacsimiles.aspx. The availability of the Bank's past financial information at this website shall not create any implication that the information contained or referred to herein or therein is correct as of any time subsequent to its date.

**The Letter of Credit**

*General Information.* The Letter of Credit will be issued by the Bank pursuant to the Letter of Credit and Reimbursement Agreement dated as of July 1, 2011 (the "*Reimbursement Agreement*") between the Authority and the Bank. The following summarizes certain provisions of the Reimbursement Agreement and the Letter of Credit, to which documents reference is made for the complete provisions thereof. Investors should obtain and review a copy of the Reimbursement Agreement and the Letter of Credit in order to understand all of the terms of those documents. The provisions of any substitute letter of credit and related reimbursement agreement may be different from those summarized below.

The Letter of Credit is an irrevocable obligation of the Bank and is transferable to any successor trustee. The Letter of Credit will be issued in an amount equal to the aggregate outstanding principal amount of the Series 2011A Bonds, plus 56 days' interest thereon at the rate of 8.00% per annum (the "*Cap Interest Rate*"). The Trustee, upon compliance with the terms of the Letter of Credit, is authorized and directed to draw up to (a) an amount sufficient (i) to pay principal of the Series 2011A Bonds (other than Series 2011A Bonds bearing interest at a rate other than the Daily Rate or the Weekly Rate, Credit Provider Bonds and Series 2011A Bonds owned by or on behalf of the Authority (collectively, "*Ineligible Bonds*"), when due, and (ii) to pay the portion of the purchase price of the Series 2011A Bonds (other than Ineligible Bonds) tendered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed (a "*Liquidity Drawing*") equal to the principal amount of the Series 2011A Bonds, plus (b) an amount not to exceed 56 days' of accrued interest on the Series 2011A Bonds at the Cap Interest Rate (i) to pay interest on the Series 2011A Bonds (other than Ineligible Bonds) when due, and (ii) to pay the portion of the purchase price of the related Series 2011A Bonds (other than Ineligible Bonds) tendered for purchase pursuant to a demand for purchase by the

owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on such related Series 2011A Bonds.

The amount available under the Letter of Credit will be reduced to the extent of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing by the Trustee to pay interest on the Series 2011A Bonds, the amount available under the Letter of Credit will be automatically reinstated effective on the open of business on the fifth calendar day from the date of such drawing unless the Trustee shall have received notice from the Bank by the close of business on the fourth calendar day from the date of such drawing that the Bank has not been reimbursed in full for such drawing or any other Event of Default under the Reimbursement Agreement has occurred and as a consequence thereof the Letter of Credit will not be reinstated and the Bank has directed the Trustee to cause a mandatory tender of the Series 2011A Bonds. With respect to a Liquidity Drawing, the Letter of Credit will automatically be reduced by an amount equal to the amount of said drawing. Prior to the Conversion Date (as defined below) upon a remarketing of the related Series 2011A Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the amount available under the Letter of Credit will be automatically reinstated concurrently upon receipt by the Bank of the amount of such Liquidity Drawing relating to such Series 2011A Bonds purchased with the proceeds of such Liquidity Drawing plus all accrued interest thereon (or portions thereof) and written notice from the Trustee specifying such amounts.

The Letter of Credit will terminate on the earliest of the Bank's close of business on (a) the stated expiration date July 7, 2014 (unless renewed or extended); (b) the earlier of (i) the date which is fifteen (15) days following the date on which all of the Series 2011A Bonds have been converted to bear interest at a rate other than the Daily Rate or the Weekly Rate (the "*Conversion Date*") or (ii) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date; (c) the date of the Bank's receipt of a certificate from the Trustee specifying that no Series 2011A Bonds remain Outstanding, within the meaning of the Resolution, all drawings required to be made under the Resolution and available under the Letter of Credit have been made and honored, or that an Alternate Credit Facility has been issued in substitution for the Letter of Credit pursuant to the Resolution; (d) the date on which the Stated Maturity Drawing (as defined in the Letter of Credit) is honored by the Bank; or (e) the date which is fifteen (15) days following the date the Trustee receives a written notice from the Bank specifying the occurrence of an "Event of Default" under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the Series 2011A Bonds.

*Events of Default*. Pursuant to the Reimbursement Agreement, the occurrence of any of the following events will constitute an event of default thereunder:

(a) the Authority fails to pay, or cause to be paid, when due (i) any Reimbursement Obligations (as defined in the Reimbursement Agreement) or (ii) any Obligation (as defined in the Reimbursement Agreement) (other than a Reimbursement Obligation) and, in each case, such failure continues for a period of five (5) Business Days from the date of notice given by the Bank;

(b) any representation, warranty, certification, or statement made by or on behalf of the Authority in the Reimbursement Agreement, in any Related Document (as defined in the Reimbursement Agreement), or in any certificate, financial statement, or other document delivered pursuant to the Reimbursement Agreement proves to have been incorrect or untrue in any material respect when made or deemed to have been made;

(c) breach by the Authority in the due observance or performance of certain covenants set forth in the Reimbursement Agreement;

(d) other than as specifically set forth under this caption "—*Events of Default*," breach in the due observance or performance by the Authority of any other covenant, agreement, or condition contained in the Reimbursement Agreement and the continuation thereof for more than thirty (30) calendar days after written notice thereof has been given to the Authority by the Bank without cure or correction to the satisfaction of the Bank; provided, however, such breach will not constitute an Event of Default after such thirty (30) calendar day period for such period of time as, if in the reasonable judgment of the Bank, the Authority is diligently pursuing a cure or

correction of such breach, but in no event for a period of time of more than sixty (60) calendar days after such written notice;

(e) (i) one or more final nonappealable judgments or orders for the payment of money in excess of $5,000,000 (individually or in the aggregate) payable from the tolls and other revenues of the NTTA System and money held by the Trustee in the various funds and accounts created under the Trust Agreement (the "*Pledged Revenues*") is rendered against the Authority and such judgment or order continues unsatisfied, unstayed, unbonded or undismissed for a period of 60 days, or (ii) the Authority fails promptly to lift any execution, garnishment, or attachment pursuant to such judgment or order as, in the written opinion of the Authority's Consulting Engineers, will impair the Authority's ability to carry on its Authority business;

(f) (i) default by the Authority, after any applicable grace period, in the payment of any debt of the Authority secured by or payable from Pledged Revenues when due (whether by scheduled maturity, requirement prepayment or otherwise) or any interest or premium thereon, (ii) the occurrence of any event under any resolution or instrument giving rise to any debt of the Authority secured by or payable from Pledged Revenues, which results in or would entitle the obligee thereof or a trustee on behalf of such obligee to pursue any remedies against the Authority, including the right to declare the acceleration of any maturity thereof, or upon the lapse of time or the giving of notice or both would entitle the obligee thereof or a trustee on behalf of such obligee to accelerate any maturity thereof, or which results in the forfeiture by the Authority of any of its rights under any such resolution or instrument or (iii) default by the Authority under any Swap Contract (as defined in the Reimbursement Agreement) which allows for the early termination of such Swap Contract;

(g) the Authority (i) has entered involuntarily against it an order for relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) admits in writing its inability to pay its debts generally as they become due, or becomes insolvent within the meaning of Section 101(32) of the United States Bankruptcy Code, (iii) makes an assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of the NTTA System, (v) institutes any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) takes any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fails to contest in good faith any appointment or proceeding described in clause (h) under this caption "*—Events of Default*";

(h) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for the Authority or any substantial part of the NTTA System, or a proceeding described in clause (g)(v) under this caption "*—Events of Default*" is instituted against the Authority and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of 30 or more days;

(i) any material provision of the Reimbursement Agreement or any of the Related Documents at any time for any reason ceases to be valid and binding on the Authority, or the validity or enforceability thereof is contested by the Authority or any agent or trustee on its behalf;

(j) any "*event of default*" under the Resolution or any "*event of default*" under the Trust Agreement or any other Related Document to which the Authority is a party which is not cured within any applicable cure period occurs which if not cured would give rise to remedies available thereunder;

(k) (i) the Authority imposes a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any debt of the Authority secured by or payable from Pledged Revenues that is senior to or on a parity with the Series 2011A Bonds, the Credit Provider Bonds or the Obligations owed to the Bank under the Reimbursement

Agreement or (ii) any Governmental Authority (as defined in the Reimbursement Agreement) having appropriate jurisdiction over the Authority makes a finding or ruling or enacts or adopts legislation or issues an executive order or enters a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any debt of the Authority secured by or payable from Pledged Revenues that is senior to or on a parity with the Series 2011A Bonds, the Credit Provider Bonds or the Obligations owed to the Bank under the Reimbursement Agreement or on all debt of the Authority;

(l) the occurrence of an "*event of default*" under any other agreement between the Authority and the Bank, or any affiliate of the Bank (including any swap contract); or

(m) failure by the Authority to maintain at least two ratings on unenhanced First Tier Bonds of at least "Baa1" from Moody's, "BBB+" from S&P and "BBB+" from Fitch.

*Remedies*. Upon the occurrence and continuance of any Event of Default, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies provided in the Reimbursement Agreement or by law provided:

(a) give notice of any such Event of Default to the Trustee, directing the Trustee to cause a mandatory tender of the Series 2011A Bonds, thereby causing the Letter of Credit to expire fifteen (15) days thereafter;

(b) pursue any rights and remedies it may have under the Related Documents; or

(c) pursue any other action available at law or in equity.

A copy of the Letter of Credit is attached hereto as **APPENDIX H**.

*Lien Status.* The Letter of Credit and the Reimbursement Agreement constitute First Tier Credit Agreements under the Trust Agreement.

*Alternate Credit Facility*. The Authority may, with the prior written approval of the Remarketing Agent, provide the Trustee with an Alternate Credit Facility for the Series 2011A Bonds on any date on which the Series 2011A Bonds are callable for optional redemption, which Alternate Credit Facility will replace the Letter of Credit. The Trustee is required to accept such Alternate Credit Facility if: (a) it is an irrevocable letter of credit, surety bond, insurance policy, or other similar agreement or instrument issued and delivered in substitution for the Letter of Credit, under which any Person (other than the Authority) undertakes to make or provide funds to make payment, when due, of the principal of, premium, if any, and interest on, and the Purchase Price of the Series 2011A Bonds while such bonds bear interest at the Daily or Weekly Rates, (b) such Alternate Credit Facility, or a binding commitment satisfactory to the Trustee to issue and deliver the Alternate Credit Facility, is delivered to the Trustee not less than thirty (30) days prior to the date of expiration of the then existing Credit Facility, is effective as of a date on or prior to the date of expiration of the then existing Credit Facility, but may be expressed to expire prior to the final maturity of the Series 2011A Bonds, (c) such Alternate Credit Facility is satisfactory in form and substance to the Authority and the Trustee, is in a stated amount at least equal to the aggregate principal amount of the Series 2011A Bonds at the time outstanding, has a term of at least 364 days from the date of its issuance, and provides (or the Authority must so provide) for the purchase, on its effective date, of all Series 2011A Bonds owned or held for the Credit Provider at a purchase price equal to 100% of the principal amount of such Bonds, plus accrued interest, if any (calculated using the applicable Credit Provider rates), and (d) the Authority has given written notice of its intention to replace the Letter of Credit with an Alternate Credit Facility to the Trustee not less than thirty (30) days prior to the expiration date of the then existing Credit Facility. The Trustee will mail a notice of the anticipated delivery of the Alternate Credit Facility by first-class mail to the Remarketing Agent and each registered owner. In the event of a substitution of the Letter of Credit, the Series 2011A Bonds will be subject to mandatory tender.

*Amendments.* The Trustee and the Authority may, without the consent of the holders of the Series 2011A Bonds, enter into any amendments, changes or modifications of the Credit Facility to cure any ambiguity, formal defect, omission or inconsistent provisions or to make any other change that does not adversely affect the interests of such Bondholders as established pursuant to a certificate of the Authority delivered to the Trustee. Trustee consent shall not be required for extensions of the Credit Facility. If an amendment to the Credit Facility would adversely affect the interests of such Bondholders, the Trustee will notify the Bondholders of the proposed amendment and may consent thereto with the consent of the owners of at least a majority in aggregate principal amount of the Series 2011A Bonds then Outstanding which would be affected by the action proposed to be taken; provided, that the Trustee may not, without the unanimous consent of the owners of all Series 2011A Bonds then Outstanding, consent to any amendment which would (i) decrease the amount payable under the Credit Facility (except for reductions upon redemption), or (ii) reduce the term of the Credit Facility.

**Credit Provider Deemed Holder**

As long as a Credit Provider is not in default under the Credit Facility, the Credit Provider will be deemed to be the holder of Series 2011A Bonds for purposes of the Resolution, including initiation by the holders of the Series 2011A Bonds of any action taken pursuant to the provisions of the Trust Agreement.

**Lien Priority**

The Series 2011A Bonds constitute First Tier Bonds under the Trust Agreement. See "**PLAN OF FINANCE – Priority of Payment**" and "**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS**" herein.

**Tax Status**

In the opinion of Co-Bond Counsel to the Authority, interest on the Series 2011A Bonds will be excludable from the gross income of the holders thereof for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date hereof, except as explained under "**TAX MATTERS – Federal Income Tax Treatment for the Series 2011A Bonds**" herein, including the alternative minimum tax on corporations.

## GENERAL INFORMATION REGARDING THE SERIES 2011A BONDS

**Trustee**

The Authority has appointed Wells Fargo Bank, N.A. 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, the Authority is required to appoint a successor trustee to fill such vacancy.

Upon any appointment of any successor Trustee, the Authority 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 close of business on the Business Day before the Interest Payment Date.

**Payments in the Event of Holidays**

If the date for payment of the principal of or interest on the Series 2011A Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions in the State of Texas or the City of New York or the city where the Trustee is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close. Payment on such later 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 Series 2011A 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 will maintain registration books for the registration and transfer of the Series 2011A Bonds in accordance with the terms of the Resolution.

Upon surrender of any Series 2011A Bond at the corporate trust office of the Trustee, together with a written request therefor duly executed by the current registered owner of such Series 2011A Bond or such registered owner's duly authorized attorney or representative with guarantee of signatures satisfactory to the Trustee, such Series 2011A Bond may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series 2011A Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate and in the same form as the Series 2011A Bond 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 Series 2011A 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 Series 2011A Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption.

The Authority has covenanted to pay the Trustee's standard or customary fees and charges for transferring or exchanging any Series 2011A Bond 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 1445 Ross Avenue, 2nd Floor, Dallas, Texas 75202.

**Defeasance**

Any Series 2011A 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 be 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 determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified above in (a) or (b) above is not irrevocable, provided that: (i) in the proceedings providing for such defeasance, the Authority expressly reserves the right to call the Defeased Debt for redemption; (ii) the Authority gives notice of the reservation of that right to the owners of the Defeased Debt immediately following the defeasance; (iii) the Authority 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, the Authority 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.

In addition to the foregoing, no Series 2011A Bond will be deemed to be Defeased Debt unless the funds and Government Obligations required to be deposited under the Trust Agreement will produce amounts sufficient and at the times necessary to pay the purchase price of such Series 2011A Bond on any optional or mandatory tender date applicable to such Series 2011A Bond plus accrued interest at the Maximum Rate if the Series 2011A Bond to be defeased has a variable interest rate.

Notwithstanding the provisions of the Trust Agreement, if the Authority elects to defease less than all of the principal amount of a maturity of a series of Variable Rate Demand Bonds, the Trustee, or the Securities Depository if such series of bonds are in book-entry-only form, is required to select any bonds then held by the Credit Provider for such bonds to be defeased first and then select, or cause to be selected, such amount of any remaining bonds of such series to be defeased by such random method as it deems fair and appropriate.

**Book-Entry Only System**

The information in this section concerning The Depository Trust Company ("*DTC*") and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the Underwriter, or the Trustee.

Beneficial ownership in the Series 2011A Bonds will be available to Beneficial Owners (as described below) only by or through DTC Participants via a book-entry only system (the "*Book-Entry Only System"*) maintained by DTC.

*DTC and Its Participants*

DTC will act as securities depository for the Series 2011A Bonds. The Series 2011A 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 bond certificate will be issued for the Series 2011A Bonds, in the aggregate principal amount of the Series 2011A Bonds, 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, 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of Series 2011A Bonds under the Book-Entry Only System must be made by or through Direct Participants, which will receive a credit for the Series 2011A Bonds on DTC's records. The ownership interest of each actual purchaser of a Series 2011A Bond ("*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 Series 2011A 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 the Series 2011A Bonds, except in the event that use of the Book-Entry System for the Series 2011A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A 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 Series 2011A 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 Series 2011A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A 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 the Series 2011A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011A Bonds, such as redemptions, tenders, defaults, and proposed amendments to security documents. For example, Beneficial Owners of the Series 2011A Bonds may wish to ascertain that the nominee holding the Series 2011A 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 the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011A Bonds of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2011A Bonds of such series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2011A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 the Series 2011A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption proceeds and interest payments on the Series 2011A 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 the Authority 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, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

*Discontinuance of DTC Services*

DTC may discontinue providing its services as depository with respect to Series 2011A Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2011A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2011A Bond certificates will be printed and delivered to DTC.

**Use of Certain Terms in Other Sections of this Official Statement**

While the Series 2011A Bonds are in the Book-Entry System, reference in other sections of this Official Statement to owners of such Series 2011A Bonds should be read to include any person for whom a Participant acquires an interest in the Series 2011A Bonds, but (i) all rights of ownership, as described herein, must be exercised through DTC and the Book-Entry System and (ii) notices that are to be given to registered 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 information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

## SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS

**Security for the Series 2011A Bonds**

The Series 2011A Bonds are special, limited obligations of the Authority 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.

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 Series 2011A Bonds constitute Additional Bonds under the Trust Agreement and will be secured on the priority described herein. See "**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE TRUST AGREEMENT**" in **APPENDIX E**.

THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011A 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, THE AUTHORITY, THE COUNTIES CURRENTLY SERVED BY THE AUTHORITY, 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 SERIES 2011A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE COUNTIES CURRENTLY SERVED BY THE AUTHORITY NOR ANY OTHER AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, INTEREST ON OR PURCHASE PRICE OF, THE SERIES 2011A BONDS. THE AUTHORITY HAS NO TAXING POWER.

The Authority 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 Series 2011A Bonds other than the pledge of Pledged Revenues under the Trust Agreement. The Authority has pledged certain revenues on deposit in the Capital Improvement Fund to the payment of Subordinate Lien Bonds issued in the amount of $400 million and the ISTEA Loan. See "— **ISTEA Loan**" and "— **Subordinate Lien Bonds**."

**Priority of Payment**

The Authority has pledged and assigned the tolls and other revenues of the NTTA System and the various funds and accounts (to the extent described in the Trust Agreement) to the Trustee thereunder 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.

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 the Authority. 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, the Authority may establish additional levels of priority of payment and security within the Third Tier Payment Obligation category.

**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.

**Funds and Accounts**

*General.* The Trust Agreement establishes certain special funds of the Authority. They 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 the Authority.

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 all customer deposits held by the Authority are not pledged to secure the payment of the bonds secured by the Trust Agreement.

*Master Custodial Account Agreement.* The Authority 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 the Authority from all turnpike projects owned or operated by the Authority, including the toll revenues derived from the operation of the NTTA System, will be deposited into custodial accounts with the Custodian. On each business day, the Authority 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*. The Authority covenants that all gross revenues (all tolls, other revenues, and income) arising or derived by the Authority 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 the Authority 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 the Authority and to be held and transferred to or upon the order of TxDOT as set forth in such project agreement. See "**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 on deposit in the Revenue Fund as of May 31, 2011 was $37,193,740.70.

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 the Authority.
- *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.

*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 the Authority, 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 the Authority by drawing checks or drafts on the Operation and Maintenance Fund in the manner determined by the Authority, and such Fund may not be used for any other purpose. The balance on deposit in the Operation and Maintenance Fund as of May 31, 2011 was $15,886,171.22.

*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 deposited into the accounts are to be used for the following purposes:

Bond Interest Accounts. Funds available 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 on deposit in the First Tier Bond Interest Account, the Second Tier Bond Interest Account and the Third Tier Bond Interest Account as of May 31, 2011 were $66,954,721.11, $8,466,746.50, and $0.00, respectively (pursuant to the Trust Agreement, 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 Series 2009B Bonds. The balance on deposit in such subaccount as of May 31, 2011 was $9,699,951.09. On June 30, 2011, an additional $16,400,000 was transferred from the Capital Improvement Fund into the First Tier Bond Interest Account to be utilized for the July 1, 2013 interest payment in order to satisfy coverage requirements in 2013.

Redemption Accounts. Funds available 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 on deposit in the First Tier Redemption Account, the Second Tier Redemption Account and the Third Tier Redemption Account as of May 31, 2011 were $11,667,937.96, $0.00 and $0.00, respectively (pursuant to the Trust Agreement, funds are not transferred to the Redemption Accounts until immediately prior to the redemption dates).

Reserve Accounts. With respect to the First Tier Reserve Account, an amount equal to the average annual Debt Service Requirements of all First Tier Bonds Outstanding (unless provided by a Reserve Surety Agreement as defined in the Trust Agreement) calculated as of the date of issuance of any First Tier Bonds is to be maintained in such Reserve Account. With respect to the Second Tier Reserve Account and the Third Tier Reserve Account, the amount set forth in the Supplement to the Trust Agreement authorizing the Second Tier or Third Tier Bonds is required to be maintained in such Reserve Accounts. The Third Supplement to the Trust Agreement authorizing the Authority's Series 2008F Bonds provided for a separate sub-account within the Second Tier Reserve Account (the "*Series 2008F Second Tier Reserve Subaccount*") solely securing the Series 2008F Bonds with an amount equal to one-half of the average annual Debt Service Requirements of the Series 2008F Bonds (unless provided by a Reserve Surety Agreement, as such term is defined in the Trust Agreement) calculated as of the date of issuance of the Series 2008F Bonds to be maintained in the Series 2008F Second Tier Reserve Subaccount.

The amounts on deposit in the Reserve Accounts are required to be used to retire the last of the outstanding 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) and which are secured by that Reserve Account and/or for the purpose of paying interest on and principal of the 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) and which are secured by that Reserve Account to the extent that the money on deposit in the related Bond Interest Account and the related Redemption Account is insufficient for such purpose. As of May 31, 2011, the First Tier Reserve Account under the Trust Agreement was fully funded with a required balance of $369,122,158.63. As of May 31, 2011, the Second Tier Reserve Subaccount was fully funded with a required balance of $47,576,929.27. 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. At the closing for the Series 2011A Bonds, funds will be transferred to the First Tier Reserve Account so that such Account will be fully funded as of the date of issuance of the Series 2011A Bonds.

*Reserve Maintenance Fund*. Amounts on deposit 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 the Authority, for equipment, 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, the Authority 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 the Authority, 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 on deposit in the Reserve Maintenance Fund as of May 31, 2011 was $35,554,017.80.

*Additional Accounts*. The Authority 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." Third Tier Payment Obligations constituting 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 will be secured by and payable from the Net Revenues 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 the Authority 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.

*Capital Improvement Fund*. Amounts on deposit 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 the Authority 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. The balance on deposit in the Capital Improvement Fund as of May 31, 2011 was $449,220,007.32. Of such amount, approximately $322.2 million is related to construction projects to be funded with Subordinate Lien Bonds, approximately $23.4 million is restricted for Capital Improvement Fund bond payments, approximately $98 million is not restricted in use and approximately $5.6 million is reserved as "rain-day" funds. See "**THE NORTH TEXAS TOLLWAY AUTHORITY — THE NTTA SYSTEM — Multi-Year NTTA System Capital Plan**" in **APPENDIX A**. The Subordinate Lien Bonds outstanding in the aggregate principal amount of $400 million and the ISTEA Loan are secured by the funds held in the Capital Improvement Fund. See " **— ISTEA Loan**" and " **— The Subordinate Lien Bonds**." On June 30, 2011, $16,400,000 was transferred from the Capital Improvement Fund into the First Tier Bond Interest Account to be utilized for the July 1, 2013 interest payment.

*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 on deposit 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 on deposit in the Construction Fund as of May 31, 2011 was $508,893,300.35. In addition to the foregoing, proceeds in the Construction Fund may be utilized to pay debt service.

The money, including all obligations purchased as an investment of the money, in each account and subaccount within the Construction Fund are 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 "**THE NORTH TEXAS TOLLWAY AUTHORITY — OTHER AUTHORITY INFORMATION — Investments**" in **APPENDIX A**.

**Rate Covenant and Short-Term Indebtedness**

The Authority Act authorizes the Authority 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 Authority Act states that such tolls will not be subject to supervision or regulation by any agency of the State or any local governmental entity.

The Authority has adopted a toll rate schedule for the NTTA System in substantial conformity with the recommendations of the Traffic Engineers. The Authority covenants in the Trust Agreement that it will keep in effect a toll rate schedule that will raise and produce Net Revenues (as defined in **APPENDIX E**) sufficient to satisfy its debt service requirements. In addition, the Authority 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 the Authority 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 the Authority 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 the Authority), 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, the Authority 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 the Authority secured by Net Revenues for the fiscal year.

In the event that during any such fiscal year such Net Revenues are less than the amounts contemplated above, the Authority 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 the Authority 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 the Authority 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. The Authority 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 the Authority 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 the Authority, 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 the Authority 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. The Authority 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 the Authority for the above-described recommendations, fail to file with the Authority 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 the Authority 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.

The Authority is 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 such 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%. In the event a Credit Provider has extended a line of credit or the Authority 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. The Authority is not required to satisfy the additional bonds tests described below under "**— Additional Bonds**" when incurring Short-Term Indebtedness.

On June 30, 2011, with Board direction, the Authority transferred $16,400,000 from the Capital Improvement Fund to the First Tier Bond Interest Account to pre-fund a portion of the interest coming due on the July 1, 2013 interest payment date for First Tier Bonds to allow the Authority to meet the Board's goal of 1.50x first tier debt service coverage, exceed the required minimum debt service coverage ratio under the Trust Agreement toll rate covenant and meet the additional bonds test for fiscal year 2013. All other projected fiscal years exceeded the minimum debt service coverage ratio tests.

**Additional Bonds**

The Authority 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 the Authority and/or interest thereon; *provided*, *however*, no First Tier Bonds, Second Tier Bonds or Third Tier Bonds may be issued unless the Authority has met certain conditions concerning the additional bonds test established pursuant to the Trust Agreement. In addition, the Authority 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 the Authority secured by Net Revenues (excluding, in each case, those being refunded). The Authority 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.

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), 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 the Authority secured by Net Revenues (excluding, in each case, those being refunded).

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 the Authority secured by Net Revenues (excluding, in each case, those being refunded).

The Authority 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 such 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%. In the event a Credit Provider has extended a line of credit or the Authority 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. The Authority is not required to satisfy the additional bonds tests described herein when incurring Short-Term Indebtedness.

**Outstanding Obligations**

After the issuance of the Series 2011A Bonds and the application of the proceeds thereof, the long-term obligations listed below will be outstanding under the Trust Agreement in the following principal amounts:

*[Remainder of page intentionally left blank]*

| First Tier Bonds | Principal Amount |
|---|---|
| Dallas North Tollway System Revenue Refunding Bonds, Series 1997A | $43,345,000 |
| Dallas North Tollway System Revenue Bonds, Series 1998 | 78,145,000 |
| Dallas North Tollway System Revenue Bonds, Series 2003A | 225,000,000 |
| 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 | 1,747,210,000 |
| North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008B | 226,930,000 |
| North Texas Tollway Authority System First Tier Insured Capital Appreciation Revenue Refunding Bonds, Series 2008D (accreted amount calculated through July 1, 2011) | 483,681,878 |
| North Texas Tollway Authority System First Tier Revenue Refunding Bonds, Series 2008E (the "*Series 2008E Bonds*") | 390,000,000 |
| North Texas Tollway Authority System First Tier Revenue Refunding Bonds, Series 2008H (the "*Series 2008H Bonds*") | 209,040,000 |
| North Texas Tollway Authority System First Tier Convertible Capital Appreciation Revenue Refunding Bonds, Series 2008I (accreted amount calculated through July 1, 2011) | 237,516,239 |
| North Texas Tollway Authority System First Tier Current Interest Revenue Refunding Bonds, Series 2008K | 205,000,000 |
| North Texas Tollway Authority System First Tier Revenue Refunding Bonds, Series 2008L (the "*Series 2008L Bonds*") | 100,000,000 |
| North Texas Tollway Authority System First Tier Tax-Exempt Current Interest Revenue Bonds, Series 2009A | 404,005,000 |
| 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 | 100,000,000 |
| Total First Tier Bonds | $6,134,538,117 |

| Second Tier Bonds | |
|---|---|
| North Texas Tollway Authority System Second Tier Revenue Refunding Bonds, Series 2008F (the "*Series 2008F Bonds*") | $1,000,000,000 |
| North Texas Tollway Authority System Commercial Paper Notes, Series A (the "*CP Notes*") | $90,600,000 |
| Total Second Tier Bonds | $1,090,600,000 |

In addition to the foregoing, 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, the Authority may establish additional levels of priority of payment and security within the Third Tier Payment Obligations category.

In addition to the obligations described above, the Trust Agreement secures the payment obligations of the Authority under (i) a Letter of Credit and Reimbursement Agreement between the Authority and JPMorgan Chase Bank, National Association relating to the Series 2009D Bonds, (ii) a Letter of Credit and Reimbursement Agreement between the Authority and Bank of America, N.A. relating to the Authority's Commercial Paper Program, (iii) the Reimbursement Agreement, (iv) certain interest rate exchange agreements, and (v) certain insurance agreements. Additionally, the Authority has pledged certain revenues on deposit in the Capital Improvement Fund on a basis subordinate to the Third Tier Payment Obligations to the payment of the ISTEA Loan and the Authority's Subordinate Lien Revenue Bonds, Series 2010A and Subordinate Lien Taxable Revenue Bonds, Series 2010B (Build America Bonds – Direct Payment) (the "*Subordinate Lien Bonds*"). See "**— ISTEA Loan**," "**— The Commercial Paper Program**" and the "**The Subordinate Lien Bonds**" herein.

**The Commercial Paper Program**

In order to finance construction of various components of the NTTA System, the Authority 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 CP Notes. The CP Notes are secured as Second Tier Bonds. As of the date hereof, $90,600,000 in aggregate principal amount of CP Notes are outstanding.

**ISTEA Loan**

In connection with the issuance of the Dallas North Tollway System Revenue Bonds, Series 1995, the Authority and TxDOT entered into an agreement pursuant to the provisions of the Intermodal Surface Transportation Efficiency Act ("*ISTEA*") under which the Authority borrowed $135,000,000 from TxDOT to pay a portion of the construction costs of the PGBT (the "*ISTEA Loan*"). The principal of and interest on the ISTEA Loan is payable only out of amounts on deposit in the ISTEA Loan Debt Service Account in the Capital Improvement Fund, no other funds or other assets of the Authority are pledged to the repayment of the ISTEA Loan and the Authority is under no obligation to make any payment on the ISTEA Loan from any other source. The amortization schedule for the ISTEA Loan is set forth in **APPENDIX F**.

**The Subordinate Lien Bonds**

In connection with the development of PGBT WE and the Chisholm Trail Parkway (if undertaken by the Authority) the Authority issued Subordinate Lien Bonds in the aggregate principal amount of $400 million. 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. If the Authority does not undertake development of the Parkway, proceeds of the Subordinate Lien Bonds may be used for capital improvements to the NTTA System.

**The Special Projects System Obligations**

The Authority established a separate Special Projects System to finance the PGBT WE. In April of 2011, the Authority issued approximately $1.1 billion in bonds and bond anticipation notes. Such bonds and notes are secured by the revenues of the Special Projects System and/or amounts on deposit under the trust agreement for the Special Projects System and are not secured by the revenues of the NTTA System.

## RISK FACTORS

The Series 2011A Bonds are special and limited obligations of the Authority, payable solely from a First Tier lien on tolls and other revenues of the NTTA System. The following is a discussion of certain risk factors that should be considered in evaluating an investment in the Series 2011A 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 may well be other risks associated with an investment in the Series 2011A 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 and maintenance expenses. See "**THE NORTH TEXAS TOLLWAY AUTHORITY — 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 other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions or strategies regarding the future and the projections in the traffic and revenue study. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any 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, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### The Credit Provider

On each date on which principal of or interest on the Series 2011A Bonds is payable, whether upon mandatory redemption, tender, an acceleration or stated maturity, the Trustee is required to draw money under the Letter of Credit (up to the amount available thereunder and in accordance with the terms thereof) in an amount sufficient to pay any principal of or interest on the Series 2011A Bonds on such date, and is required to apply such money to pay such principal of and interest when due without further authorization or direction. There can be no assurance that the Bank will have sufficient revenues to enable it to honor its commitments under the Letter of Credit. See the captions "**THE SERIES 2011A BONDS--The Bank**" and "**The Letter of Credit**" herein for further information concerning the Letter of Credit and the Bank.

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

Substantially increased interest rates could adversely impact the ability of the Authority to remarket or refund certain bonds issued pursuant to the Trust Agreement on their respective tender dates. If the Authority 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 8% and 12% per annum, which could have a material adverse effect on the Authority. Further, the failure to obtain replacement credit facilities and liquidity facilities with respect to the Series 2009D Bonds and the Series 2011A Bonds issued under the Trust Agreement could require the Authority to refinance the

Series 2009D Bonds and the Series 2011A Bonds at substantially higher interest rates. Additionally, the failure to renew or procure new letters of credit relating to the Series 2009D Bonds and the Series 2011A Bonds could accelerate the amortization of debt service on the Series 2009D Bonds and the Series 2011A Bonds.

The credit markets have experienced 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. The Authority's capital plans include raising additional funds through bond financings for various projects, including the PGBT EE and the SRT, which are a part of the NTTA System. If the Authority is unable to access the credit markets as a result of any such disruption, it is likely to have to delay the completion of certain projects until such time as the capital markets rebound. The effect of such delays could result in increased costs for such projects and a delay in the receipt of revenues for such projects.

The Authority is undertaking, contemplating undertaking or in the process of undertaking several projects, including PGBT EE and the SRT. The PGBT EE and the SRT are scheduled to be complete between late 2011 and the third quarter of 2012 and will require additional capital to complete.

As of May 31, 2011, the Authority had approximately $222,004,591 on hand for the development and construction of the PGBT EE and the SRT. In order to complete the PGBT EE and the remaining portion of the SRT, the Authority anticipates it will need to issue approximately $53.73 million in additional bonds. Because of the significant funds that will be needed to complete construction of PGBT EE and the SRT, such funds will not be generated internally by the Authority. As a result the Authority will have to rely on its ability to access the capital markets to obtain sufficient funds to complete such projects. If the Authority is unable to access the capital markets, it is likely to have to delay the completion of construction of PGBT EE and/or the SRT until such time as it is able to access the capital markets. The effect of such delays could result in increased costs for such projects and would result in a delay in the receipt of revenues for such projects.

**Collateral Posting Requirements Under Certain Swap Agreements**

The Authority entered into interest rate exchange agreements relating to the Series 2005C Bonds issued under the Trust Agreement, which interest rate exchange agreements were insured by FGIC. Pursuant to the interest rate exchange agreement with JPMorgan Chase Bank, N.A. ("*JPM*"), successor to Bear Stearns Financial Products Inc., if FGIC's rating is below "A-" by S&P or "A3" by Moody's and the Authority's First Tier Bonds are rated below "A-" by S&P or "A3" by Moody's, the Authority will be obligated to post collateral in an amount equal to the swap termination payment amount owed by the Authority to JPM. The collateral posting requirement could have a negative impact on the Authority's liquidity position. While FGIC's ratings have been withdrawn, the Authority's ratings on its First Tier Bonds are "A2" by Moody's and "A-" by S&P and so the Authority has no obligation to post collateral at this time.

**Costs of Construction of Toll Facilities**

In projects of the magnitude of the toll facilities developed and operated by the Authority, 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 right-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 the Authority's toll facilities will not exceed current estimates, or that the completion of 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 will be required to provide a performance bond and a payment bond, there can be no assurance that such bonds will be sufficient to assure timely completion of the Authority's toll facilities. Moreover, if a default occurs under a construction contract by the contractor, there is a possibility of litigation between the Authority and the providers of the performance bonds and payment bonds and/or the contractor, which could further delay construction and the opening of the Authority's toll facilities. 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 the Authority to generate sufficient revenues to pay principal of and interest on the Series 2011A Bonds.

**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 NORTH TEXAS TOLLWAY AUTHORITY — THE TRAFFIC AND REVENUE STUDY**" in **APPENDIX A**. The traffic and revenue study 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, any of the estimates and assumptions in the traffic and revenue study are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the Authority. Failure to achieve or realize any of the assumptions listed in the traffic and revenue study 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 2013, the First Tier debt service coverage ratio is expected to be 1.50x, the lowest future level projected. If there is a decrease in ridership on the NTTA System or if there is a period of significant inflationary pressure, the Authority's actual First Tier debt service coverage ratio could decline below 1.50 times, which could affect the market value of the Series 2011A Bonds. While the Authority 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) the Authority 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 decline in ridership on the NTTA System, the Authority stressed the results of the Traffic and Revenue Study for the NTTA System, which stress tests reflected a decline in toll revenues by 8%. The Authority would still maintain a debt service coverage ratio on all outstanding First Tier debt of 1.35 times and a debt service coverage ratio on all outstanding debt of 1.00 times if toll revenues were to decline by 6%.

**Operating Risks**

The ability of the Authority's toll facilities to generate revenues in amounts sufficient to pay debt service on the obligations of the Authority 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 the Authority issued pursuant to the Trust Agreement will be dependent on the volume of traffic that utilizes the Authority's toll facilities and the ability of the Authority 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; 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.

**Turnover in Executive Management**

Over the past five years, the Authority has experienced substantial turnover in its executive management. Specifically, the Authority has had four different permanent executive directors, two different general counsels (the position is currently vacant), and two different chief financial officers. Mr. Allen Clemson is currently serving as the Executive Director of the Authority, a position he has held since June 2009, when he was hired pursuant to a one year contract. The contract was renewed effective June 2010 for a two year term. Mr. Clemson has completed the first year of the two year term contract and is currently subject to a performance review by the Board. It has been reported that certain board members are dissatisfied with Mr. Clemson's handling of certain issues, and desire to terminate his employment. At the Authority's June 15, 2011 board meeting, the Board authorized the Chairman of the Board to appoint a committee to develop the performance criteria to which Mr. Clemson will be reviewed and evaluated. It is currently expected that a final decision with respect to Mr. Clemson's employment will be made by the August 17 Board meeting, although a Board decision could be delayed beyond such date. There have been no allegations of impropriety or misconduct by Mr. Clemson.

**Ability to Maintain or Raise Rates**

The Authority may need to raise toll rates in the future to support its debt service requirements. Although the traffic and revenue study 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, substantial political pressure could result in hesitance by the Authority to raise rates further if needed. Such risk is mitigated as a result of automatic increases to toll rates every two years, absent action by the Authority.

**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 the Authority'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 the Authority. 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 the Authority.

**Limitation and Enforceability of Remedies**

*Limitation of Remedies under the Trust Agreement.*

The remedies available to owners of the Series 2011A 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 the Authority and its officers to observe and perform any covenant, condition or obligation prescribed in the Trust Agreement. In no event will owners have the right to have the maturity of the Series 2011A Bonds accelerated as a remedy in the event of a default by the Authority. 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.

Under current State law the Authority 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 or for damages for breach of such obligation. THE AUTHORITY 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 E**.

*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, (iii) are subject, in part, to the provisions of the United States Bankruptcy Act and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and (iv) are subject to the exercise by the United States of the powers delegated to it by the federal Constitution. The various legal opinions to be delivered concurrently with the delivery of the Series

2011A Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2011A 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 ("*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 ("*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 National Air Quality Standards: 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 which became effective June 15, 2004. The nine-county area includes Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall and Tarrant Counties ("*DFW Non-Attainment Area*"). On January 6, 2010, EPA proposed changing the 8-hour ozone standard. Currently, EPA is expected to make a final decision on whether to change the current 8-hour ozone standard by the end of July, 2011. What effect, if any, the proposed change to the 8-hour standard will have on the DFW Non-Attainment Area cannot be determined at this time.

Transportation projects, including those of the Authority, must comply with and conform to the CAA. Although the area is currently designated non-attainment for ozone under the 8-hour NAAQS standard, voluntary pollution reduction efforts made in the area have kept the Area's transportation projects, including the Authority'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 its 8-hour standard, and the incomplete information surrounding any SIP requirements for areas designated non-attainment under the 8-hour 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.

The Authority's existing toll facilities should not be directly affected by a lapse in conformity or non-attainment sanctions. The Mobility 2030: The Metropolitan Transportation Plan (the "*MTP*") was approved by the RTC in 2007 and received a favorable air quality conformity determination from the U.S. Department of Transportation. The MTP was amended in 2009 (the "*MTP 2009 Amendment*") and was approved by the RTC on April 9, 2009. As a result of the MTP 2009 Amendment, a new air quality conformity analysis was performed. A favorable air quality conformity determination based upon the 2009 amendment was received from the U.S. Department of Transportation in August 2009. The Authority's toll facilities are included in the MTP and the MTP 2009 Amendment. On March 10, 2011, the RTC adopted a new mobility plan—Mobility 2035. The new plan was

developed utilizing the most recent demographic projections. Final federal approval of the plan is expected in the summer of 2011.

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 give rise to delays in the construction or operation of PGBT WE, the SRT and/or the PGBT EE. Litigation under the National Environmental Policy Act or other state or federal environmental laws may also result in injunctive or other relief and the possibility of delay in construction or operation of PGBT WE, the SRT and/or the PGBT EE.

**Swap Transaction Risks**

The Authority entered into interest rate swap transactions (the "*Swap Transactions*") under the Trust Agreement with a collective outstanding notional amount of approximately $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 JPM (the "*Swap Providers*"). The Authority may enter into additional interest rate exchange agreements. The Authority is exposed to 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 the Authority 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 JPM, "Aa1"/"AA-."

Under certain credit related circumstances, the Authority 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 the Authority 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 the Authority 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 and other Market Disruptions*."

In addition to the foregoing, under the Swap Transaction with JPM, the Authority may be obligated to post collateral to secure its exposure in the event such Swap Transaction is terminated. However, so long as the swap insurer for such Swap Transaction maintains a rating on its claims paying ability of at least "A-" from S&P and a financial strength rating of at least "A3" from Moody's or the Authority maintains a rating on its outstanding First Tier Bonds of at least "A3" by Moody's and at least "A-" by S&P, the Authority will have no obligation to post collateral. While the ratings of FGIC, the swap insurer, have been withdrawn, the Authority's ratings on its First Tier Bonds are "A2" by Moody's and "A-" by S&P and so the Authority has no obligation to post collateral at this time

**Additional Obligations**

There is no restriction on the Authority'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). The execution of such hedging arrangements and the issuance of such additional bonds could adversely affect the ability of the Authority to repay the Series 2011A Bonds.

**Obligation to Fund Shortfalls Relating to Special Projects System**

Under the terms of the Toll Equity Agreement entered into between the Authority and the Texas Department of Transportation, the Authority is obligated to bridge any initial construction funding shortfalls and to fund any construction cost overruns from assets that are not a part of the Special Projects System trust estate. In addition, 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, the Authority is responsible for paying such amounts from assets that are not a part of the Special Projects System trust estate. Funding any of the abovementioned shortfalls

is likely to come from revenues generated by the NTTA System and could have a material adverse effect on the Authority.

**Risks Relating to Build America Bonds**

The Authority has previously issued certain of its bonds under the Trust Agreement as "Build America Bonds." The Authority has elected to receive a subsidy payment from United States Treasury equal to 35% of the taxable interest the Authority pays on such bonds. In order to receive the subsidy, the Authority is required to make certain filings with the Internal Revenue Service. If the Authority 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 the Authority were to use 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 the Authority 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 the Authority.

**Impact of Market Turmoil**

The recent domestic financial crisis has had, and may continue to have, negative repercussions upon the national economy, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, fluctuations in interest rates, reduced business activity, increased unemployment, increased consumer bankruptcies and increased business failures and bankruptcies. Congress, the Federal Reserve Board and other agencies of the federal government have taken various actions that are designed to enhance liquidity, improve the performance and efficiency of credit markets and generally stabilize securities markets and stimulate the economy. There can be no assurance that these actions will be effective. If the economic environment remains weak or worsens further, it could impact the Authority's ability to generate sufficient revenues to pay its obligations as they come due.

## LITIGATION

On the date of delivery of the Series 2011A Bonds to the Underwriter, the Authority will execute and deliver to the Underwriter 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 Series 2011A Bonds or which would affect the provisions made for their payment or security, or in any manner questions the validity of the Series 2011A Bonds.

As of the date of this Official Statement, the Authority is not a party to any litigation 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 the Authority, could have a material adverse effect on the financial condition of the Authority.

Notwithstanding the foregoing, the Authority has become a defendant in a class-action lawsuit alleging that (a) the Authority has exceeded its legal authority in assessing administrative fees to toll road violators, and (b) the method pursuant to which administrative fees are collected is not permitted pursuant to statute. The Authority believes that the lawsuit is without merit. Regardless, if the plaintiffs were to succeed on all counts in the litigation, the Authority believes that the maximum damages would be less than $20 million. In addition, the Internal Revenue Service ("*IRS*") recently notified the Authority that it was auditing the Authority's $825,000,000 North Texas Tollway Authority System First Tier Taxable Current Interest Bonds, Series 2009B (Build America Bonds — Direct Payment). The letter from the IRS notifying the Authority that such bonds were selected for examination stated that "[a]t this time, we have no reason to believe your debt issuance fails to comply with any of the applicable tax requirements." The Authority intends to cooperate with the IRS with respect to the audit.

The Authority recently discovered that a limited number of employees in its information technology group may have undertaken a scheme to misappropriate the Authority's funds by creating fraudulent refunds of toll revenues. The Authority reported the scheme to the local police, hired a computer forensic firm and conducted an

investigation of the matter. The criminal investigation by local police is ongoing. The Authority believes that the maximum loss, assuming no recovery, is approximately $350,000.

## TAX MATTERS

### Federal Income Tax Treatment for the Series 2011A Bonds

*Opinion.* On the date of initial delivery of the Series 2011A Bonds, Co-Bond Counsel will render an opinion with respect to the Series 2011A Bonds that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (*"Existing Law"*), (i) for federal income tax purposes interest on the Series 2011A Bonds will be excludable from the "gross income" of the holders thereof and (ii) the Series 2011A 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 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 **APPENDIX G** for the form of Co-Bond Counsel Opinion relating to the Series 2011A Bonds.

In rendering their opinion, Co-Bond Counsel will rely upon (a) certain information and representations of the Authority, including information and representations contained in the Authority's federal tax certificate, and (b) covenants of the Authority contained in the Bond Resolution relating to certain matters, including arbitrage and the use of the proceeds of the Series 2011A Bonds and the Refunded Bonds and the property financed or refinanced therewith. Failure by the Authority to observe the aforementioned representations or covenants could cause the interest on the Series 2011A Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2011A Bonds in order for interest on the Series 2011A 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 Series 2011A Bonds to be included in gross income retroactively to the date of issuance of the Series 2011A Bonds. The opinions of Co-Bond Counsel are conditioned on compliance by the Authority with such requirements, and Co-Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Series 2011A 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 Series 2011A Bonds.

A ruling was not sought from the Internal Revenue Service (the "*IRS*") by the Authority with respect to the Series 2011A Bonds or property financed with the proceeds of the Series 2011A Bonds or the Refunded Bonds. No assurances can be given as to whether or not the IRS will commence an audit of the Series 2011A Bonds, or as to whether the IRS would agree with the opinion of Co-Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the Authority 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 Series 2011A Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Series 2011A 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 discussion 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 Series 2011A 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 Series 2011A 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 accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, 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 SERIES 2011A BONDS BEFORE DETERMINING WHETHER TO PURCHASE THE SERIES 2011A BONDS.

Interest on the Series 2011A Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative maximum tax imposed on corporations by Section 55 of the Code. Section 55 of the Code imposes a tax equal to 20 percent for corporations, or 26 percent for noncorporate taxpayers (28 percent for taxable income exceeding $175,000), of the taxpayer's "alternative minimum taxable income," if the amount of such alternative minimum tax is greater than the taxpayer's regular income tax for the taxable year.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Series 2011A 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 Series 2011A 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 Underwriter for the Series 2011A Bonds has agreed, subject to certain customary conditions to delivery, to purchase the Series 2011A Bonds from the Authority at the price of par. As compensation therefor, the Underwriter will receive an underwriting fee and reimbursement of expenses of $181,256.58.

The Underwriter for the Series 2011A Bonds will be obligated to purchase all of the Series 2011A Bonds if any Series 2011A Bonds are purchased. The Series 2011A Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering price set forth on page (i) of this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter therefor. The Underwriter also serves as Remarketing Agent for the Series 2011A Bonds and may provide other services and products to the Authority for which it may be entitled to receive additional compensation. In addition, an affiliate of the Underwriter will receive compensation for providing the Letter of Credit.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the Underwriter for the Series 2011A Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC.

This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2011A Bonds.

## RATINGS

The Series 2011A Bonds have been assigned short and long term ratings of "A-1" and "A+", from Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("*S&P*") and "P-1" and "A1" from Moody's Investors Service ("*Moody's*"). The short and long-term ratings from S&P and Moody's are based on the Letter of Credit provided by the Bank. An explanation of the significance of the ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the views of S&P and Moody's at the time such ratings were given, and the Authority 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 S&P or Moody's, if in the judgment of S&P or Moody's, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2011A Bonds.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2011A Bonds are subject to approval of legality by the Attorney General of the State, of certain legal matters by McCall, Parkhurst & Horton

L.L.P., Dallas, Texas, Co-Bond Counsel to the Authority and of Mahomes Bolden & Warren PC, Dallas, Texas, Co-Bond Counsel to the Authority. Attached hereto as **APPENDIX G** is the form of opinion that Co-Bond Counsel will render in connection with the issuance of the Series 2011A Bonds. The legal opinion will accompany the Series 2011A Bonds deposited with DTC or will be printed on the Series 2011A Bonds in the event of the discontinuance of the Book-Entry Only System. The payment of legal fees to Co-Bond Counsel in connection with the issuance of the Series 2011A Bonds is contingent on the sale and delivery of the Series 2011A Bonds. Certain legal matters will be passed upon for the Authority by Locke Lord Bissell & Liddell LLP, Dallas, Texas, Outside General Counsel for the Authority. Certain legal matters will be passed upon for the Underwriter by Andrews Kurth LLP, Houston, Texas, and West & Associates L.L.P., Dallas, Texas, Co-Counsel for the Underwriter. The payment of legal fees to Co-Counsel for the Underwriter in connection with the issuance of the Series 2011A Bonds is contingent on the sale and delivery of the Series 2011A Bonds. In connection with the issuance of the Series 2011A Bonds, Co-Bond Counsel has been engaged by, and only represents, the Authority. Certain legal matters will be passed upon for the Bank and Remarketing Agent by Chapman and Cutler LLP, counsel for the Bank and Remarketing Agent.

## INDEPENDENT AUDITOR

The financial statements of the Authority, as of December 31, 2010, and for the year then ended, included in **APPENDIX B** to this Official Statement, have been audited by Crowe Horwath LLP, independent auditors, as stated in their report appearing in **APPENDIX B**. 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**, any procedures on the financial statements addressed in that report.

## PROFESSIONAL ENGINEERS

The Report (as defined in **APPENDIX A**) of Wilbur Smith Associates incorporated by reference herein, the engineering reports of HNTB, incorporated by reference herein, and the progress reports of HNTB set forth in **APPENDIX D**, have been incorporated by reference in this Official Statement or included in this Official Statement in reliance on their expertise as professional consultants. Each firm has consented to the inclusion of their reports in this Official Statement.

## FINANCIAL ADVISORS

RBC Capital Markets, LLC is acting as Financial Advisor to the Authority and TKG & Associates is acting as Co-Financial Advisor. RBC Capital Markets, LLC and TKG & Associates, in their respective capacities, have not verified and do not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2011A Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

## LEGAL INVESTMENTS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Series 2011A Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are 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 Series 2011A 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 Series 2011A 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 Series 2011A Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Series 2011A 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 the Authority has been made of the laws in other states to determine whether the Series 2011A Bonds are legal investments for various institutions in those states.

The Authority makes no representation that the Series 2011A Bonds will be acceptable to banks, savings and loan associations or public entities for investment purposes or to secure deposits of public funds. The Authority has made no investigation of other laws, regulations or investment criteria that might apply to or otherwise limit the availability of the Series 2011A Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Series 2011A Bonds and as to the acceptability of the Series 2011A Bonds for investment or collateral purposes.

## CONTINUING DISCLOSURE OF INFORMATION

In the Resolution the Authority has made the following agreement for the benefit of the holders and beneficial owners of the Series 2011A Bonds. The Authority is required to observe the agreement for so long as it remains obligated to advance funds to pay the Series 2011A Bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "*MSRB*"). This information will be available from the MSRB.

### Annual Reports

The Authority will provide certain updated financial information and operating data to the MSRB. The information to be updated includes (i) all quantitative financial information and operating data with respect to the Authority and the NTTA System of the general type included in this Official Statement under the headings "**PRO FORMA DEBT SERVICE REQUIREMENTS**," "**ESTIMATED TOLL REVENUES, EXPENSES, OTHER INCOME, AND ESTIMATED DEBT SERVICE COVERAGE**," "**SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS — Outstanding Obligations**," "**THE NTTA SYSTEM — Operations**" in **APPENDIX A**, "**OTHER FINANCIAL INFORMATION — Historical Traffic and Net Revenues**," and " **— Historical Debt Service Coverage**" in **APPENDIX A** and "**NTTA SYSTEM TOLL RATE SCHEDULES**" in **APPENDIX C** (ii) a copy of the progress reports required under the Trust Agreement, and (iii) the annual financial statements in **APPENDIX B "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE NORTH TEXAS TOLLWAY AUTHORITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**." The Authority will update and provide this information within six months after the end of each fiscal year. The Authority will provide the updated information to the MSRB.

The Authority may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Securities Exchange Act of 1934, as amended, Rule 15c2-12 (the "*Rule*"). The updated information will include audited financial statements, if the Authority commissions an audit and it is complete by the required time. If audited financial statements are not available by the required time, the Authority will provide unaudited statements by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation.

The Authority's current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB.

### Event Notices

The Authority will also provide timely notices of certain events to the MSRB. The Authority will provide notice of any of the following events with respect to the Series 2011A 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 or 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 Series 2011A Bonds, or other events affecting the tax-exempt status of the Series 2011A Bonds; (7) modifications to rights of

holders of the Series 2011A Bonds, if material; (8) calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2011A Bonds, if material; (11) ratings changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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, the Authority will provide timely notice of any failure by the Authority to provide financial information or operating data in accordance with its agreement described above under " — *Annual Reports*." The Authority will provide each notice described in this paragraph to the MSRB.

**Availability of Information from the MSRB**

The Authority has agreed to provide the foregoing information only to the MSRB. The information will be available to Bondholders through the MSRB's internet website at www.emma.msrb.org.

**Limitations and Amendments**

The Authority has agreed to update information and to provide notices of material events only as described above. The Authority 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. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Series 2011A Bonds at any future date. The Authority 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 Series 2011A Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

The Authority 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 the Authority, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Series 2011A Bonds in the primary offering described herein 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 Series 2011A Bonds consent to the amendment or (b) any person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interest of the holders and beneficial owners of the Series 2011A Bonds. The Authority 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 Series 2011A Bonds in the primary offering of the Series 2011A Bonds.

**Compliance with Prior Undertakings**

During the last five years, the Authority has complied materially with all continuing disclosure agreements made by it in accordance with the Rule.

## OTHER MATTERS

The financial data and other information contained herein have been obtained from the Authority'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 the Authority.

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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 (the "*Authority*") is a regional tollway authority governed by Chapter 366 of the Texas Transportation Code (the "*Authority Act*") and a political subdivision of the State of Texas currently serving Collin, Dallas, Denton, and Tarrant Counties (the "*Member Counties*"). It 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 and abolished in 1997. At that time, all obligations of the TTA related to the system of toll roads operated by the TTA were assumed by the Authority. Also, the Authority assumed ownership of the system of toll roads then in existence (as then in existence and subsequently expanded, the "*NTTA System*"). The NTTA System is currently comprised of 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 (subject to the reversionary interest of the Texas Department of Transportation ("*TxDOT*") on September 1, 2058) (the "*SRT*").

The Authority has also created a separate system of toll roads known as the "Special Projects System." The Special Projects System consists only of an 11.5-mile tollway between SH 183 south to IH 20 in Dallas County and designated as the President George Bush Turnpike Western Extension (State Highway 161) ("*PGBT WE*"). However, the Authority expects to undertake the development and construction of a 27.6 mile tollway between IH 30 near the Central Business District in the City of Fort Worth and US 67 in Cleburne designated as the Chisholm Trail Parkway. It is expected that Chisholm Trail Parkway will also become part of the Special Projects System. **The Series 2011 Bonds 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 assets of the Authority. Bonds issued to finance the Special Projects System will not be secured by the revenues of the NTTA System.**

The Authority's Board of Directors (the "*Board*") has adopted a mission statement which provides that the mission of the Authority is to enhance mobility through responsible and innovative tolling solutions.

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

### Counties' Oversight

Under the Authority Act, the Authority must issue, in each even-numbered year, a strategic plan for its operations covering the Authority's next five fiscal years. The strategic plan must contain information of the type specified by the commissioners' courts of the Member Counties.

Not later than March 31 of each year, the Authority must file with the commissioners' court of each Member County a written report describing all turnpike revenue bond issuances anticipated by the Authority during the coming year, the financial condition of the Authority, project schedules for all Authority projects, and the status of the Authority's performance under its most recent strategic plan. At the invitation of the commissioners' court of a Member County, representatives of the Board and the executive director of the Authority will present the report to the commissioners and answer questions and receive comments from the commissioners.

Not later than the 90th day before the date of issuance of revenue bonds by the Authority, the Authority must notify each Member County's commissioners' court of any planned bond issue. The Authority notified the Member Counties of the issuance of the Series 2011A Bonds on October 12, 2010. Such notification remains effective through December 31, 2011.

During the Regular Session of the 82nd Texas Legislature that concluded on May 30, 2011, proposed legislation was introduced that would have required the Authority to undergo either an annual audit by the Texas State Auditor or a review by the Texas Sunset Advisory Commission. That effort to subject the Authority to state review was ultimately unsuccessful in the Regular Session, and no legislation to that effect was ultimately enacted by the Legislature during the Regular Session.

At the conclusion of the Regular Session, the Governor of Texas called the Legislature into Special Session to address a select number of non-transportation issues, including education, health care, and redistricting issues. Although a Representative or Senator may introduce any legislation during a Special Session, the Legislature is not permitted to act upon topics outside the Governor's "call," which would seem to make action regarding the state review of the Authority unlikely, although not impossible. The Special Session ended June 29, 2011, although the Governor may call additional 30 day special sessions at his discretion.

During the pendency of the Regular Session and in response to the possibility of state review, one or more of the Authority's member counties proposed the alternative of a "local review" under which the Authority would pay an outside firm to assess its operations, management and finances. Under that alternative, a firm will be selected and directed by the county judges of Dallas, Collin, Denton and Tarrant counties, along with the Authority's chairman. The recommendations will be submitted to the Authority's Board for consideration, but will not be binding.

The "local review" is currently ongoing. The Authority's staff prepared an RFQ for a consultant to perform the review. Several responses to the RFQ have been received, and are in the process of being evaluated by the county judges and the Authority's chairman.

## GOVERNMENT AND MANAGEMENT

### The Board of Directors

The Authority is governed by a nine–member appointed Board. One of the directors, who must be from a county outside the Authority but adjacent to one of the Member Counties, is appointed by the Governor of Texas. The commissioners' court of each Member County appoints two directors to the Board. See "**Authority Board, Administration, and Consultants and Advisors**" in the forepart to this Official Statement for current Board membership by Member County, the Board members' length of service, principal occupations, and the dates of expiration of their terms of office. Directors serve staggered two-year terms and may be reappointed to the Board. Upon the expiration of a director's stated term, the director remains in office until reappointed or his or her successor has been appointed and assumes the office.

If a County adjacent to a Member County petitions to join the Authority, and the Board approves that petition, the Board will be enlarged by one seat, to be filled by appointment of the county commissioners of the petitioning County.

The Board appoints an executive director who is responsible for day-to-day operations of the Authority, including general management and hiring and termination of employees, as well as other duties described in the Authority's bylaws.

### Key Staff Members

Set forth below are biographies of certain key staff members of the Authority:

*ALLEN CLEMSON, Executive Director since June 2009*. As Executive Director, Mr. Clemson is responsible for the oversight of the operations of the Authority and acts as a liaison to key stakeholders within the region. Mr. Clemson served as county administrator for Dallas County, Texas from 1985-2009. His responsibilities for Dallas County, a political subdivision with almost 2.5 million residents, included managing an $800 million budget and 7,000 employees. Mr. Clemson's key responsibilities included governmental affairs, planning, economic development, and financial oversight. As the highest ranking, non-elected official, he was responsible for planning, organizing, developing and implementing actions and directives for the Dallas County Commissioners Court.

Mr. Clemson worked on many projects during his 24 years as County Administrator, including the oversight and direction of major transportation and facility construction projects totaling more than $1.6 billion, the creation of financial policies, including a capital improvement financing plan that enabled the county to fund tens of millions of dollars of major capital projects annually without long-term debt, the coordination of large scale IT application selection and installation, including enterprise resource planning, comprehensive justice system and traffic management, the co-development of an employee benefit cooperative which joined a variety of public entities, including the Authority, to provide employee health benefits at a reduced cost, and oversight of the outsourcing and privatization of several governmental programs.

Mr. Clemson most recently served as special assistant to the vice chancellor and president designate of the University of North Texas Dallas Campus ("*UNT-Dallas*") where he oversaw finance and administration and assisted with UNT-Dallas's transition to an independent university in the University of North Texas System.

Mr. Clemson is a native of North Texas and earned his Bachelor's degree in Business Administration from the University of North Texas ("*UNT*"). See "**RISK FACTORS – Turnover in Executive Management**."

*JANICE D. DAVIS, Chief Financial Officer since July 2008*. As Chief Financial Officer, Ms. Davis is responsible for debt issuance, banking, financial management and trustee, bondholder and broker relations, as well as oversight of the Finance Department.

Prior to joining the Authority, Ms. Davis served for four years with the City of Atlanta as Chief Financial Officer and for four years as Secretary of Financial Oversight/Director of Finance for the City of Philadelphia. She has over 30 years of experience in a wide range of accounting, procurement, pension, financial service and budget areas.

Ms. Davis earned her Bachelor of Science degree in Accounting at the University of New Orleans. She has served as a member of the Municipal Securities Rulemaking Board and was a fellow of the Robert Wood Johnson Urban Health Initiative.

Ms. Davis is a licensed Certified Public Accountant in Louisiana and Texas. She is a member of the AICPA, the Texas Society of CPAs, Government Finance Officers Association and the Association of Government Accountants. Ms. Davis is also a Certified Government Financial Manager.

*MAGDALENA M. KOVATS, CPA, CIA, Internal Audit Director since March 2008*. Ms. Kovats has served as the Internal Audit Director for the Authority since March 2008. Ms. Kovats has over eighteen years of prior audit experience. As Internal Audit Director, Ms. Kovats 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 the Authority. Ms. Kovats is expected to manage the external auditor's audit process and to interact with all levels of management. In addition, Ms. Kovats is responsible for operational, compliance, special projects, and internal control reviews and recommendations for best practices. Ms. Kovats reports to the Finance and Audit Committee of the Board.

Prior to joining the Authority, Ms. Kovats 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. Kovats has also been a subject matter expert on internal audit issues such as Sarbanes-Oxley and has provided extensive training both internally and externally.

Ms. Kovats graduated from UNT with a Bachelor of Science and Master of Science 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.

*GERALD E. CARRIGAN, P.E., Assistant Executive Director of Project Delivery since December 2008*. In the role of Assistant Executive Director of Project Delivery, Mr. Carrigan is responsible for administering the effective and efficient operation of the project delivery process for the Authority through the oversight of assigned traffic corridors. Additionally, he is responsible for defining strategies and accomplishing goals and objectives relating to the development and delivery of projects.

Mr. Carrigan offers more than 25 years of professional experience in the field of infrastructure program management, engineering, and construction management. Throughout his career, Mr. Carrigan has been involved

in the development and implementation of major capital improvement programs for state, county, and municipal agencies. His expertise spans the full spectrum of projects ranging from major interstate and expressway corridor improvements to local maintenance projects. Mr. Carrigan is experienced in all phases of program delivery including the development of short and long range capital infrastructure programs, long and short range planning, project development and the NEPA 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 degree in Civil Engineering from Southern Illinois University, and he received his Master's degree in Public Administration from the University of South Florida. A Registered Professional Engineer, Mr. Carrigan holds memberships and affiliations with several professional associations.

*CLAYTON HOWE, Assistant Executive Director of Operations since September 2007*. As Assistant Executive Director of Operations, Mr. Howe is responsible for the oversight and maintenance of the NTTA System, including planning, organizing, budgeting, and administering programs, projects and departments for the Authority in order to ensure quality of and adherence to work. He is also responsible for directing the operating departments of the Authority and overseeing assigned departments to define strategies and tactics to accomplish goals and objectives.

Specifically, Mr. Howe's role consists of operational responsibility for the activities and the strategic planning in the areas of the customer service center, maintenance, system and incident management and the information technology departments. Mr. Howe joined the Authority in 2002 as the Assistant Director of the Maintenance Department focusing on the initial implementation of the Asset Management program. In 2003, Mr. Howe became the Assistant Director of the Toll Programs and Services Department to oversee the implementation of the Customer Service Center initiative. In 2004 he became the Director of Toll Programs and Services, responsible for the operational activities and the strategic planning in the areas of the Command Center, Vault Collection and Processing, DPS support, Loss Prevention and the Customer Service Center. In 2006, Mr. Howe became the Director of Customer Programs and Services and was tasked with the development of service offerings to include customer experience management and fiscal accountability. Mr. Howe currently serves as the Chair of the Team Texas Interoperability Technical Task Force supporting the development of the initial business requirements and technical standards and serves on the Board of Trustees for the Alliance for Toll Interoperability, a nonprofit organization developing a national interoperability solution for tolling agencies.

Mr. Howe graduated with a degree in Plant Engineering from Texas State Technical College in Waco, Texas.

*KIMBERLY B. TOLBERT, Assistant Executive Director of Administrative Services since March 2008*. As the Assistant Executive Director of Administrative Services, Ms. Tolbert is responsible for overseeing activities of the Communications, Human Resources and Business Diversity departments. Prior to joining the Authority, Ms. Tolbert served as assistant director, finance and administration for the City of Dallas from 2004 through 2008. Her duties included managing the fiscal affairs of the aviation department, including budget development and implementation, revenue generation, collection, reconciliation and reporting, concession management and contract compliance.

Ms. Tolbert also held the position of assistant to the city manager for the City of Dallas from 1998 through 2004, where she managed the daily operations of the City Manager's Office and the Mayor/City Council Office. From 1996 to 1998 she was the Economic Development Coordinator for the City of Denton. Ms. Tolbert has extensive experience in project management and overseeing financial and administrative activities of multiple public agencies.

Ms. Tolbert attended UNT. She holds a Bachelor of Arts degree in Political Science and a Master of Public Administration degree from UNT. She is the immediate past chair of the Master of Public Administration Alumni Advisory Board at UNT and a member of the National Forum for Black Public Administrators.

*EVERETT RAY ZIES, Controller since September 2008*. As Controller, Mr. Zies is the second-in-command for the Finance Department. The Finance Department is responsible for the accounting for the Authority's financial resources, the preparation and monitoring of the annual budget, preparation of the comprehensive annual financial report and cash and debt management.

Mr. Zies has spent the majority of his 30+ year career in government, most recently serving as Controller for the City of Atlanta, Georgia. In addition, he has served as the Assistant Director of Finance for the City of Philadelphia, Chief Financial Officer for the Dallas Independent School District, Deputy Director of Finance and Budget for the Dallas Fort Worth International Airport, Deputy Director of General Accounting for the City of Houston Controller, Director of Finance for the City of Seguin, Texas and the County Auditor for Guadalupe County, Texas. Mr. Zies started out his career as an auditor for the Texas Alcoholic Beverage Commission.

Mr. Zies, a native Texan, received his Bachelor of Business Administration degree in Accounting from Southwestern University in Georgetown, Texas. He is a Certified Public Accountant and a Certified Government Financial Manager. He is a member of the American Institute of Public Accountants, the Texas Society of CPAs, the Government Finance Officers Association and the Association of Governmental Accountants.

*RUBY FRANKLIN, Secretary to the Board since February 2008*. Ms. Franklin previously served as Secretary to the Board from June 1999 to September 2006. Ms. Franklin has twelve years of prior experience in municipal government; ten as an assistant to the City Manager, Mayor and City Council for the City of Longview, and two years as an assistant to the Director of Development Services and the Plan Commission for the City of Richardson. Ms. Franklin attended Kilgore Junior College.

## THE NTTA SYSTEM

### General

The Authority operates and maintains the NTTA System. The NTTA System currently consists of the DNT, the AATT, the PGBT, the PGBT EE, the MCLB, the LLTB, and the SRT. The SRT is subject to the reversionary interest of 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 increased from 526,000 in fiscal year 2000 to approximately 1,320,311 in fiscal year 2010. From 2000 to the present, as additional segments of the PGBT and DNT were opened to traffic and as the LLTB and SRT were added, the lane miles of the NTTA System increased from approximately 212 to approximately 660. Presented below are descriptions of the seven existing components of the NTTA System, other committed NTTA System extensions, other potential Authority projects, and a discussion of the Authority's operations and its capital improvement program.

The Authority has also established the Special Projects System. **The Series 2011 Bonds will be secured only by the NTTA System revenues and not by the Special Projects System revenues or other assets of the Authority.**

In the future the Authority may refinance the debt related to the Special Projects System as NTTA System debt and make the facilities that are a part of the Special Projects System a part of the NTTA System.

### The 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 currently 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. The first section of the DNT from downtown Dallas to IH-635 (LBJ Freeway) opened to traffic in June 1968. It was extended to Briargrove Lane in 1987, to Legacy Drive in 1994, over the SRT in Collin County in 2004 and to US 380 in September 2007. 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, PGBT, Park Boulevard, Legacy Drive, the SRT, FM 2934 (Eldorado Parkway) and US 380. A significant north-south commuter route, the DNT averaged approximately 560,996 revenue vehicle transactions per day in fiscal year 2010.

**The President George Bush Turnpike**

The PGBT is the northern portion of a potential outer loop around the Dallas Metropolitan Area. The PGBT runs from West Belt Line Road in Irving to SH 78 in Garland, a distance of approximately 30 miles. It passes through seven cities and three counties, links commuters to high-tech corridors and corporate headquarters and gives motorists additional access to 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 averaged approximately 495,201 revenue vehicle transactions per day in fiscal year 2010. In 2010, a portion of a retaining wall utilized on the PGBT buckled and the Authority was required to stabilize the wall. No personal injuries have resulted from the problems relating to the retaining wall. The Authority is in the process of investigating the reasons for the wall failure, estimates the cost of repairing the wall at $4.6 million dollars, and intends to pursue any reasonably available options to recoup the costs of repairing the wall from the persons responsible for designing and/or building the wall.

Further inspection, investigation, and risk analysis of retaining walls constructed along PGBT west of DNT has indicated a vulnerability to a similar failure mode as was experienced in 2010. The Authority has prepared a preliminary proposed budget and schedule for the stabilization and strengthening of existing MSE (Mechanically Stabilized Earth) retaining walls along PGBT between Midway Road and Plaza 10. The Authority is considering committing approximately $56 million out of the Reserve Maintenance Fund in 2012 to the continued design and construction related to these additional wall strengthening projects along the PGBT.

**The President George Bush Turnpike Eastern Extension**

*General Information Regarding the PGBT EE*

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. The PGBT EE will pass through the cities of Dallas, Garland, Sachse, and Rowlett in eastern Dallas County and will include a one-mile bridge over Dallas' Lake Ray Hubbard. All environmental approvals have been received by the Authority. Construction on all four of the Authority project sections are between 75**%** and 80**%** complete. The fifth section, which includes the IH-30 Interchange and the Lake Ray Hubbard Bridge, is being built by TxDOT and is approximately 75% complete. PGBT EE is scheduled to be opened to traffic in December 2011.

The total project cost, including any amounts to be paid by others under the local funding agreements, is currently estimated to be approximately $958 million. The Authority and TxDOT executed a Two-Party Agreement with respect to the PGBT EE (the "*PGBT EE Project Agreement*") in December 2007, the terms of which are incorporated by reference herein. See "**INCORPORATION BY REFERENCE**." Per the PGBT EE Project Agreement, TxDOT is responsible for the design, construction, and construction support of the IH 30 Interchange and Lake Ray Hubbard Bridge (approximately $254 million) and has provided financial assistance in the form of a toll equity grant in the amount of approximately $160 million that was used for right-of-way acquisition, utility relocations, and other mutually agreed items for PGBT EE. The Authority's share is estimated to be approximately $539 million. As of April 30, 2011, the Authority had spent approximately $346 million on the PGBT EE and had approximately $106 million of cash on hand for the construction of the PGBT EE. Therefore, the Authority expects to need approximately $87 million in additional construction funds.

*The PGBT EE Project Agreement*

General.

The PGBT EE Project Agreement contains the representations, commitments, and obligations of the Authority 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 the Authority of the PGBT EE as a turnpike project pursuant to the Authority Act. TxDOT agrees to take all actions reasonably requested by the Authority in furtherance of the purposes of the PGBT EE Project Agreement. After completion of the required public hearing and approval by the Texas Transportation Commission and the Governor, the Authority intends that the PGBT EE's main lanes and associated right-of-way, but not the service roads, will be removed from the state highway system and transferred

to the Authority pursuant to a transfer agreement for the lease, sale or conveyance of a toll project; provided, that various interchanges and underpass and overpass structures will remain with TxDOT. It is anticipated that such transfer would occur after the completion of construction of the PGBT EE. The failure to remove any segment from the state highway system and to transfer such segment to the Authority will not affect the right of the Authority to continue to develop, operate and collect revenue from the PGBT EE. TxDOT agrees not to use the various retained structures in a manner that would interfere with access to and egress from the PGBT EE or the safe and efficient operation of the PGBT EE. TxDOT agrees to provide the Authority with all materials, items or information compiled by TxDOT related to the PGBT EE that is useful to or necessary for the Authority's completion of the PGBT EE.

TxDOT Obligations. TxDOT is responsible for developing and constructing the IH-30 Interchange and the Lake Ray Hubbard Bridge. TxDOT has covenanted to use its best efforts to complete its construction obligations by certain dates consistent with the Authority's completion dates of the other segments.

Authority Design and Construction Obligations. Except as described above, the Authority is responsible for the design and construction of all aspects of the PGBT EE, including utility relocation and adjustment, subject to review rights of TxDOT. In monitoring construction contractors performing labor and services with respect to the PGBT EE, the Authority is required at all times to remain in compliance with applicable state laws.

Toll Equity Grant. TxDOT provided financial assistance to the Authority in the form of a toll equity grant in the amount of $160,270,000 to be used by the Authority for any costs it incurs in the acquisition of right-of-way, resulting relocation obligations, and all utility relocations related to the PGBT EE. The entire amount of the grant has been disbursed by TxDOT to the Authority. However, approximately $3.0 million of the grant is currently restricted in use. The Authority intends to work with TxDOT in order to release the restrictions.

Operations and Maintenance. TxDOT has retained and is responsible for operating the service roads on the PGBT EE. Except as described above, the Authority is required to operate and maintain the PGBT EE in accordance with prescribed standards.

Revenue Sharing. The Authority is required to provide revenue sharing as described in the PGBT EE Project Agreement through a supplemental toll to be collected by the Authority and held in trust for TxDOT for the benefit of the North Central Texas region. The supplemental toll to which TxDOT is entitled is equal to approximately 20% of the total unified toll. See "**NTTA SYSTEM TOLL RATE SCHEDULES**" in **APPENDIX C**.

Toll Rates. The Authority has set forth in the PGBT EE Project Agreement the projected tolls for the PGBT EE for the years 2010 through 2045. It is expected that an amendment to the PGBT EE Project Agreement will be approved prior to the opening of the PGBT EE, which amendment will provide for a unified toll of approximately $0.145 per mile (in 2009) for TollTag transactions and for the toll rate to be escalated at the rate of 3% per annum, adjusted every two years with the first such adjustment occurring on July 1, 2011.

**The Mountain Creek Lake Bridge**

The MCLB, in southwestern Dallas County, opened in April 1979. The MCLB has helped support economic development in the area by providing a direct east-west crossing of Mountain Creek Lake between the Oak Cliff section of Dallas and the City of Grand Prairie. Linking communities in the southern part of Dallas County with those in Tarrant County, MCLB provides convenient access to attractions like Six Flags Over Texas, the Dallas Cowboy Stadium and the Ballpark in Arlington, as well as many other area businesses and recreational facilities in Grand Prairie and 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 total length of the MCLB project is approximately 2.0 miles. The two-lane bridge structure is 7,425 feet long and averaged approximately 7,245 revenue vehicle transactions per day in fiscal year 2010.

**The 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 tunnel is approximately 1,600 feet in length, with total roadway length of 3,700 feet.

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 averaged approximately 4,753 revenue vehicle transactions per day in fiscal year 2010. The Authority is designing 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, opened to traffic in August 2009 and provides an east-west route over Lewisville Lake in southern Denton County. To ease the obstruction to east-west travel caused by Lewisville Lake, the cities of Lake Dallas, Little Elm and Frisco, Denton County, TxDOT and the Authority worked together to provide this link. The Lewisville Lake corridor is 13.8 miles long and includes the LLTB and the 0.3-mile flowage easement bridge built by the Authority. The Authority is providing project oversight for the entire corridor and the cities and counties are responsible for the design and construction of the approach roadways to the LLTB. The west approach roadway is complete. The east approach roadway is not expected to be finalized until 2013, although a two lane road from the east is open and is required to remain open until the east approach roadway is complete. The LLTB averaged approximately 8,159 revenue vehicle transactions per day in 2010.

**The Sam Rayburn Tollway**

*General Information Regarding the Sam Rayburn Tollway*

The SRT is a toll road in Collin, Dallas and Denton Counties extending approximately 26 miles, from State Highway 121 Business in Denton County to U.S. 75 in Collin County. The SRT is being developed, financed, constructed and operated by the Authority under a Project Agreement (the "*SRT Project Agreement*") dated October 18, 2007, as amended, between the Authority and TxDOT. The SRT Project Agreement is incorporated by reference herein. See "**INCORPORATION BY REFERENCE**."

The SRT Project Agreement contains the obligations of the Authority and TxDOT relating to the financing, development and operation of the SRT. On September 1, 2058, the Authority's interests in the SRT will revert back to TxDOT. The initial acquisition of the rights in the SRT required a payment by the Authority to TxDOT (or its designee) in the amount of approximately $3.2 billion, which was made on November 29, 2007. Because of a dispute between the Authority and TxDOT relating to the aggregate amount of the market interest rate adjustment to the acquisition payment made to TxDOT by the Authority, the Authority agreed to deposit $25,598,767 into a trust account as performance security for its obligations under Tolling Service Agreements to be entered into with private developers who operate toll projects in the Authority's service area. The deposit is required to be made six months before the scheduled opening date of any such toll project and will not be an asset of the Authority. The Authority intends to utilize borrowed funds to make such deposit.

The SRT extends northeasterly from State Highway 121 Business near the Dallas/Denton County line to US 75 in Collin County, a total length of approximately 26 miles, and serves as a northeast-southwest traffic artery between IH 35E and US 75. The SRT corridor continues to experience growth in commercial, retail and residential development. The SRT is also an artery serving the Dallas-Fort Worth International Airport. TxDOT has completed and opened to traffic the frontage roads for the entire length of the SRT with exception of the frontage road reconstruction work required to reconfigure the SRT/US 75 interchange in accordance with project requirements. The SRT includes 3 main lane toll gantries and 40 ramp toll gantries and operates as an all

electronic tolling collection system ("*All-ETC*") to maximize flow. It is broken into five Segments for purposes of managing and expediting the design and construction.

Segment 1, the most southwesterly portion of the SRT, opened to traffic in July 2006 as a six lane video-tolled facility.

Segment 2, the mid-western portion of the SRT, opened to traffic on August 31, 2008 as a six lane video-tolled facility.

The Authority began collecting revenues on Segments 1 and 2 on its own behalf on September 1, 2008.

Segment 3, the mid-eastern portion of the SRT, opened to traffic in September 2009 as a six lane video-tolled facility, at which time the Authority began collecting revenues on Segment 3 on its own behalf.

Segment 4, the easternmost portion of the SRT, opened to traffic in late 2010 as a six-lane video-tolled facility, at which time the Authority began collecting revenues on Segment 4 on its own behalf.

Segment 5 is currently a three-level interchange with the DNT. The Authority is responsible for construction of the fourth and fifth level ramp connections, as well as new ramp access to the Legacy Park Business Area. The design of Segment 5 was completed and construction contracts were let in 2009. Construction began in February 2010 and is anticipated to be substantially complete by January 2012.

The SRT averaged approximately 243,957 revenue vehicle transactions per day in fiscal year 2010.

*Project Costs*

Construction contracts for all of Segments 1 through 5 have been bid.

The total estimated cost to complete the SRT by the Authority is $638,810,700 (excluding $59,309,300 of project costs for the expansion from six to eight lanes on Segments 1 through 5, scheduled for 2019, in 2007 dollars). The Authority is monitoring expenditures on the SRT to keep it on budget. The estimated cost does not include funds for right-of-way acquisition of four parcels required at the SRT/US 75 interchange and one parcel required at the SRT/DNT interchange. In accordance with the SRT Project Agreement, the outstanding parcels will be acquired by the Authority at TxDOT's expense. As of April 30, 2011, of the total approximate cost of $639 million, the Authority had spent approximately $536.5 million on the SRT and had cash on deposit in an amount sufficient to finish the SRT.

*The SRT Project Agreement*

General. The SRT Project Agreement contains the representations, commitments, and obligations of the Authority and TxDOT related to the development, financing, design, construction, operation, maintenance, and handback of the SRT. TxDOT acknowledges its approval of and support for the financing, design, construction, operation, and maintenance by the Authority of the SRT as a turnpike project pursuant to the Authority Act. TxDOT agrees to take all actions reasonably requested by the Authority in furtherance of the purposes of the SRT Project Agreement. Upon the Service Commencement Date (as defined herein) for each Segment of the Project, and after completion of the required public hearing and approval by the Texas Transportation Commission and the Governor, TxDOT and the Authority intend that such Segment's main lanes and associated right-of-way, but not the frontage roads, will be removed from the state highway system and transferred to the Authority; provided, that various interchanges and underpass and overpass structures will remain with TxDOT. The public hearings for the transfer of the Segment 1, Segment 2 and Segment 3 main lanes and associated right-of-way were held in August 2007, July 2008 and September 2009, respectively, and the Texas Transportation Commission approved the transfer of Segments 1, 2 and 3 main lanes and associated right-of-way. A public hearing has not yet been set for the transfer of Segment 4 main lanes and associated right-of-way; however, the hearings are anticipated to occur in late summer or early fall of 2011. The failure to remove any Segment from the state highway system and to transfer such Segment to the Authority will not affect the right of the Authority to continue to develop and operate the SRT. TxDOT agrees not to use the various retained structures in a manner that would interfere with access to and egress from the SRT or the safe and efficient operation of the SRT. TxDOT agrees, to the extent it is legally able, to provide the Authority with all materials, items, or information compiled by TxDOT related to the SRT that is useful to or necessary for the Authority's completion of the SRT.

TxDOT Obligations. TxDOT has acquired the right-of-way for Segments 1, 2, and 3 and most of the right-of-way for Segments 4 and 5, and is responsible for the acquisition cost of the remaining right-of-way on Segments 4 and 5. TxDOT has completed the frontage roads and main lanes on Segments 1 and 2 and the frontage roads on Segment 3. TxDOT has received environmental clearance for all Segments of the SRT.

Authority Design and Construction Obligations. Except as described above, the Authority is responsible for the design and construction of all aspects of the SRT, including utility relocation and adjustment, subject to review rights of TxDOT. The Authority will be required to make capacity improvements to the SRT if certain minimum required levels of service are not maintained.

Service Commencement Dates. The "Service Commencement Date" with respect to a Segment is the date on which the Authority has commenced tolling operations for such Segment after substantial completion of the work required for such Segment under the SRT Project Agreement. The Authority has covenanted to develop and commence operations of the various Segments by the service commencement deadlines in the following table. The Authority will not be in default under the SRT Project Agreement unless the Service Commencement Date for a Segment has not occurred by the "long stop date" for such Segment as set forth in the following table:

| Segment | Service Commencement Deadline | Long Stop Dates | Service Commencement Date |
|---|---|---|---|
| Segment 1 | October 29, 2008 | October 29, 2009 | September 2008 |
| Segment 2 | October 29, 2008 | October 29, 2009 | September 2008 |
| Segment 3 | May 1, 2010 | November 1, 2011 | September 2009 |
| Segment 4 | May 1, 2011 | November 1, 2012 | December 2010 |
| Segment 5 | June 19, 2012 | December 19, 2013 | January 2012* |

* Expected Service Commencement Date.

Operations and Maintenance. The Authority has assumed full responsibility for operation and maintenance for the SRT and associated right-of-way. The Authority is required to operate and maintain the SRT in accordance with prescribed standards. Notwithstanding the foregoing, TxDOT will at all times remain responsible for handling requests and permitting for adjacent property access to the frontage roads and utility placement within the frontage roads, and for the repair, maintenance, and operation of the traffic signal systems on the frontage roads.

Term and Handback. The SRT Project Agreement has a term ending on September 1, 2058. On the scheduled termination date, all of the Authority's rights under the SRT Project Agreement will automatically terminate and title to the SRT, including all improvements, will be deemed to have reverted and been transferred to TxDOT, at no charge to TxDOT. Upon such handback, the SRT is required to be in the condition and meet the requirements specified in the SRT Project Agreement for the handback. To ensure compliance with the handback requirements, the Authority will be required, commencing five (5) full calendar years before the scheduled termination date, to establish and fund a reserve account or to deliver to TxDOT a letter of credit in an amount sufficient to restore the SRT to its required condition.

Banded Revenue Sharing. The Authority is required to pay to TxDOT a specified portion of toll revenues on the SRT that exceed a minimum threshold (the "*Revenue Share Amount*"). The minimum threshold royalties 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 (15) days after the end of each calendar year.

Toll Rates. The Authority 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 the Authority 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, the Authority 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 schedules set forth in **APPENDIX C** hereto comply 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 with the first such adjustment occurring on July 1, 2011. The SRT Project Agreement has provisions for a peak period pricing study and the implementation of time of day pricing on the SRT.

Authority Defaults. The following constitute "Authority Defaults" under the SRT Project Agreement:

(i) the Authority's failure to achieve Service Commencement for a Segment by the applicable "Long Stop Date" as set forth under "Service Commencement Dates" above;

(ii) the Authority's failure to make any payment due TxDOT under the SRT Project Agreement or to deposit funds to any reserve or account as required under the SRT Project Agreement, and such failure is not cured within thirty (30) days after written notice from TxDOT; and

(iii) the Authority's failure to observe or perform any other covenant, agreement, term or condition required to be observed or performed by the Authority under the SRT Project Agreement, and such failure is not cured within thirty (30) days after written notice from TxDOT, or if the failure is of such a nature that it cannot with diligence be completed within such time period and the Authority has commenced meaningful steps to cure promptly after receiving the default notice, such failure is not cured within an additional period of time, up to a maximum cure period of one hundred twenty (120) days, as is reasonably necessary to diligently effect cure.

Remedies. TxDOT is entitled to seek an action in mandamus against the Authority on account of the occurrence of an Authority Default. Upon the occurrence of an Authority Default involving any payment due TxDOT, TxDOT is entitled to recover from the Authority said unpaid amounts, plus interest thereon at the floating rate equal to the LIBOR in effect from time to time plus 200 basis points from and after the date such payment becomes due to TxDOT until paid, to the extent such interest rate does not exceed the maximum rate permitted by law.

Dispute Resolution Procedures. The Authority and TxDOT have agreed to set up a formalized process to resolve any issues that arise in connection with the SRT Project Agreement. The process will include an issues resolution ladder to resolve questions at the appropriate organizational levels. Any questions that cannot be resolved by use of the issues resolution ladder will be referred to the Authority's Executive Director or his/her designee and TxDOT's Executive Director or his/her designee to resolve. If a dispute is processed under the issues resolution ladder and not resolved, the Authority and TxDOT agree to use the procedures as follows: the party making a claim may advance it in accordance with the statutes and administrative rules applicable on the date of the SRT Project Agreement; the Authority and TxDOT agree to use any alternative dispute resolution procedure that is a part of the applicable claim procedure; and the Authority and TxDOT are required to satisfy the requirement for alternative dispute resolution by participating in non-binding arbitration, unless otherwise agreed to by the Authority and TxDOT. During the resolution of an issue the Authority and TxDOT agree not to hinder work under the SRT Project Agreement and such work will proceed.

Right of Action Regarding Frontage Roads. If in the good faith judgment of TxDOT an unforeseen event affects the frontage roads of the SRT that causes or could reasonably be expected to cause a material threat to public safety, and if, after reasonable notice, the Authority is not then diligently taking steps to rectify or deal with such threat, then TxDOT has the right to take such action as may be reasonably necessary to rectify such threat and the Authority will bear the reasonable costs thereof.

**NTTA System Toll Rates**

In July 2009, the Board adopted a toll rate schedule for the NTTA System. **APPENDIX C** sets forth the current and future toll rates for the NTTA System assuming that the proposed amendment to the PGBT EE Project Agreement described under the caption "**–The President George Bush Turnpike Eastern Extension –**

*The PGBT EE Project Agreement* – Toll Rates" is adopted. The Authority anticipates that the amendment to the PGBT EE Project Agreement will become effective prior to the opening of the PGBT EE. **APPENDIX C** assumes that toll increases will be made on the NTTA System every two years, all as further described in **APPENDIX C**.

**Electronic Tolling**

The Authority uses a Regional Integrated Toll Enhancements ("*RITE*") System, an integrated software, hardware, and management system for toll collection that enables the Authority to manage its roadways and operations through automated revenue audit and reconciliation, 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. The primary method is AVI, where a vehicle is recognized and tolls are collected through communications with a TollTag transponder or other transponder that is interoperable with the TollTag system. With video tolling, an image of the vehicle's license plate is captured in the lane and used to identify the vehicle's owner for invoicing.

**Operations**

The Authority and its predecessor have operated toll roads in the North Texas region for more than 50 years. The number of active TollTags is over 2.1 million as of January 31, 2011. The NTTA System currently utilizes a main lane gantry ("*MLG*") configuration for toll collection. Each facility has MLGs at which tolls are collected in both directions, with ramp toll gantries to prohibit toll-free entrance or exit from the NTTA System. The entire NTTA System was converted to All-ETC on December 11, 2010 which eliminated cash toll collection as well as manned toll booths. Under the current toll schedule, the weighted average two-axle TollTag toll rate for the NTTA System is approximately $0.146 per mile.

On the DNT, there are four MLGs with three lanes in each direction thereby facilitating complete uninterrupted flow, in addition to 15 pairs of ramp toll gantries. On the PGBT, there are five MLGs with three or four lanes in each direction and 15 pairs of ramp toll gantries. On the SRT, there are three MLGs with three lanes in each direction and 40 ramp toll gantries. There is one MLG at each of the AATT, the LLTB and the MCLB.

To administer the NTTA System and the Special Projects System, the Authority has 653 employees (with the authority to increase the number of employees to 717) involved in maintenance, customer service, administration, project delivery, finance, human resources, government affairs, information technology, legal, communications and marketing, loss prevention, internal audit and business diversity.

The variance between traffic using the facility and tolls actually collected is an issue for all modern toll systems that seek to maximize "throughput" on existing facilities by increasing reliance on electronic toll collection and express lanes. Using a calculation that takes into account violation invoices, images in process for collection and violation administration fees collected, the violation percentages for the NTTA System for 2008, 2009 and 2010 were 6.88%, 3.58%, and 5.55%, respectively. In 2009, in order to reduce leakage rates, management installed additional cameras on the roadways, improved picture quality image due to enhanced maintenance and pursued more aggressive collection practices. The increase in violation percentage in 2010 was primarily due to converting to All-ETC and the payment lag associated with billing transactions as opposed to the immediacy of cash payments.

**Multi-Year NTTA System Capital Plan**

The estimated costs for the major maintenance, rehabilitation, and capital improvement program for the NTTA System over the 2012-2016 period (the *"Capital Improvement Program"* or *"CIP"*), in addition to the construction costs of corridor expansion projects, are expected to be approximately $290 million. Of the $290 million, approximately $111 million is expected to be paid from the Reserve Maintenance Fund and approximately $79 million is expected to be paid from the Capital Improvement Fund. The Authority anticipates expending such funds on the replacement of equipment, roadway resurfacing, roadway safety improvements and office facility improvements. As of May 31, 2011, the Authority had on deposit approximately $35.6 million in the Reserve Maintenance Fund and $98 million in the Capital Improvement Fund for those projects. The

Authority intends on financing the capital improvements through cash flow, including the $100 million for which money has not yet been set aside in the Reserve Maintenance Fund or the Capital Improvement Fund.

In addition to the Capital Improvement Fund and the Reserve Maintenance Fund projects listed above, over the 2012-2016 period, the Authority anticipates spending an additional $221 million for roadway bottleneck improvements, roadway capacity improvements and roadway widening, including all or a portion of which may be financed with the issuance of additional bonds under the NTTA System Trust Agreement. The DNT 4th lane improvements from PGBT north to SRT and the bottleneck improvements at DNT/PGBT interchange are anticipated to be complete by the end of 2015. The PGBT widening between IH 35E and SH 78 is anticipated to be complete in 2019.

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

### General

Future turnpike projects of the Authority may be financed as part of the NTTA System or independently of the NTTA System (a "*Non-NTTA System Project*"). The Authority 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 several State and federal agencies, various feasibility studies, the development of traffic and revenue studies, an analysis of financing structures (such as stand-alone or system) and development options (CDA, design-build, and construction manager at risk) and approval of the Board. A key factor in determining whether to undertake a project is the impact on the Authority's credit profile (including expected revenue contribution and ability to service debt). The Authority's objective in determining whether to undertake projects is to maintain and enhance the overall Authority credit profile and preserve or enhance debt capacity for future projects. If the Authority determines to pursue any of these projects, the Authority anticipates this process to be gradual. Funding agreements and cost estimates are preliminary.

### Local Primacy

In June 2007, Senate Bill 792 ("*SB 792*"), passed by the Texas legislature, became effective. SB 792 established new procedures for the development of toll projects in Texas including a statutory first option for local toll entities, such as the Authority, for the right to develop toll projects in the territory of the local toll entity. This first option right is sometimes referred to as "local primacy."

SB 792 provides that either the Authority or TxDOT may propose development of a toll project in the Authority's service area. Before development of a proposed toll project may go forward, the Authority and TxDOT must agree on business terms for the project's development, construction, and operation. The business terms must include (but are not necessarily limited to) an initial toll rate and a toll-rate-escalation methodology. If TxDOT and the Authority do not agree on the basic business terms, the project cannot proceed. If the parties agree on the basic business terms, they then prepare or commission a "market valuation" of the proposed project based on several factors. After the market valuation is complete, the Authority has six months to exercise an option to develop the proposed project. However, as a condition to developing the proposed project, the Authority must commence the environmental clearance process for the project and enter into a contract for the project's construction within certain specified time periods and either (i) commit to make a payment to TxDOT in an amount equal to the market valuation for the proposed project (subject to certain reductions), which amount TxDOT must use for additional projects in the Authority's region, or (ii) commit to construct additional projects in the Authority's region with estimated construction costs equal to the market valuation of the proposed project (subject to certain reductions). Certain projects are exempt from the market valuation provisions of SB 792. Also SB 792 provides that TxDOT and the Authority may agree to waive the market valuation.

In June 2011, Senate Bill 19 ("*SB 19*"), passed by the Texas legislature, became effective. SB 19 extends the concept of local primacy for local toll entities in Texas by establishing a new framework to be codified in Chapter 373, Texas Transportation Code. As with SB 792, a local toll entity's primary responsibility for toll road development within its boundaries is expressly recognized in SB 19. Toll projects undertaken in the future will be subject to the new local primacy requirements of Chapter 373. Chapter 373 streamlines the first option process by

eliminating the requirement for a market valuation while retaining first option along with highway right-of-way and access provisions that are otherwise similar to the corresponding provisions in SB 792. SB 19 does not affect any project agreement, agreement regarding negotiated value, market valuation waiver or other agreement entered into between TxDOT and the Authority under SB 792.

**Projects Under Consideration**

*Trinity Parkway*

In 2000, the Board authorized a preliminary traffic and revenue study by Wilbur Smith Associates ("*WSA*"), the Traffic Engineers, 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. In addition to the no-build option, 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 Industrial Boulevard, and one is outside the Trinity River levees. The proposed Trinity Parkway will 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 the Authority, 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.

Several issues involving multiple proposed projects within the same reach of the Trinity River were addressed in the DEIS. 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 the Authority, TxDOT, FHWA, the 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 requests additional environmental studies (Limited Supplement Draft Environmental Impact Statement) for the public that will include the City's assessment and future plans for levee remedies and how the Trinity Parkway will play into these levee remedies. Environmental studies are expected to be complete in 2011. 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 the Authority on 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 the section between US 380 and FM 428 to accommodate this possible DNT extension. WSA has completed sketch level traffic forecasts for the DNT Extension Phase 4A, but financial feasibility has not been conducted.

*DNT Extension Phase 4B and 5A*

The Authority is conducting a planning study on a possible extension north of FM 428 north into Grayson County (Phase 4B to the Grayson County lines and Phase 5A from the Grayson County lines to north of the Grayson County lines, with the terminus at FM 121). No financial commitments have been made by the Authority on DNT Extension Phase 4B and 5A. The study involves seeking input from affected counties,

municipalities and property owners, performing route studies for possible alignments. In July 2010, the Authority Board selected the "county line" alignment as the Locally Preferred Alternative ("*LPA*"). The Authority is advancing the project to the environmental documentation and schematic development stage for Phase 4B and 5A.

*Managed Lanes - IH 35E*

The proposed reconstruction and redevelopment of IH 35E from IH 635 in Dallas County to U.S. 380 in Denton County currently is planned to include two concurrent-flow managed lanes in each direction in the median of the highway (the "*IH 35E Managed Lanes Project*"). On June 18, 2008, at the request of the Commissioners Court of Denton County and the City of Lewisville, the Board adopted a resolution waiving both the market valuation process and the Authority's first option to develop, finance, construct and operate the IH 35E Managed Lanes Project. This waiver will not apply if (1) all or any portion of the IH 35E Managed Lanes Project is modified to fail to comply with the RTC policy regarding managed lanes, or (2) the majority of the IH 35E lanes (exclusive of service roads) is converted to managed or tolled lanes. The Authority and TxDOT entered into an agreement (the "*Option Agreement*") granting the Authority a one-time right to undertake the IH 35E Managed Lanes Project on substantially the same terms as TxDOT is prepared to propose to the private-sector contracting community. The option was exercisable after TxDOT completed a Preliminary Financial Feasibility Study for the IH 35E Managed Lanes Project. The Preliminary Financial Feasibility Study was delivered to the Authority on September 2, 2008 and the Authority elected to waive its rights under the Option Agreement on September 17, 2008, as the project is currently planned. The Authority did not waive its right under Chapter 366, Transportation Code, to provide toll collection and enforcement services with respect to the IH 35E Managed Lanes Project.

*Managed Lanes - IH 30*

TxDOT has proposed development of managed lanes on Interstate Highway 30 which is subject to the applicable local primacy requirements of state law. The Authority and TxDOT have agreed on the design concept/scope of the project, the toll rate(s) for the managed lanes, and the toll rate escalation. In October 2008, the Board waived the market valuation process for this project, while maintaining its first option development rights. In April 2009 the Board waived the Authority's first-option right to deliver the IH 30 managed lanes project.

*Managed Lanes - SH 183*

TxDOT has proposed development of managed lanes on State Highway 183. The development is subject to the applicable local primacy requirements of state law. The Authority and TxDOT have agreed on the design concept/scope of the project, the toll rate(s) for the managed lanes, and the toll rate escalation. In October 2008, the Board waived the market valuation process for this project, while maintaining its first option in development rights. After reviewing the sketch level feasibility in May 2009, the Board waived the Authority's first-option right to construct, operate and maintain the SH 183 managed lanes project.

*Management of Managed Lanes*

The Authority has entered into agreements to provide toll collection services on the North Tarrant Express and IH 635 managed lane projects, which are under development by private entities. The Authority anticipates that it will enter into similar agreements with the developers of the above-described managed lane projects. The existing agreements place the toll collection risk on the Authority and it is anticipated that such future agreements will do the same. For example, the Authority will be required to pay a portion of the toll for each vehicle that travels on the managed lanes, subject to certain exceptions, regardless of whether or not the Authority collects the toll. All fees assessed and collected by the Authority are intended to serve as mitigation of uncollected tolls for these projects. Additionally, the Authority is paid a variable and fixed fee to offset the cost of providing customer service. The Authority may use funds in the Capital Improvement Fund to pay costs it incurs under the toll collection services arrangements.

*Other Possible Projects*

The Authority is currently considering a number of additional projects, including (i) State Highway 190/East Branch, an extension of the PGBT EE between Interstate Highway 30 and Interstate Highway 20 of approximately 11 miles in length, (ii) State Highway 170, a road between State Highway 114 and U.S. 287 of

approximately 11.8 miles in length, and (iii) State Highway 360, a road connecting Green Oaks Boulevard to U.S. 67 of approximately 15.2 miles in length. All of the foregoing projects are subject to the applicable local primacy requirements of state law. See "– **Local Primacy.**"

## THE SPECIAL PROJECTS SYSTEM

### General

As described above, the Authority has created the Special Projects System to finance certain roads "off-system." Revenues of the Special Projects System will only be available to pay bonds issued for projects that are part of the Special Projects System. Initially, the only project that is part of the Special Projects System is PGBT WE. However, the Authority also expects to undertake the Chisholm Trail Parkway as a project under the Special Projects System**. Revenues from the Special Projects System will not be available to pay debt service on the Series 2011 Bonds or other obligations entitled to the benefit of the Trust Agreement. The revenues from the Special Projects System will not secure the Series 2011 Bonds.**

### PGBT WE

*General*. PGBT WE is not a part of the NTTA System and the revenues generated by PGBT WE are not available to pay debt service on the Series 2011 Bonds or obligations entitled to the benefit of the Trust Agreement. PGBT WE extends the existing Texas Department of Transportation ("*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. All environmental clearances necessary to construct PGBT WE as a toll road have been received. TxDOT has acquired all right-of-way (except for potential easements in Phase 4 that are the responsibility of the design-builder) and has constructed various sections of the project. PGBT WE is being built in four phases and is expected to be completed in October 2012. PGBT WE is being operated exclusively as All-ETC.

On April 20, 2008, and pursuant to an "Agreement Regarding a Negotiated Value for State Highway 161" (the "*NV Agreement*"), the Authority and TxDOT established a negotiated value for the project as well as the terms and conditions for the development, construction and operation of the project by the Authority.

Under the NV Agreement, the negotiated value of PGBT WE is $1.1 billion consisting of (a) payment by the Authority of $458 million to TxDOT (the "*Acquisition Payment*") and (b) the obligation of the Authority to build Phase 4 of PGBT WE and the toll gantries of Phases 2 and 3. The expected cost of the Authority's construction obligations is approximately $546.6 million (excluding approximately $53.3 million for future lane expansions). The Authority assumes all risk for construction cost increases for the portions of PGBT WE it is required to build. This risk is mitigated through the use of a design-build contract for Phase 4 which shifts most of the risk from the Authority to the contractor.

PGBT WE averaged approximately 26,399 toll transactions per day in 2010.

On or about October 15, 2008, the Authority exercised its option under SB 792 to undertake delivery of PGBT WE. On July 30, 2009, the Authority entered into a project agreement with TxDOT for PGBT WE, as amended (the "*PGBT WE Project Agreement*"). See"– **The PGBT WE Project Agreement**" below for additional information regarding the PGBT WE Project Agreement.

In April 2011, the Authority 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.

### The PGBT WE Project Agreement

*General*

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

*TxDOT Obligations*

TxDOT has acquired the right-of-way for each Phase of the Project (except for potential easements in Phase 4 that are the responsibility of the design-builder). TxDOT has completed its construction obligations for the Project, consisting of the frontage roads, interchanges and main lanes for Phases 1, 2 and 3. TxDOT has received environmental clearance for Phases 1-4.

*Authority Design and Construction Obligations*

The Authority is generally responsible for the design and construction of all aspects of the Project, including utility relocation and adjustment, subject to review rights of TxDOT. The Authority will be required to make capacity improvements to the Project by January 1, 2020 and January 1, 2031 if certain minimum required levels of service are not maintained. In monitoring construction contractors performing labor and services with respect to the Project, the Authority is required at all times to remain in compliance with applicable state and federal laws.

*Project Schedule*

The Authority has covenanted to use its best efforts to construct and complete Phase 4 of the Project by September 1, 2012, subject only to delays caused by force majeure or acts or omissions of TxDOT.

*Operations and Maintenance*

The Authority has assumed full responsibility for the Project's operation and maintenance. The Authority is required to operate and maintain the Project in accordance with prescribed standards.

*Upfront Concession Payments.*

The Authority paid the Acquisition Payment, plus interest thereon, to TxDOT on May 13, 2011.

*Net Revenue and Capital Improvement Sharing*

Commencing on July 30, 2061, the Authority is required to pay to TxDOT 50% of the net revenue from the Project, and TxDOT and the Authority will equally share all capital improvement costs pertaining to the Project. Net revenue means all toll revenue received from the Project, less all operating expenses for the Project. The net revenue share and capital improvement costs will be determined on a calendar-year basis and any required payments must be paid within fifteen (15) days after the end of each calendar year.

*Toll Rates*

The Authority has covenanted to charge toll rates on the Project that do not exceed the maximum rates for each user classification as set forth in Exhibit J to the Project Agreement, unless the Authority determines that it is necessary to (a) preserve the financial condition of the Project (or if the Project is later made part of the NTTA System, 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. The Project Agreement has provisions for the implementation of time of day pricing on the PGBT WE.

*Authority Defaults*

The following constitute "Authority Defaults" under the Project Agreement:

(i) the Authority's failure to make any payment due TxDOT under the Project Agreement when due, and such failure is not cured within thirty (30) days after written notice from TxDOT; and

(ii) the Authority's failure to observe or perform any other covenant, agreement, term or condition required to be observed or performed by the Authority under the Project Agreement, and such failure is not cured within thirty (30) days after written notice from TxDOT, or if the failure is of such a nature that it cannot with diligence be completed within such time period and the Authority has commenced meaningful steps to cure promptly after receiving the default notice, such failure is not cured within an additional period of time, up to a maximum cure period of one hundred twenty (120) days, as is reasonably necessary to diligently effect cure.

*Remedies*

TxDOT is entitled to seek an action in mandamus against the Authority on account of the occurrence of an Authority Default. TxDOT is also entitled on account of the occurrence of an Authority Default involving any payment due TxDOT to recover from the Authority said unpaid amounts, plus interest thereon at the floating rate equal to the LIBOR in effect from time to time plus 200 basis points from and after the date such payment becomes due to TxDOT until paid.

*Dispute Resolution Procedures*

The Authority and TxDOT have agreed to set up a formalized process to resolve any issues that arise in connection with the Project Agreement. The process will include an issues resolution ladder to resolve questions at the appropriate organizational levels and if any questions that cannot be resolved by use of the issues resolution ladder, other procedures have been agreed upon to ensure that during the resolution of an issue the Authority and TxDOT agree not to hinder work under the Project Agreement and such work will proceed.

*Step-in Rights*

If in the good faith judgment of TxDOT an unforeseen event affects the frontage roads of the Project that causes or could reasonably be expected to cause a material threat to the public safety, and if, after reasonable notice, the Authority is not then diligently taking steps to rectify or deal with such threat, then TxDOT has the right to take such action as may be reasonably necessary to rectify such threat and the Authority will bear the reasonable costs thereof.

*Toll Equity Loan Agreement*

Under the terms of the Toll Equity Loan Agreement entered into between the Authority and TxDOT, the Authority is obligated to bridge any initial construction funding shortfalls and to fund any construction cost overruns from assets that are not a part of the Special Projects System trust estate. In addition, 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, the Authority is responsible for paying such amounts from assets that are not a part of the Special Projects System trust estate. If such overruns and shortfalls arise, it is anticipated that they will be paid from funds available in the Authority's Capital Improvement Fund.

**Possible Additions to the Special Projects System**

The Authority expects to undertake the development and construction of Chisholm Trail Parkway, to add Chisholm Trail Parkway to the Special Projects System, and to finance Chisholm Trail Parkway with Additional Bonds issued pursuant to the Trust Agreement relating to the Special Projects System (the "*SPS Trust Agreement*").

Chisholm Trail Parkway is expected to be financed as a part of the Special Projects System and consists of three segments. The Southwest Parkway ("*SWP*") segment is a proposed tollway approximately 8.7 miles long between IH 30 near the Central Business District in the City of Fort Worth and Altamesa Boulevard/Dirks Road in the southwest region of Fort Worth. Regional plans extend SWP from Altamesa Boulevard/Dirks Road to US 67 in Cleburne, a distance of approximately 18.9 miles. The northernmost 5.9 mile segment of the 18.9 mile extension is known as "*SWP (TxDOT)*" and the southernmost 13 mile segment is known as the "*Chisholm Trail.*" SWP (TxDOT) and Chisholm Trail are subject to market valuation. Collectively, SWP, SWP (TxDOT) and the Chisholm Trail are referred to herein as the "*Chisholm Trail Parkway*".

In October 2008, the Authority and TxDOT agreed to a term sheet which provides for the Authority to undertake the development of Chisholm Trail Parkway, based on certain conditions. To support the delivery of Chisholm Trail Parkway, the term sheet provides that (i) TxDOT and the Authority will waive the development of a market valuation for SWP (TxDOT) and the Chisholm Trail, (ii) TxDOT and the Authority will combine SWP, SWP (TxDOT) and Chisholm Trail, into a single project to be undertaken by the Authority, subject to the Authority establishing feasibility and potential phasing of development, (iii) the Authority commits to provide as the first contribution of equity to develop Chisholm Trail Parkway an amount up to $400 million less the amount the Authority commits as an equity contribution to PGBT WE (described above), (iv) TxDOT is relieved of its

contingent obligation to build two interchanges under the interlocal agreement between TxDOT, the Authority, and the City of Fort Worth concerning the development of the SWP, and (v) the approximately $250 million in planning funds previously identified for Chisholm Trail Parkway by the Regional Transportation Council ("*RTC*") are not affected, but such funding is subject to the continued allocation of such funds by the RTC. In addition to the above terms, the RTC has committed $133.9 million in American Recovery and Reinvestment Act funds to Chisholm Trail Parkway. Currently, the amount of the total estimated cost of Chisholm Trail Parkway and the Authority's potential contribution are $1.434 billion and $901 million, respectively.

Pursuant to the term sheet, TxDOT and the Authority have agreed to cooperatively develop and evaluate strategies to support and accelerate the financial feasibility of Chisholm Trail Parkway. On August 18, 2010, the Board exercised its option under SB 792 to develop, finance, construct and operate Chisholm Trail Parkway. The Authority and TxDOT have entered into that certain Project Agreement Southwest Parkway/Chisholm Trail Project dated October 27, 2010 (the "*Chisholm Trail Parkway Project Agreement*"), which contains the representations, commitments and obligations of the Authority and TxDOT related to the development, financing, design, construction, operation and maintenance of Chisholm Trail Parkway and provides that the Authority will own Chisholm Trail Parkway into perpetuity. Either the Authority or TxDOT may terminate the Chisholm Trail Parkway Project Agreement if the Authority fails to (i) deliver to TxDOT an executed contract for the construction of Chisholm Trail Parkway and otherwise explicitly commit to deliver Chisholm Trail Parkway or (ii) secure the financing for the acquisition, construction, design, operation, and maintenance of Chisholm Trail Parkway, in each case before two (2) years after the date on which all environmental requirements necessary for the development of Chisholm Trail Parkway are secured and all legal challenges to development are concluded.

Although the Authority intends to undertake Chisholm Trail Parkway, it will make its final decision only after acceptance of an investment-grade traffic and revenue study, other final engineering and financing reports, an analysis of impact on the Special Projects System, and a determination by rating agencies on the potential effect on the ratings on the outstanding bonds for the PGBT WE. As of April 30, 2011, the Authority had spent approximately $105.6 million (net of reimbursements) on planning and development of Chisholm Trail Parkway, the majority of which amount will not be reimbursed to the Authority if it elects not to undertake Chisholm Trail Parkway. If the Authority elects not to undertake Chisholm Trail Parkway, TxDOT is required to reimburse the Authority (i) approximately $95 million if TxDOT does not undertake SWP or (ii) approximately $175 million if TxDOT undertakes SWP.

In support of the Authority's efforts to develop Chisholm Trail Parkway, but subject to Chisholm Trail Parkway being combined into the Special Projects System, TxDOT has agreed to make a toll equity loan available to the Authority in an amount not to exceed the costs of Chisholm Trail Parkway relating to the (i) design and construction (including a commercially reasonable contingency amount) and (ii) operation and maintenance and major maintenance. If the Authority makes a final decision to undertake the development and construction of Chisholm Trail Parkway, the Authority and TxDOT will execute a Supplement to Toll Equity Loan Agreement whereby the Maximum Available Aggregate Amount of the Toll Equity Loan available for PGBT WE will be increased to include the costs of Chisholm Trail Parkway. The increased Maximum Available Aggregate Amount will represent the aggregate amount TxDOT may be required to advance to pay debt service on PGBT WE and Chisholm Trail Parkway and to pay budgeted operating and maintenance expenses and major maintenance expenses. Likewise, the Maximum Available Annual Amount will also be increased to include at least the additional debt service and possibly up to the full projected toll revenue stream for Chisholm Trail Parkway. Any bonds issued to finance Chisholm Trail Parkway will be issued under the SPS Trust Agreement. The Authority will be obligated to fund any construction cost overruns on Chisholm Trail Parkway. In addition, to the extent annual operating and maintenance expenses and major maintenance expenses relating to Chisholm Trail Parkway either (i) exceed the budgeted amounts and are not paid out of Special Projects System revenues or (ii) result from the Authority exceeding prescribed standards, the Authority will be responsible for paying such amounts, with the source of payment likely being the Capital Improvement Fund. If such overruns and shortfalls arise, it is anticipated that they will be paid from funds available in the Authority's Capital Improvement Fund.

## EXCERPTS FROM THE MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

### General

The entire audited financial statements of the Tollway Authority as of and for the fiscal year ended December 31, 2010 are attached hereto as **APPENDIX B** and include a narrative discussion and analysis by management of the results of operations for the NTTA System. Currently, the financial statements of the Authority primarily reflect the financial results resulting from the operation of the NTTA System, which does not include PGBT WE.

### Highlights for the Year Ended December 31, 2010

- As of December 31, 2010, the Authority's total net assets decreased by $111.1 million from December 31, 2009. The decrease was mainly due to the issuance of $400,000,000 subordinated debt secured by the Capital Improvement Fund in support of PGBT WE and Chisholm Trail Parkway which was partially offset by an increase in toll revenue of $76.2 million.
- $200,000,000 of the $400,000,000 subordinated debt was placed in escrow to be used as an upfront payment to TxDOT.
- Toll Revenues of $7.9 million for the portion of PGBT WE currently open which were collected in the year ended December 31, 2010 are maintained in a separate fund and are not included in the financial information described herein.
- Average daily revenue vehicle transactions in the year ended December 31, 2010 were 481.9 million, an increase of 26.4 million or 5.8% over the year ended December 31, 2009.
- The Authority received a toll equity grant in the amount of $160.3 million from TxDOT for Right of Way acquisition and other costs related to the PGBT EE in 2007. An additional $7.5 million of the grant has been recognized as grant revenue for the year ended December 31, 2010.
- For the year ended December 31, 2010 toll revenues increased $76.2 million or 26.2% over the year ended December 31, 2009 in part as a result of a toll rate increase that went into effect in September 2009. In addition, traffic volumes of the Authority continue to increase with the continued expansion of the SRT and the opening of the LLTB.
- The Administration and Operations expenses for the year ended December 31, 2010 of $95.7 million were under budget by $6.5 million or 6.3% and are $3.5 million less than the year ended December 31, 2009.

*[Remainder of page intentionally left blank]*

**Summary of Operations**

Set forth below is a summary of operations of the NTTA System.

| Table A-1 | | | | |
|---|---|---|---|---|
| Net Assets (in millions of dollars) | | | | |
| | | 2010 | | 2009 |
| Current Assets | $ | 303.9 | $ | 149.0 |
| Current Restricted Assets | | 1,081.4 | | 1,157.4 |
| Noncurrent Assets | | | | |
| Unrestricted Investments | | - | | - |
| Restricted Investments | | 412.6 | | 524.0 |
| Other Assets | | 391.4 | | 239.0 |
| Capital Assets | | 6,213.2 | | 5,862.4 |
| Total Assets | | 8,402.5 | | 7,931.8 |
| Current Liabilities | | 121.4 | | 68.3 |
| Liabilities Payable from Restricted Assets | | 409.5 | | 314.2 |
| Long-Term debt | | 7,612.1 | | 7,178.6 |
| Total Liabilities | | 8,143.0 | | 7,561.1 |
| Net Assets: | | | | |
| Invested in Capital Assets, net of related debt | | (831.8) | | (633.3) |
| Restricted for Construction | | 179.3 | | 2.7 |
| Restricted for Debt Service | | 1,031.4 | | 969.1 |
| Restricted for Retiree Health Benefits | | 0.4 | | 0.4 |
| Unrestricted | | (119.8) | | 31.8 |
| Net assets | $ | 259.5 | $ | 370.7 |

The Authority's net assets indicate an unrestricted current ratio of 2.5 and 2.2 as of December 31, 2010 and December 31, 2009, respectively. Working capital was $183.4 million and $80.7 million as of December 31, 2010 and December 31, 2009, respectively. Total unrestricted current assets were $303.9 million as of December 31, 2010, compared to $149.0 million as of December 31, 2009. Total unrestricted and restricted current assets were $1,385.3 million as of December 31, 2010. Cash and investments of $1,151.4 million represent the largest component of current assets. $201.4 million of accounts receivable restricted for construction is comprised of the $200 million in escrow noted in the financial highlights and $1.4 million due from other governments for their share of various construction projects. The remaining $32.1 million is comprised of accrued interest receivable of $1.7 million, accounts receivable of $27.2 million, interproject/interagency receivables of $0.6 million and inventory and prepaid expenses of $2.9 million.

Total unrestricted current liabilities were $121.4 million as of December 31, 2010, including $16.4 million for accounts payable and retainage payable, $31.2 million of deferred revenue and $72.7 million for accrued liabilities, mainly accrued salaries and vacation liability and $0.8 million for TollTag Deposits.

**Table A-2**

Changes in Net Assets

(in millions of dollars)

| REVENUES | 2010 | 2009 |
|---|---|---|
| Tolls | $ 366.6 | $ 290.4 |
| Other Revenues | 17.3 | 17.2 |
| Operating Revenues | 383.9 | 307.6 |
| Operating Expenses before depreciation | 125.7 | 126.4 |
| Income from operations before depreciation | 258.2 | 181.2 |
| Depreciation | (4.8) | (4.5) |
| Operating Income | 253.4 | 176.7 |
| Net Nonoperating Revenue (Expenses): | | |
| Interest Income | 25.7 | 11.8 |
| Interest Expense | (377.5) | (358.8) |
| Lease Amortization (Sam Rayburn Tollway) | (63.8) | (60.7) |
| SWAP Termination | - | (6.1) |
| Other | (6.5) | (17.2) |
| Net Nonoperating Revenue (Expenses): | (422.1) | (431.0) |
| Capital Contributions | | |
| Capital Grant Contributions | 31.5 | 59.6 |
| Payments to Other Governments | (0.3) | - |
| BAB's Subsidy | 26.3 | 7.5 |
| Change in Net Assets | (111.2) | (187.2) |
| Net Assets - Beginning of Year | 370.7 | 557.9 |
| Net Assets - Ending | $ 259.5 | $ 370.7 |

Total operating revenues were $383.9 million for the year ended December 31, 2010 and $307.6 million for the year ended December 31, 2009. Toll revenues were $366.6 million, a 26.2% increase over the year ended December 31, 2009 toll revenues of $290.4 million. Traffic on the NTTA System continues to grow, with average daily revenue vehicle transactions of 1,320,311 for the year ended December 31, 2010 and 1,248,072 for the year ended December 31, 2009.

Total operating expenses before depreciation for the year ended December 31, 2010 were $125.7 million, representing a 0.7% decrease from the year ended December 31, 2009 operating expenses of $126.4 million (See Table A-2). Interest expense, inclusive of capitalized interest, for the year ended December 31, 2010 was $377.5 million, an increase from the year ended December 31, 2009 of $358.8 million. This increase is due mainly to changes in debt service payments from year-to-year. Debt service coverage for the year ended December 31, 2010 and the year ended December 31, 2009 were 1.83 and 1.56 times, respectively. The NTTA System Trust Agreement and the Authority's Debt Policy both require bond principal and interest coverage of 1.35 times.

The Authority's overall financial position decreased as of December 31, 2010, as indicated by the $111.1 million decrease in net assets from December 31, 2009.

**Investments**

The Authority's investments at December 31, 2010 and December 31, 2009 were approximately $1.55 billion and $1.77 billion, respectively.

**Revenues by Type**

Gross revenues, excluding grant revenue of $7.5 million, for the year ended December 31, 2010 were $396.6 million, a 23% increase over the year ended December 31, 2009 gross revenues of $321.7 million. Toll revenues of $366.6 million account for 93.0% of total revenue. Interest income (excluding Construction Fund interest) was $12.8 million or 3.0%. Other revenue, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was $17.2 million, representing 4.0% of the total.

**Revenues Compared to Estimates**

The Authority's actual toll revenue for the year ended December 31, 2010 was 2.7% under the toll revenue estimated in July 2009 by the Authority's traffic and toll revenue engineer, WSA.

Traffic on the NTTA System continues to grow with approximately 1,320,311 average daily revenue vehicle transactions during the year ended December 31, 2010, up 5.8% from the 1,248,072 average daily revenue vehicle transactions for the year ended December 31, 2009.

The increase in the toll revenue was largely attributed to:

- A toll rate increase implemented in September 2009.
- The increased growth of population in the North Texas counties (Dallas, Tarrant, Denton and Collin).
- Continued growth for the SRT as new segments are completed and opened to traffic.
- A full year of operations of the LLTB.

**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, 2010 were $6.2 billion, increasing from December 31, 2009 by approximately $0.3 billion. This is due primarily to the construction of the SRT, the DNT Extension Phase 3, the PGBT EE, and the LLTB.

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. The Authority's Condition Index for 2010 is 8.9 versus the 8.0 goal.

The SRT will revert to TxDOT after the expiration of the 50 year period commencing when the Authority began collecting tolls on the SRT on its own behalf (September 2008). The Authority will depreciate 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 SRT utilizing the straight-line basis. The effect of depreciating 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 depreciation will be a non-cash item, it will not impact the Authority's calculation of net revenues available per the NTTA System Trust Agreement.

**Long-Term Debt**

As of December 31, 2010, the Authority's total bonded debt outstanding was $7.54 billion compared to approximately $7.12 billion as of December 31, 2009. This debt represents bonds secured solely by toll revenue. Additionally, part of the construction of the PGBT was funded with the proceeds from a loan in the amount of $135 million, made by TxDOT in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991. Interest has been accruing since 2000 and annual payment began in fiscal year 2004. The outstanding principal balance on the ISTEA loan is approximately $142,857,298.

**Short-Term Debt**

The Authority maintains an approximately $200 million commercial paper program. $119.2 million of commercial paper was outstanding as of December 31, 2010 to finance the feasibility study, design, engineering costs and preliminary construction costs of Chisholm Trail Parkway, SH 161, PGBT EE, Phase 4 of the DNT, LLTB and various other projects.

## CURRENT AND HISTORICAL INFORMATION

### Toll Schedule

Under the Authority's toll rate structure, there is a differential in tolls, with those not using TollTags being charged a higher toll than those using TollTags. Set forth in **APPENDIX C** are the toll rate schedules now in effect for the NTTA System and the rates effective thereafter, assuming that the proposed amendment to the PGBT EE Project Agreement described under the caption "**THE NTTA SYSTEM – The President George Bush Turnpike Eastern Extension** – *The PGBT EE Project Agreement* – Toll Rates" is adopted. The Authority anticipates that the amendment to the PGBT EE Project Agreement will become effective prior to the opening of the PGBT EE. Rates on the NTTA System (excluding the PGBT EE) will increase approximately 2.75% per annum, and will be adjusted every second year, commencing July 1, 2011. Rates on the PGBT EE will increase approximately 3.00% per annum, and will be adjusted every second year, commencing July 1, 2011. While the Board will have the option in the future to alter any of the authorized increases, if the Board takes no action the rate increases will automatically go into effect. See "**THE TRAFFIC AND REVENUE STUDY**" herein and "North Texas Tollway Authority System Investment Grade Traffic and Toll Revenue Study" incorporated by reference herein for assumptions relating to toll rates for the NTTA System. See "**INCORPORATION BY REFERENCE**."

### Legislative Changes to Toll Collection Process

Senate Bill 469 ("*SB 469*") was passed by the 82nd Texas Legislature and signed by Governor Rick Perry on June 17, 2011. It becomes effective on September 1, 2011. SB 469 makes several changes to the statutory provisions controlling the Authority's toll collection process set forth in Texas Transportation Code Section 366.178. First, it provides that the Authority may charge an administrative fee of not more than $25.00, in addition to the invoiced and unpaid tolls, on the first notice of nonpayment sent the registered owner of a nonpaying vehicle. If a second notice of nonpayment is sent, the SB 469 allows the Authority to seek payment of the initial $25.00 administrative fee, the unpaid tolls, plus an additional administrative fee of $25.00 for each unpaid toll, not to exceed a total of $200.00. If a third notice of nonpayment is sent, the Authority may seek payment of all amounts sought in the second notice, plus any third-party collection service fees; further, the registered owner is then subject to prosecution, and SB 469 prohibits waiver by the court of the unpaid tolls, administrative fees, and third-party collection costs unless it finds that the registered owner is indigent. SB 469 also amends Texas Transportation Code Section 366.178 to more explicitly reference the Authority's current video tolling practices.

*[Remainder of page intentionally left blank]*

## 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 2000 through 2010.

| Year | Annual Revenue Vehicle Transactions[1] | Toll Revenue[1] | Investment and Other Earnings[1] | Current Expenses[1] | Net Revenues | Change in Net Revenues |
|---|---|---|---|---|---|---|
| 2000[a] | 192,168,272 | $ 93,901,576 | $13,204,505 | $ 22,754,720 | $ 84,351,361 | 28% |
| 2001[b] | 230,044,912 | 107,210,124 | 11,806,432 | 30,429,021 | 88,587,535 | 5% |
| 2002 | 285,494,321 | 137,945,439 | 8,732,847 | 37,964,567 | 108,713,719 | 23% |
| 2003 | 296,140,087 | 149,323,784 | 8,371,709 | 42,650,553 | 115,044,960 | 6% |
| 2004[c] | 315,031,754 | 160,695,030 | 10,046,907 | 47,680,750 | 123,061,187 | 7% |
| 2005[d] | 338,390,215 | 172,537,345 | 14,085,285 | 56,576,883 | 130,045,747 | 6% |
| 2006 | 370,696,171 | 191,434,120 | 18,259,576 | 61,421,158 | 148,272,538 | 14% |
| 2007[e] | 383,481,098 | 202,675,564 | 21,307,811[f] | 76,593,495 | 147,389,880 | (0.6%) |
| 2008[g] | 412,272,003 | 240,776,791 | 20,958,496[f] | 80,668,732 | 181,066,555 | 23% |
| 2009[h] | 455,546,197 | 290,404,547 | 31,253,175 | 90,934,772 | 230,722,950 | 27% |
| 2010[i] | 481,913,338 | 366,597,323 | 30,086,350 | 95,709,839 | 300,973,834 | 30% |

[a] PGBT Campbell Road to SH 78 opened in 2000.
[b] PGBT Midway Road to IH 35E, and IH 635 to Belt Line Road opened in 2001. Mountain Creek Lake Bridge was combined with the System in 2001.
[c] Sam Rayburn Tollway Interchange Extension opened in 2004.
[d] PGBT IH 35E to IH 635 opened in 2005.
[e] DNT Phase 3 opened in September 2007. Additionally, a toll rate increase occurred in September 2007.
[f] Includes balances from Feasibility Study Fund.
[g] The Authority commenced collecting tolls on its own behalf for Segments 1 and 2 of SRT on September 1, 2008.
[h] LLTB opened on August 1, 2009. Increase in speed-limits across various sections of the NTTA System was implemented starting late August 2009. System-wide increase of toll rates was implemented on September 1, 2009. SRT Segment 3 was opened in September 2009.
[i] Segment 4 of SRT near U.S. 75 opened in December 2010. Cash collection on DNT, MCLB and AATT was discontinued in December 2010.

[1] Source – **APPENDIX B** – Comprehensive Annual Financial Report of the North Texas Tollway Authority for the fiscal year ended December 31, 2010.

*[Remainder of page intentionally left blank]*

**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 ISTEA Loan and the Subordinate Lien Bonds) of the Authority secured by revenues of the NTTA System for fiscal years 2006 through 2010 as calculated pursuant to the NTTA System Trust Agreement.

| Fiscal Year | Actual Coverage |
|---|---|
| 2006 | 1.77x |
| 2007 | 1.76x |
| 2008 | 1.50x |
| 2009 | 1.56x |
| 2010 | 1.83x |

**Pension Plans and Other Post-Employment Benefits**

Upon its creation, the Authority 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. The Authority'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.

The Authority has also adopted the North Texas Tollway Authority 401(k) Plan (the "*Authority Plan*") as a successor qualified cash or deferred arrangement to the Texa$aver 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 Authority Plan. Each Authority employee is eligible to participate in the Authority Plan.

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

The Authority's other post employment benefits ("*OPEB*") liability is required by Statement No. 45 of the Governmental Accounting Standard Board ("*GASB*") to be recorded in fiscal year 2010. In fiscal year 2010, a consulting actuary provided a baseline valuation report giving the Authority's potential reportable OPEB liability, measured as of January 1, 2010. The baseline estimated results as of January 1, 2010 showed an Actuarial Accrued Liability ("*AAL*") of $14,605,332 and an Annual Required Contribution ("*ARC*") of $2,926,276. The ARC is $2,285,523 of normal cost and $640,753 of amortization of the AAL over 30 years. The Authority has started addressing this liability by recording OPEB accrued liabilities of $8,326,766 through fiscal year 2010. See Note (8) of **APPENDIX B** for additional information on OPEB.

## THE TRAFFIC AND REVENUE STUDY

**Background**

In July 2009, WSA, the traffic engineers, prepared the NTTA System Investment Grade Traffic and Toll Revenue Study (the "*Report*").

The Report incorporated:

- Revised economic outlook as a result of the recent recession.
- Toll rate policy changes:
  - Adoption of a new toll rate policy by the Authority Board in July 2009.
  - Alignment of scheduled toll increases across all facilities.

- Changes to project schedules:
  - NTTA System roadway openings.
  - All-ETC implementation.
  - Capital improvements.
  - Roadway expansions.
  - Adoption of a new regional Mobility Plan by the North Central Texas Council of Governments ("*NCTCOG*")--an update in 2009 to the Mobility 2030 Plan ("*MTP 2030–2009 Amendment*").
- Validated travel demand models to take into account the traffic and revenue recovery trends on the NTTA System through mid-2009.

**Validity of the Report**

In April 2010, WSA provided the Authority with a letter update (the "*2010 First Update*") relating to the traffic and toll revenue of the NTTA System. Based upon the review of all pertinent assumptions supporting the Report, it was concluded in the 2010 First Update that the Report was still valid. In addition, the 2010 First Update concluded that the net effect of the changes to various input assumptions at that time would not cause any material impact to the NTTA System traffic and revenue estimates included in the Report.

On October 15, 2010, WSA provided an additional letter update (the "*2010 Second Update*"). Based upon the analysis of the new information available at that time, minor adjustments to the NTTA System traffic and revenue estimates included in the Report were made. The updated revenue estimates for 2010, 2011, 2015 and 2020 were lowered from the corresponding year estimates in the Report by 1.9 percent, 1.8 percent, 1.2 percent and 0.4 percent, respectively. The revenue estimates beyond 2025 in the 2010 Second Update were within 0.1 percent of the revenue estimates in the Report.

On June 7, 2011, WSA provided an additional letter update of the traffic and toll revenue estimates for the NTTA System (the "*2011 T&R Letter Update*")

*Regional Mobility Plan and Demographics*

The NCTCOG has recently developed new regional demographic forecasts and a new long range transportation plan, "*Mobility 2035*". NCTCOG's executive board approved the new demographic forecasts for years 2035 and 2040 on February 24, 2011. The Mobility 2035 plan was approved by the Regional Transportation Council on March 10, 2011. Air quality conformity determination of Mobility 2035 is expected to be received from FHWA in summer 2011.

NCTCOG is expected to review and update the regional demographic datasets throughout 2011. NCTCOG staff is currently providing the opportunity for local government review (including review by the Authority) of the finer-level geographic distribution of the demographics. NCTCOG would also like to integrate into the review process the recently released 2010 Census information. Subsequent modifications, if any, would be taken into account in a future update of the conformity determination that is currently anticipated to occur in 2012.

In Mobility 2035, there are changes in the three main components (Demographics, Roadway and transit networks, and Algorithms used in travel demand models that determine the trip generation rates, roadway/transit shares, traffic assignment, etc.) compared to the previous long range transportation plan, MTP 2030-2009 Amendment (which was utilized as a background assumption in the 2010 Second Update). There is a $44 billion reduction in funding in the new plan for transportation infrastructure, which is about a third of the funding in the MTP 2030-2009 Amendment.

Some planned transportation improvements near the NTTA System that were assumed in the previous long range transportation plan have been removed or modified in the Mobility 2035 plan. They include the following:

- IH 30 improvements, including managed lanes from Rockwall county line to downtown Dallas, have been removed in the current plan (originally planned by 2025).

- IH 30 capacity expansions between Dalrock Road and SH 205 from six lanes to eight lanes and between SH 205 and FM 2642 from four lanes to six lanes have been removed from the current plan (originally planned by 2030).
- IH 635 improvements, including managed lanes from east of US 75 to IH 30 have been removed in the current plan (originally planned by 2025).
- Regional outer loop is removed from the current plan, except for the segments in northeast Collin County and southern Dallas and northern Ellis Counties (originally planned by 2025-2030).
- Removal of SH 114 managed lanes between Dallas/Fort Worth airport and Loop 12 (originally planned by 2025).
- IH 35E capacity expansion between Loop 12 and Regal Row from 6 lanes to 8 lanes and between Regal Row and SH 183 from 6 lanes to 10 lanes (originally planned by 2030).
- Removal of HOV lanes on Loop 12 between Spur 408 and IH 35E (originally planned by 2025).
- Delay in the opening of SH 190 East Branch from 2025 to 2035.

In the five counties nearest to the NTTA System, the population forecasts for 2030 in Mobility 2035 are 2.7 percent lower than the "revised-lag" demographics (that were utilized as inputs to the 2010 Second Update). The employment forecasts for 2030 in Mobility 2035 are 1.0 percent lower than the "revised-lag" demographics. The population for 2010 from the Mobility 2035 was 0.9 percent lower than the 2010 Census. On the other hand, the "revised-lag" estimate for 2010 was 4.1 percent greater than the Census population.

*Underlying Economic Climate*

In September 2010 the National Bureau of Economic Research announced that the nation-wide recession that began in December 2007 ended in June 2009 and that recovery began in that month. The actual annualized percentage change in the national Gross Domestic Product ("*GDP*") was positive throughout 2010.

WSA tracks the monthly Economic Forecasting Surveys published by The Wall Street Journal ("*WSJ*"). It is forecasted that the national GDP will continue to show positive growth through the end of 2011. However, it should be noted that the actual GDP change recorded for the first quarter of 2011 was lower than previous forecasts.

Texas continues to experience a relatively smaller impact from the recent recession and seems to be on a faster track for recovery than many other parts of the country. Economists have referred to this as the "last in-first out" effect. DFW area has been performing better than the rest of the nation in terms of unemployment rates and employment growth.

Gasoline prices in Texas have risen steadily since the latter part of 2010 and were over $3.50/gallon as of the date of the 2011 T&R Letter Update. Gasoline prices in May 2011 were 35 percent greater than those in May 2010. As was shown in WSA's report, "The Impacts of Gasoline Price on Traffic and Toll Revenue", dated August 2008, transactions on the NTTA System facilities seem to be relatively inelastic to gasoline price increases. However, sharp increases in gasoline price in mid-2008 combined with the recession produced some small noticeable impacts on NTTA System transactions at that time. The following are some excerpts from a recently published toll road sector study by National Public Finance Guarantee:

- "….it is apparent that Vehicle Miles Traveled ("*VMT*") is more closely correlated to Gross Domestic Product than to the price of gasoline."
- "Regardless of the price of gasoline, individuals still need to commute for employment and businesses requiring an efficient road network for the shipment of manufactured products. On a more discretionary basis, family members go shopping and transport children to and from activities. There may be an inflection point where higher energy prices trigger a decline in GDP and thereby indirectly lead to a decline in VMT but the direct correlation between gasoline prices and toll ridership appears weak."

It is forecasted by WSJ that the crude oil price will remain around $100/barrel through the end of 2011.

*NTTA System Investment Grade ("IG") Traffic and Revenue Update – 2011*

WSA has been authorized to perform an investment grade Traffic and Revenue update study for the NTTA System. This IG study will incorporate the recently approved Mobility 2035 and results of an independent review of the recently released NCTCOG's demographic forecasts that is being performed by Research and Demographic Solutions along the NTTA System corridors. In addition, a comprehensive traffic count and travel time study program that was conducted in late 2010/early 2011 along NTTA System corridors and the NTTA System origin-destination and state preference/revealed preference survey that is currently underway will be incorporated. It is expected that the IG study will be completed by the end of September 2011.

*Updated 2011 and 2012 T&R Estimates*

On April 30, 2011, updated 2011 and 2012 traffic and revenue estimates for the NTTA System were submitted to NTTA in support of the monitoring of NTTA's fiscal year 2011 budget and for preparation of NTTA's fiscal year 2012 budget. Those estimates were based on the same assumptions included in the 2010 Second Update, but with some additional minor adjustments to reflect updated information influencing traffic and revenue estimates. Such information included recent traffic and revenue trends, surge in gasoline prices in early 2011, slower than anticipated economic recovery, updated TollTag/ZipCash shares and construction activity along the NTTA System. The updated 2011 transaction and revenue estimates were based on the unaudited transaction and revenue information available from the Authority through the end of March 2011.

For year 2011, the updated NTTA System transaction and revenue estimates are 504.9 million and $395.6 million, respectively. The updated 2011 transaction estimates are lower than those included in the 2010 Second Update by 3.3 percent, and the updated revenue estimates are 3.7 percent lower. Out of the $15.2 million toll revenue reduction in 2011, about $2.7 million is due to lower TollTag transaction shares expected for the NTTA System in 2011 (82.1 percent vs. 83.1 percent). About $4.1 million is due to the inclement weather in early 2011 and about $8.4 million is attributable to T&R forecasting model adjustments made to reflect recent traffic trends, slower economic recovery including lower demographic growth, higher fuel prices and updated construction activity schedules.

The updated 2012 monthly revenue and transactions for all NTTA System facilities assume a full year of operation of the PGBT EE mainlanes and the opening of the toll ramps west of Crist Road on PGBT EE by June 30, 2012. The NTTA System is expected to generate 553.5 million transactions and $456.1 million of toll revenue in 2012, which are 3.1 percent lower than the T&R estimates included in the 2010 Second Update. Of the $14.4 million drop in 2012 toll revenue compared to the 2010 Second Update, about $1.6 million is attributable to the lower TollTag shares assumed for the NTTA System in 2012 (83.1 vs. 84.1 percent). The bulk of the remaining drop in toll revenue is attributable to the lower growth in traffic assumed to reflect lower demographic growth.

*Updated Long-Term Traffic and Revenue Estimates*

The estimates for 2011 and 2012 in the 2011 T&R Letter Update are same as the updated estimates dated April 2011. The updated toll revenue estimates for 2013, 2014 and 2015 are 3.1, 3.1 and 3.0 percent lower, respectively, than the 2010 Second Update estimates. The updated toll revenue estimates are 3.5 percent, 3.8 percent, 2.9 percent and 2.3 percent lower in 2020, 2025, 2030 and 2035. A bulk of this decrease in the toll revenue is the result of preliminary tests that WSA performed to reflect the Mobility 2035 models. As was mentioned earlier, NCTCOG's Mobility 2035 assumes significantly reduced future regional roadway infrastructure and the new demographics are generally lower than the "revised-lag" demographics utilized in the 2010 Second Update. The updated long-term traffic and revenue estimates for the NTTA System from 2011 to 2062 are shown in the following table:

| Year | Toll Transactions | Toll Revenue |
|---|---|---|
| 2011 | 504,905,600 | $395,570,900 |
| 2012 | 553,470,900 | $456,092,300 |
| 2013 | 577,431,100 | $498,678,900 |
| 2014 | 598,968,800 | $536,553,600 |
| 2015 | 620,789,900 | $571,493,700 |
| 2016 | 646,030,300 | $610,971,400 |
| 2017 | 667,085,600 | $648,129,100 |
| 2018 | 689,606,600 | $688,310,700 |
| 2019 | 723,376,900 | $751,615,000 |
| 2020 | 745,590,900 | $808,415,600 |
| 2021 | 766,450,900 | $855,766,600 |
| 2022 | 786,110,700 | $904,397,900 |
| 2023 | 805,031,200 | $950,786,800 |
| 2024 | 823,859,500 | $1,000,417,100 |
| 2025 | 841,393,100 | $1,049,812,500 |
| 2026 | 855,880,000 | $1,099,338,100 |
| 2027 | 870,261,000 | $1,148,413,800 |
| 2028 | 884,291,300 | $1,200,275,500 |
| 2029 | 898,347,600 | $1,252,119,900 |
| 2030 | 912,601,000 | $1,308,200,900 |
| 2031 | 926,944,000 | $1,365,935,000 |
| 2032 | 941,534,800 | $1,427,893,900 |
| 2033 | 956,418,000 | $1,489,831,400 |
| 2034 | 971,598,200 | $1,556,345,700 |
| 2035 | 989,346,600 | $1,630,449,400 |
| 2036 | 1,001,463,100 | $1,700,128,800 |
| 2037 | 1,013,506,400 | $1,766,909,900 |
| 2038 | 1,025,674,700 | $1,838,453,700 |
| 2039 | 1,038,022,300 | $1,912,668,800 |
| 2040 | 1,050,552,600 | $1,991,755,600 |
| 2041 | 1,061,274,100 | $2,067,742,300 |
| 2042 | 1,071,952,000 | $2,148,547,900 |
| 2043 | 1,082,764,900 | $2,229,807,300 |
| 2044 | 1,093,714,200 | $2,316,831,300 |
| 2045 | 1,104,801,700 | $2,404,488,700 |
| 2046 | 1,115,348,100 | $2,497,382,600 |
| 2047 | 1,125,827,200 | $2,590,971,600 |
| 2048 | 1,136,416,800 | $2,690,827,500 |
| 2049 | 1,147,132,500 | $2,789,993,500 |
| 2050 | 1,157,977,000 | $2,896,481,800 |
| 2051 | 1,168,951,300 | $3,004,026,900 |
| 2052 | 1,179,981,600 | $3,119,352,900 |
| 2053 | 1,191,099,400 | $3,235,243,000 |
| 2054 | 1,202,350,700 | $3,359,172,700 |
| 2055 | 1,213,736,900 | $3,484,311,400 |
| 2056 | 1,225,113,800 | $3,618,114,100 |
| 2057 | 1,236,402,400 | $3,750,875,900 |
| 2058 | 1,132,506,200 | $3,469,726,400 |
| 2059 | 910,668,100 | $2,693,430,800 |
| 2060 | 916,630,200 | $2,789,235,000 |
| 2061 | 922,652,900 | $2,883,058,900 |
| 2062 | 928,737,100 | $2,983,149,600 |
| **Total** | **49,012,582,700** | **$96,438,504,600** |

Key Assumptions:
1. Background transportation networks based on the Mobility 2035.
2. Background demographics based on Mobility 2035.
3. System-wide toll rate increases on July 1 of every odd year starting July 1, 2011.
4. Improvements on DNT between PGBT and SRT by Dec. 31, 2015.
5. Expansion of SRT between Bus-121 and US 75 from three to four lanes per direction by January 1, 2019. Congestion pricing on SRT is assumed to start with this expansion.
6. Expansion of PGBT between IH 35E and SH 78 from three to four lanes per direction by January 1, 2019.

The Report, the 2010 First Update, the 2010 Second Update and the 2011 T&R Letter Update are incorporated herein by reference. See "**INCORPORATION BY REFERENCE**."

## INCORPORATION BY REFERENCE

For additional information, the Report, the 2010 First Update, the 2010 Second Update, the 2011 T&R Letter Update, the SRT Project Agreement, the First Amendment to the SRT Project Agreement, the PGBT EE Project Agreement (including the First Amendment thereto), the Engineering Report for the SRT and the

Engineering Report for the PGBT EE 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, the Authority's monthly financial statements filed with EMMA are incorporated by reference herein. The Report, the 2010 First Update, the 2010 Second Update, the 2011 T&R Letter Update, the SRT Project Agreement, the First Amendment to the SRT Project Agreement, the PGBT EE Project Agreement (including the First Amendment thereto), the Engineering Report for the SRT (and appendices) and the Engineering Report for the PGBT EE are also available upon request made to the Authority or may be accessed on the Authority's website by accessing the following respective links:

http://www.ntta.org/NR/rdonlyres/5AEA927D-B670-410A-B77B-1A87C4FA34C4/0/NTTASInvestmentGradeTandRReport_July1709.pdf

http://www.ntta.org/NR/rdonlyres/022030AF-DA04-4CF5-BD25-FE4278D8DA36/0/NTTASTRUpdateLetter_041910.pdf

http://www.ntta.org/NR/rdonlyres/A3E52FFA-6C0D-4E95-A52F-899F4C55552F/0/NTTASTRUpdateLetter_Oct152010.pdf

http://www.ntta.org/NR/rdonlyres/582207A6-CB59-486B-BC30-5E23150942E3/0/NTTASUpdateLetterJune72011_Final.pdf

http://www.ntta.org/NR/rdonlyres/FFA31268-0AC2-42B2-9D8E-2FD6D63AA875/0/SH_121_Project_Agreement.pdf;

http://www.ntta.org/NR/rdonlyres/4016A617-1439-4C2A-939E-1AE2C5632EAA/4020/FirstAmendmenttoSRTProjectAgmt.pdf;

http://www.ntta.org/NR/rdonlyres/69B64DBF-D6B5-43FD-BD20-FE8A2171F1D7/0/EEProjectAgreementwithExhibitsplus1stamendment.pdf;

http://www.ntta.org/NR/rdonlyres/EC5957DA-EB34-41CD-A886-DAA27DC53F31/0/110107_SRTEngineeringReport_Final.pdf;

http://www.ntta.org/NR/rdonlyres/11C30814-A03C-4DE3-BAF7-497A0716FB31/0/110107_SRTEngineeringReport_Appendix_Final.pdf; and

http://www.ntta.org/NR/rdonlyres/AD1125A4-4042-4A81-B5F7-0719B603A8BC/0/082008PGBTEEEngineeringReport_Final.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 THE AUTHORITY'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, AND THE AUTHORITY, ITS FINANCIAL ADVISORS AND THE UNDERWRITER DISCLAIM ANY RESPONSIBILITY TO UPDATE SUCH INFORMATION. THE AUTHORITY, ITS FINANCIAL ADVISORS AND THE UNDERWRITER 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 THE AUTHORITY'S WEBSITE. SEE "**RISK FACTORS – FORWARD LOOKING STATEMENTS**."

## ENGINEERING REPORTS AND PROGRESS REPORTS

The Authority has received multiple engineering reports with respect to various components of the NTTA System. The only components of the NTTA System not yet complete are Segments 4 and 5 of the SRT and the PGBT EE. As of the date hereof, the Consulting Engineer is only required, pursuant to the Trust Agreement, to submit semi-annual progress reports relating to the DNT Extension Phase 3, LLTB, SRT and the PGBT EE. The engineering reports with respect to the SRT and the PGBT EE are incorporated herein by reference. See "**INCORPORATION BY REFERENCE**" herein. The most recent semi-annual progress reports relating to the DNT Extension Phase 3, SRT, the PGBT EE and the LLTB are attached hereto as **APPENDIX D**. Copies of all engineering and semi-annual progress reports are available upon request at the offices of the Authority. 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.

## OTHER AUTHORITY INFORMATION

### Investments

Investment of the Authority'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*").

The Authority 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 the Authority, see "**APPENDIX B**."

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 Authority funds without express written authority from the Board. The Authority'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 the Authority 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, (1) the Board must review annually its adopted policies and strategies; (2) any officers or employees involved in the investment process must refrain from personal business activity that could conflict with the proper execution of the investment program, or that could impair their ability to make impartial investment decisions; (3) a representative of a financial institution seeking to sell securities to the Authority must: (a) receive and review the Investment Policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment activities that are not authorized by the Investment Policy, and (c) deliver a written statement attesting to these requirements; (4) the Authority must perform an annual audit of the management controls on investments and adherence to the Investment Policy; and (5) the Investment Officer must attend investment training sessions at least every two years.

The Authority 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.

# APPENDIX B

## COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE NORTH TEXAS TOLLWAY AUTHORITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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NORTH TEXAS TOLLWAY AUTHORITY

# NORTH TEXAS TOLLWAY AUTHORITY

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended December 31, 2010**

**Allen Clemson**
**Executive Director**

**Janice D. Davis**
**Chief Financial Officer**

**NORTH TEXAS TOLLWAY AUTHORITY**
**Comprehensive Annual Financial Report**
**For the Year Ended December 31, 2010**

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NTTA®
NORTH TEXAS TOLLWAY AUTHORITY
5900 West Plano Parkway, Suite 100 • Plano, Texas 75026 • (214) 461-2000 • Fax (214) 528-4826 • www.ntta.org

June 8, 2011

Chairman Victor Vandergriff,
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, 2010 in compliance with Section 711 of the Amended and Restated Trust Agreement. The CAFR is intended to provide detailed information on the Authority's financial condition at December 31, 2010, including the North Texas Tollway System (the System), the Feasibility Study Fund and DFW Turnpike Transition Trust Fund. The System consists of the Dallas North Tollway (DNT), the President George Bush Turnpike (PGBT), 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).

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 unqualified opinion on the North Texas Tollway Authority's financial statements for the year ended December 31, 2010. 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, $58,000,000 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, 1966 and the final 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.

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 60th 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 experienced continued growth and transformation during 2010 with the continued expansion of the Sam Rayburn Tollway (SRT), continued construction of the President George Bush Turnpike Eastern Extension (PGBT) and the completion of the Lewisville Lake Toll Bridge. A one third year of operations for the SRT contributed to an increase in traffic despite unprecedented economic pressures. Toll revenues in 2010 were $366.6 million, representing an increase of 26.2% over 2009 revenues of $290.4 million. This increased revenue will allow the Authority to preserve current assets, fund capital improvement projects and invest in safety and technology to provide to our patrons world-class service.

The operations of the Authority 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, the Feasibility Study Fund, a revolving fund of the System, and the DFW Turnpike Transition Trust Fund. In prior years, separate, non-GAAP financial statements were prepared and audited for the Feasibility Study Fund and the DFW Turnpike Transition Trust 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, 2010. Please refer to the Management's Discussion and Analysis (MD&A) on pages 9-18 of this report for a detailed discussion of the NTTA's financial performance.

**Economic Development**

While the current economic downturn has affected the Dallas Fort Worth area as it has the rest of the nation, the effects are not as deep as in many areas. The projected five year growth rate of 4.1% for this area will outpace the United States and many major metropolitan areas. Our region produces thirty percent of all the goods and services in Texas while encompassing over thirty percent of all the residents. The region is projected to capture thirty six percent of population and growth in Texas over the next five years. Dallas Fort Worth continues to shine as one of the best places to do business. The Fortune 500 list shows 23 firms headquartered in our region, with AT&T announcing the relocation of their headquarters to Dallas from San Antonio.

**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)

(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 2010 was 1.83 times, well above the required levels.

**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, 2009.

We wish to thank all members of the Finance Department and all NTTA staff for their contributions to the production of the report. We are thankful for our Board of Director's support, direction, and for guiding the NTTA into a position to greatly benefit the region.

Respectfully submitted,

Janice D. Davis
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## North Texas Tollway Authority

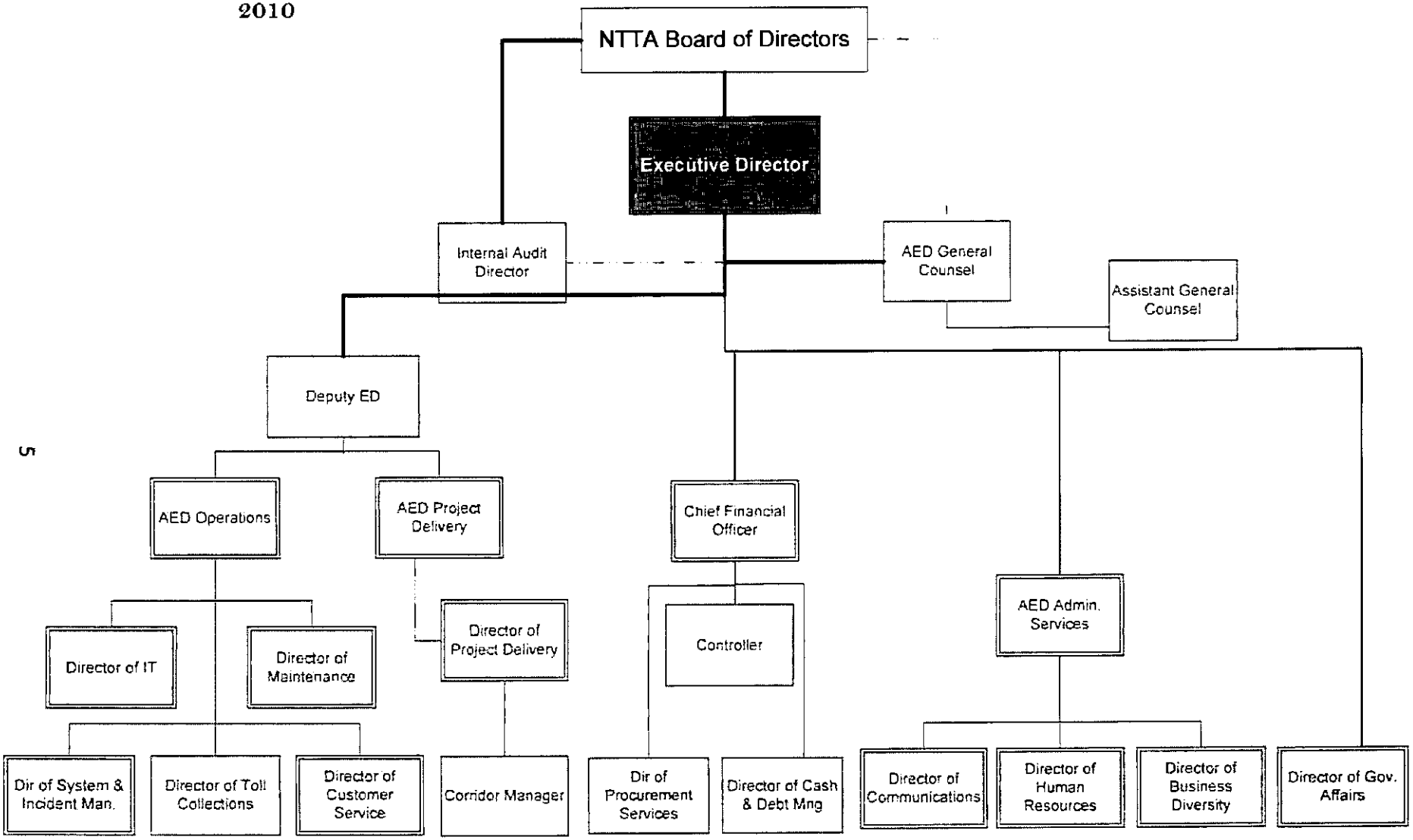
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

# NTTA – Organizational Chart
2010



**North Texas Tollway Authority**
**List of Officials**
**December 31, 2010**

**Board of Directors**

| | |
|---|---|
| **Victor Vandergriff** | **Chair** |
| **David R Denison** | **Vice-Chair** |
| **Kenneth Barr** | **Director** |
| **Kent Cagle** | **Director** |
| **Bob Day** | **Director** |
| **Bill Moore** | **Director** |
| **Michael R. Nowels** | **Director** |
| **Robert K. Shepard** | **Director** |
| **Jane Willard** | **Director** |

**Officials**

| | |
|---|---|
| Allen Clemson | Executive Director |
| Magdalena Kovats | Director, Internal Audit |
| Bob Schell | Assistant Director General Counsel |
| Janice D. Davis | Chief Financial Officer |
| Gerry Carrigan | Assistant Executive Director Project Delivery |
| Clayton Howe | Assistant Executive Director Operations |
| Kim Tolbert | Assistant Executive Director Administration |
| Nina Arias | Director, Human Resources |
| John Bannerman | Director, Customer Service |
| Anthony Coleman | Director, Business Diversity |
| Kim Jackson | Director, Communications |
| Marty Lege | Director, Systems and Incident Management |
| Elizabeth Mow | Director, Project Delivery |
| Dave Pounds | Director, Information Technology |
| Kiven Williams | Director, Toll Collection and Vault |
| J C Wood | Director, Maintenance |

Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Texas Tollway Authority

We have audited the accompanying basic financial statements of the North Texas Tollway Authority (the Authority), as of and for the year ended December 31, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the North Texas Tollway Authority, as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Modified Approach – Infrastructure Assets and schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as whole. The items listed in the introductory section, 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The items listed in the introductory section, schedules 2 through 10 and the statistical section have not been subjected to the audit procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion on them.

Crowe Horwath LLP

Crowe Horwath LLP

Irving, Texas
June 8, 2011

**NORTH TEXAS TOLLWAY AUTHORITY**
Management's Discussion and Analysis
December 31, 2010

As Management of the North Texas Tollway Authority (Authority), we offer readers the statements for the Authority. These statements consist of the North Texas Tollway System (System), which consists of the Dallas North Tollway (DNT), the President George Bush Turnpike (PGBT), Sam Rayburn Tollway (SRT), the Mountain Creek Lake Bridge (MCLB), the Addison Airport Toll Tunnel (AATT), and the Lewisville Lake Toll Bridge (LLTB), which makeup the enterprise fund of the Authority, as well as, the Feasibility Study Fund and the DFW Turnpike Transition Trust Fund.

We offer readers of these financial statements a narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2010. 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 Authority's financial statements, notes to the financial statements, and required supplementary information. The financial statements of the Authority report information using accounting methods consistent with reporting for an enterprise activity similar to those used by private sector companies.

**Statement of Net Assets:** This statement presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. 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 Assets:** This statement presents information showing the Authority's revenues, expenses, and how the net assets changed during the year.

**Statement of Cash Flows:** This statement presents information about the Authority's cash receipts and cash payments, or, in other words, the sources and uses of the Authority's 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 Authority'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

### 2010 Highlights

- The Authority's total net assets decreased by $111.1 million over FY 2009, as a result of the issuance of $400,000,000 of debt that was issued in May 2010, out of the Capital Improvement Fund, for the System's contribution to the Special Projects System (State Highway 161 and Southwest Parkway/Chisholm Trail). This decrease was offset by continued growth and expansion of the System.

- Total transactions for FY 2010 were 484,070,101, an increase of 26,485,758 or 5.8% over FY 2009 transactions.
- Approximately 2,022,643 and 1,787,958 Toll Tags were active at the end of FY 2010 and FY 2009, respectively.
- The Authority received a toll equity grant in the amount of $160.3 million 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. An additional $7.5 million of the grant has been recognized as grant revenue for FY 2010 with the remaining $49.6 million shown as deferred revenue.
- $200,000,000 was placed in escrow as part of the $458,000,000 upfront payment that would be due to TxDOT from the Special Projects System when financing is complete for the PGBT Western Extension (State Highway 161). This escrow will be returned to the System upon financial close for the Special Projects System. The escrow is identified on the balance sheet as an accounts receivable in current restricted assets, restricted for construction.
- Toll revenues increased $76.2 million or 26.2% over FY 2009 in part, as a result of a toll rate increase that went into effect in September 2009. In addition, traffic volumes of the Authority continue to increase with the continued expansion of Sam Rayburn Tollway and a full year of operations for the Lewisville Lake Toll Bridge.
- The Administration and Operations expenses of $95.7 million were under budget by 6.3% in FY 2010.

## Summary of Operations

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

| | 2010 | 2009 |
|---|---|---|
| Current Assets | $ 303.9 | $ 149.0 |
| Current Restricted Assets | 1,081.4 | 1,157.4 |
| Noncurrent Assets | | |
| Restricted Investments | 412.6 | 524.0 |
| Other Assets | 391.4 | 239.0 |
| Capital Assets | 6,213.2 | 5,862.4 |
| Total Assets | 8,402.5 | 7,931.8 |
| Current Liabilities | 121.4 | 68.3 |
| Liabilities Payable from Restricted Assets | 409.5 | 314.2 |
| Long-Term debt | 7,612.1 | 7,178.6 |
| Total Liabilities | 8,143.0 | 7,561.1 |
| Net Assets: | | |
| Invested in Capital Assets, net of related debt | (831.8) | (633.3) |
| Restricted for Construction | 179.3 | 2.7 |
| Restricted for Debt Service | 1,031.4 | 969.1 |
| Restricted for Retiree Health Benefits | 0.4 | 0.4 |
| Unrestricted | (119.8) | 31.8 |
| Net assets | $ 259.5 | $ 370.7 |

The Authority's net assets indicate an unrestricted current ratio of 2.5 and 2.2 for FY 2010 and FY 2009, respectively. Working capital was $183.4 million and $80.7 million in FY 2010 and FY 2009, respectively. Total unrestricted current assets were $303.9 million in FY 2010, compared to $149.0 million in FY 2009. Total unrestricted and restricted current assets were $1,385.3 million at the end of FY 2010. Cash and investments of $1,151.4 million represent the largest component of current assets. $201.4 million of accounts receivable restricted for construction is comprised of the $200.0 million in escrow noted the financial highlights and $1.4 million due from other governments for their share of various construction projects. The remaining $32.1 million is comprised of accrued interest receivable of $1.7 million, accounts receivable of $27.2 million (See Note 9), inventory of $2.1 million, and prepaid expenses of $1.1 million.

Total unrestricted current liabilities were $121.1 million at the end of FY 2010, including $16.4 million for accounts payable and retainage payable, $31.2 million of deferred revenue and $72.7 million for accrued liabilities, mainly accrued salaries and vacation liability and $.8 million for Tolltag deposits.

| REVENUES | 2010 | 2009 |
|---|---|---|
| Tolls | $ 366.6 | $ 290.4 |
| Other Revenues | 17.3 | 17.2 |
| Operating Revenues | 383.9 | 307.6 |
| Operating Expenses before depreciation | 125.7 | 126.4 |
| Income from operations before depreciation | 258.2 | 181.2 |
| Depreciation | (4.8) | (4.5) |
| Operating Income | 253.4 | 176.7 |
| Net Nonoperating Revenue (Expenses): | | |
| Interest Income | 25.7 | 11.8 |
| Interest Expense | (377.5) | (358.8) |
| Lease Amortization (Sam Rayburn Tollway) | (63.8) | (60.7) |
| SWAP Termination | - | (6.1) |
| Other | (6.5) | (17.2) |
| Net Nonoperating Revenue (Expenses): | (422.1) | (431.0) |
| Capital Contributions | | |
| Capital Grant Contributions | 31.5 | 59.6 |
| Payments to Other Governments | (0.3) | - |
| BAB's Subsidy | 26.3 | 7.5 |
| Change in Net Assets | (111.2) | (187.2) |
| Net Assets - Beginning of Year | 370.7 | 557.9 |
| Net Assets - Ending | $ 259.5 | $ 370.7 |

Total operating revenues were $383.9 million for FY 2010 and $307.6 million for FY 2009 (see Table A-2). Toll revenues were $366.6 million, a 26.2% increase over FY 2009 toll revenues of $290.4 million. Traffic on the System continues to grow, with average daily transactions of 1,326,220 and 1,253,653 in FY 2010 and FY 2009, respectively.

Total operating expenses, including the Reserve Maintenance Fund and the Capital Improvement Fund, before depreciation for FY 2010 were $125.7 million, representing an 0.7% decrease from FY 2009 operating expenses of $126.4 million (See Table A-2). Interest expense, inclusive of capitalized interest, for 2010 was $377.4 million, a 5.2% increase from FY 2009 interest expense of $358.8 million. Debt service coverage for FY 2010 and FY 2009 were 1.83 and 1.56 times, respectively. The Trust Agreement and the Authority's Debt Policy both require bond principal and interest coverage of 1.35.

The Authority's overall financial position decreased in FY 2010, as indicated by the $111.1 million decrease in net assets.

**Investments:** The Authority's investments at December 31, 2010 and 2009 were approximately $1.55 billion and $1.77 billion, respectively. Table A-3 chart below shows the types of authorized investments in the December 31, 2010 portfolio.

**Table A-3**

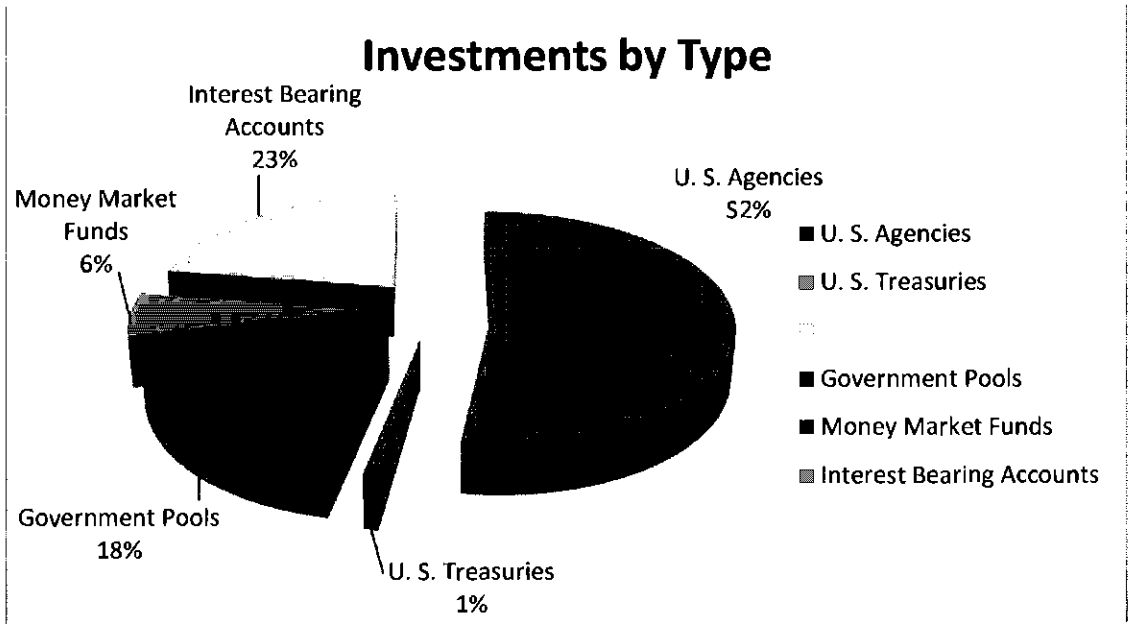
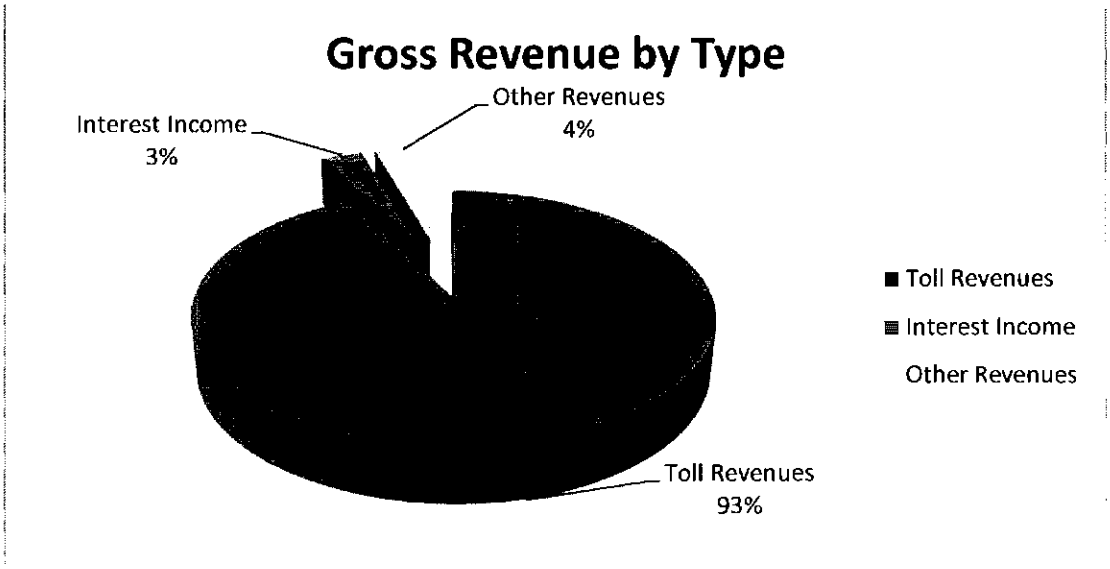


Table A-4 below shows NTTA's revenue in FY 2010 by revenue source type.

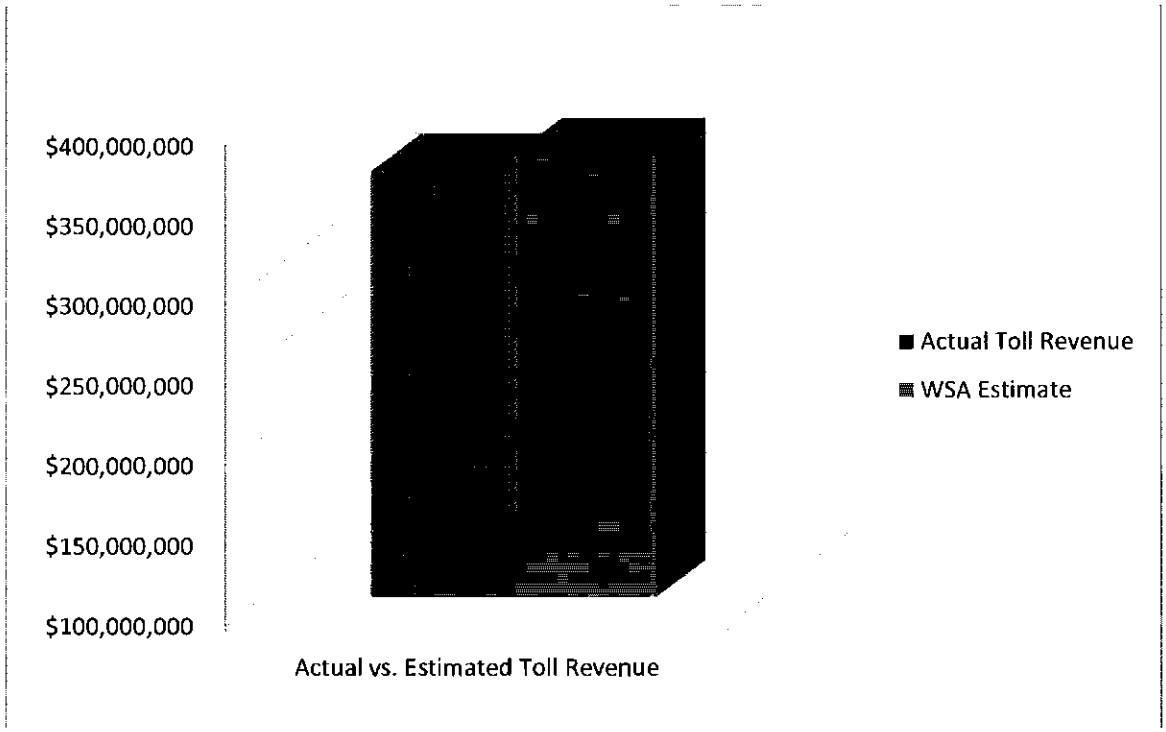
**Table A-4**




Gross revenues, excluding grant revenue of $7.5 million for FY 2010 were $396.6 million, an 18.9% increase over FY 2009 gross revenues of $321.7 million. Toll revenues of $366.6 million account for 93.0% of total revenue. Interest income (excluding Construction Fund interest) was $12.8 million or 3.0%. Other revenue, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was $17.2 million, representing 4.0% of the total.

Table A-5 below shows the Authority's actual toll revenue for FY 2010 compared to the estimated toll revenue of the Authority's traffic and toll revenue engineer, Wilbur Smith Associates (WSA). Toll revenue was under WSA's estimates by 2.7%.

**Table A-5**




Traffic on the Authority continues to grow with approximately 1,326,220 average daily transactions in 2010, up 5.8% from the 1,253,653 daily averages in 2009.

The increases in the toll revenue were largely attributed to the:

- A toll rate increase implemented in September 2009.
- The increased growth of population in the North Texas counties (Dallas, Tarrant, Denton & Collin).
- Continued growth for the Sam Rayburn Tollway as new segments are completed and opened to traffic
- A full year of operations for the Lewisville Lake Toll Bridge

**Engineering Estimates**

The annual estimates by the Authority's traffic and revenue engineer, Wilbur Smith & Associates (WSA), are displayed in comparison to the actual revenue for the years of 2001 through 2010 in Table A-6 below:

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

| Year | Actual | Estimate | Variance |
|---|---|---|---|
| 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 |
| 2004 | 160,695,030 | 151,482,500 | 9,212,530 |
| 2003 | 149,323,784 | 144,975,000 | 4,348,784 |
| 2002 | 137,945,439 | 126,955,000 | 10,990,439 |
| 2001 | 107,210,124 | 104,212,000 | 2,998,124 |

The FY 2010 toll revenue of $ 366.6 million increased by 26.2% over FY 2009 actual toll revenue of $290.4 million. The Authority's total revenues produced 1.61x debt coverage for 2010. Please see Table A-8 on page 18 on the Historical Debt Coverage.

**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, 2010 were $6.2 billion, increasing from FY 2009 by approximately $0.3 billion. This is due primarily to the construction of Sam Rayburn Tollway, the DNT Extension Phase 3, President George Bush Turnpike Eastern Extension, and Lewisville Lake Toll Bridge. For additional information on capital assets see Note (1) (g) 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 2010, the Authority estimated it would need to spend $36.3 million for infrastructure maintenance and preservation, but actually expended $28.5 million. 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 2009 assessment, please see the Required Supplementary Information on pages 59 and 60 of this report. The Authority's Condition Index for 2010 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). The Authority will depreciate 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 depreciating 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 depreciation 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 2010, the Authority's total bonded debt outstanding was $7.54 billion compared to approximately $7.12 billion in 2009 (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, 2010, on page 43.

**Table A-7**
Revenue Bonds Outstanding
As of FY 2010 and FY 2009

| Series | Amount Outstanding 2010 | Amount Outstanding 2009 |
|---|---|---|
| Series 1997 | $ - | $ 10,495,000 |
| Series 1997A | 43,345,000 | 44,685,000 |
| Series 1998 | 78,145,000 | 78,905,000 |
| Series 2003A | 225,000,000 | 225,000,000 |
| Series 2005C | 178,310,000 | 178,310,000 |
| Series 2008A | 1,759,705,000 | 1,765,335,000 |
| Series 2008B | 229,960,000 | 234,085,000 |
| Series 2008C | - | 9,820,000 |
| Series 2008D | 469,739,859 | 443,022,911 |
| Series 2008E | 390,000,000 | 390,000,000 |
| Series 2008F | 1,000,000,000 | 1,000,000,000 |
| Series 2008H | 209,040,000 | 409,040,000 |
| Series 2008I | 230,256,699 | 216,397,104 |
| Series 2008J | 100,000,000 | 100,000,000 |
| Series 2008K | 205,000,000 | 205,000,000 |
| Series 2008L | 100,000,000 | 220,000,000 |
| Series 2009A | 418,165,000 | 418,165,000 |
| 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 | - |
| Series 2010B * | 310,000,000 | - |
| Series 2010 Rev Refund | 332,225,000 | - |
| Revenue Bonds Outstanding | $ 7,543,021,558 | $ 7,122,390,015 |

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

Table A-8 sets forth debt service coverage for all Revenue Bonds outstanding for the years 2001 through 2010.

**Table A-8**
Historical Debt Coverage

| Year | Coverage |
|---|---|
| 2010 | 1.83x |
| 2009 | 1.56x |
| 2008 | 1.60x |
| 2007 | 1.96x |
| 2006 | 1.98x |
| 2005 | 1.80x |
| 2004 | 2.00x |
| 2003 | 2.09x |
| 2002 | 2.08x |
| 2001 | 1.88x |

Additionally, part of the construction of the PGBT was funded with the proceeds from a loan in the amount of $135 million, made by the Texas Department of Transportation in 1995 pursuant to the Intermodal Surface Transportation Efficiency Act of 1991. Interest has been accruing since 2000 and annual payment began in FY2004. The FY 2010 payment was $8.250 million with a due date of January 1, 2011. 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 swaps remain legally tied to the Series 2005C Bonds, which have been remarketed to fixed rate. However, the Authority recognized the need for the swaps to be economically tied to variable rate bonds so that the swaps 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 an approximately $200 million commercial paper program. $217.7 million of commercial paper was issued in 2010 to finance the feasibility study, design, engineering costs and preliminary construction costs of Southwest Parkway/Chisholm Trail, SH 161, PGBT Eastern Extension, Phase 4 of the Dallas North Tollway, Lewisville Lake Toll Bridge and various other projects. Approximately $103.7 million was retired during 2010. As of December 31, 2010 there was $119.2 million of outstanding notes under the commercial paper program.

**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.

NTTA

NORTH TEXAS TOLLWAY AUTHORITY

**NORTH TEXAS TOLLWAY AUTHORITY**

Statement of Net Assets

December 31, 2010

**Assets**

| | |
|---|---|
| Current assets: | |
| Cash and cash equivalents (note 3) | $ 14,451,002 |
| Investments (note 3) | 265,892,503 |
| Accrued interest receivable | 66,526 |
| Accounts receivable (net of allowance for uncollectibles) (note 9) | 20,244,429 |
| Inventory, at average cost | 2,148,580 |
| Prepaid expenses | 1,066,574 |
| Total current unrestricted assets | 303,869,614 |
| Current restricted assets: | |
| Restricted assets: | |
| Restricted for construction: | |
| Cash and cash equivalents (notes 3 and 5) | 216 |
| Investments (notes 3 and 10) | 438,720,097 |
| Accrued interest receivable | 588,395 |
| Accounts receivable | 201,359,195 |
| Restricted for debt service: | |
| Investments (notes 3 and 5) | 432,355,989 |
| Accrued interest receivable | 1,085,940 |
| Accounts receivable | 6,865,559 |
| Restricted for pension benefits and other purposes: | |
| Investments (notes 3 and 5) | 428,009 |
| Accrued interest receivable | 61 |
| Total current restricted assets | 1,081,403,461 |
| Total current assets | 1,385,273,075 |
| Noncurrent assets: | |
| Investments restricted for debt service (note 3) | 412,632,945 |
| Deferred outflow-derivatives | 25,100,155 |
| Deferred financing costs | 83,932,139 |
| Deferred feasibility study costs | 282,389,327 |
| Capital assets (net of accumulated depreciation) (note 4) | 6,213,136,561 |
| Total noncurrent assets | 7,017,191,127 |
| **Total assets** | **8,402,464,202** |

See accompanying notes to basic financial statements.

**NORTH TEXAS TOLLWAY AUTHORITY**

Statement of Net Assets

December 31, 2010

| | | |
|---|---|---|
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts and retainage payable | $ | 16,346,267 |
| Accrued liabilities | | 73,032,550 |
| Deferred revenue | | 31,202,410 |
| Tolltag deposits | | 782,945 |
| Total current unrestricted liabilities | | 121,364,172 |
| Payable from restricted assets: | | |
| Construction-related payables: | | |
| Accounts payable (note 10) | | 107,082 |
| Retainage payable (note 10) | | 16,302,507 |
| Deferred grant revenue | | 49,568,768 |
| Debt service-related payables: | | |
| Accrued interest payable | | 193,986,397 |
| Accrued arbitrage rebate payable | | 225,874 |
| Commercial paper payable (note 5) | | 119,200,000 |
| Revenue bonds payable (note 5) | | 29,685,000 |
| Pension benefits and other related payables | | |
| Accounts payable (note 10) | | 374,340 |
| Total current liabilities payable from restricted assets | | 409,449,968 |
| Total current liabilities | | 530,814,140 |
| Noncurrent liabilities: | | |
| Other post-employment benefits (note 8) | | 8,326,766 |
| Derivative instrument | | 25,100,155 |
| Texas Department of Transportation ISTEA loan payable (note 5) | | 142,857,298 |
| Dallas North Tollway System revenue bonds payable, net of unamortized net deferred debit on refundings of $36,580,394 and bond discount (premium) costs of $40,916,302 (note 5) | | 7,435,839,862 |
| Total noncurrent liabilities | | 7,612,124,081 |
| **Total liabilities** | | **8,142,938,221** |
| **Net Assets** | | |
| Invested in capital assets, net of related debt | | (831,801,669) |
| Restricted: | | |
| Restricted for construction | | 179,346,454 |
| Restricted for debt service | | 1,031,396,057 |
| Restricted for pension benefits and other purposes | | 419,418 |
| Unrestricted | | (119,834,279) |
| **Total net assets** | **$** | **259,525,981** |

See accompanying notes to basic financial statements.

**NORTH TEXAS TOLLWAY AUTHORITY**

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended December 31, 2010

| | | |
|---|---|---|
| Operating revenues: | | |
| Tolls | $ | 366,597,323 |
| Other | | 17,268,589 |
| Total operating revenues | | 383,865,912 |
| Operating expenses: | | |
| General | | |
| Administration | | 21,105,565 |
| Operations | | 74,604,274 |
| Preservation | | |
| Reserve maintenance | | 11,701,225 |
| Capital improvement | | 18,259,590 |
| Total operating expenses before depreciation | | 125,670,654 |
| Operating income before depreciation | | 258,195,258 |
| Depreciation | | 4,794,093 |
| **Operating income** | | **253,401,165** |
| Nonoperating revenues (expenses): | | |
| Interest earned on investments | | 22,128,268 |
| Net increase in the fair value of investments | | 3,588,196 |
| Unallocated infrastructure depreciation | | (63,801,840) |
| Interest expense on revenue bonds | | (371,173,164) |
| Interest expense on short term notes (net of capitalized interest) | | (178,550) |
| Interest expense on loan | | (6,090,697) |
| Bond premium/discount amortization | | 6,330,306 |
| Bond issuance cost amortization | | (5,002,937) |
| Deferred amount on refunding amortization | | (571,990) |
| Other | | (7,346,832) |
| Net nonoperating revenues (expenses) | | (422,119,240) |
| Income (loss) before capital contributions | | (168,718,075) |
| Capital Grant Contributions | | 31,526,405 |
| Payments to Other Governments | | (217,866) |
| BAB's Subsidy | | 26,263,784 |
| Change in net assets | | (111,145,752) |
| Beginning net assets | | 370,671,733 |
| **Ending net assets** | **$** | **259,525,981** |

See accompanying notes to basic financial statements.

**NORTH TEXAS TOLLWAY AUTHORITY**

Statement of Cash Flows

Year ended December 31, 2010

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Receipts from customers and users | $ | 399,053,984 |
| Payments to contractors and suppliers | | (134,731,331) |
| Payments to employees | | (36,938,988) |
| Net cash provided by (used in) operating activities | | 227,383,665 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets (including capitalized interest costs) | | (314,029,390) |
| Issuance of revenue bonds | | 732,225,000 |
| Issuance of commercial paper | | 217,700,000 |
| Grant proceeds | | 7,542,346 |
| Defeased commercial paper | | (103,700,000) |
| Defeased revenue bonds | | (320,000,000) |
| Principal paid on revenue bonds | | (32,170,000) |
| Interest paid on revenue bonds and other debt | | (356,364,515) |
| Net cash provided by (used in) capital and related financing activities | | (168,796,559) |
| Cash flows from investing activities: | | |
| Purchase of investments | | (1,883,805,489) |
| Proceeds from sales and maturities of investments | | 1,794,645,949 |
| Interest received | | 9,788,089 |
| Net cash provided by (used in) investing activities | | (79,371,451) |
| Net increase (decrease) in cash and cash equivalents | | (20,784,345) |
| Cash and cash equivalents, beginning of the year | | 35,235,563 |
| Cash and cash equivalents, end of the year | $ | 14,451,218 |
| Classified as: | | |
| Current assets | $ | 14,451,002 |
| Restricted assets | | 216 |
| Total | $ | 14,451,218 |
| Noncash financing, capital, and investing activities: | | |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | $ | 253,401,165 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | | 4,794,093 |
| Changes in assets and liabilities: | | |
| Increase in accounts receivable | | (2,959,478) |
| Increase in inventories | | (64,382) |
| Increase in prepaid expenses and other assets | | (333,588) |
| Increase in deferred revenue | | 3,343,885 |
| Decrease in accounts and retainage payable | | (43,935,728) |
| Increase in accrued liabilities | | 13,137,698 |
| Total adjustments | | (26,017,500) |
| Net cash provided by operating activities | $ | 227,383,665 |
| Noncash financing activities: | | |
| Decrease in fair value of investments | $ | 3,588,196 |

See accompanying notes to basic financial statements.

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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 the enterprise fund 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).

In addition, Chapter 366 authorized the Feasibility Study Fund to be used 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.

In addition, Senate Bill 194, which was subsequently replaced by Chapter 366, authorized the establishment of the Dallas-Fort Worth Turnpike Transition Trust Fund, a Fiduciary Fund, to account for the payment of transition costs and other obligations payable from funds of the Dallas-Fort Worth Turnpike at December 31, 1977, such as post-employment benefits.

While the Fiduciary Funds are normally presented separately in the financial statements, the DFW Turnpike Transition Trust Fund is shown as a part of the basic financial statements, since the Trust Fund is immaterial to the financial statements.

### *(b) Basis of Accounting*

The operations of the Authority, including the Feasibility Study Fund and the DFW Turnpike Transition Trust Fund, are accounted for as an enterprise fund 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 Authority are included in the Statement of Net Assets. The assets of the Authority are stated at cost with the exception of certain investments and interest rate swap derivatives, which are stated at fair value.

The Authority applies all applicable GASB pronouncements to the Authority, as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those statements conflict with or contradict GASB pronouncements.

The principal revenues of the Authority are toll revenues received from patrons. Operating expenses for the Authority 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 Trust Agreement also requires that certain funds and accounts be established and maintained. The Authority consolidates these Authority 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). 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.

The costs of studies funded by the Feasibility Study Fund are deferred until such time as the feasibility of the project is determined. If the project is pursued, the Feasibility Study Fund is reimbursed for related study costs from the proceeds of the project's bond issue. However, the study costs associated with projects determined to be unfeasible are removed from the statement of assets and liabilities and 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 Authority'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 Authority 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 Authority 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 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.
- **Operation and Maintenance Fund** – The Operation and Maintenance Fund was created to account for and pay current operating expenses of the Authority.
- **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, 2010, 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.

- **DFW Turnpike Transition Trust Fund** – The Trust Fund is used to fund post-employment healthcare benefits for retire employees of the Dallas-Fort Worth Turnpike. Currently, there are two (2) employees that meet these requirements.

### *(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 Assets and includes the unrealized and realized gains and losses on investments.

### *(f) Materials Inventory*

Inventories of road maintenance materials and supplies are valued at the lower of cost or market using the average cost method.

### *(g) 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. 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 |

### *(h) 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.

### *(i) 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.

### *(j) Deferred Amount on Refunding of Revenue Bonds*

Deferred amount on refunding of revenue bonds incurred on advance refunding of such bonds relates to the difference between the reacquisition price and the net carrying amount of the refunded bonds. The amount deferred is included as a reduction to revenue bonds payable and is amortized in a systematic and rational manner over the life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

### *(k) Bond Discounts, Premiums, and Bond Issuance Costs*

Costs incurred in connection with the offering and sale of bonds for construction purposes are deferred and amortized using the bonds outstanding method, over the life of the bonds. Revenue bonds payable are reported net of unamortized bond discount or premium.

### *(l) 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 Authority's cumulative arbitrage rebate liabilities for the year ended December 31, 2010 are $225,874.

### *(m) 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.

### *(n) New Accounting Pronouncements*

GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcy ("GASB 58") establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for Bankruptcy under Chapter 9 of the United States Bankruptcy Code. This will have no effect on the Authority.

GASB Statement No. 59, Financial Instruments Omnibus ("GASB 59") updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This statement is effective for financial statements for periods beginning after June 5, 2010.

GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements ("GASB 60") improves financial reporting by addressing issues related to service concession arrangements, which are arrangements between a transferor (government) and an operator (governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for financial statements for periods beginning after December 31, 2011.

## (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 2010.

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.

Coverage for 2010 debt was 1.61 times, well above the required levels.

| | ***2010*** |
|---|---|
| GAAP basis operating income | $ 253,401,165 |
| Non-construction fund interest income | 12,817,761 |
| Gross Income | 266,218,926 |
| Add: | |
| Depreciation | 4,794,093 |
| Capital improvement fund expenses | 18,259,590 |
| Reserve maintenance fund expenses | 11,701,225 |
| Net revenues available for debt service | 300,973,834 |
| Bond interest expense, net of amounts capitalized | 134,621,041 |
| Scheduled principal amount due | 29,685,000 |
| Calculated debt service requirement | $ 164,306,041 |
| Coverage ratio | 1.83 |

## (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 January 2010. 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 equity 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 Assets.

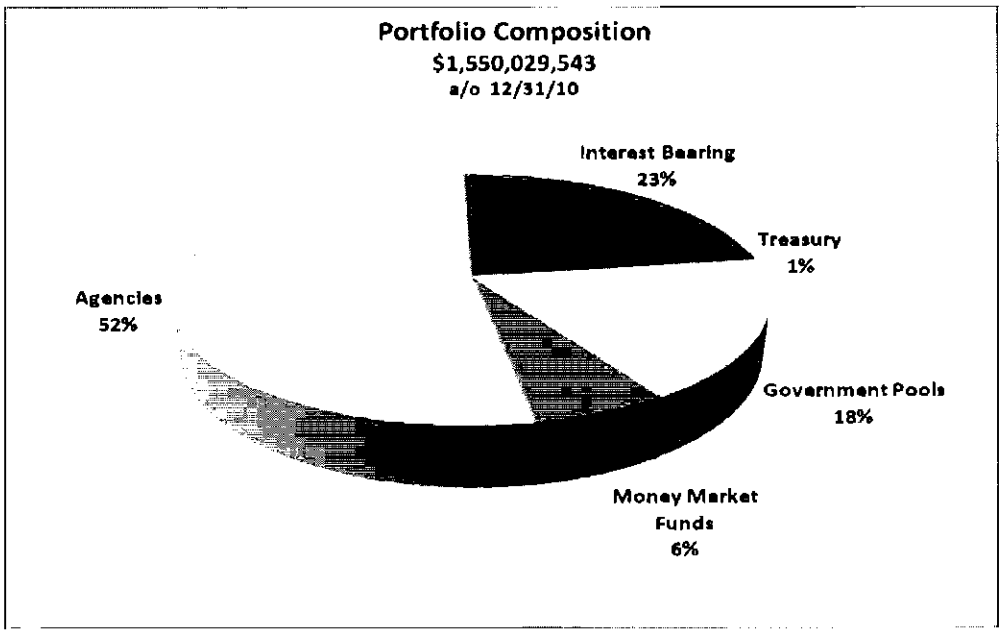
### *(a) Deposits*

The Authority's deposits were fully insured or collateralized at December 31, 2010. The carrying amount of the Authority's deposits was $14,451,218 and the respective bank balances totaled $16,654,706. As of December 31, 2010 the total bank balances were covered under the Temporary Liquidity Guarantee Program created by the Federal Depository Insurance Corporation (FDIC). The program provides full coverage of non-interest bearing deposit transaction accounts regardless of dollar amount.

### *(b) Investments*

*As of December 31, 2010 the maturity values are as follows:*

| | 2010 | | |
|---|---|---|---|
| | | Maturity Value (in Yrs) | |
| Description | Fair Value | Less Than 1 Yr | 1 Yr or More |
| U.S. Agencies: | | | |
| Federal Home Loan Bank | $ 211,371,170 | $ 127,518,797 | $ 83,852,373 |
| Federal National Mortgage Assn. | 324,547,971 | 161,575,681 | 162,972,290 |
| Federal Agricultural Mortgage Corporation | 16,997,120 | - | 16,997,120 |
| Federal Farm Credit Banks | 53,085,382 | 16,449,210 | 36,636,172 |
| Federal Home Loan Mortgage Corp | 204,317,171 | 92,142,181 | 112,174,990 |
| Total U.S. Agencies | 810,318,814 | 397,685,869 | 412,632,945 |
| Cash | 871,298 | 871,298 | - |
| Money Market Funds | 97,949,605 | 97,949,605 | - |
| U.S. Treasuries | 13,146,157 | 13,146,157 | - |
| Government Pool | 280,833,241 | 280,833,241 | - |
| Interest Bearing Account | 346,910,428 | 346,910,428 | - |
| **Total Investments** | **$ 1,550,029,543** | **$ 1,137,396,598** | **$ 412,632,945** |




### *(c)* Interest Rate Risk

The Authority does not have a formal policy on 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. In reflection with the Authority's investment report, the portfolio reflects the overall summary of the Authority's investment position. The weighted average yield-to-maturity of the portfolio for December 31, 2010 was 1.287%, in comparison to 1.488% in 2009. The weighted average maturity in days was 382 days for 2010, compared to 302 days in 2009. Market value fluctuation of the overall portfolio is minimized by keeping the weighted average maturity low. Approximately 73% of the investment are maturing within one year and 27% are maturing one year or greater.

### *(d)* Credit Risk

Per the Investment Policy, the Authority may not enter into longer term investment agreements or other ongoing investment transactions with a final maturity or termination date of longer than six months with any financial institution that initially has a long term rating of less than "AA" by Standard & Poor's Ratings Group or "Aa2" by Moody's Investor Services. That means ratings of AA, AA+ for S&P and Aa2, Aa1 for Moody's are appropriate for the financial institution.

As of December 31, 2010, the Authority invested 6% in AAA rated money market funds, 18% in State and Local Government Pools, 23% in Interest Bearing Accounts, 52% in Agencies and 1% in United States Treasuries backed by the full faith and credit of the U.S. Government. Agencies are AAA rated by Moody's.

### *(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, 2010 TexPool and Bank of America, exceeded 5% of the total portfolio. More than 5% of the Authority's investments are in Federal Home Loan Banking, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.

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

| | | |
|---|---|---|
| Construction and Property Account | $ | 585,897,692 |
| Revenue Account | | 76,341,552 |
| Operations and Maintenance Account | | 3,050 |
| Reserve Maintenance Account | | 34,790,074 |
| Consolidated Capital Improvement Account | | 251,856,916 |
| Bond Interest Account | | 159,740,979 |
| Bond Reserve Account | | 413,744,120 |
| Bond Redemption Account | | 27,227,151 |
| DFW Turnpike Transition Trust Fund | | 428,009 |
| Total cash and investments | $ | 1,550,029,543 |

## (4) Capital Assets

Capital assets are summarized as follows:

**Capital Assets**

| | January 1, 2010 | Additions | Deletions | December 31, 2010 |
|---|---|---|---|---|
| **Infrastructure network:** | | | | |
| ***Non-depreciable*** | | | | |
| Right-of-way | $ 247,195,646 | $ 4,813,100 | $ - | $ 252,008,746 |
| CIP | 1,563,931,958 | 164,481,543 | - | 1,728,413,501 |
| Infrastructure - Other * | 440,241,808 | 55,213,005 | - | 495,454,813 |
| **Total non-depreciable Infrastructure** | **2,251,369,412** | **224,507,648** | **-** | **2,475,877,060** |
| ***Depreciable*** | | | | |
| CIP * | 467,033,017 | 180,194,363 | - | 647,227,380 |
| Roadway | 3,197,211,448 | - | | 3,197,211,448 |
| Less accumulated depreciation | (85,441,023) | (63,801,840) | | (149,242,863) |
| **Total depreciable Infrastructure** | **3,578,803,442** | **116,392,523** | **-** | **3,695,195,965** |
| ***Total Infrastructure network*** | **5,830,172,854** | **340,900,171** | **-** | **6,171,073,025** |
| **Property and Equipment** | | | | |
| Land | 7,360,255 | - | (66,500) | 7,293,755 |
| Buildings | 17,434,998 | 26,434 | (26,434) | 17,434,998 |
| Machinery and Equipment | 26,512,697 | 8,082,711 | (141,142) | 34,454,266 |
| Less accumulated depreciation | | | | |
| Buildings | (2,927,180) | (559,067) | | (3,486,247) |
| Equipment | (16,138,047) | (4,235,026) | 540,027 | (19,833,046) |
| | (19,065,227) | (4,794,093) | 540,027 | (23,319,293) |
| ***Total property and equipment*** | 32,242,723 | 3,315,052 | 305,951 | 35,863,726 |
| **Total Capital Assets** | **$5,862,415,577** | **344,215,223** | **305,951** | **6,206,936,751** |
| **Intangibles** | | | | |
| Intangibles | $ - | $ 6,640,390 | $ - | $ 6,640,390 |
| Less Amortization | - | (440,580) | - | (440,580) |
| **Total Intangible Assets** | **-** | **6,199,810** | **-** | **6,199,810** |
| **Total Capital & Intangible Assets** | **$5,862,415,577** | **$ 350,415,033** | **$ 305,951** | **$ 6,213,136,561** |

* Includes capitalized interest net of interest earnings.

Total bond interest cost incurred amounted to $385,015,548 during the year ended December 31, 2010, of which $54,377,555 was capitalized.

## (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 deferred 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, 2010.

**Series 1997A:**
The Authority issued $129,005,000 in principal amount of Dallas North Tollway Authority Revenue Refunding bonds, Series 1997A insured by FGIC, on October 01, 1997, for the purpose of refunding a portion of the Dallas North Tollway Authority Revenue Bonds, Series 1989, dated July 1, 1989, and the outstanding Dallas North Tollway Authority Revenue Bonds, Series 1994, dated December 1, 1994. The amount of refunded principal related to the Series 1989 Bonds is $98,040,000 and the amount related to the Series 1994 Bonds is $22,575,000. Interest is payable on January 1 and July 1 of each year. Principal is payable on January 1. The issue included $67,685,000 of serial bonds which began maturing on January 1, 1998 and bear interest rates ranging from 4.0% to 5.375%, $56,655,000 of 5.0% term bonds due January 1, 2020, and $4,665,000 of 5.0% term bonds due January 1, 2023. The Series 2009A Bonds refunded the maturities dated January 1, 2011 through January 1, 2018 of the Series 1997A Bonds.

The refunding resulted in a decrease of $11,555,267 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 1989 Bonds and 1994 Bonds ($9,217,525) was deferred and is being amortized over the stated term of the Series 1997A Bonds. Amortization of the deferred amount on the refunding was $167,983 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $1,307,475.

**Series 1998:**
The Authority issued $100,660,000 North Texas Tollway Authority Dallas North Tollway Authority Revenue Bonds, Series 1998 on October 29, 1998. The bonds are insured by FGIC and were issued for the purpose of financing Segment V of the PGBT. Interest is payable on January 1 and July 1 of each year. Principal is payable on January 1 commencing January 1, 2008. The issue included $22,515,000 of serial bonds maturing from 2008-2018 with interest rates ranging from 4.10%-4.75%, $22,065,000 term bonds due January 1, 2022 with an interest rate of 4.75%, and $56,080,000 term bonds due January 1, 2029 with an interest rate of 4.75%. The Series 2009A Bonds refunded the maturities dated January 1, 2011 through January 1, 2018 of the Series 1998 Bonds.

**Series 2003A:**
To fund a portion of the costs for Segments IV of the PGBT, finance improvements to the Authority and refund commercial paper notes, the Authority issued $225,000,000 Series 2003A North Texas Tollway Authority Dallas North Tollway Authority Revenue Bonds, insured by Ambac Assurance Corporation ("Ambac"), on May 28, 2003. The $54,405,000 of serial bonds and $170,595,000 of term bonds will mature beginning January 1, 2021 and bear an interest rate of 5.00%. The term bonds are subject to mandatory sinking fund redemptions beginning January 1, 2027. Interest is payable on January 1 and July 1 of each year. The Series 2003A Bonds are subject to redemption prior to maturity at the option of the Authority on January 1, 2013 or on any date thereafter at a price of par plus accrued interest to the date of redemption.

**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 amount on the refunding was $581,259 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $7,250,074. Outstanding principal on the Series 1995 Bonds in escrow is $14,520,000 as of December 31, 2010.

**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. Amortization of the deferred amount on the refunding was $990,050 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $3,608,730.

**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 amount on the refunding was $416,432 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $9,217,661. Outstanding principal on the Series 2005A Bonds in escrow is $ 212,060,000 on December 31, 2010.

**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.

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 amount on the refunding was $153,556 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $287,150.

**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.

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 2008H:**
On September 24, 2008, the Authority issued $409,040,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series 2008H Put Bonds with an Initial Multiannual period for the purpose of refunding $324,870,000 of the Bond Anticipation Notes that were issued in November 2007. Interest accrues on the bonds at the Initial Interest Rate of 5% and is payable January 1 and July 1 of each year, commencing January 1, 2009. The Series 2008H Bonds were issued in subseries. Subseries 2008H-1 was subject to a mandatory tender on January 1, 2011. The Authority refunded the 2008H-1 Bonds on December 8, 2010 with proceeds from the 2010 Revenue Refunding Series. The remaining Subseries 2008H-2 are subject to mandatory tender on January 1, 2013. 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 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 Subseries 2008H-2 Bonds will bear interest at the rate of 12.00% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing.

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 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 2008J:**
The Authority issued $100,000,000 of North Texas Tollway Authority First Tier Revenue Bonds, Series 2008J on November 4, 2008 for the purpose of funding development and construction of components of the Authority, including the 121 Tollway, LLTB, and the PGBT Eastern Extension. These index floating rate mode bonds were delivered pursuant to a private placement with Banc of America Securities LLC. Under such mode, interest is based on a fixed spread above the "Securities Industry and Financial Markets Association Municipal Swap Index" ("SIFMA") announced weekly by Municipal Market Data. The interest rate is reset every Thursday at the SIFMA index for that week plus the fixed spread. Interest is paid to bondholders on the first business day of each month. For the first three years, the rate is set at SIFMA plus 2.5%, provided the Authority's credit ratings remain the same. The bonds mature on January 1, 2039 and may be redeemed at the option of the Authority prior to that date.

**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 2008L:**
On November 4, 2008 the Authority issued $220,000,000 of North Texas Tollway Authority Revenue Refunding Bonds, Series L Put Bonds with an Initial Multiannual period, for the purpose of refunding $168,225,000 of the Bond Anticipation Notes that were issued in November 2007. Interest accrues on the bonds at the Initial Interest Rate of 5.5% and 6.0% and is payable January 1 and July 1 of each year, commencing January 1, 2009. The bonds were issued in two subseries. Subseries 2008L-1 was subject to a mandatory tender on January 1, 2011. The Authority refunded the 2008L-1 Bonds on December 8, 2010 with proceeds from the 2010 Revenue Refunding Series. The remaining Subseries 2008L-2 are subject to mandatory tender on January 1, 2013. On the Mandatory Tender Date, 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 Subseries 2008L-2 Bonds will bear interest at the rate of 12.00% per annum from the Mandatory Tender Date until purchased upon a subsequent remarketing.

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 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 Assets. The Authority obtained a present value loss of $16,920,933.

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 amount on the refunding was $3,837,759 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $ 7,176,630.

**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%.

**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 20008G Bonds. Amortization of the deferred amount on the refunding was $163,281 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was ($3,793,870). The outstanding principal on the portion of the Series 2008E-1 Bonds in escrow is $0. Outstanding principal on the Series 2008G Bonds in escrow is $0.

**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 Assets. 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 amount on the refunding was $853,389 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $ 10,666,831. Outstanding principal on the portion of the Series 2008E-1 Bonds in escrow is $0.

**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 ISTEA 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 ISTEA 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%.

**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 amount on the refunding was $ 2,238 for the year ended December 31, 2010. The deferred amount ending balance for the year ended December 31, 2010 was $ 859,713.

The following schedule summarizes the revenue bonds outstanding as of December 31, 2010:

| Description of Issue | Beginning Balance | Additions | Matured or Retired | Ending Balance | Due within one year |
|---|---|---|---|---|---|
| Series '97 | $ 10,495,000 | $ - | $ (10,495,000) | $ - | $ - |
| Series '97A | 44,685,000 | - | (1,340,000) | 43,345,000 | - |
| Series '98 | 78,905,000 | - | (760,000) | 78,145,000 | - |
| Series '03A | 225,000,000 | - | - | 225,000,000 | - |
| Series '05C | 178,310,000 | - | - | 178,310,000 | - |
| Series '08A | 1,765,335,000 | - | (5,630,000) | 1,759,705,000 | 12,495,000 |
| Series '08B | 234,085,000 | - | (4,125,000) | 229,960,000 | 3,030,000 |
| Series '08C | 9,820,000 | - | (9,820,000) | - | - |
| Series '08D | 443,022,911 | 26,716,948 | - | 469,739,859 | - |
| Series '08E | 390,000,000 | - | - | 390,000,000 | - |
| Series '08F | 1,000,000,000 | - | - | 1,000,000,000 | - |
| Series '08H | 409,040,000 | - | (200,000,000) | 209,040,000 | - |
| Series '08I | 216,397,104 | 13,859,595 | - | 230,256,699 | - |
| Series '08J | 100,000,000 | - | - | 100,000,000 | - |
| Series '08K | 205,000,000 | - | - | 205,000,000 | - |
| Series '08L | 220,000,000 | - | (120,000,000) | 100,000,000 | - |
| Series '09A | 418,165,000 | - | - | 418,165,000 | 14,160,000 |
| 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 Rev Refund | - | 332,225,000 | - | 332,225,000 | - |
| | 7,122,390,015 | 772,801,543 | (352,170,000) | 7,543,021,558 | 29,685,000 |
| Less: | | | | | |
| Unamoritized deferred amount on refunding of revenue bonds | 42,557,828 | 861,951 | (6,839,385) | 36,580,394 | - |
| Bond discount/premium | 25,450,092 | 9,135,903 | 6,330,306 | 40,916,302 | - |
| **Totals** | **$ 7,054,382,095** | **$ 762,803,689** | **$ (351,660,921)** | **$ 7,465,524,862** | **$ 29,685,000** |

***Deferred Amount on Refunding/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 deferred amount of refunding for the year ended on December 31, 2010 was $36,580,394. The discount (premium) costs for the year ended on December 31, 2010 was $40,916,302.

The revenue bond debt service requirements below are prepared as of December 31, 2010:

| Year | Total Revenue Bonds Principal amount | Total Revenue Bonds Interest amount | Capitalized Interest | BAB Subsidy | Total |
|---|---|---|---|---|---|
| Due January 1 | | | | | |
| 2011 | $ 29,685,000 | $ 400,112,659 | $ (192,425,146) | $ (28,978,075) | $ 208,394,438 |
| 2012 | 28,980,000 | 398,878,856 | (128,951,509) | (28,978,075) | 269,929,272 |
| 2013 | 17,605,000 | 392,604,037 | (39,001,383) | (28,978,075) | 342,229,579 |
| 2014 | 1,500,000 | 388,801,321 | - | (28,978,075) | 361,323,246 |
| 2015 | 2,465,000 | 398,041,210 | - | (28,978,075) | 371,528,135 |
| 2016 - 2020 | 223,420,000 | 1,992,263,543 | - | (144,890,375) | 2,070,793,168 |
| 2021 - 2025 | 876,405,000 | 1,817,838,195 | - | (142,056,823) | 2,552,186,372 |
| 2026 - 2030 | 1,226,429,313 | 1,791,209,449 | - | (115,375,234) | 2,902,263,528 |
| 2031 - 2035 | 1,384,741,778 | 1,742,469,354 | - | (96,991,125) | 3,030,220,007 |
| 2036 - 2040 | 1,684,553,303 | 1,203,059,463 | - | (96,196,680) | 2,791,416,086 |
| 2041 - 2045 | 1,276,308,366 | 364,147,096 | - | (67,202,740) | 1,573,252,722 |
| 2046 - 2049 | 690,930,000 | 78,680,708 | - | (17,993,617) | 751,617,091 |
| Interest Accretion | 99,998,798 | (99,998,798) | | - | - |
| | $ 7,543,021,558 | $ 10,868,107,093 | $ (360,378,038) | $ (825,596,969) | $ 17,225,153,644 |

The Interest and Sinking and Reserve Accounts required by the Trust Agreement have been established with the Trustee. The balances as of December 31, 2010 were:

| | Cash and Investment Balance | Trust Requirement |
|---|---|---|
| Bond Interest account* | $ 159,740,258 | $ 171,701,453 |
| Debt service reserve account** | 413,744,120 | 367,351,398 |
| Redemption account*** | 27,227,151 | 29,685,000 |
| Total | $ 600,712,250 | $ 568,831,695 |

Bond interest account – Interest payment due at next due date
Debt service reserve account – Average annual debt service payment
Redemption account – Principal payment due at next due date

* Difference of $11,961,195 – December transfer request of $11,961,810 occurred on 1/3/2011 instead of 12/31/2010.

** Debt Service Reserve account per the trust agreement is not valued at market price, but amortized value. The amortized value at 12/31/10 was $406,557,514.

*** Difference of $2,457,849 - December transfer request of $2,461,762.50 occurred on 1/3/2011 instead of 12/31/2010.

***SWAP Transactions***

***History.*** In 2004, the Authority entered into multiple interest rate swap transactions in the collective notional amount of $202,720,000 pursuant to ISDA Master Agreements dated and effective as of August 20, 2004 (the "2004 ISDA Master Agreements") with Citibank N.A., New York, Bear Stearns Financial Products Inc. and Lehman Brothers Special Financing Inc. (the "Swap Providers") 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").

Concurrently 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, pursuant to the 2004 ISDA Master Agreements 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").

On May 15, 2009, Bear Stearns Financial Products merged with JPMorgan Chase Bank N.A. and all derivative transactions were transferred from Bear Stearns Financial Products to JPMorgan Chase Bank N.A.

On August 14, 2009, $5,375,000 for the 2004 Swap and $706,700 for the 2005 Swap was paid to the swap counterparties to terminate a portion of each respective swap. Currently, the notional amount for the 2004 Swap and the 2005 Swap is $84,060,000 and $94,230,000 respectively. The swap counterparties 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 swaps remain *legally* tied to the Series 2005C Bonds, which have been remarketed to fixed rate. However, the Authority recognized the need for the swaps to be *economically* tied to variable rate bonds so that the swaps 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 were 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.

As of December 31, 2010, rates were as follows: (see example in table below)

| Interest rate swap: | Terms | 2004 Swap Rates December 31, 2010 | 2005 Swap Rates December 31, 2010 |
|---|---|---|---|
| Fixed payment to counterparties | Fixed | 3.673% | 3.533% |
| Variable payment from counterparties | 67% of 1-Month LIBOR | 0.174% | 0.174% |
| Net interest rate swap payments | | 3.499% | 3.359% |
| 2009D Variable-rate bond coupon payments | SIFMA + 185* | 2.150% | 2.150% |
| Synthetic interest rate on bonds | | 5.649% | 5.509% |

*175bps LOC fee & 10bps remarketing fee

| | | Period Ended December 31, 2010 | | | |
|---|---|---|---|---|---|
| Derivative Instrument | Hedge Type | Effectiveness Test Method | Result | Classification | Amount |
| Combined 2004 Swaps | Cash flow hedges | Regressioo Analysis | **Effective** | Deferred Outflow | $ (12,267,841) |
| Combined 2005 Swaps | Cash flow hedges | Regression Analysis | **Effective** | Deferred Outflow | $ (12,832,314) |

***Fair value.*** As of December 31, 2010, the 2004 Swap Transactions had a negative fair value of $12,267,841 and the 2005 Swap Transactions had a negative fair value of $12,832,313. 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 value was calculated by First Southwest, an independent third party provider of swap valuations.

***Credit risk.*** As of December 31, 2010 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 derivative's fair value.

If the respective Swap Provider's 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., it is required to post collateral to the Authority's credit.

As of December 31, 2010, 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 A1/A+ and JPMorgan Chase Bank N.A. Aa1/AA-. 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 the interest rates will adversely affect the fair values of the Authority's hedging instruments or its cash flows. The Authority is exposed to interest rate risk on its derivatives.

The underlying Bonds (Series 2009D) have variable rate coupon payments which are tied to the SIFMA Index. The Swap Payments paid to the Authority by the Counterparties are also variable, tied to 2/3rds of one month Libor. A decrease in Libor Rates would increase the net swap payments for the Authority but would be offset by a likely decrease in SIFMA and a lower corresponding coupon payment. An increase in SIFMA Rates would increase the corresponding coupon payment but would be offset by a likely increase in Libor Rates and a lower corresponding net swap payment.

***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.

***Liquidity risk***. Risk relating to the swap termination insured by FGIC, the Authority may be required to post collateral if FGIC is downgraded to below "A-" by S&P or "A3" by Moody's. If FGIC is so downgraded, and the Authority is downgraded to below A3 by Moody's or A- by S&P, the Authority will be obligated to post collateral in an amount equal to the swap termination payment amount owed by the Authority to JPMorgan Chase Bank N.A. FGIC was downgraded but the Authority has maintained its ratings above the referenced levels and no collateral is required to be posted. The Authority is currently 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) that the swaps are economically tied to. The 2009D bonds are a variable rate obligation that is backed by a letter of credit. Letters of credit typically have a 2 or 3 year term and at the end of the term the Authority would need to refinance the debt or secure either 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 owed to 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 at the termination the swap has a negative fair value, 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.

***Swap payments and associated debt.*** Using rates as of December 31, 2010, 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.

| Fiscal Year | 2009D Bonds Associated with Swaps: Principal amount | 2009D Bonds Associated with Swaps: Interest amount* | Total |
|---|---|---|---|
| 2011 | $ - | $ 9,718,434 | $ 9,718,434 |
| 2012 | - | 9,745,060 | 9,745,060 |
| 2013 | - | 9,718,434 | 9,718,434 |
| 2014 | - | 9,718,434 | 9,718,434 |
| 2015 | - | 9,718,434 | 9,718,434 |
| 2016 | - | 9,745,060 | 9,745,060 |
| 2017 | - | 9,718,434 | 9,718,434 |
| 2018 | - | 9,718,434 | 9,718,434 |
| 2019 | - | 9,431,808 | 9,431,808 |
| 2020 | - | 9,154,975 | 9,154,975 |
| 2021 | - | 8,483,623 | 8,483,623 |
| 2022 | - | 7,793,512 | 7,793,512 |
| 2023 | - | 7,089,915 | 7,089,915 |
| 2024 | - | 6,341,091 | 6,341,091 |
| 2025 | - | 5,512,560 | 5,512,560 |
| 2026 | - | 5,512,560 | 5,512,560 |
| 2027 | - | 5,512,560 | 5,512,560 |
| 2028 | - | 5,527,663 | 5,527,663 |
| 2029 | - | 5,512,560 | 5,512,560 |
| 2030 | - | 5,512,560 | 5,512,560 |
| 2031 | - | 5,512,560 | 5,512,560 |
| 2032 | - | 5,527,663 | 5,527,663 |
| 2033 | - | 5,512,560 | 5,512,560 |
| 2034 | - | 5,512,560 | 5,512,560 |
| 2035 | - | 5,512,560 | 5,512,560 |
| 2036 | - | 5,527,663 | 5,527,663 |
| 2037 | - | 5,512,560 | 5,512,560 |
| 2038 | - | 5,512,560 | 5,512,560 |
| 2039 | - | 5,512,560 | 5,512,560 |
| 2040 | - | 5,527,663 | 5,527,663 |
| 2041 | - | 5,512,560 | 5,512,560 |
| 2042 | - | 5,512,560 | 5,512,560 |
| 2043 | - | 5,512,560 | 5,512,560 |
| 2044 | 32,000,000 | 5,527,663 | 37,527,663 |
| 2045 | 33,800,000 | 4,523,760 | 38,323,760 |
| 2046 | 35,600,000 | 3,479,340 | 39,079,340 |
| 2047 | 37,500,000 | 2,379,300 | 39,879,300 |
| 2048 | 39,500,000 | 1,223,894 | 40,723,894 |
| **TOTAL** | **$ 178,400,000** | **$ 248,028,654** | **$ 426,428,654** |

*Includes interest rates for both swap payments, plus the assumed variable rate amount.

### *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 with Bank of America in excess of $200,000,000 and constitute a Third 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 Third Tier lien on Authority revenues. No such advances have occurred. The credit agreement was renewed on October 16, 2009 and was scheduled to expire on January 2, 2011. On December 16, 2010 the Authority retired the Third Tier Commercial Paper Program and supporting letter of credit. In conjunction with the retirement of the old program the Authority established a new Commercial Paper Program supported by a new letter of credit with Bank of America in excess of $200,000,000 constituting a Second Tier obligation under the Amended and Restated Trust Agreement. Any advances for payments of commercial paper under the new letter of credit are secured by a Second Tier lien on Authority revenues. No such advances have occurred. The credit agreement expires on December 16, 2013.

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. In fiscal year 2010, the Authority issued $217,700,000 of commercial paper to: finance the design, engineering and other preliminary construction costs for the Southwest Parkway/Chisholm Trail project, Phase 4 of the Dallas North Tollway, the conversion of PGBT to all-electronic toll collection and other capital improvements and feasibility study costs of the NTTA System. As of December 31, 2010, $119,200,000 was outstanding with an average interest rate of 0.33%.

Short-term debt activities for the year ended December 31, 2010 were as follows:

| | Balance at December 31, 2009 | Additions | Reductions | Balance at December 31, 2010 |
|---|---|---|---|---|
| Commercial Paper Notes | $ 5,200,000 | $ 217,700,000 | $ 103,700,000 | $ 119,200,000 |

### *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 $8,250,000 was made on December 31, 2010 for the fiscal year of 2010. The loan payable was $142,857,298 as of December 31, 2010.

As of December 31, 2009, the Authority had a liability of $ 4,600,000, which were amounts incurred by TxDOT for costs for interchange improvements relating to the PGBT. The repayment of this amount was scheduled to be paid in annual payments, without interest, of $ 500,000 beginning on October 1 of the year after the ISTEA loan is fully paid, which is currently 2029. The final payment was scheduled to be made in 2039. Because construction fund proceeds from the series 1990 Bonds were available to make the payment, the Authority opted to pay the $4,600,000 on April 30, 2010. The loan payable was $ 0 as of December 31, 2010.

Debt service requirements on the TxDOT ISTEA loan payable subsequent to December 31, 2010 are as follows:

| | TxDOT ISTEA Loan payable | |
|---|---|---|
| **Fiscal years** | **Principal** | **Interest** |
| 2011 | $ - | $ - |
| 2012 | 2,249,993 | 6,000,007 |
| 2013 | 2,344,493 | 5,905,507 |
| 2014 | 2,192,962 | 5,807,038 |
| 2015 | 2,285,066 | 5,714,934 |
| 2016 - 2020 | 20,888,888 | 26,861,112 |
| 2021 - 2025 | 57,538,364 | 19,073,618 |
| 2026 - 2029 | 55,357,532 | 5,932,052 |
| Total principal and interest | $ 142,857,298 | $ 75,294,268 |

*2011 payment was due 1/1/2011, but was paid on 12/31/2010.

## (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.

### *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 8.99% of wages up to a maximum of $245,000, respectively, at December 31, 2010.

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, 2010, was $3,246,692 based on a covered payroll of $36,341,928. The Authority made the actuarially required contribution. Employee contributions to the plan for the year ended December 31, 2010 were $2,130,642.

A separate audited GAAP-basis pension plan report for TCDRS is available at www.tcdrs.org/docs.

**Actuarial valuation information (unaudited)**

| | | | |
|---|---|---|---|
| Actuarial valuation date | December 31, 2007 | December 31, 2008 | December 31, 2009 |
| 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 | 15.0 | 20.0 | 20.0 |
| Asset valuation method | SAF: 10-yr smooth value<br>ESP: Fund value | SAF: 10-yr smooth value<br>ESP: Fund value | SAF: 10-yr smooth value<br>ESP: Fund value |
| Actuarial assumptions: | | | |
| Investment return** | 8.0% | 8.0% | 8.0% |
| Projected salary increases | 5.3% | 5.3% | 5.4% |
| Inflation | 3.5% | 3.5% | 3.5% |
| Cost-of-living adjustments | 0.0% | 0.0% | 0.0% |

**Includes inflation at the stated rates.

*Source reference: Texas County and District Retirement System (GASB Compliance Data) For Employer's Accounting Year ending in 2010*

**Funded Status and Funding Progress**

As of December 31, 2009, the most recent actuarial valuation date, the plan was 94.65% funded. The actuarial accrued liability for benefits was $43,020,466, and the actuarial value of assets was $40,717,240, resulting in an unfunded actuarial accrued liability (UAAL) of $2,303,226. The covered payroll was $36,609,412, and the ratio of the UAAL to the covered payroll was 6.29%.

The schedule of funding progress, presented as RSI 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.

**Trend Information for the retirement plan for the employees of the Authority**

| Accounting year ended | Annual pension cost (APC) | Percentage of APC contributed | Net Pension obligation |
|---|---|---|---|
| December 31, 2008 | $ 2,745,973 | 100% | $ - |
| December 31, 2009 | $ 2,119,141 | 100% | $ - |
| December 31, 2010 | $ 2,130,462 | 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 Texa$aver 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 Texa$aver 401(k) Plan maintained by the Employees Retirement Authority of Texas. As a successor of the Texas Turnpike Authority, however, the Authority is eligible under current IRS rules and regulations to adopt the North Texas Tollway Authority 401(k) Plan as a successor qualified cash or deferred arrangement to the Texa$aver 401(k) Plan.

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, 2010 were $1,197,411 based on a covered payroll of $34,392,153.

***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

In 1997, the Authority terminated its limited risk management program for workers' compensation. The remaining liability for claims is reported in the Operation and Maintenance Fund. As of December 31, 2010, $407,842 is accrued to recognize actuarially determined claim liabilities. No claims have been filed in the years 2007- 2010.

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 2006-2009. 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 Assets.

## (8) Post Employment Benefits

Other Post Employment Benefits

Beginning in fiscal year 2008, the Authority implemented Governmental Accounting Standards Board (GASB) Statement 45 for other post employment benefits provided to retirees on a prospective basis.

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. The Authority also has an OPEB trust, the Dallas-Fort Worth Transition Trust established in 1997 as part of the legislative action which created the Authority.

**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 $413.3 per month for retiree only coverage $649.6 for retiree and spouse, $571.5 for retiree and children, and $807.9 for 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 54 plan members receiving benefits from GBP. An additional 41 active employees have the option of retiring under the ERS GBP or the Authority's plan. The OPEB liability for these 41 employees is calculated under the Authority's plan. The Authority's contributions to the GBP for the fiscal year ended December 31, 2010 was $293,509; which was 100% of the required contribution for that period.

**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:

| | Under Age 65 | | Age 65 and Older | |
|---|---|---|---|---|
| **Plan** | | | | |
| **EPO** | $ 4,236 | $ 4,488 | $ - | $ - |
| **PPO** | 3,864 | 4,092 | - | - |
| **P55** | - | - | 1,916 | 1,917 |
| **PMA** | - | - | 680 | 680 |

The required contribution is based on the projected pay-as-you-go financing requirements. For fiscal year 2010 expenses of $ 19,541 were recognized for the post employment health care premiums paid. This represents 43.2% 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. 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, 2010:

| | 2008 | 2009 | 2010 |
|---|---|---|---|
| Annual Required Contribution | $ 899,228 | $ 899,228 | $ 2,073,600 |
| Interest on Net OPEB Obligation | - | 223,511 | 211,923 |
| Adjustment to Annual Required Contribution | 248,001 | 248,001 | 640,753 |
| Annual OPEB Cost (expense) | 1,147,229 | 1,370,740 | 2,926,276 |
| Payments Made | 17,344 | 14,553 | 19,541 |
| Increase in Net OPEB Obligation | 1,129,885 | 1,356,187 | 2,906,735 |
| Net OPEB Obligation - Beginning of Year | 2,933,958 | 4,063,843 | 5,420,030 |
| Net OPEB Obligation - End of Year | $ 4,063,843 | $ 5,420,030 | $ 8,326,766 |

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, 2008-2010 were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Paid | Net OPEB Obligation |
|---|---|---|---|
| 12/31/2008 | $ 1,147,229 | 1.51% | $ 4,063,843 |
| 12/31/2009 | $ 1,370,740 | 1.06% | $ 5,420,030 |
| 12/31/2010 | $ 2,926,276 | 0.67% | $ 8,326,766 |

**Funded Status and Funding Progress** – The funded status of the plan as of January 1, 2010, the most recent actuarial valuation date, was as follows:

| | |
|---|---|
| Actuarial accrued liability (AAL) | $14,605,332 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | $14,605,332 |
| Funded ratio (actuarial value Of plan assets/AAL) | 0% |
| Covered payroll (active plan members) | $34,392,153 |
| UAAL as a percentage of covered payroll | 43% |

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.

**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, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 3.91% and an annual healthcare cost trend rate of 9% for 2010, 8.5% for 2011 reduced by decrements of .5% percent to an ultimate rate in 2017 of 5.5%. The actuarial assumptions include an investment rate of return at 3.91% 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, 2010 the remaining amortization period was 28 years.

**Dallas- Fort Worth Turnpike Transition Trust Fund**

As part of the 1997 legislation creating the North Texas Tollway Authority under Chapter 366, Texas Transportation Code, the Dallas-Fort Worth Turnpike Transition Trust Fund was established to account for the payment of transition costs and other liabilities payable from funds of the Dallas-Fort Worth Turnpike at December 1977, such as post employment benefits. There are only two remaining retired employees receiving benefits from ERS GBP. Payments during fiscal year were $9,472; which was 100% of the required contribution for the period. The trust currently has $419,418 in net assets. Due the limited number of participants no valuation was done.

## (9) Disaggregation of Receivable Balances

The Authority has an unrestricted accounts receivable balance of $20,244,429 and a restricted accounts receivable balance of $208,224,754 as of December 31, 2010. The restricted balance of $1,359,195 is due from TXDOT related to various construction agreements, $200,000,000 is due from the North Central Texas Council of Governments related to the upfront payment for the SH161 project, and a $6,865,559 tax credit due from the IRS; the unrestricted balance consist of $11,421,679 for video tolls net of allowance for doubtful accounts of $23,376,284, $8,197,814 from TXDOT for several capital projects, $608,936 from interoperable agencies.

## (10) Commitments and Contingencies

The Authority currently has $1,564,480,761 in cash and investments with approximately $844,988,934 restricted for debt service and $438,720,313 restricted for construction. The Authority has $16,409,589 in current liabilities that are comprised primarily of construction-related payables at December 31, 2010. Additionally the Authority has contract and purchase order commitments at December 31, 2010 aggregating $843.6 million. This amount includes $842.9 million of construction contracts payable from restricted funds and the issuance of debt, $96.7 million reimbursable from TxDOT; and $143.4 payable from various other funds.

The Authority is currently evaluating several Authority maintenance, rehabilitation, and capital improvement projects with an estimated cost of approximately $1.1 billion, which may be funded from the Authority's Reserve Maintenance Fund, the Construction Fund, or the Capital Improvement Fund over the next six years.

The Authority has an operating lease agreement for the rental of the TollTag Store. The term of the lease was extended through June 30, 2011. Lease expense for the year ended December 31, 2010 totaled $93,550, under this lease. The following represents required remaining payments under the terms of the TollTag Store lease agreement:

| | | |
|---|---|---|
| 2011 | $ | 46,641 |
| TollTag Store at Inwood location | $ | 46,641 |

The Authority entered into a property management agreement on February 12, 2007 and ending February 28, 2011, to manage existing leases of the Gleneagles buildings. An operating account funded with operating lease payments was established for the Manager to handle all expenses. As of December 31, 2010 this account had a balance of $197,087. The building complex encompasses 163,380 square feet of which 61,662 is occupied by the Authority, 52,887 is leased, and 48,831 is vacant. The leased space is divided into two leases; one for 22,369 sq. ft. beginning July 1, 2005 and expired March 31, 2010, one for 30,518 sq. ft. beginning July 1, 2005 and expiring December 31, 2010. The term of this lease was extended to June 30, 2013. The following represents minimum future rentals on non-cancelable operating lease agreements:

| | | |
|---|---|---|
| 2011 | $ | 564,293 |
| 2012 | | 564,293 |
| 2013 | | 296,259 |
| Gleneagles Offices Complex | $ | 1,424,845 |

The Authority has entered into a building lease agreement for the rental of one of the Frisco Center Properties in the City of Frisco. The term of the lease was extended through December 15, 2013. The building complex encompasses 146,800 square feet of which 36,960 are occupied by the Authority. The lease agreement indicated that the Authority will pay $19,250 per month for the first 18 months and $20,020 the remaining 18 months of the lease. Lease expenses for the year ended on December 31, 2010 totaled $304,476, under this lease. The following represents the required remaining payments under the terms of the building lease agreement:

| | | | |
|---|---|---|---|
| 2011 | | $ | 301,476 |
| 2012 | | | 306,866 |
| 2013 | | | 310,716 |
| | Frisco Center Properties (lease) | $ | 919,058 |

The Authority has an operating lease agreement for the rental of copy machines from January 1, 2011 through December 31, 2013. The following represents the required payments under the terms of the lease agreement:

| | | | |
|---|---|---|---|
| 2011 | | $ | 68,436 |
| 2012 | | | 68,436 |
| 2013 | | | 68,436 |
| | Copy Machine (lease) | $ | 205,308 |

## (11) Subsequent Events

On April 28, 2011 the Authority closed Series 2011 A – C Special Projects System (SPS) Revenue Bonds in the aggregate principal amount of $672,833,450 and Series 2011 A & B Taxable Bond Anticipation Notes (BANs) in the aggregate principal amount of $418,405,000. The Bonds and BANS were issued for the purpose of providing funds to pay an upfront payment to the Texas Department of Transportation for the Authority's right to own and operate an 11.5-mile tolled portion of State Highway 161 in western Dallas County, designated the President George Bush Turnpike Western Extension (PGBT WE), and to finance a portion of the costs of the construction and development of PGBT WE.

On April 13, the 2011 SPS Revenue Bonds Series A - C were issued as follows: Series 2011A Bonds were issued as Current Interest Bonds in the amount of $487,890,000. Interest is payable September 1 and March 1, commencing September 1, 2011. The Series 2011A Bonds were issued as three term bonds. The first term bond was issued in the amount of $47,335,000 and has a maturity of September 1, 2036 and an interest rate of 5.50%. The second term bond was issued in the amount of $280,545,000 and has a maturity of September 1, 2041 and an interest rate of 5.50%. The final term bond was issued in the amount of $50,000,000 and has a maturity of September 1, 2041 and an interest rate of 6.00%

Series 2011B Bonds were issued as Capital Appreciation Bonds in the amount of $55,103,673 and the sum of the principal and accreted/compounded interest is payable only at maturity. The approximate Yield to Maturity is 7.55% to 7.60%. The maturity dates of the 2011B bonds are September 1, 2037 through September 1, 2043.

Series 2011C Bonds were issued as Convertible Capital Appreciation Bonds in the amount of $129,839,776. Interest will accrete from the date of delivery and will compound semiannually on September 1 and March 1, commencing September 1, 2011.These bonds were issued in two Subseries. The first Subseries were issued in an amount of $36,767,691 with an approximate Yield to Maturity of 7.00% and a conversion date of September 1, 2023. After conversion, interest will accrue at a rate of 7.00% on the total amount of principal and the accreted/compounded interest thereon payable semiannually on September 1 and March 1, commencing March 1, 2024. The second Subseries were issued in an amount of $93,072,085 with an approximate Yield to Maturity of 6.75% and a conversion date of September 1, 2021. After conversion, interest will accrue at a rate of 6.75% on the total amount of principal and the accreted/compounded interest thereon payable semiannually on September 1 and March 1, commencing March 1, 2022.

The Series 2011 Taxable BANs were issued in the following series:

On March 31, Series 2011B Notes were issued as Taxable BANs in the amount of $70,110,000. Interest is payable September 1 and March 1, commencing September 1, 2011. The Series 2011B Notes were issued as a term note maturing on September 1, 2013 with an interest rate of 2.306%

On April 14, Series 2011A Notes were issued as Taxable BANs in the amount of 348,295,000. Interest is payable September 1 and March 1, commencing September 1, 2011. The Series 2011A Notes were issued as a term note maturing on September 1, 2013 with an interest rate of 2.441%

On April 15, 2011, NTTA closed on its $418,405,000 TIFIA loan through the TIGER program of the American Recovery and Reinvestment Act of 2009. TIFIA Loan interest rate is set at 4.51% and will be drawn on September 1, 2013 to retire the BANs.

In February 2011, the Authority extended its existing Letter of Credit and reimbursement agreement with JPMorgan Chase Bank, NA at a reduced fee from 1.75% per annum to 1.20% per annum. The letter of credit was originally set to expire November 4, 2011. The term of the letter of credit was extended until June 30, 2014. These changes were effective February 1, 2011.

On April 27, 2011 the Authority entered into an agreement with Morgan Stanley to provide a $100,000,000 Letter of Credit to refund the 2008J Floating Rate Notes. The annual Letter of credit fee is set at 1.20% per annum for a 3-year term. The Authority will be issuing variable rate demand bonds at a later date.

The Authority recently discovered that certain employees in its information technology group may have undertaken a scheme to misappropriate funds by creating fraudulent refunds of toll revenues. While the Authority has not yet conducted a complete investigation of the matter, they have reported it to local police. In addition, the Authority is conducting its own internal investigation and hired a computer forensic firm to determine the full extent of the losses. After the initial investigation, the Authority believes that the maximum loss, assuming no recovery, is less than $349,000.

**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 General Engineering Consultant, HNTB Corporation. 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 were complete in 2010.

The infrastructure assets include the President George Bush Turnpike (PGBT), 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 90.35 centerline miles of high-speed roadways, 89 interchanges, 15 main lane toll plazas, 99 ramp toll plazas, 374 bridges, one tunnel, and other structures and appurtenances. All assets combined totaled approximately $1.76 billion in current replacement value for FYE 2008.

**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 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 2010.

**Condition Index Table**

| | Condition Index | |
|---|---|---|
| Fiscal Year | Current | Goal |
| 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 | 8.8 | 8.0 |

**Condition Assessment and Inventory**

A comprehensive condition assessment on all the Authority's assets was conducted from fall of 2007 to May 2008. The Authority's Maintenance Management Consultant performed condition assessments of the Authority's roadways including pavement, bridges, and facilities. Fleet, being the fourth major asset, was inspected and evaluated by the NTTA staff. Assessment procedures and representative work samples were reviewed by NTTA's General Engineering Consultants, HNTB Corporation.

**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 90.35 centerline miles (approximately 761 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 2003 through 2010.

| Fiscal year | Budget | Actual |
|---|---|---|
| 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 |
| 2004 | 25,518,270 | 15,319,100 |
| 2003 | 15,005,598 | 12,422,078 |

## 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) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| 12/31/10 | $ 40,717,240 | $ 43,020,466 | $ 2,303,226 | 94.65% | $ 36,609,412 | 6.29% |
| 12/31/08 | 33,209,419 | 35,480,892 | 2,271,473 | 93.60% | 32,589,789 | 6.97% |
| 12/31/07 | 29,459,126 | 29,842,359 | 383,233 | 98.72% | 30,611,880 | 1.25% |

**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) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| 1/1/2010 | — | $ 14,605,332 | $ 14,605,332 | — | $ 34,392,153 | 43.00% |
| 01/01/08 | — | 6,004,945 | 6,004,945 | — | 28,746,776 | 20.89% |

**NORTH TEXAS TOLLWAY AUTHORITY**
Schedule of Net Assets by Trust Accounts
December 31, 2010

| Assets | Total | Interfund eliminations/ reclassifications | Construction and property account | Revenue account | Operation and maintenance account |
|---|---|---|---|---|---|
| Current assets: | | | | | |
| Cash and cash equivalents (note 3) | $ 14,451,002 | - | (932,106) | 2,658,387 | 12,923,054 |
| Investments (note 3) | 265,892,503 | - | - | 76,341,552 | 3,050 |
| Accrued interest receivable | 68,526 | - | - | 52,762 | - |
| Interfund receivable | - | (708,765,438) | 19,595,247 | - | 1,714,832 |
| Accounts receivable (net of allowance for uncollectibles) (note 9) | 20,244,429 | - | - | 12,030,167 | 931,476 |
| Inventory, at average cost | 2,148,580 | - | - | - | 2,148,580 |
| Prepaid expenses | 1,066,574 | - | - | - | 1,066,574 |
| Total current unrestricted assets | 303,669,614 | (708,765,438) | 18,663,141 | 91,082,868 | 18,787,566 |
| Current restricted assets: | | | | | |
| Restricted assets: | | | | | |
| Restricted for construction: | | | | | |
| Cash and cash equivalents (notes 3 and 10) | 6,494 | - | - | - | - |
| Investments (notes 3 and 10) | 438,720,097 | (244,276,684) | 585,897,692 | - | - |
| Accrued interest receivable | 588,395 | - | 588,395 | - | - |
| Accounts receivable | 201,359,195 | - | 1,359,195 | - | - |
| Restricted for debt service: | | | | | |
| Cash and cash equivalents (notes 3 and 5) | - | - | | - | - |
| Investments (notes 3 and 5) | 432,355,980 | (168,356,261) | - | - | |
| Accrued interest receivable | 1,085,940 | - | | | |
| Accounts receivable | 6,865,559 | - | | | |
| Restricted for pension benefits and other purposes: | | | | | |
| Cash and cash equivalents (notes 3 and 5) | (6,278) | - | - | - | |
| Investments (notes 3 and 5) | 428,009 | | - | - | |
| Accrued interest receivable | 61 | - | | | |
| Total current restricted assets | 1,081,403,461 | (412,632,945) | 587,845,282 | - | - |
| Total current assets | 1,385,273,075 | (1,121,398,383) | 606,508,423 | 91,082,868 | 18,787,566 |
| Noncurrent assets: | | | | | |
| Investments restricted for debt service (note 3) | 412,632,945 | 412,632,945 | - | - | - |
| Accounts receivable (note 9) | - | - | - | - | - |
| Deferred outflow of resources | 25,100,155 | | 25,100,155 | | |
| Deferred improvement costs | - | - | - | - | - |
| Deferred financing costs | 83,932,139 | - | 76,292,876 | - | - |
| Deferred feasibility study costs | 282,389,327 | - | - | - | - |
| Deferred amount on refunding | - | (36,580,394) | 36,580,394 | - | - |
| Capital assets (net of accumulated depreciation) (note 4) | 6,213,136,581 | (40,916,302) | 6,254,119,425 | - | (62) |
| Total noncurrent assets | 7,017,191,127 | 335,136,249 | 6,392,092,850 | - | (62) |
| **Total assets** | **8,402,464,202** | **(786,262,134)** | **6,998,601,273** | **91,082,868** | **18,787,504** |
| **Liabilities** | | | | | |
| Current liabilities: | | | | | |
| Accounts and retainage payable | 16,346,267 | - | - | 8,779,917 | 434,888 |
| Accrued liabilities | 73,032,550 | - | 49,080,175 | - | 10,004,194 |
| Interfund payable | - | (708,765,438) | 184,293,917 | 195,023,341 | 1,739,374 |
| Other post-employment benefits | - | - | - | - | - |
| Deferred revenue | 31,202,410 | - | - | 31,202,410 | - |
| Tolltag deposits | 782,945 | - | - | 782,945 | - |
| Total current unrestricted liabilities | 121,364,172 | (708,765,438) | 233,374,092 | 235,788,613 | 12,178,456 |
| Payable from restricted assets: | | | | | |
| Construction-related payables: | | | | | |
| Accounts payable (note 10) | 107,082 | - | 107,082 | - | - |
| Retainage payable (note 10) | 16,302,507 | - | 16,302,507 | - | - |
| Deferred grant revenue | 49,568,768 | - | 49,568,768 | | |
| Debt service-related payables: | | | | | |
| Accrued interest payable | 193,986,397 | - | 20 | - | - |
| Accrued arbitrage rebate payable | 225,874 | - | 225,874 | - | - |
| Commercial paper payable (note 5) | 119,200,000 | - | - | - | |
| Revenue bonds payable (note 5) | 29,685,000 | | 29,685,000 | - | - |
| Pension benefits and other related payables | | | | | |
| Accounts payable (note 10) | 374,340 | - | - | - | 371,966 |
| Total current liabilities payable from restricted assets | 409,449,966 | - | 95,889,251 | - | 371,966 |
| Total current liabilities | 530,814,140 | (708,765,438) | 329,263,343 | 235,788,613 | 12,550,422 |
| Noncurrent liabilities: | | | | | |
| Other Post Employment Benefits | 8,326,766 | - | - | - | 8,326,766 |
| Deferred outflow of resources | 25,100,155 | | 25,100,155 | | |
| Texas Department of Transportation loan payable (note 5) | - | - | - | - | |
| Texas Department of Transportation ISTEA loan payable (note 5) | 142,857,298 | - | 142,857,298 | - | - |
| Dallas North Tollway System revenue bonds payable, net of unamortized net deferred amount on refundings of $36,580,394 and bond discount (premium) costs of $40,916,302 (note 5) | 7,435,839,862 | (77,496,696) | 7,110,211,787 | - | - |
| Total noncurrent liabilities | 7,612,124,081 | (77,496,696) | 7,278,169,240 | - | 8,326,766 |
| **Total liabilities** | **8,142,938,221** | **(786,262,134)** | **7,607,432,583** | **235,788,613** | **20,877,188** |
| **Net Assets** | | | | | |
| Invested in capital assets, net of related debt | (831,801,869) | (789,449,144) | - | - | - |
| Restricted: | | | | | |
| Restricted for construction | 179,346,454 | 588,177,764 | (608,831,310) | - | - |
| Restricted for debt service | 1,031,396,057 | 408,463,439 | - | (144,705,745) | - |
| Restricted for pension benefits and other purposes | 419,418 | (31,284,279) | - | - | (2,089,684) |
| Unrestricted | (119,834,279) | (175,927,780) | - | - | - |
| **Total net assets** | **$ 259,525,981** | **-** | **(608,831,310)** | **(144,705,745)** | **(2,089,684)** |

See accompanying independent auditors' report.

| Reserve maintenance account | Consolidated Capital Improvement Fund | DFW Turnpike Transition Trust Fund | Debt service accounts: Bond Interest account | Debt service accounts: Reserve account | Debt service accounts: Redemption account |
|---|---|---|---|---|---|
| (268,935) | 70,602 | - | - | - | - |
| 34,790,074 | 154,757,827 | - | - | - | - |
| 5,095 | 8,669 | - | - | - | - |
| 155,979 | 335,955,851 | - | 340,286,412 | 11,057,117 | - |
| - | 7,282,786 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 34,682,213 | 498,075,735 | - | 340,286,412 | 11,057,117 | - |
| | | | | | |
| - | 6,494 | - | - | - | - |
| - | 87,099,089 | - | - | - | - |
| - | - | | - | - | - |
| - | 200,000,000 | - | - | - | - |
| | | | | | |
| - | - | - | - | - | - |
| | | - | 159,740,979 | 413,744,120 | 27,227,151 |
| - | - | - | 7,380 | 1,074,701 | 3,879 |
| | - | - | 6,605,559 | - | - |
| | | | - | | |
| | | (6,278) | - | - | - |
| - | - | 428,009 | - | - | - |
| - | - | 61 | - | - | - |
| - | 287,105,583 | 421,792 | 166,813,898 | 414,818,821 | 27,231,030 |
| 34,682,213 | 785,181,318 | 421,792 | 506,900,310 | 425,875,938 | 27,231,030 |
| | | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| | | | | | |
| - | - | - | - | | - |
| - | 7,639,263 | - | - | - | - |
| - | 282,389,327 | - | - | - | - |
| - | - | - | - | - | - |
| - | (66,500) | - | - | - | - |
| - | 289,962,090 | - | - | - | - |
| **34,682,213** | **1,085,143,408** | **421,792** | **506,900,310** | **425,875,938** | **27,231,030** |
| | | | | | |
| 361,956 | 6,769,506 | | | | |
| 850,790 | 13,097,391 | - | - | - | - |
| 115,504 | 292,950,937 | - | - | - | 34,642,365 |
| - | - | - | - | - | - |
| | - | | - | - | - |
| - | - | - | - | - | - |
| 1,328,250 | 312,817,834 | - | - | - | 34,642,365 |
| | | | | | |
| - | - | - | - | - | - |
| | - | - | - | - | - |
| | - | | | | |
| | - | | | | |
| - | 21,098,492 | - | 172,887,885 | - | - |
| - | - | - | - | - | - |
| - | 119,200,000 | - | - | - | - |
| - | - | - | - | - | - |
| | - | | | | |
| - | - | 2,374 | - | - | - |
| - | 140,298,492 | 2,374 | 172,887,885 | - | - |
| 1,328,250 | 453,116,326 | 2,374 | 172,887,885 | - | 34,642,365 |
| | | | | | |
| - | - | - | - | - | - |
| | | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| | - | | | | |
| | - | | | | |
| - | 403,124,771 | - | - | - | - |
| - | 403,124,771 | - | - | - | - |
| **1,328,250** | **856,241,097** | **2,374** | **172,887,885** | - | **34,642,365** |
| | | | | | |
| | (42,352,525) | - | - | - | - |
| | | | | | |
| - | 200,000,000 | - | - | - | - |
| - | 7,750,000 | - | 334,012,425 | 425,875,938 | - |
| 33,353,963 | - | 419,418 | - | - | - |
| - | 63,504,836 | - | - | - | (7,411,335) |
| **33,353,963** | **228,902,311** | **419,418** | **334,012,425** | **425,875,938** | **(7,411,335)** |

**NORTH TEXAS TOLLWAY AUTHORITY**
Consolidating Schedule for Capital Improvement Fund
December 31, 2010
*(Unaudited)*

| | Consolidated Capital Improvement Fund | Capital Improvement Fund | Feasibility Study Fund |
|---|---|---|---|
| **Assets** | | | |
| Current assets: | | | |
| Cash and cash equivalents (note 3) | $ 70,602 | (1,195,259) | 1,265,861 |
| Investments (note 3) | 154,757,827 | 154,757,827 | - |
| Accrued interest receivable | 8,669 | 8,669 | - |
| Interfund receivable | 335,955,851 | 335,955,581 | 270 |
| Accounts receivable (note 9) | 7,282,786 | 1,580,248 | 5,702,538 |
| Inventory, at average cost | - | - | - |
| Prepaid expenses | - | - | - |
| Total current unrestricted assets | 498,075,735 | 491,107,066 | 6,968,669 |
| Current restricted assets: | | | |
| Restricted assets: | | | |
| Restricted for construction: | | | |
| Cash and cash equivalents (notes 3 and 10) | 6,494 | 24,563,877 | (24,557,383) |
| Investments (notes 3 and 10) | 97,099,089 | 97,099,089 | - |
| Accrued interest receivable | - | - | - |
| Accounts receivable | 200,000,000 | - | 200,000,000 |
| Restricted for debt service: | | | |
| Cash and cash equivalents (notes 3 and 5) | - | - | - |
| Investments (notes 3 and 5) | - | - | - |
| Accrued interest receivable | - | - | - |
| Restricted for pension benefits and other purposes: | | | |
| Cash and cash equivalents (notes 3 and 5) | - | - | |
| Investments (notes 3 and 5) | - | - | - |
| Accrued interest receivable | - | - | - |
| Total current restricted assets | 297,105,583 | 121,662,966 | 175,442,617 |
| **Total current assets** | **795,181,318** | **612,770,032** | **182,411,286** |
| Noncurrent assets: | | | |
| Investments for unrestricted assets (note 3) | - | - | - |
| Investments restricted for construction (note 3) | - | - | - |
| Investments restricted for debt service (note 3) | - | - | - |
| Accounts receivable (note 9) | - | - | - |
| Deferred improvement costs | - | - | - |
| Deferred financing costs | 7,639,263 | 7,639,263 | - |
| Deferred feasibility study costs | 282,389,327 | - | 282,389,327 |
| Deferred amount on refunding | - | - | - |
| Capital assets net of amortization and depreciation (note 4) | (66,500) | (66,500) | - |
| Total noncurrent assets | 289,962,090 | 7,572,763 | 282,389,327 |
| Total assets | 1,085,143,408 | 620,342,795 | 464,800,613 |
| **Liabilities** | | | |
| Current liabilities: | | | |
| Accounts and retainage payable | 6,769,506 | 1,404,684 | 5,364,822 |
| Accrued liabilities | 13,097,391 | 4,188,360 | 8,909,031 |
| Interfund payable | 292,950,937 | 71,653 | 292,879,284 |
| Other post-employment benefits | - | - | - |
| Deferred revenue | - | - | - |
| Tolltag deposits | - | - | - |
| Total current unrestricted liabilities | 312,817,834 | 5,664,697 | 307,153,137 |
| Payable from restricted assets: | | | |
| Construction-related payables: | | | |
| Accounts payable (note 10) | - | - | - |
| Retainage payable (note 10) | - | - | - |
| Deferred grant revenue | - | - | - |
| Debt service-related payables: | - | | |
| Accrued interest payable | 21,098,492 | 21,098,492 | - |
| Accrued arbitrage rebate payable | - | - | - |
| Commercial paper payable (note 5) | 119,200,000 | 119,200,000 | - |
| Revenue bonds payable (note 5) | - | - | - |
| Pension benefits and other related payables | - | - | - |
| Accounts payable (note 10) | - | - | - |
| Total current liabilities payable from restricted assets | 140,298,492 | 140,298,492 | - |
| Total current liabilities | 453,116,326 | 145,963,189 | 307,153,137 |
| Noncurrent liabilities: | | | |
| Texas Department of Transportation loan payable (note 5) | - | - | - |
| Texas Department of Transportation ISTEA loan payable (note 5) | - | - | - |
| Dallas North Tollway System revenue bonds payable, net of unamortized net deferred amount on refundings of $0 and bond discount (premium) costs of $3,124,771) (note 5) | 403,124,771 | 403,124,771 | - |
| Total noncurrent liabilities | 403,124,771 | 403,124,771 | - |
| **Total liabilities** | **856,241,097** | **549,087,960** | **307,153,137** |
| **Net Assets** | | | |
| Invested in capital assets, net of related debt | (42,352,525) | - | (42,352,525) |
| Restricted: | | | |
| Restricted for construction | 200,000,000 | - | 200,000,000 |
| Restricted for debt service | 7,750,000 | 7,750,000 | - |
| Restricted for pension benefits and other purposes | - | - | - |
| Unrestricted | 63,504,836 | 63,504,836 | - |
| **Total net assets** | $ 228,902,311 | 71,254,836 | 157,647,475 |

See accompanying independent auditors' report

Schedule 3

**NORTH TEXAS TOLLWAY AUTHORITY**

Schedule of Budget and Actual Revenues and Expenses on Trust Agreement Basis

Year ended December 31, 2010

***(Unaudited)***

| | | Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues: | | | | |
| Toll revenues | $ | 377,132,800 | 366,597,323 | (10,535,477) |
| Interest income | | 9,300,000 | 12,817,761 | 3,517,761 |
| Other revenue | | 23,588,616 | 17,242,542 | (6,346,074) |
| Gross revenues | | 410,021,416 | 396,657,626 | (13,363,790) |
| Operating expenses: | | | | |
| Administration: | | | | |
| Administration | | 1,269,571 | 838,276 | 431,295 |
| Board | | 303,460 | 165,589 | 137,871 |
| Business diversity | | 207,277 | 190,600 | 16,677 |
| Communications | | 2,556,369 | 1,983,456 | 572,913 |
| Finance | | 3,841,677 | 3,887,271 | (45,594) |
| Government affairs | | 555,229 | 429,235 | 125,994 |
| Human resources | | 11,576,399 | 10,712,051 | 864,348 |
| Internal audit | | 983,831 | 699,001 | 284,830 |
| Legal | | 3,375,125 | 2,200,086 | 1,175,039 |
| Total administration | | 24,668,938 | 21,105,565 | 3,563,373 |
| Operations: | | | | |
| Customer service center | | 27,246,233 | 29,854,541 | (2,608,308) |
| Information technologies | | 11,540,166 | 10,540,591 | 999,575 |
| Operations | | 1,076,517 | 652,418 | 424,099 |
| Project delivery | | 135,863 | 141,111 | (5,248) |
| Maintenance | | 21,668,988 | 20,309,114 | 1,359,874 |
| System & incident management | | 8,285,623 | 6,900,844 | 1,384,779 |
| Toll collection | | 6,684,162 | 5,557,257 | 1,126,905 |
| Vault | | 913,714 | 648,398 | 265,316 |
| Total operations | | 77,551,266 | 74,604,274 | 2,946,992 |
| Total operating expenses | | 102,220,204 | 95,709,839 | 6,510,365 |
| Net revenues available for debt service | $ | 307,801,212 | 300,947,787 | (6,853,425) |

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY**

Schedule of Changes in Net Assets by Trust Account

December 31, 2010

***(Unaudited)***

| | Total | Construction and property account | Revenue account | Operation and maintenance account |
|---|---|---|---|---|
| **Net assets, beginning of year** | **$ 370,671,733** | **(310,492,730)** | **(6,692,012)** | **1,231,643** |
| Gross revenues | 396,683,673 | 26,047 | 383,174,041 | 338,681 |
| Grant revenues | 31,526,405 | 7,542,346 | - | - |
| Net increase (decrease) in the fair value of investments | 13,108,649 | 14,557,856 | - | - |
| Gain (loss) on sale of investments | (209,946) | (73,350) | - | - |
| Administration and operations expenses | (95,720,032) | - | - | (95,709,839) |
| Depreciation on property and equipment | (4,794,093) | (4,794,093) | | |
| Bond interest expense | (371,173,164) | (155,599,048) | - | - |
| BAB's Subsidy | 26,263,784 | - | - | - |
| SWAP termination payment | - | - | - | - |
| Bond discount/premium amortization | 6,330,306 | 6,151,178 | - | - |
| Interest on short term notes (net of capitalized interest) | (178,550) | - | - | - |
| Interest on loan | (6,090,697) | (6,090,697) | - | - |
| Amortization of deferred amount on refunding (note 5) | (571,990) | (571,990) | - | - |
| Amortization of bond issuance costs | (5,002,937) | (4,450,855) | | |
| Unallocated infrastructure depreciation | (63,801,840) | (63,801,840) | | |
| Reserve maintenance fund expenses | (11,701,225) | - | - | - |
| Consolidated capital improvement fund expenses | (18,259,590) | - | - | - |
| Net revenues | (103,591,247) | (207,104,446) | 383,174,041 | (95,371,158) |
| Interfund transactions: | | | | |
| Distribution from revenue fund | 1 | - | (521,187,774) | 92,049,831 |
| Revenue bonds retired | - | 32,170,000 | - | - |
| Transfer to/from debt service fund | - | (77,003,296) | - | - |
| Transfer to/from construction fund | - | - | - | - |
| Transfer of excess monies from other funds | - | - | - | - |
| Capitalized costs transferred to construction and property fund | (1,277,491) | 716,222 | - | - |
| Principal value retired | - | - | - | - |
| Transfer from/to escrow account | (6,267,396) | (6,267,396) | - | - |
| Transfer of interest accretion | - | (40,576,544) | - | - |
| Deferred amount on refunding | - | - | | |
| Payments to other agencies | (217,866) | (217,866) | | |
| Construction investment earnings capitalized | - | - | - | - |
| Transfer to feasibility study fund | - | - | | - |
| Contributed capital | - | - | - | - |
| Cost of equipment retired | - | - | - | - |
| Depreciation on equipment retired | - | - | - | - |
| Equity realized from sale excess land | - | - | - | - |
| Equity realized from sale or trade-in of equipment | 208,247 | (55,254) | - | - |
| Net changes during the year | (111,145,752) | (298,338,580) | (138,013,733) | (3,321,327) |
| **Net assets, end of year** | **$ 259,525,981** | **(608,831,310)** | **(144,705,745)** | **(2,089,684)** |

See accompanying independent auditors' report.

| Reserve maintenance account | Consolidated Capital Improvement account | DFW Turnpike Transition Trust fund | Debt service accounts | | |
|---|---|---|---|---|---|
| | | | Bond interest account | Reserve account | Redemption account |
| **46,859,652** | **131,216,420** | **429,178** | **89,654,592** | **418,463,596** | **1,394** |
| 189,249 | 685,602 | 433 | 29,926 | 12,219,923 | 19,771 |
| - | 23,984,059 | - | - | - | - |
| - | - | - | - | (1,449,207) | - |
| - | - | - | - | (136,596) | - |
| - | - | (10,193) | - | - | - |
| | | | | | |
| - | (21,019,677) | - | (194,554,439) | - | - |
| - | - | - | 26,263,784 | - | - |
| - | - | - | - | - | - |
| - | 179,128 | - | - | - | - |
| - | - | - | (178,550) | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| | (552,082) | | | | |
| - | - | - | - | - | - |
| (11,701,225) | - | - | - | - | - |
| - | (18,259,590) | - | - | - | - |
| (11,511,976) | (14,982,560) | (9,760) | (168,439,279) | 10,634,120 | 19,771 |
| | | | | | |
| - | 135,519,642 | - | 268,880,802 | - | 24,737,500 |
| - | - | - | - | - | (32,170,000) |
| - | (23,114,692) | - | 103,339,766 | (3,221,778) | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| | | | | | |
| (1,993,713) | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 40,576,544 | - | - |
| | | | | | |
| | - | | | | |
| - | - | - | - | - | - |
| - | - | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 263,501 | - | - | - | - |
| (13,505,689) | 97,685,891 | (9,760) | 244,357,833 | 7,412,342 | (7,412,729) |
| **33,353,963** | **228,902,311** | **419,418** | **334,012,425** | **425,875,938** | **(7,411,335)** |

**NORTH TEXAS TOLLWAY AUTHORITY**
Schedule of Cash Receipts and Disbursements by Trust Account
Year ended December 31, 2010
***(Unaudited)***

| | Total (memorandum only) | Construction and property account | Revenue account | Operation and maintenance account |
|---|---|---|---|---|
| **Balance of cash, December 31, 2010** | **$ 35,235,563** | **22,605,233** | **2,754,083** | **12,091,113** |
| Receipts: | | | | |
| Toll revenues | 335,912,919 | — | 336,131,917 | (218,998) |
| Issuance of bonds | 732,225,000 | 332,225,000 | — | — |
| Bond premium | — | — | — | — |
| Issuance of commercial paper | 217,700,000 | — | — | — |
| Investments | 1,794,645,949 | 214,125,379 | 805,945,606 | — |
| Earnings received from investments | 9,788,089 | 9,788,089 | — | — |
| Gain/loss from sale of investments | — | — | — | — |
| Prepaid customers' accounts | 373,302,355 | — | 373,665,094 | |
| Toll tag deposits | — | — | — | — |
| Damage claims collected | 363,280 | 19,479 | — | 343,801 |
| Lane violation fee | 35,000,282 | — | 35,000,282 | |
| Miscellaneous revenue | 983,907 | 26,047 | 35,026 | 493,631 |
| Reimbursable receipts | 30,972,723 | 4,680,200 | 26,246,306 | 392 |
| Rental fee | 104,472 | | 104,472 | — |
| Sale of excess land | — | | | |
| Deferred grant income | 7,542,346 | 7,542,346 | — | — |
| Miscellaneous revenue – tag store | 1,839,407 | | 1,839,407 | — |
| | 3,540,380,729 | 568,406,540 | 1,578,968,110 | 618,826 |
| Disbursements: | | | | |
| Bond discount | — | | — | — |
| Transfer to escrow for defeasance | (320,000,000) | (320,000,000) | — | — |
| Revenue bonds retired | (32,170,000) | — | | |
| Commercial paper retired | (103,700,000) | — | — | — |
| SWAP termination | — | — | | — |
| Interest on bonded debt | (349,446,030) | — | | |
| Interest on other debt | (6,918,485) | — | — | — |
| Investments | (1,883,805,489) | (38,125,034) | (986,597,648) | — |
| Operating expenses | (107,242,071) | — | (9,236,777) | (97,995,933) |
| Reserve maintenance fund expenses | (13,164,123) | — | — | |
| Capital improvement fund expenses | (23,043,279) | — | — | |
| Deferred study cost | (91,961,081) | — | — | |
| Capitalized costs | (267,765,677) | (267,765,677) | — | — |
| Equipment (net of trade-in) | (46,263,713) | — | — | — |
| Reimbursable costs | — | — | — | |
| | (3,245,479,948) | (625,890,711) | (995,834,425) | (97,995,933) |
| Interfund and interproject transactions: | | | | |
| Transfer of capitalized interest | — | — | — | |
| Transfer of deferred revenue | (379,425,361) | — | (379,425,361) | — |
| Transfer of excess monies | — | — | — | |
| Distribution from revenue fund | (111,137,085) | — | (216,063,924) | 86,291,804 |
| Interoperative Agencies Transfers | 12,259,634 | — | 12,259,904 | (270) |
| Other interfund transactions – net | 162,617,686 | 33,946,832 | — | 10,298,356 |
| Transition trust fund – net | — | — | | |
| Feasibility study fund – net | — | — | — | 1,619,158 |
| | (315,685,126) | 33,946,832 | (583,229,381) | 98,209,048 |
| Receipts over (under) disbursements and interfund and interproject transactions for the year ended December 31, 2010 | (20,784,345) | (23,537,339) | (95,696) | 831,941 |
| **Balance of cash, December 31, 2010** | **$ 14,451,218** | **(932,106)** | **2,658,387** | **12,923,054** |

See accompanying independent auditors' report.

| Reserve maintenance account | Consolidated Capital Improvement account | DFW Turnpike Transition Trust fund | Debt service accounts | | |
|---|---|---|---|---|---|
| | | | Bond interest account | Reserve account | Redemption account |
| 1,307,883 | (3,522,483) | (266) | — | — | — |
| — | — | — | — | — | — |
| — | 400,000,000 | — | — | — | — |
| — | — | — | — | — | — |
| — | 217,700,000 | — | — | — | — |
| 23,660,585 | 362,382,499 | 3,349 | 356,358,531 | — | 32,170,000 |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| (176,399) | (186,340) | — | — | — | — |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| — | 429,203 | — | — | — | — |
| — | 45,825 | — | — | — | — |
| — | — | — | — | — | — |
| — | | | | | |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| 23,484,186 | 980,371,187 | 3,349 | 356,358,531 | — | 32,170,000 |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| — | — | — | — | — | (32,170,000) |
| — | (103,700,000) | — | — | — | — |
| — | — | — | — | — | — |
| — | — | — | (349,446,030) | — | — |
| — | — | — | (6,918,485) | — | — |
| (11,836,811) | (847,245,996) | — | — | — | — |
| — | — | (9,361) | — | — | — |
| (13,164,123) | — | — | — | — | — |
| — | (23,043,279) | — | — | — | — |
| — | (91,961,081) | — | — | — | — |
| — | — | — | — | — | — |
| (12,738,746) | (33,524,967) | — | — | — | — |
| — | — | — | — | — | — |
| (37,739,680) | (1,099,475,323) | (9,361) | (356,364,515) | — | (32,170,000) |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| 12,947,533 | 5,687,502 | — | — | — | — |
| — | — | — | — | — | — |
| (268,857) | 118,635,371 | — | 5,984 | — | — |
| — | — | — | — | — | — |
| — | (1,619,158) | — | — | — | — |
| 12,678,676 | 122,703,715 | — | 5,984 | — | — |
| (1,576,818) | 3,599,579 | (6,012) | — | — | — |
| **(268,935)** | **77,096** | **(6,278)** | — | — | — |

Schedule 6

**NORTH TEXAS TOLLWAY AUTHORITY**

Schedule of Toll Revenue and Traffic Analysis

Year ended December 31, 2010

***(Unaudited)***

| | | |
|---|---|---|
| Toll revenue: | | |
| Two-axle vehicles | $ | 416,417,929 |
| Multiaxle vehicles | | 24,396,549 |
| Revenue adjustments | | (74,217,155) |
| Total | $ | 366,597,323 |
| Vehicle transactions (unaudited): | | |
| Two-axle vehicle transactions | | 474,437,066 |
| Multiaxle vehicle transactions | | 7,476,272 |
| Nonrevenue vehicle transactions | | 2,156,763 |
| Total | | 484,070,101 |
| Toll revenue – average per day: | | |
| Two-axle vehicles | $ | 1,140,871 |
| Multiaxle vehicles | | 66,840 |
| Revenue adjustments | | (203,335) |
| Average | $ | 1,004,376 |
| Vehicle transactions – average per day (unaudited): | | |
| Two-axle vehicle transactions | | 1,299,828 |
| Multiaxle vehicle transactions | | 20,483 |
| Nonrevenue vehicle transactions | | 5,909 |
| Average | | 1,326,220 |

**Toll Revenue and Traffic by Class of Vehicle**

Year ended December 31, 2010

(Unaudited)

| Class of vehicle | | Revenue | Vehicle transactions |
|---|---|---|---|
| Two-axle vehicles | $ | 416,417,929 | 474,437,066 |
| Three-axle vehicles and combinations | | 5,028,987 | 2,561,817 |
| Four-axle vehicles and combinations | | 6,405,833 | 2,139,826 |
| Five-axle vehicles and combinations | | 12,169,277 | 2,622,455 |
| Six or more axle vehicles and special permits | | 792,452 | 152,174 |
| | | 24,396,549 | 7,476,272 |
| Toll revenue | | 440,814,478 | 481,913,338 |
| Revenue adjustments | | (74,217,155) | - |
| Nonrevenue vehicles | | - | 2,156,763 |
| Toll revenue and traffic | $ | 366,597,323 | 484,070,101 |

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY**
Schedule of Toll Rates
Year ended December 31, 2010
***(Unaudited)***

| | 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cash | TollTag | Cash | TollTag | Cash | TollTag | Cash | TollTag | Cash | TollTag |
| **Dallas North Tollway:** | | | | | | | | | | |
| Main Lane Plaza 1 (1) | $ 1.89 | $ 1.26 | $ 3.78 | $ 2.52 | $ 5.67 | $ 3.78 | $ 7.56 | $ 5.04 | $ 9.45 | $ 6.30 |
| Mockingbird | 1.38 | 0.92 | 2.76 | 1.84 | 4.14 | 2.76 | 5.52 | 3.68 | 6.90 | 4.60 |
| Northwest Highway | 0.93 | 0.62 | 1.86 | 1.24 | 2.79 | 1.86 | 3.72 | 2.48 | 4.65 | 3.10 |
| Royal Lane | 0.53 | 0.33 | 1.06 | 0.66 | 1.59 | 0.99 | 2.12 | 1.32 | 2.65 | 1.65 |
| Spring Valley | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| Belt Line | 0.49 | 0.29 | 0.98 | 0.58 | 1.47 | 0.87 | 1.96 | 1.16 | 2.45 | 1.45 |
| Main Lane Plaza 2 | 1.35 | 0.90 | 2.70 | 1.80 | 4.05 | 2.70 | 5.40 | 3.60 | 6.75 | 4.50 |
| Keller Springs | 0.66 | 0.44 | 1.32 | 0.88 | 1.98 | 1.32 | 2.64 | 1.76 | 3.30 | 2.20 |
| Frankford | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| FM 544 | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| Main Lane Plaza 3 | 1.20 | 0.80 | 2.40 | 1.60 | 3.60 | 2.40 | 4.80 | 3.20 | 6.00 | 4.00 |
| Parker Road | 0.72 | 0.48 | 1.44 | 0.96 | 2.16 | 1.44 | 2.88 | 1.92 | 3.60 | 2.40 |
| Spring Creek | 0.47 | 0.27 | 0.94 | 0.54 | 1.41 | 0.81 | 1.88 | 1.08 | 2.35 | 1.35 |
| Gaylord Parkway | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| Lebanon Road | 0.53 | 0.33 | 1.06 | 0.66 | 1.59 | 0.99 | 2.12 | 1.32 | 2.65 | 1.65 |
| Stonebrook Parkway | 0.63 | 0.42 | 1.26 | 0.84 | 1.89 | 1.26 | 2.52 | 1.68 | 3.15 | 2.10 |
| Cotton Gin Road/Main St | 1.02 | 0.68 | 2.04 | 1.36 | 3.06 | 2.04 | 4.08 | 2.72 | 5.10 | 3.40 |
| Main Lane Plaza 4 | 2.12 | 1.41 | 4.24 | 2.82 | 6.36 | 4.23 | 8.48 | 5.64 | 10.60 | 7.05 |
| Eldorado Parkway | 0.77 | 0.51 | 1.54 | 1.02 | 2.31 | 1.53 | 3.08 | 2.04 | 3.85 | 2.55 |
| **Addison Airport Toll Tunnel:** | **Cash** | **TollTag** | **Cash** | **TollTag** | **Cash** | **TollTag** | **Cash** | **TollTag** | **Cash** | **TollTag** |
| Mainlane Plaza | 0.75 | 0.50 | 1.50 | 1.00 | 2.25 | 1.50 | 3.00 | 2.00 | 3.75 | 2.50 |
| **President George Bush Turnpike:** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** |
| N. Garland Avenue | 0.46 | 0.26 | 0.92 | 0.52 | 1.38 | 0.78 | 1.84 | 1.04 | 2.30 | 1.30 |
| Campbell Road | 0.62 | 0.41 | 1.24 | 0.82 | 1.86 | 1.23 | 2.48 | 1.64 | 3.10 | 2.05 |
| Renner Road (East of Plaza) | 1.01 | 0.67 | 2.02 | 1.34 | 3.03 | 2.01 | 4.04 | 2.68 | 5.05 | 3.35 |
| Renner Rd. Main Lane Plaza 6 | 1.50 | 1.00 | 3.00 | 2.00 | 4.50 | 3.00 | 6.00 | 4.00 | 7.50 | 5.00 |
| Shiloh Road | 0.77 | 0.51 | 1.54 | 1.02 | 2.31 | 1.53 | 3.08 | 2.04 | 3.85 | 2.55 |
| Renner Road (West of Plaza) | 0.54 | 0.34 | 1.08 | 0.68 | 1.62 | 1.02 | 2.16 | 1.36 | 2.70 | 1.70 |
| Independence Parkway | 0.54 | 0.34 | 1.08 | 0.68 | 1.62 | 1.02 | 2.16 | 1.36 | 2.70 | 1.70 |
| Coit Road | 0.78 | 0.52 | 1.56 | 1.04 | 2.34 | 1.56 | 3.12 | 2.08 | 3.90 | 2.60 |
| Coit Road Main Lane Plaza 7 | 1.62 | 1.08 | 3.24 | 2.16 | 4.86 | 3.24 | 6.48 | 4.32 | 8.10 | 5.40 |
| Preston Road | 0.49 | 0.29 | 0.98 | 0.58 | 1.47 | 0.87 | 1.96 | 1.16 | 2.45 | 1.45 |
| Midway Road | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| Marsh Lane | 0.49 | 0.29 | 0.98 | 0.58 | 1.47 | 0.87 | 1.96 | 1.16 | 2.45 | 1.45 |
| Frankford Main Lane Plaza 8 | 1.50 | 1.00 | 3.00 | 2.00 | 4.50 | 3.00 | 6.00 | 4.00 | 7.50 | 5.00 |
| Kelly Boulevard | 0.80 | 0.53 | 1.60 | 1.06 | 2.40 | 1.59 | 3.20 | 2.12 | 4.00 | 2.65 |
| Josey Lane | 0.55 | 0.35 | 1.10 | 0.70 | 1.65 | 1.05 | 2.20 | 1.40 | 2.75 | 1.75 |
| Sandy Lake Main Lane Plaza 9 | 1.20 | 0.80 | 2.40 | 1.60 | 3.60 | 2.40 | 4.80 | 3.20 | 6.00 | 4.00 |
| Belt Line Road (Coppell) | 0.72 | 0.48 | 1.44 | 0.96 | 2.16 | 1.44 | 2.88 | 1.92 | 3.60 | 2.40 |
| Royal Lane | 0.44 | 0.24 | 0.88 | 0.48 | 1.32 | 0.72 | 1.76 | 0.96 | 2.20 | 1.20 |
| Belt Line Road | 0.69 | 0.46 | 1.38 | 0.92 | 2.07 | 1.38 | 2.76 | 1.84 | 3.45 | 2.30 |
| Belt Line Main Lane Plaza 10 | 0.69 | 0.46 | 1.38 | 0.92 | 2.07 | 1.38 | 2.76 | 1.84 | 3.45 | 2.30 |
| **Mountain Creek Lake Bridge:** | **Cash** | **TollTag** | **Cash** | **TollTag** | **Cash** | **TollTag** | **Cash** | **TollTag** | **Cash** | **TollTag** |
| Mainlane Plaza | 0.75 | 0.50 | 1.50 | 1.00 | 2.25 | 1.50 | 3.00 | 2.00 | 3.75 | 2.50 |
| **Lewisville Lake Toll Bridge:** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** |
| Mainlane Plaza | 1.50 | 1.00 | 3.00 | 2.00 | 4.50 | 3.00 | 6.00 | 4.00 | 7.50 | 5.00 |
| **Sam Rayburn Tollway (2)** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** | **ZipCash** | **TollTag** |
| Denton Tap Main Lane Gantry 1 | 0.72 | 0.48 | 1.44 | 0.96 | 2.16 | 1.44 | 2.88 | 1.92 | 3.60 | 2.40 |
| MacArthur Boulevard | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| Carrollton Parkway | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| FM 544 | 0.51 | 0.31 | 1.02 | 0.62 | 1.53 | 0.93 | 2.04 | 1.24 | 2.55 | 1.55 |
| FM 2281 | 0.56 | 0.36 | 1.12 | 0.72 | 1.68 | 1.08 | 2.24 | 1.44 | 2.80 | 1.80 |
| Standridge Drive (West of Plaza) | 0.81 | 0.54 | 1.62 | 1.08 | 2.43 | 1.62 | 3.24 | 2.16 | 4.05 | 2.70 |
| Josey Lane (West of Plaza) | 0.99 | 0.66 | 1.98 | 1.32 | 2.97 | 1.98 | 3.96 | 2.64 | 4.95 | 3.30 |
| Josey Lane Main Lane Gantry 2 | 1.86 | 1.24 | 3.72 | 2.48 | 5.58 | 3.72 | 7.44 | 4.96 | 9.30 | 6.20 |
| Standridge Drive (East of Plaza) | 1.05 | 0.70 | 2.10 | 1.40 | 3.15 | 2.10 | 4.20 | 2.80 | 5.25 | 3.50 |
| Josey Lane (East of Plaza) | 0.87 | 0.58 | 1.74 | 1.16 | 2.61 | 1.74 | 3.48 | 2.32 | 4.35 | 2.90 |
| Plano Parkway | 0.69 | 0.46 | 1.38 | 0.92 | 2.07 | 1.38 | 2.76 | 1.84 | 3.45 | 2.30 |
| Spring Creek Parkway | 0.43 | 0.23 | 0.86 | 0.46 | 1.29 | 0.69 | 1.72 | 0.92 | 2.15 | 1.15 |
| Preston Road | 0.42 | 0.22 | 0.84 | 0.44 | 1.26 | 0.66 | 1.68 | 0.88 | 2.10 | 1.10 |
| Ohio Drive | 0.43 | 0.23 | 0.86 | 0.46 | 1.29 | 0.69 | 1.72 | 0.92 | 2.15 | 1.15 |
| Coit Road | 0.75 | 0.50 | 1.50 | 1.00 | 2.25 | 1.50 | 3.00 | 2.00 | 3.75 | 2.50 |
| Independence Parkway | 0.99 | 0.66 | 1.98 | 1.32 | 2.97 | 1.98 | 3.96 | 2.64 | 4.95 | 3.30 |
| Custer Road (West of Plaza) | 1.25 | 0.83 | 2.50 | 1.66 | 3.75 | 2.49 | 5.00 | 3.32 | 6.25 | 4.15 |
| Custer Road Mainlane Plaza | 2.57 | 1.71 | 5.14 | 3.42 | 7.71 | 5.13 | 10.28 | 6.84 | 12.85 | 8.55 |
| Custer Road (East of Plaza) | 1.34 | 0.89 | 2.68 | 1.78 | 4.02 | 2.67 | 5.36 | 3.56 | 6.70 | 4.45 |
| Alma Drive | 0.98 | 0.65 | 1.96 | 1.30 | 2.94 | 1.95 | 3.92 | 2.60 | 4.90 | 3.25 |
| Stacy Road | 0.77 | 0.51 | 1.54 | 1.02 | 2.31 | 1.53 | 3.08 | 2.04 | 3.85 | 2.55 |
| Lake Forest Drive | 0.60 | 0.40 | 1.20 | 0.80 | 1.80 | 1.20 | 2.40 | 1.60 | 3.00 | 2.00 |
| Hardin Boulevard | 0.45 | 0.25 | 0.90 | 0.50 | 1.35 | 0.75 | 1.80 | 1.00 | 2.25 | 1.25 |

(1) ZipCash rates of $1.89 (Two-axle) through $9.45 (Six or more axle)
(2) NTTA began collecting revenues on Sam Rayburn Tollway on its own behalf on September 1, 2008

**Footnote:** The Authority converted to All Electronic Toll Collection (All ETC) in December 2010. All customers will either have a TollTag or they will be billed according to business rules currently in place. Cash will no longer be accepted

See accompanying independent auditors' report.

**Schedule 8**

**NORTH TEXAS TOLLWAY AUTHORITY**

Schedule of Historical Traffic, Toll Revenues and Net Revenues

Year ended December 31, 2010

***(Unaudited)***

**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 2001 through 2010:

| Year | Annual revenue vehicle transactions (unaudited) | Annual toll revenue |
|---|---|---|
| 2001 (1) | 230,044,912 | 107,210,124 |
| 2002 (2) | 285,494,321 | 137,945,439 |
| 2003 | 296,140,087 | 149,323,784 |
| 2004 (3) | 315,031,754 | 160,695,030 |
| 2005 (4) | 338,390,215 | 172,537,345 |
| 2006 | 370,696,171 | 191,434,120 |
| 2007 (5) | 383,481,098 | 202,675,564 |
| 2008 (6) | 412,272,003 | 240,776,791 |
| 2009 (7) | 455,546,197 | 290,404,547 |
| 2010 (8) | 481,913,338 | 366,597,323 |

(1) Reflects the opening of Segment III of the President George Bush Turnpike from Midway Road to Frankford in March 2001 to IH 35 in July 2001 and Segment V on December 2001.

(2) Toll rate increase for the President George Bush Turnpike went into effect in January 2002

(3) Reflects the completion of DNT and State Highway 121 interchange on April 2004.

(4) Reflects the opening of Segment IV of the President George Bush Turnpike in September 2005.

(5) Reflects the opening of DNT Phase 3 and toll rate increase in late September 2007.

(6) Reflects the opening of Sam Rayburn Tollway (121 Tollway) in September 2008.

(7) Reflects the opening of Lake Lewisville August 2009.

(8) Four major direct connectors at SRT/US75 interchange were opened during 2010.

**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 2001 through 2010:

| Year | Toll revenue | Current expenses | Investment and other earnings | Net revenues | Coverage |
|---|---|---|---|---|---|
| 2001 | $ 107,210,124 | $ 30,429,021 | $ 11,806,432 | $ 88,587,535 | 1.88 |
| 2002 | 137,945,439 | 37,964,567 | 8,732,847 | 108,713,719 | 2.08 |
| 2003 | 149,323,784 | 42,650,533 | 8,371,709 | 115,044,960 | 2.09 |
| 2004 | 160,695,030 | 47,680,750 | 10,046,907 | 123,061,187 | 2.00 |
| 2005 | 172,537,345 | 56,576,883 | 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 | 1.83 |

See accompanying independent auditors' report.

Schedule 9

**NORTH TEXAS TOLLWAY AUTHORITY**
Schedule of Capitalized Costs by Project
Year ended December 31, 2010
***(Unaudited)***

| | | Cumulative Total Through Decemer 31, 2010 |
|---|---|---|
| **Dallas North Tollway** | | |
| Preliminary costs | $ | 17,863,848 |
| Construction | | 156,009,799 |
| Right-of-way | | 49,536,424 |
| Engineering | | 22,056,065 |
| Administration | | 3,334,250 |
| Buildings | | 5,580,002 |
| Land | | 1,781,433 |
| Equipment, net of accumulated depreciation | | 771,382 |
| Subtotal | | 256,933,203 |
| Financing costs | | 56,568,228 |
| Total capitalized costs – dallas north tollway | | 313,501,431 |
| **Dallas North Tollway Extension** | | |
| Preliminary costs | | 6,619,071 |
| Construction | | 208,257,599 |
| Right-of-way | | 8,499,710 |
| Engineering | | 22,252,104 |
| Administration | | 1,413,506 |
| Equipment, net of accumulated depreciation | | 35,684 |
| Subtotal | | 247,077,674 |
| Financing costs | | (3,329,736) |
| Total capitalized costs – dallas north tollway extension | | 243,747,938 |
| **Addison Airport Toll Tunnel** | | |
| Preliminary costs | | 1,244,082 |
| Construction | | 18,204,644 |
| Right-of-way | | 617,278 |
| Engineering | | 4,895,696 |
| Administration | | 295,984 |
| Equipment, net of accumulated depreciation | | - |
| Subtotal | | 25,257,664 |
| Financing costs | | (1,015,147) |
| Total capitalized cost – addison airport toll tunnel | | 24,242,517 |
| **President George Bush Turnpike - Segments I - IV** | | |
| Preliminary costs | | 18,040,104 |
| Construction | | 632,343,638 |
| Right-of-way | | 76,906,305 |
| Engineering | | 114,239,013 |
| Administration | | 25,252,891 |
| Buildings | | 11,854,994 |
| Land | | 5,578,821 |
| Equipment, net of accumulated depreciation | | 10,327,905 |
| Subtotal | | 894,543,671 |
| Financing costs | | 56,228,431 |
| Total capitalized cost – president george bush turnpike - segments I - IV | | 950,772,102 |
| **President George Bush Turnpike - Segment V** | | |
| Preliminary costs | | 1,596,208 |
| Construction | | 68,433,928 |
| Right-of-way | | 16,460 |
| Engineering | | 8,981,476 |
| Administration | | 235,829 |
| Equipment, net of accumulated depreciation | | - |
| Subtotal | | 79,263,901 |
| Financing costs | | 9,980,227 |
| Total capitalized cost – president george bush turnpike - segment V | | 89,244,128 |
| **Dallas North Tollway Phase 3** | | |
| Preliminary costs | $ | 5,118,815 |
| Construction | | 229,563,409 |
| Right-of-way | | 569,830 |
| Engineering | | 33,061,961 |
| Administration | | 2,688,283 |
| Equipment, net of accumulated depreciation | | - |
| Subtotal | | 271,002,298 |
| Financing costs | | (20,316,333) |
| Total capitalized cost – dallas north tollway phase 3 | | 250,685,965 |

See accompanying independent auditors' report.

Schedule 9

**NORTH TEXAS TOLLWAY AUTHORITY**
Schedule of Capitalized Costs by Project
Year ended December 31, 2010
***(Unaudited)***

| | |
|---|---|
| **Lewisville Lake Toll Bridge** | |
| Preliminary costs | 9,875 |
| Construction | 99,105,364 |
| Right-of-way | 13,177 |
| Engineering | 14,090,809 |
| Administration | 249,624 |
| Equipment, net of accumulated depreciation | - |
| Subtotal | 113,468,849 |
| Financing costs | (405,373) |
| Total capitalized cost – lewisville lake toll bridge | 113,063,476 |
| **Sam Rayburn Tollway (121 Tollway)** | |
| Preliminary costs | 1,142,465 |
| Construction | 426,345,851 |
| Right-of-way | 13,736,335 |
| Engineering | 83,182,296 |
| Administration | 22,154,601 |
| Roadways | 3,197,211,448 |
| Equipment, net of accumulated depreciation | - |
| Accumulated depreciation on infrastructure | (149,242,862) |
| Subtotal | 3,594,530,134 |
| Financing costs | 152,688,158 |
| Total capitalized cost – sam rayburn tollway (121 tollway) | 3,747,218,292 |
| **President George Bush Turnpike - Eastern extension** | |
| Infrastructure (Other) | 30,192 |
| Preliminary costs | - |
| Construction | 260,825,088 |
| Right-of-way | 102,113,225 |
| Engineering | 65,374,038 |
| Administration | 4,861,206 |
| Equipment, net of accumulated depreciation | - |
| Subtotal | 433,203,749 |
| Financing costs | 25,249,363 |
| Total capitalized cost – president george bush turnpike - eastern extension | 458,453,112 |
| **SH 161 Construction** | |
| Preliminary costs | - |
| Construction | 55,670,036 |
| Right-of-way | - |
| Engineering | 3,723,021 |
| Administration | 620,018 |
| Equipment, net of accumulated depreciation | - |
| Subtotal | 60,013,075 |
| Financing costs | (3,058,791) |
| Total capitalized cost – president george bush turnpike - eastern extension | 56,954,284 |
| **All Projects** | |
| Infrastructure (Other) | 30,192 |
| Preliminary costs | 51,634,468 |
| Construction | 2,154,759,356 |
| Right-of-way | 252,008,744 |
| Engineering | 371,856,479 |
| Administration | 61,106,172 |
| Buildings | 17,434,996 |
| Land | 7,360,254 |
| Roadways | 3,197,211,448 |
| Equipment, net of accumulated depreciation | 11,134,971 |
| Accumulated depreciation on infrastructure | (149,242,862) |
| Subtotal | 5,975,264,026 |
| Financing costs | 272,589,027 |
| Total all projects | 6,247,853,053 |
| Bond Premium/Discount (1) | (40,916,302) |
| Total capitalized costs at December 31, 2010 | $ 6,206,936,751 |

(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 assets.

See accompanying independent auditors' report.

**Schedule 10**

**NORTH TEXAS TOLLWAY AUTHORITY**
Schedule of Deferred Study Costs - Feasibility Study Fund
Year ended December 31, 2010
***(Unaudited)***

The table below sets forth the accumulated deferred study costs, by project, through December 31, 2010 that have not been transferred out of the Feasibility Study Fund into a construction project.

| Projects | | Accumulated December 31, 2010 |
|---|---|---|
| Trinity Tollway | $ | 374,328 |
| Dallas North Tollway: | | |
| 380 Interchange | | 285,767 |
| Extension Phase 4 | | 3,621,065 |
| Extension Phase 5 | | 2,843,617 |
| President George Bush Turnpike - East Branch | | 117,156 |
| State Highway 360 | | 4,522,292 |
| Southwest Parkway - TxDOT | | 128,323,559 |
| Southwest Parkway - Chisolm Trail | | 1,993,780 |
| Trinity Parkway | | 32,719,783 |
| President George Bush Tollway - South (SH 161) | | 101,613,034 |
| North Central Texas Council of Governments | | 848,892 |
| State Highway 170 - Alliance Gateway | | 3,306,408 |
| Capital Planning Model | | 364,329 |
| Collin/Grayson Corridor | | 175,712 |
| Future Bond Issue Planning | | 336,519 |
| State Highway 183 Managed Lanes | | 901,486 |
| Denton County Corridor | | 7,857 |
| Loop 9 | | 33,743 |
| | $ | 282,389,327 |

See accompanying independent auditor's report

NTTA

NORTH TEXAS TOLLWAY AUTHORITY

**NORTH TEXAS TOLLWAY AUTHORITY**
**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.

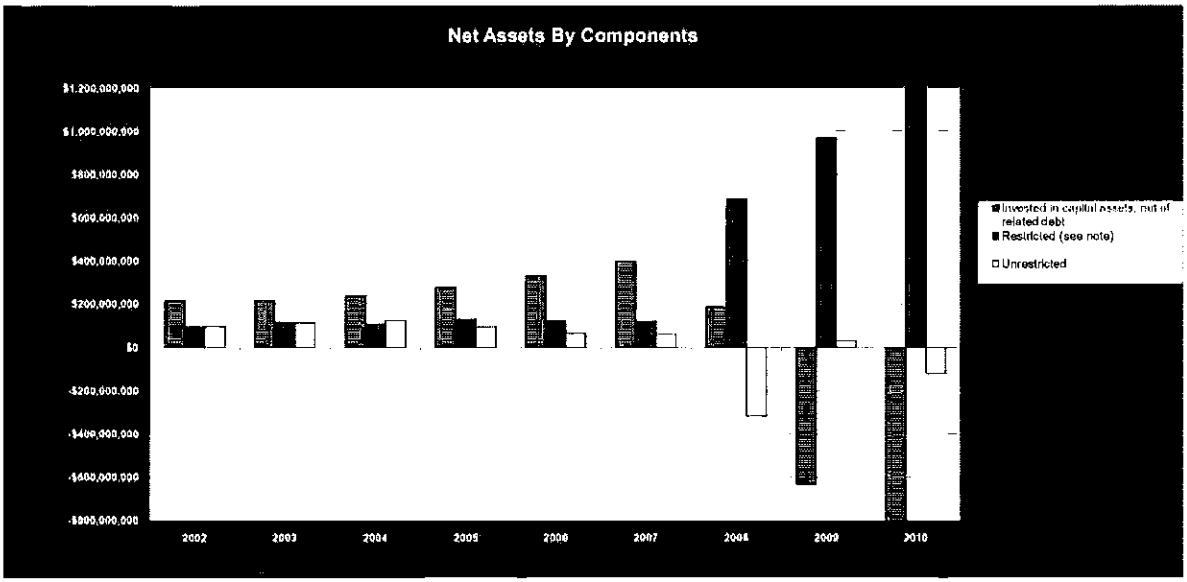
Sources: Unless other noted, the information in the following tables is derived from the annual financial reports for the relevant years.

NORTH TEXAS TOLLWAY AUTHORITY
Net Assets by Components
Last Ten Fiscal Years
(Unaudited)

**Business-Type Activities**

| Components | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|
| Invested in capital assets, net of related debt | $215,719,725 | $217,181,585 | $239,205,057 | $280,156,648 | $330,841,254 | $398,078,219 | $187,921,483 | $ (633,265,931) | $ (831,801,669) |
| Restricted (see note) | $95,605,206 | 114,952,691 | 108,079,819 | 129,195,493 | 123,194,488 | 120,495,644 | 686,236,650 | 972,154,312 | 1,211,161,929 |
| Unrestricted | $97,103,496 | 113,345,843 | 124,451,990 | 95,696,520 | 67,332,901 | 62,928,573 | (316,228,982) | 31,783,352 | (119,834,279) |
| Total net assets | $ 408,428,427 | 445,480,119 | 471,736,866 | 505,048,661 | 521,368,643 | 581,502,436 | 557,929,151 | 370,671,733 | 259,525,981 |

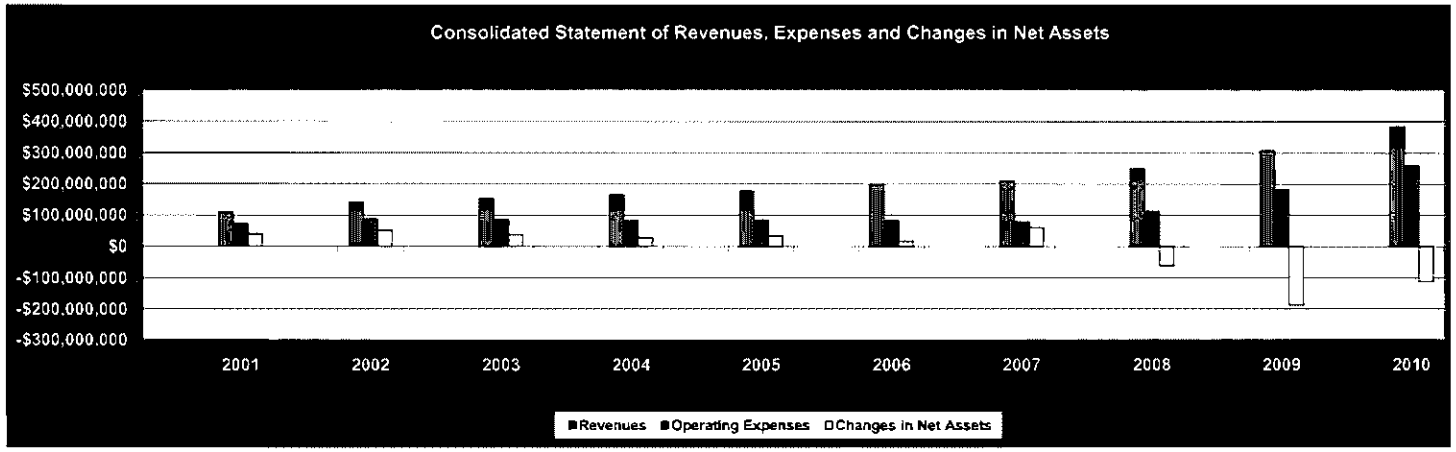
NOTE - Information prior to implementation of GASB 34 in FY 2002 is not available.



NORTH TEXAS TOLLWAY AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Assets
Last Ten Fiscal Years
(Unaudited)

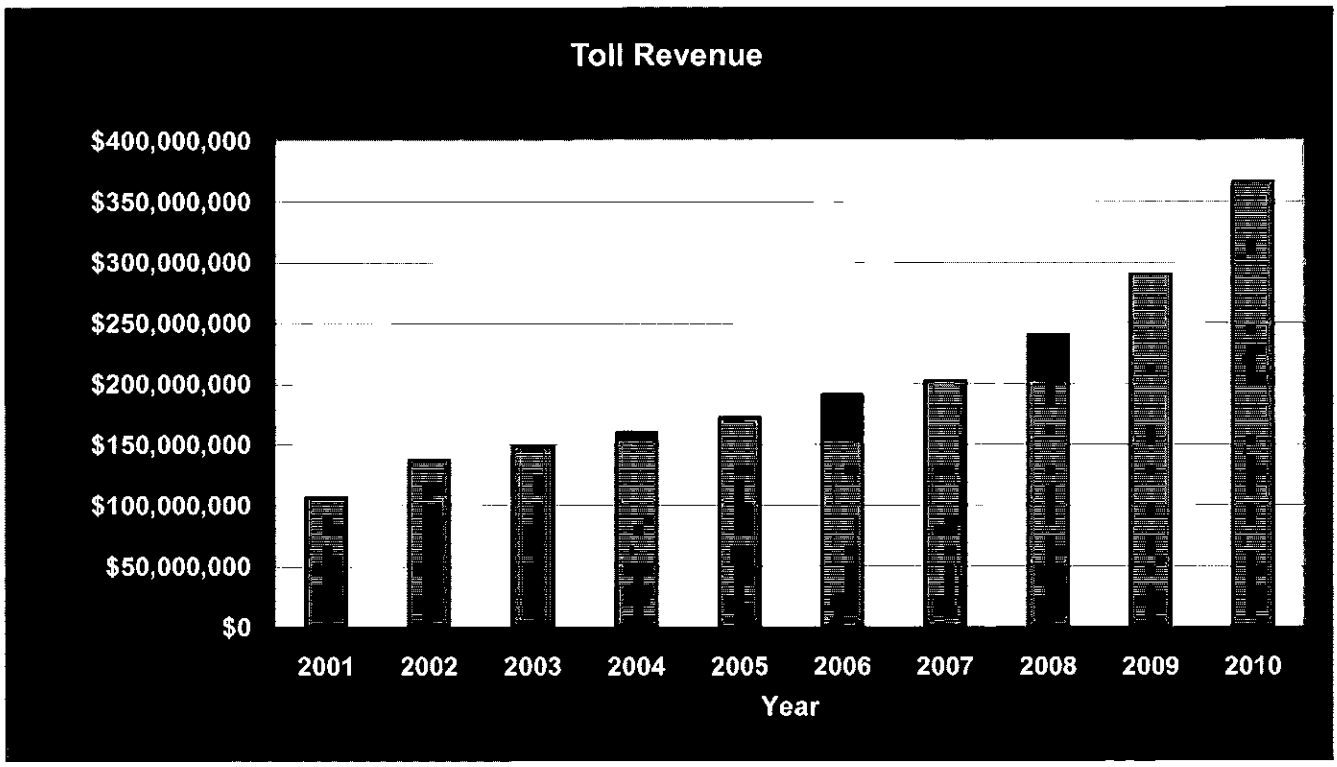
| Business-Type Activities | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | | | |
| Tolls | $ 107,210,124 | $ 137,945,439 | $ 149,323,784 | $ 160,695,030 | $ 172,537,345 | $ 191,434,120 | $ 202,675,564 | $ 240,776,791 | $ 290,404,547 | 366,597,323 |
| Other (1) | 1,751,277 | 2,458,397 | 3,180,903 | 4,574,224 | 5,103,941 | 6,647,546 | 7,988,624 | 9,273,124 | 17,196,849 | 17,268,589 |
| Total operating revenues | 108,961,401 | 140,403,836 | 152,504,687 | 165,269,254 | 177,641,286 | 198,081,666 | 210,664,188 | 250,049,915 | 307,600,396 | 383,865,912 |
| Operating expenses: | | | | | | | | | | |
| Administration | 11,901,154 | 8,261,114 | 5,977,858 | 7,592,581 | 8,381,359 | 8,899,052 | 10,910,385 | 12,604,559 | 22,501,450 | 21,105,565 |
| Operations | 18,527,867 | 29,703,453 | 36,672,675 | 40,088,169 | 48,195,524 | 52,522,106 | 64,660,897 | 68,064,173 | 68,433,322 | 74,604,274 |
| Reserve maintenance | 1,982,790 | 2,913,890 | 5,792,192 | 10,990,224 | 7,483,753 | 22,771,922 | 23,858,264 | 18,254,548 | 15,444,672 | 11,701,225 |
| Capital improvement | 5,010,782 | 12,586,540 | 18,320,162 | 24,268,247 | 30,117,098 | 31,975,003 | 33,381,445 | 38,541,652 | 20,039,108 | 18,259,590 |
| Total operating expenses before depreci | 37,422,593 | 53,464,997 | 66,762,887 | 82,939,221 | 94,177,734 | 116,168,083 | 132,810,991 | 137,464,932 | 126,418,552 | 125,670,654 |
| Operating income before depreciation | 71,538,808 | 86,938,839 | 85,741,800 | 82,330,033 | 83,463,552 | 81,913,583 | 77,853,197 | 112,584,983 | 181,181,844 | 258,195,258 |
| Depreciation | - | (951,369) | (1,598,423) | (1,662,808) | (2,092,825) | (2,126,037) | (1,800,225) | (3,481,013) | (4,529,323) | (4,794,093) |
| **Operating income** | 71,538,808 | 85,987,470 | 84,143,377 | 80,667,225 | 81,370,727 | 79,787,546 | 76,052,972 | 109,103,970 | 176,652,521 | 253,401,165 |
| Nonoperating revenues (expenses): | | | | | | | | | | |
| Interest earned on investments | 18,663,604 | 9,068,253 | 9,327,630 | 10,458,474 | 13,562,625 | 16,550,756 | 17,592,664 | 50,438,067 | 25,219,356 | 22,128,268 |
| Net increase(decrease) in the fair value of investm | (87,080) | 615,890 | (1,454,787) | (1,676,391) | (1,087,627) | 2,335,448 | 1,067,995 | 24,555,188 | (13,371,674) | 3,588,196 |
| Grant Revenue | - | - | - | - | - | - | - | - | - | - |
| Unallocated infrastructure depreciation | - | - | - | - | - | - | - | (24,555,772) | (60,703,200) | (63,801,840) |
| Interest expense on revenue bonds | (47,878,171) | (42,837,283) | (41,408,356) | (46,017,953) | (55,184,859) | (53,414,350) | (52,420,707) | (227,034,684) | (352,464,434) | (371,173,164) |
| Interest expense on short term notes | (10,548) | (268,011) | (214,067) | - | - | (24,658) | (2,653,677) | (35,086,229) | (6,364,724) | (6,269,247) |
| Bond premium/discount amortization | (2,147,337) | (1,407,146) | (197,326) | 1,305,815 | 1,285,475 | 1,618,562 | 1,386,510 | (217,615) | (1,659,281) | 6,330,306 |
| Bond issuance cost amortization | - | - | - | - | - | - | - | (17,543,223) | (9,216,397) | (5,002,937) |
| Deferred amount on refunding amortization | (1,697,284) | (1,386,660) | (4,350,295) | (6,147,053) | (7,030,110) | (6,557,286) | (6,017,291) | (6,694,083) | (8,911,969) | (571,990) |
| SWAP termination payment | - | - | - | - | - | - | - | (4,511,011) | (6,081,700) | - |
| Net amount on refunded bonds | - | - | - | - | - | - | - | (3,167,688) | - | - |
| Contributed capital from Mountain Creek Lake Brid | 10,766,232 | - | - | - | - | - | - | - | - | - |
| Contributed capital to the Feasibility Study Fund | (10,000,000) | - | (8,487,500) | (11,990,800) | - | (25,000,000) | 25,000,000 | - | - | - |
| Payment to Other Government | - | - | - | - | - | - | - | - | - | (217,866) |
| Capital Grant Contributions | - | - | - | - | - | - | - | 74,902,422 | 59,588,883 | 31,526,405 |
| BAB's Subsidy | - | - | - | - | - | - | - | - | 7,489,870 | 26,263,784 |
| Other | (150,312) | 233,312 | (306,984) | (342,570) | 395,564 | 1,013,964 | 135,327 | (355,245) | 2,565,331 | (7,346,832) |
| Net nonoperating revenues (expenses) | (32,540,896) | (35,981,645) | (47,091,685) | (54,410,478) | (48,058,932) | (63,477,564) | (15,909,179) | (169,269,873) | (363,909,939) | (364,546,917) |
| **Change in net assets** | $ 38,997,912 | $ 50,005,825 | $ 37,051,692 | $ 26,256,747 | $ 33,311,795 | $ 16,309,982 | $ 60,143,793 | $ (60,165,903) | $ (187,257,418) | $ (111,145,752) |

(1) Administrative fees, parking transaction fees, statement fees and miscellaneous charges



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 |
|---|---|---|---|
| 2001 | 230,044,912 | $ 107,210,124 | $ 0.47 |
| 2002 | 285,494,321 | 137,945,439 | 0.48 |
| 2003 | 296,140,087 | 149,323,784 | 0.50 |
| 2004 | 315,031,754 | 160,695,030 | 0.51 |
| 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 |



# NORTH TEXAS TOLLWAY AUTHORITY
## Schedule of Toll Rates
## Last Ten Fiscal Years
## (Unaudited)

| | | Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Two-axle passenger cars and trucks | | | | | | | | | | | |
| Roadway | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Dallas North Tollway: | | | | | | | | | | | |
| Main Lane Plaza 1 | Cash | $0.75 | $0.75 | $0.75 | $0.75 | $0.75 | $0.75 | - | - | - | - |
| | TollTag | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | $0.60 | $0.70 | $1.26 | $1.26 |
| ***(all ETC, effective in Jan., 2007)*** | **ZipCash** | - | - | - | - | - | - | 0.75 | 1.00 | 1.89 | 1.89 |
| Main Lane Plaza 2 | Cash | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.35 | 1.35 |
| | TollTag | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.70 | 0.70 | 0.90 | 0.90 |
| Main Lane Plaza 3 | Cash | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.20 | 1.20 |
| | TollTag | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.70 | 0.70 | 0.80 | 0.80 |
| Main Lane Plaza 4 (1) | Cash | - | - | - | - | - | - | 1.30 | 1.30 | 2.15 | 2.12 |
| | TollTag | - | - | - | - | - | - | 1.05 | 1.05 | 1.41 | 1.41 |
| Addison Airport Toll Tunnel: | | | | | | | | | | | |
| Mainlane Plaza | Cash | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 |
| | TollTag | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| President George Bush Turnpike: | | | | | | | | | | | |
| Main Lane Plaza 6 | Cash | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.50 | 1.50 |
| | TollTag | 0.50 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.70 | 0.70 | 1.00 | 1.00 |
| Main Lane Plaza 7 | Cash | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.62 | 1.62 |
| | TollTag | 0.50 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.70 | 0.70 | 1.08 | 1.08 |
| Main Lane Plaza 8 (2) | Cash | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.50 | 1.50 |
| | TollTag | 0.50 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.70 | 0.70 | 1.00 | 1.00 |
| Main Lane Plaza 9 (3) | Cash | - | - | - | - | 0.75 | 0.75 | 1.00 | 1.00 | 1.20 | 1.20 |
| | TollTag | - | - | - | - | 0.60 | 0.60 | 0.70 | 0.70 | 0.80 | 0.80 |
| Main Lane Plaza 10 (4) | Cash | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 0.69 | 0.69 |
| | TollTag | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.70 | 0.70 | 0.46 | 0.46 |
| Mountain Creek Lake Bridge: | | | | | | | | | | | |
| Mainlane Plaza | Cash | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 |
| | TollTag | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Sam Rayburn Tollway (SRT): | | | | | | | | | | | |
| Main Lane Gantry 1 (5) | Video | - | - | - | - | - | - | - | 0.65 | 0.72 | 0.72 |
| | TollTag | - | - | - | - | - | - | - | 0.45 | 0.48 | 0.48 |
| Main Lane Gantry 2 (5) | Video | - | - | - | - | - | - | - | 1.71 | 1.86 | 1.86 |
| | TollTag | - | - | - | - | - | - | - | 1.18 | 1.24 | 1.24 |
| Main Lane Gantry 3 (6) (8) | Video | - | - | - | - | - | - | - | - | 2.04 | 2.57 |
| | TollTag | - | - | - | - | - | - | - | - | 1.36 | 1.71 |
| Lewisville Lake Toll Bridge: | | | | | | | | | | | |
| Mainlane Plaza (7) | Video | - | - | - | - | - | - | - | - | 1.50 | 1.50 |
| | TollTag | - | - | - | - | - | - | - | - | 1.00 | 1.00 |

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(3) Main Lane Plaza 9 opened September 2005
(4) Main Lane Plaza 10 opened December 2001
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(7) Lewisville Lake Toll Bridge opened August 2009
(8) SRT mainlanes were extended to US 75 December 2010
Note - The Authority converted to All Electronic Toll Collection (All ETC) in December 2010. All customers will either have a TollTag or will be billed according to business rules currently in place. Cash will no longer be accepted.

# NORTH TEXAS TOLLWAY AUTHORITY
## Schedule of Toll Rates
## Last Ten Fiscal Years
(Unaudited)

| Three-axle vehicle and vehicle combination | | Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Roadway | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Dallas North Tollway: | | | | | | | | | | | |
| Main Lane Plaza 1 | Cash | $1.20 | $1.20 | $1.20 | $1.20 | $1.20 | $1.20 | - | - | - | - |
| | TollTag | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | $0.95 | $1.40 | $2.52 | $2.52 |
| ***(all ETC, effective in Jan., 2007)*** | **ZipCash** | - | - | - | - | - | - | 1.20 | $2.00 | $3.78 | $3.78 |
| Main Lane Plaza 2 | Cash | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 2.00 | 2.00 | 2.70 | 2.70 |
| | TollTag | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | 1.40 | 1.40 | 1.80 | 1.80 |
| Main Lane Plaza 3 | Cash | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 2.00 | 2.00 | 2.40 | 2.40 |
| | TollTag | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | 0.95 | 1.40 | 1.40 | 1.60 | 1.60 |
| Main Lane Plaza 4 (1) | Cash | - | - | - | - | - | - | 2.60 | 2.60 | 4.30 | 4.24 |
| | TollTag | - | - | - | - | - | - | 2.10 | 2.10 | 2.82 | 2.82 |
| Addison Airport Toll Tunnel: | | | | | | | | | | | |
| Mainlane Plaza | Cash | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 1.50 | 1.50 |
| | TollTag | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 1.00 | 1.00 |
| President George Bush Turnpike: | | | | | | | | | | | |
| Main Lane Plaza 6 | Cash | 1.00 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 2.00 | 2.00 | 3.00 | 3.00 |
| | TollTag | 1.00 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.40 | 1.40 | 2.00 | 2.00 |
| Main Lane Plaza 7 | Cash | 1.00 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 2.00 | 2.00 | 3.24 | 3.24 |
| | TollTag | 1.00 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.40 | 1.40 | 2.16 | 2.16 |
| Main Lane Plaza 8 (2) | Cash | 1.00 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 2.00 | 2.00 | 3.00 | 3.00 |
| | TollTag | 1.00 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.40 | 1.40 | 2.00 | 2.00 |
| Main Lane Plaza 9 (3) | Cash | - | - | - | - | 1.50 | 1.50 | 2.00 | 2.00 | 2.40 | 2.40 |
| | TollTag | - | - | - | - | 1.20 | 1.20 | 1.40 | 1.40 | 1.60 | 1.60 |
| Main Lane Plaza 10 (4) | Cash | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 2.00 | 2.00 | 1.38 | 1.38 |
| | TollTag | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.40 | 1.40 | 0.92 | 0.92 |
| Mountain Creek Lake Bridge: | | | | | | | | | | | |
| Main lane Plaza | Cash | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.50 | 1.50 |
| | TollTag | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 |
| Sam Rayburn Tollway (SRT): | | | | | | | | | | | |
| Main Lane Gantry 1 (5) | Video | - | - | - | - | - | - | - | 1.30 | 1.44 | 1.44 |
| | TollTag | - | - | - | - | - | - | - | 0.90 | 0.96 | 0.96 |
| Main Lane Gantry 2 (5) | Video | - | - | - | - | - | - | - | 3.42 | 3.72 | 3.72 |
| | TollTag | - | - | - | - | - | - | - | 2.36 | 2.48 | 2.48 |
| Main Lane Gantry 3 (6) (8) | Video | - | - | - | - | - | - | - | - | 4.08 | 5.14 |
| | TollTag | - | - | - | - | - | - | - | - | 2.72 | 3.42 |
| Lewisville Lake Toll Bridge: | | | | | | | | | | | |
| Mainlane Plaza (7) | Video | - | - | - | - | - | - | - | - | 3.00 | 3.00 |
| | TollTag | - | - | - | - | - | - | - | - | 2.00 | 2.00 |

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# NORTH TEXAS TOLLWAY AUTHORITY
## Schedule of Toll Rates
## Last Ten Fiscal Years
## (Unaudited)

| Four-axle vehicle and vehicle combination | | Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Roadway | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Dallas North Tollway: | | | | | | | | | | | |
| Main Lane Plaza 1 | Cash | $1.50 | $1.50 | $1.50 | $1.50 | $1.50 | $1.50 | - | - | - | - |
| | TollTag | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | $1.20 | $2.10 | $3.78 | $3.78 |
| *(all ETC, effective in Jan., 2007)* | **ZipCash** | - | - | - | - | - | - | 1.50 | 3.00 | 5.67 | 5.67 |
| Main Lane Plaza 2 | Cash | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 3.00 | 3.00 | 4.05 | 4.05 |
| | TollTag | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 2.10 | 2.10 | 2.70 | 2.70 |
| Main Lane Plaza 3 | Cash | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 3.00 | 3.00 | 3.60 | 3.60 |
| | TollTag | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 2.10 | 2.10 | 2.40 | 2.40 |
| Main Lane Plaza 4 (1) | Cash | - | - | - | - | - | - | 3.90 | 3.90 | 6.45 | 6.36 |
| | TollTag | - | - | - | - | - | - | 3.15 | 3.15 | 4.23 | 4.23 |
| Addison Airport Toll Tunnel: | | | | | | | | | | | |
| Mainlane Plaza | Cash | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 2.25 | 2.25 |
| | TollTag | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 1.50 | 1.50 |
| President George Bush Turnpike: | | | | | | | | | | | |
| Main Lane Plaza 6 | Cash | 1.50 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 3.00 | 3.00 | 4.50 | 4.50 |
| | TollTag | 1.50 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 2.10 | 2.10 | 3.00 | 3.00 |
| Main Lane Plaza 7 | Cash | 1.50 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 3.00 | 3.00 | 4.86 | 4.66 |
| | TollTag | 1.50 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 2.10 | 2.10 | 3.24 | 3.24 |
| Main Lane Plaza 8 (2) | Cash | 1.50 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 3.00 | 3.00 | 4.50 | 4.50 |
| | TollTag | 1.50 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 2.10 | 2.10 | 3.00 | 3.00 |
| Main Lane Plaza 9 (3) | Cash | - | - | - | - | 2.25 | 2.25 | 3.00 | 3.00 | 3.60 | 3.60 |
| | TollTag | - | - | - | - | 1.80 | 1.80 | 2.10 | 2.10 | 2.40 | 2.40 |
| Main Lane Plaza 10 (4) | Cash | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 3.00 | 3.00 | 2.07 | 2.07 |
| | TollTag | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 2.10 | 2.10 | 1.38 | 1.38 |
| Mountain Creek Lake Bridge: | | | | | | | | | | | |
| Main lane Plaza | Cash | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.25 | 2.25 |
| | TollTag | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.50 | 1.50 |
| Sam Rayburn Tollway (SRT): | | | | | | | | | | | |
| Main Lane Gantry 1 (5) | Video | - | - | - | - | - | - | - | 1.95 | 2.16 | 2.16 |
| | TollTag | - | - | - | - | - | - | - | 1.35 | 1.44 | 1.44 |
| Main Lane Gantry 2 (5) | Video | - | - | - | - | - | - | - | 5.13 | 5.58 | 5.58 |
| | TollTag | - | - | - | - | - | - | - | 3.54 | 3.72 | 3.72 |
| Main Lane Gantry 3 (6) (8) | Video | - | - | - | - | - | - | - | - | 6.12 | 7.71 |
| | TollTag | - | - | - | - | - | - | - | - | 4.08 | 5.13 |
| Lewisville Lake Toll Bridge: | | | | | | | | | | | |
| Mainlane Plaza (7) | Video | - | - | - | - | - | - | - | - | 4.50 | 4.50 |
| | TollTag | - | - | - | - | - | - | - | - | 3.00 | 3.00 |

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NORTH TEXAS TOLLWAY AUTHORITY
Schedule of Toll Rates
Last Ten Fiscal Years
(Unaudited)

| Five-axle vehicle and vehicle combination | | Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Roadway | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Dallas North Tollway: | | | | | | | | | | | |
| Main Lane Plaza 1 | Cash | $1.80 | $1.80 | $1.80 | $1.80 | $1.80 | $1.80 | - | - | - | - |
| | TollTag | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | $1.45 | $2.80 | $5.04 | $5.04 |
| ***(all ETC, effective in Jan., 2007)*** | **ZipCash** | - | - | - | - | - | - | 1.80 | 4.00 | 7.56 | 7.56 |
| Main Lane Plaza 2 | Cash | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 4.00 | 4.00 | 5.40 | 5.40 |
| | TollTag | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 2.80 | 2.80 | 3.60 | 3.60 |
| Main Lane Plaza 3 | Cash | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 4.00 | 4.00 | 4.80 | 4.80 |
| | TollTag | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 2.80 | 2.80 | 3.20 | 3.20 |
| Main Lane Plaza 4 (1) | Cash | - | - | - | - | - | - | 5.20 | 5.20 | 8.60 | 8.48 |
| | TollTag | - | - | - | - | - | - | 4.20 | 4.20 | 5.64 | 5.64 |
| Addison Airport Toll Tunnel: | | | | | | | | | | | |
| Mainlane Plaza | Cash | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 3.00 | 3.00 |
| | TollTag | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 2.00 | 2.00 |
| President George Bush Turnpike: | | | | | | | | | | | |
| Main Lane Plaza 6 | Cash | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 6.00 | 6.00 |
| | TollTag | 2.00 | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 | 2.80 | 2.80 | 4.00 | 4.00 |
| Main Lane Plaza 7 | Cash | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 6.48 | 6.48 |
| | TollTag | 2.00 | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 | 2.80 | 2.80 | 4.32 | 4.32 |
| Main Lane Plaza 8 (2) | Cash | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 6.00 | 6.00 |
| | TollTag | 2.00 | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 | 2.80 | 2.80 | 4.00 | 4.00 |
| Main Lane Plaza 9 (3) | Cash | - | - | - | - | 3.00 | 3.00 | 4.00 | 4.00 | 4.80 | 4.80 |
| | TollTag | - | - | - | - | 2.40 | 2.40 | 2.80 | 2.80 | 3.20 | 3.20 |
| Main Lane Plaza 10 (4) | Cash | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 2.76 | 2.76 |
| | TollTag | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 | 2.80 | 2.80 | 1.84 | 1.84 |
| Mountain Creek Lake Bridge: | | | | | | | | | | | |
| Main lane Plaza | Cash | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 3.00 | 3.00 |
| | TollTag | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 2.00 | 2.00 |
| Sam Rayburn Tollway (SRT): | | | | | | | | | | | |
| Main Lane Gantry 1 (5) | Video | - | - | - | - | - | - | - | 2.60 | 2.88 | 2.88 |
| | TollTag | - | - | - | - | - | - | - | 1.80 | 1.92 | 1.92 |
| Main Lane Gantry 2 (5) | Video | - | - | - | - | - | - | - | 6.84 | 7.44 | 7.44 |
| | TollTag | - | - | - | - | - | - | - | 4.72 | 4.96 | 4.96 |
| Main Lane Gantry 3 (6) (8) | Video | - | - | - | - | - | - | - | - | 8.16 | 10.28 |
| | TollTag | - | - | - | - | - | - | - | - | 5.44 | 6.84 |
| Lewisville Lake Toll Bridge: | | | | | | | | | | | |
| Mainlane Plaza (7) | Video | - | - | - | - | - | - | - | - | 6.00 | 6.00 |
| | TollTag | - | - | - | - | - | - | - | - | 4.00 | 4.00 |

(1) Main Lane Plaza 4 opened September 2007
(2) Main Lane Plaza 8 opened July 2001
(3) Main Lane Plaza 9 opened September 2005
(4) Main Lane Plaza 10 opened December 2001
(5) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008
(6) Main Lane Plaza 3 on SRT opened September 2009
(7) Lewisville Lake Toll Bridge opened August 2009
(8) SRT mainlanes were extended to US 75 December 2010
Note - The Authority converted to All Electronic Toll Collection (All ETC) in December 2010. All customers will either have a TollTag or will be billed according to business rules currently in place. Cash will no longer be accepted.

# NORTH TEXAS TOLLWAY AUTHORITY
## Schedule of Toll Rates
## Last Ten Fiscal Years
## (Unaudited)

| Six or more-axle vehicle and vehicle combination | | Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Roadway | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Dallas North Tollway: | | | | | | | | | | | |
| Main Lane Plaza 1 | Cash | $2.10 | $2.10 | $2.10 | $2.10 | $2.10 | $2.10 | - | - | - | - |
| | TollTag | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | $1.70 | $3.50 | $6.30 | $6.30 |
| ***(all ETC, effective in Jan., 2007)*** | **ZipCash** | - | - | - | - | - | - | 2.10 | 5.00 | 9.45 | 9.45 |
| Main Lane Plaza 2 | Cash | 2.10 | 2.10 | 2.10 | 2.10 | 2.10 | 2.10 | 5.00 | 5.00 | 6.75 | 6.75 |
| | TollTag | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 3.50 | 3.50 | 4.50 | 4.50 |
| Main Lane Plaza 3 | Cash | 2.10 | 2.10 | 2.10 | 2.10 | 2.10 | 2.10 | 5.00 | 5.00 | 6.00 | 6.00 |
| | TollTag | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 3.50 | 3.50 | 4.00 | 4.00 |
| Main Lane Plaza 4 (1) | Cash | - | - | - | - | - | - | 6.50 | 6.50 | 10.75 | 10.60 |
| | TollTag | - | - | - | - | - | - | 5.25 | 5.25 | 7.05 | 7.05 |
| Addison Airport Toll Tunnel: | | | | | | | | | | | |
| Mainlane Plaza | Cash | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 3.75 | 3.75 |
| | TollTag | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 2.50 | 2.50 |
| President George Bush Turnpike: | | | | | | | | | | | |
| Main Lane Plaza 6 | Cash | 2.50 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 5.00 | 5.00 | 7.50 | 7.50 |
| | TollTag | 2.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.50 | 3.50 | 5.00 | 5.00 |
| Main Lane Plaza 7 | Cash | 2.50 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 5.00 | 5.00 | 8.10 | 8.10 |
| | TollTag | 2.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.50 | 3.50 | 5.40 | 5.40 |
| Main Lane Plaza 8 (2) | Cash | 2.50 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 5.00 | 5.00 | 7.50 | 7.50 |
| | TollTag | 2.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.50 | 3.50 | 5.00 | 5.00 |
| Main Lane Plaza 9 (3) | Cash | - | - | - | - | 3.75 | 3.75 | 5.00 | 5.00 | 6.00 | 6.00 |
| | TollTag | - | - | - | - | 3.00 | 3.00 | 3.50 | 3.50 | 4.00 | 4.00 |
| Main Lane Plaza 10 (4) | Cash | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 5.00 | 5.00 | 3.45 | 3.45 |
| | TollTag | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.50 | 3.50 | 2.30 | 2.30 |
| Mountain Creek Lake Bridge: | | | | | | | | | | | |
| Main lane Plaza | Cash | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 3.75 | 3.75 |
| | TollTag | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 2.50 | 2.50 |
| Sam Rayburn Tollway (SRT): | | | | | | | | | | | |
| Main Lane Gantry 1 (5) | Video | - | - | - | - | - | - | - | 3.25 | 3.60 | 3.60 |
| | TollTag | - | - | - | - | - | - | - | 2.25 | 2.40 | 2.40 |
| Main Lane Gantry 2 (5) | Video | - | - | - | - | - | - | - | 8.55 | 9.30 | 9.30 |
| | TollTag | - | - | - | - | - | - | - | 5.90 | 6.20 | 6.20 |
| Main Lane Gantry 3 (6) (8) | Video | - | - | - | - | - | - | - | - | 10.20 | 12.85 |
| | TollTag | - | - | - | - | - | - | - | - | 6.80 | 8.55 |
| Lewisville Lake Toll Bridge: | | | | | | | | | | | |
| Mainlane Plaza (7) | Video | - | - | - | - | - | - | - | - | 7.50 | 7.50 |
| | TollTag | - | - | - | - | - | - | - | - | 5.00 | 5.00 |

(1) Main Lane Plaza 4 opened September 2007
(2) Main Lane Plaza 8 opened July 2001
(3) Main Lane Plaza 9 opened September 2005
(4) Main Lane Plaza 10 opened December 2001
(5) Main Lane Gantry 1 & 2 (ETC) on SRT; NTTA began collecting revenues on SRT on its own behalf on September 1, 2008
(6) Main Lane Plaza 3 on SRT opened September 2009
(7) Lewisville Lake Toll Bridge opened August 2009
(8) SRT mainlanes were extended to US 75 December 2010
Note - The Authority converted to All Electronic Toll Collection (All ETC) in December 2010. All customers will either have a TollTag or will be billed according to business rules currently in place. Cash will no longer be accepted.

# 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 ISTEA Loan | Texas Department of Transportation Loan Payable | Total Debt Amount | Total Revenue Vehicle Toll Transactions(1) | Debt Per Transactions | Debt Per Capita(2) |
|---|---|---|---|---|---|---|---|---|---|
| 2001 | $ 925,524,957 | - | $20,000,000 | $ 135,000,000 | $ 4,600,000 | $ 1,085,124,957 | $ 230,044,912 | $4.72 | $228 |
| 2002 | 921,430,778 | - | 20,000,000 | 135,000,000 | 4,600,000 | 1,081,030,778 | 285,494,321 | 3.79 | 222 |
| 2003 | 1,139,285,000 | - | - | 135,000,000 | 4,600,000 | 1,278,885,000 | 296,140,087 | 4.32 | 259 |
| 2004 | 1,125,735,000 | - | - | 135,000,000 | 4,600,000 | 1,265,335,000 | 315,031,754 | 4.02 | 251 |
| 2005 | 1,420,605,000 | - | - | 135,000,000 | 4,600,000 | 1,560,205,000 | 338,390,215 | 4.61 | 303 |
| 2006 | 1,390,130,000 | - | 25,000,000 | 135,000,000 | 4,600,000 | 1,554,730,000 | 370,696,171 | 4.19 | 293 |
| 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 | 934 |
| 2008 | 6,150,814,166 | - | 89,700,000 | 135,000,000 | 4,600,000 | 6,380,114,166 | 412,272,003 | 15.48 | 1,147 |
| 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 | 1,358 |

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 79.

(2) See table of Demographic Data on page 87.

# NORTH TEXAS TOLLWAY AUTHORITY
## Ratio of Revenue-backed Debt Outstanding
## Business-Type Activities
## Last Ten Fiscal Years
## (Unaudited)

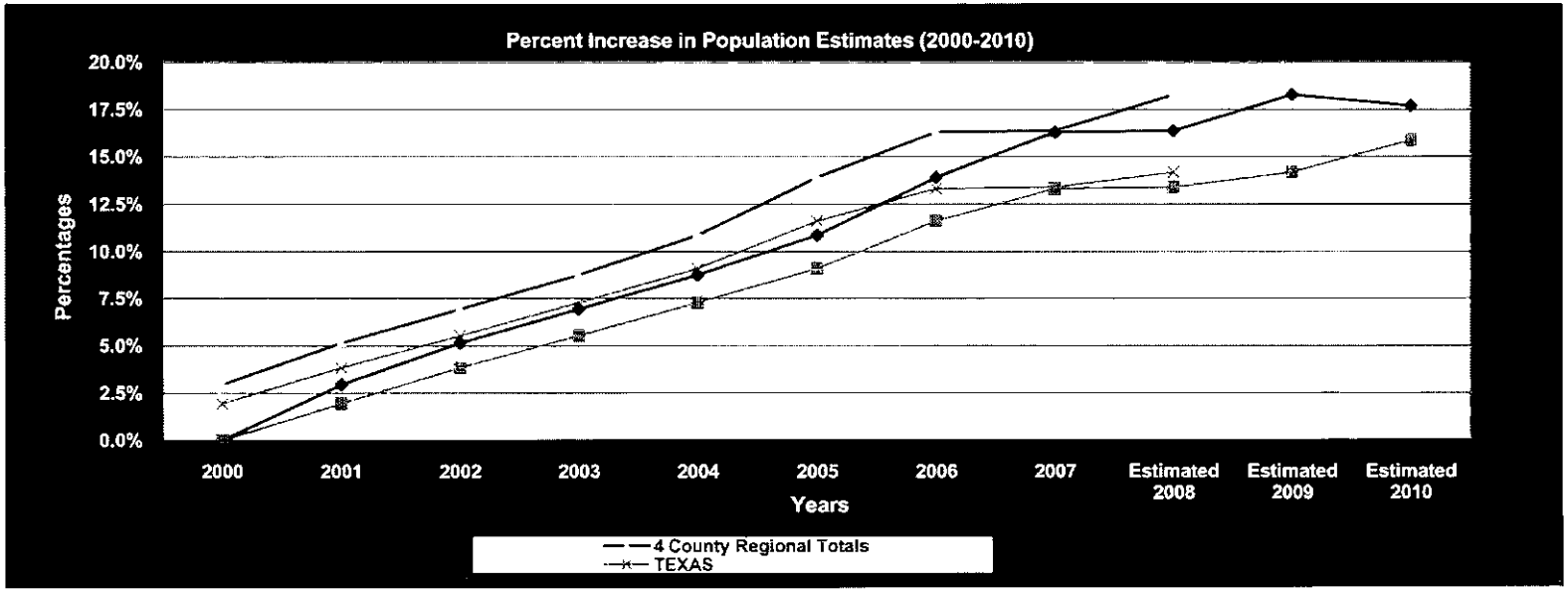
| Year | Revenue Bonds | Bond Anticipation Notes | Less: amounts Available in Bond Redemption Account | Commercial Paper Notes Payable | Texas Department of Transportation ISTEA Loan | Total Debt Amount | Annual Toll Revenues(1) | Debt Per Annual Toll Revenue | Debt Per Capita(2) |
|---|---|---|---|---|---|---|---|---|---|
| 2001 | $925,524,957 | - | ($6,215,744) | $20,000,000 | $135,000,000 | $1,074,309,213 | $107,210,124 | 10 | $226 |
| 2002 | 921,430,778 | - | (11,645,000) | 20,000,000 | 135,000,000 | 1,064,785,778 | 137,945,439 | 8 | 219 |
| 2003 | 1,139,285,000 | - | (13,553,662) | - | 135,000,000 | 1,260,731,338 | 149,323,784 | 8 | 255 |
| 2004 | 1,125,735,000 | - | (15,447,037) | - | 135,000,000 | 1,245,287,963 | 160,695,030 | 8 | 247 |
| 2005 | 1,420,605,000 | - | (17,311,773) | - | 135,000,000 | 1,538,293,227 | 172,537,345 | 9 | 299 |
| 2006 | 1,390,130,000 | - | (22,008,278) | 25,000,000 | 135,000,000 | 1,528,121,722 | 191,434,120 | 8 | 286 |
| 2007 | 1,368,550,000 | $3,467,245,000 | (23,240,000) | 75,000,000 | 135,000,000 | 5,042,555,000 | 202,675,564 | 25 | 929 |
| 2008 | 6,150,814,166 | - | (34,110,000) | 89,700,000 | 135,000,000 | 6,341,404,166 | 240,776,791 | 26 | 1140 |
| 2009 | 7,122,390,015 | - | (32,170,000) | 5,200,000 | 146,609,022 | 7,242,029,037 | 290,404,547 | 25 | 1277 |
| 2010 | 7,543,021,558 | - | (29,685,000) | 119,200,000 | 142,857,298 | 7,775,393,856 | 366,597,323 | 21 | 1353 |

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 79.
(2) See table of Demographic Data on page 87.

NORTH TEXAS TOLLWAY AUTHORITY
Demographic Data-Combined Four Region and State of Texas Population Estimated Data
For Years 2001-2010

| Year | COLLIN | DALLAS | DENTON | TARRANT | Est. Four County Regional Totals | Estimated Texas Totals | Percentage Change (From Prior Years) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | 4 County | TEXAS |
| 2001 | 538,200 | 2,264,243 | 463,681 | 1,489,516 | **4,755,640** | **21,357,926** | 2.94% | 1.94% |
| 2002 | 569,438 | 2,276,489 | 488,311 | 1,526,307 | **4,860,545** | **21,762,430** | 2.21% | 1.89% |
| 2003 | 597,536 | 2,282,284 | 510,292 | 1,556,747 | **4,946,859** | **22,134,047** | 1.78% | 1.71% |
| 2004 | 628,757 | 2,290,710 | 531,054 | 1,586,277 | **5,036,798** | **22,517,901** | 1.82% | 1.73% |
| 2005 | 660,926 | 2,308,527 | 554,994 | 1,619,666 | **5,144,113** | **22,928,508** | 2.13% | 1.82% |
| 2006 | 698,851 | 2,345,815 | 584,238 | 1,671,295 | **5,300,199** | **23,507,783** | 3.03% | 2.53% |
| 2007 | 730,690 | 2,366,511 | 612,357 | 1,717,435 | **5,426,993** | **23,904,380** | 2.39% | 1.69% |
| Estimated 2008 | 762,010 | 2,412,827 | 636,557 | 1,750,091 | **5,561,485** | **24,326,974** | 2.48% | 1.77% |
| Estimated 2009 | 764,500 | 2,471,000 | 628,300 | 1,807,750 | **5,671,550** | **24,538,335** | 1.98% | 0.87% |
| Estimated 2010 | 786,250 | 2,492,850 | 637,750 | 1,829,400 | **5,746,250** | **25,145,561** | 1.32% | 2.47% |
| **Increase Total from Year 2001 to Year 2010** | **248,050** | **228,607** | **174,069** | **339,884** | **990,610** | **3,787,635** | | |

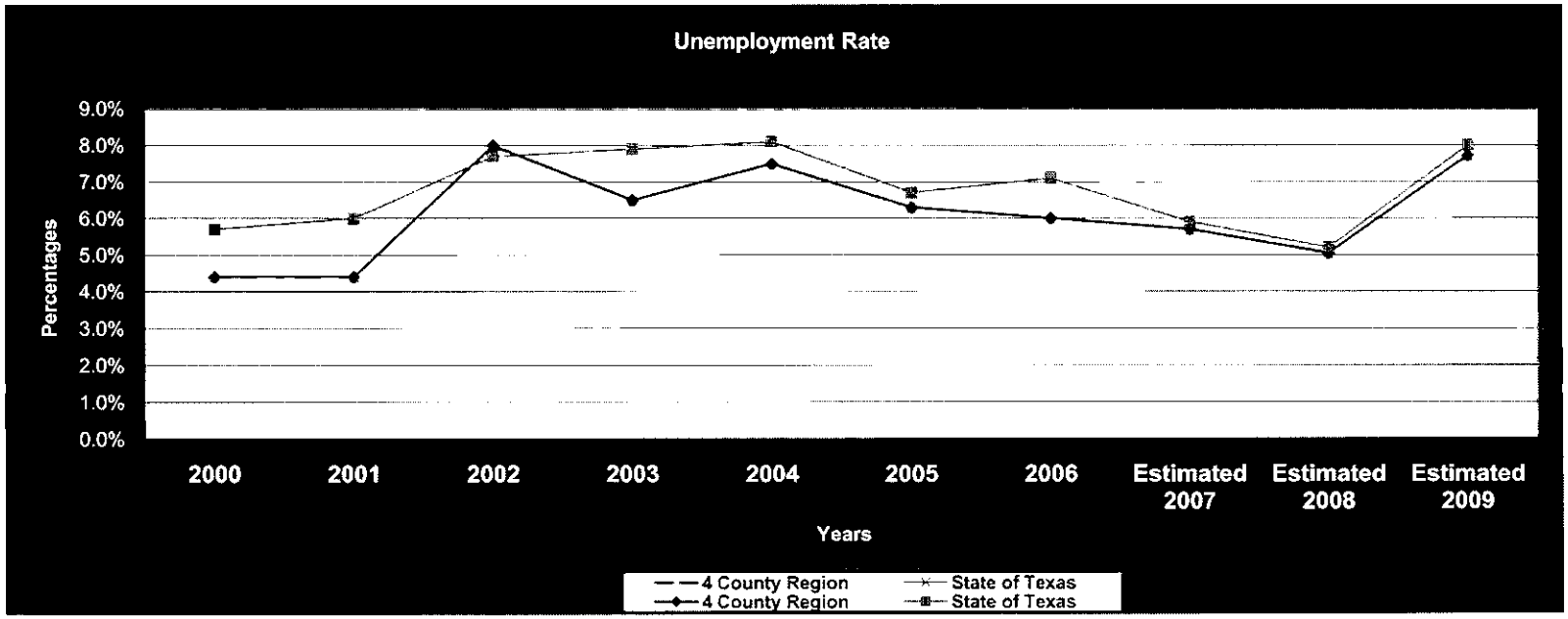
All information obtained from U.S. Census Bureau



NORTH TEXAS TOLLWAY AUTHORITY
Demographic Data-Combined Four County Region and State of Texas Employment Status Estimates
For Years 2000-2009

| | Year | COLLIN | DALLAS | DENTON | TARRANT | Combined Four County Regional Estimated Totals | Texas Estimated Totals | Unemployment Rate 4 County | Unemployment Rate Texas |
|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 275,187 | 1,166,274 | 248,592 | 758,223 | **2,448,276** | **10,003,606** | **4.4%** | **5.7%** |
| | 2001 | 298,648 | 1,171,386 | 249,260 | 775,930 | **2,495,224** | **10,125,306** | **4.4%** | **6.0%** |
| | 2002 | 308,228 | 1,194,564 | 276,897 | 799,447 | **2,579,136** | **10,402,410** | **8.0%** | **7.7%** |
| | 2003 | 325,039 | 1,176,107 | 287,142 | 814,196 | **2,602,484** | **10,556,464** | **6.5%** | **7.9%** |
| | 2004 | 347,165 | 1,197,167 | 301,511 | 835,363 | **2,681,206** | **10,851,249** | **7.5%** | **8.1%** |
| | 2005 | 367,651 | 1,177,947 | 312,530 | 840,440 | **2,698,568** | **11,024,191** | **6.3%** | **6.7%** |
| | 2006 | 389,629 | 1,219,541 | 337,144 | 884,101 | **2,830,415** | **11,617,834** | **6.0%** | **7.1%** |
| Estimated | 2007 | 400,678 | 1,205,730 | 344,810 | 904,015 | **2,855,233** | **11,647,654** | **5.7%** | **5.9%** |
| Estimated | 2008 | 407,840 | 1,180,870 | 346,869 | 877,646 | **2,813,225** | **11,466,657** | **5.1%** | **5.2%** |
| Estimated | 2009 | 285,900 | 1,415,000 | 172,600 | 743,500 | **2,617,000** | **10,204,500** | **7.7%** | **8.0%** |
| **Increase Total from Year 2000 to Year 2009** | | **10,713** | **248,726** | | | **168,724** | **200,894** | | |

All information obtained from U.S. Census Bureau



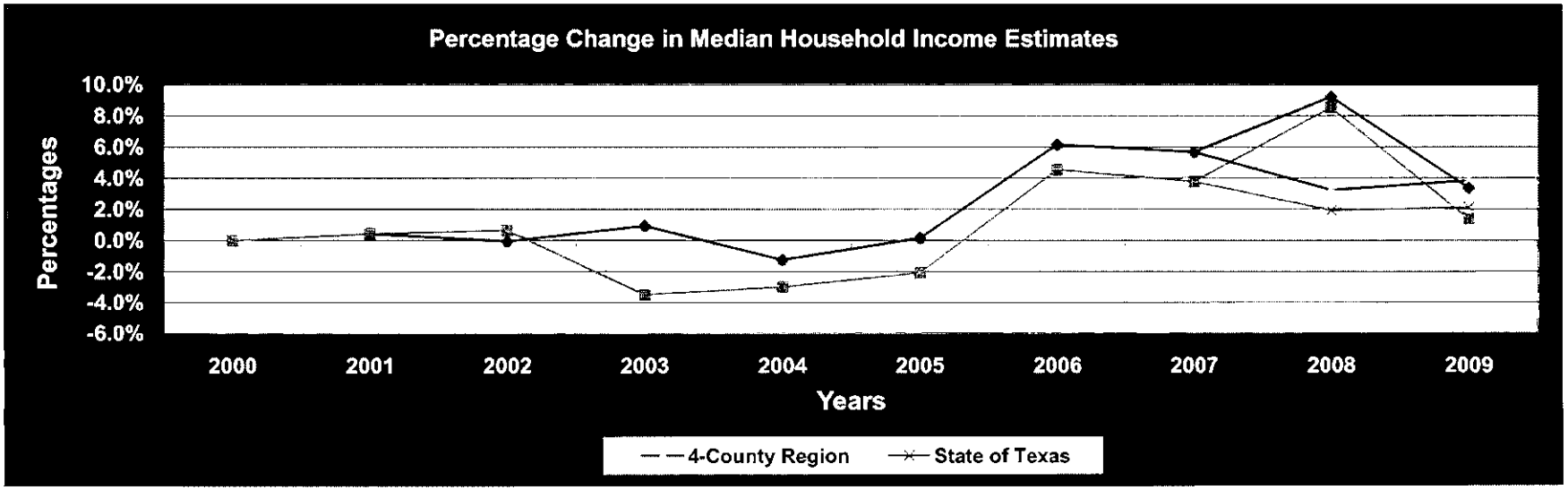
NORTH TEXAS TOLLWAY AUTHORITY

Demographic Data - Combined Four County Region and State of Texas Median Household Income Estimates

For Years 2000 - 2009

| Year | COLLIN | DALLAS | DENTON | TARRANT | Four County Regional Totals | Texas | Percentage Change from Prior Years | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Estimated Avg Median Income | Estimated Avg Median Income | 4 County | Texas |
| 2000 | $70,487 | $45,831 | $56,807 | $50,638 | **$55,941** | **$43,065** | N/A | N/A |
| 2001 | 70,181 | 44,829 | 60,898 | 48,821 | **56,182** | **43,253** | **0.43%** | **0.44%** |
| 2002 | 70,292 | 44,678 | 56,814 | 51,860 | **55,911** | **43,343** | **-0.48%** | **0.21%** |
| 2003 | 71,458 | 44,189 | 62,013 | 48,185 | **56,461** | **41,548** | **0.98%** | **-4.14%** |
| 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%** |
| **Averaged Yearly Totals** | **$73,742** | **$45,090** | **$64,103** | **$51,215** | **$58,537** | **$44,529** | | |

All information obtained from U.S. Census Bureau



NORTH TEXAS TOLLWAY AUTHORITY
North Texas Four County Region's Top Ten Employers

**2010**

COLLIN COUNTY TOP TEN EMPLOYERS

| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| JC PENNEY | 7,300 | 1.91% | RETAIL |
| HP ENTERPRISES SERVICES | 6,000 | 1 57% | PROF/TECH |
| BANK OF AMERICA | 5,400 | 1 41% | FINANCE |
| RAYTHEON | 3,700 | 0.97% | MANUFACTURING |
| FRITO LAY | 3,600 | 0 94% | MANUFACTURING |
| DELL SERVICES | 2,950 | 0 77% | PROF/TECH |
| DR PEPPER SNAPPLE GROUP | 2,200 | 0 58% | MANUFACTURING |
| ERICCSON INC | 2,200 | 0 58% | PROF/TECH |
| ALCATEL USA | 2,000 | 0 52% | PROF/TECH |
| MEDICAL CENTER OF PLANO | 1,300 | 0 34% | HEALTH CARE |
| Total | 36,650 | 9 58% | |

DALLAS COUNTY TOP TEN EMPLOYERS

| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| BAYLOR HEALTH CARE SYSTEM | 18,000 | 1 58% | HEALTH CARE |
| AT & T | 14,400 | 1.27% | PROF/TECH |
| TEXAS INSTRUMENTS | 9,600 | 0 84% | MANUFACTURING |
| METHODIST HEALTH SYSTEM | 5,999 | 0 53% | HEALTH CARE |
| CHILDREN'S MEDICAL CENTER | 5,365 | 0.47% | HEALTH CARE |
| BRINKER INTERNATIONAL | 5,257 | 0 46% | SECURITY |
| SOUTHWEST AIRLINES | 4,200 | 0 37% | TRANSPORTATION |
| ENERGY FUTURE HOLDINGS CORP | 3,912 | 0 34% | PROF/TECH |
| NEIMAN MARCUS GROUP | 3,812 | 0 33% | RETAIL |
| COOK CHILDREN'S HEALTH CARE SYSTEM | 3,812 | 0 33% | HEALTH CARE |
| Total | 74,357 | 6.53% | |

DENTON COUNTY TOP TEN EMPLOYERS

| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| UNIVERSITY OF NORTH TEXAS | 7,762 | 2 38% | EDUCATION |
| LEWISVILLE INDEPENDENT SCHOOL DISTRICT | 5,896 | 1.81% | EDUCATION |
| DENTON INDEPENDENT SCHOOL DISTRICT | 2,948 | 0 90% | EDUCATION |
| AMERICAL AIRLINES MAINTENANCE BASE | 2,105 | 0 64% | TRANSPORTATION |
| FRITO-LAY INC | 2,000 | 0 61% | MANUFACTURING |
| TEXAS WOMAN'S UNIVERSITY | 1,586 | 0 49% | EDUCATION |
| DENTON STATE SCHOOL | 1,500 | 0 46% | EDUCATION |
| PETERBILT MOTORS DIESEL TRUCKS | 1,500 | 0 46% | TRANSPORTATION |
| WAL-MART | 1,500 | 0 46% | MANUFACTURING |
| DENTON COUNTY | 1,478 | 0 45% | GOVERNMENT |
| Total | 26,275 | 6 25% | |

TARRANT COUNTY TOP TEN EMPLOYERS

| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| AMR CORP | 24,781 | 2 97% | TRANSPORTATION |
| TEXAS HEALTH RESOURCES | 17,485 | 2 09% | HEALTH CARE |
| LOCKHEED MARTIN AERONAUTICS | 15,000 | 1 80% | MANUFACTURING |
| BELL HELICOPTER | 6,400 | 0 77% | MANUFACTURING |
| NAS FORT WORTH JOINT RESERVE BASE | 5,361 | 0 64% | MILITARY |
| UNIVERSITY OF NORTH TEXAS | 5,300 | 0 63% | EDUCATION |
| ALCON INC | 3,341 | 0.40% | PROF/TECH |
| BURLINGTON NORTHERN SANTA FE | 2,500 | 0 30% | TRANSPORTATION |
| SABRE HOLDING | 2,500 | 0 30% | PROF/TECH |
| GAME STOP | 2,404 | 0 29% | MANUFACTURING |
| Total | 85,072 | 10 19% | |

**2001**

COLLIN COUNTY TOP TEN EMPLOYERS

| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| EDS | 6,700 | 3 99% | RETAIL |
| JC PENNY CO INC | 3,800 | 2 27% | PROF/TECH |
| STONEBRIAR CENTRE | 3,456 | 2 06% | RETAIL |
| SHOPS AT WILLOW BEND (THE) | 3,240 | 1 93% | RETAIL |
| FRITO-LAY INC | 3,000 | 1 79% | MANAGEMENT |
| COUNTRYWIDE HOME LOANS | 3,000 | 1 79% | FINANCE |
| PEROT SYSTEMS CORPORATION | 2,811 | 1.68% | PROF/TECH |
| ALCATEL | 2,800 | 1.67% | MANUFACTURING |
| COLLIN CREEK MALL | 2,418 | 1.44% | RETAIL |
| SBC COMMUNICATIONS | 2,140 | 1.28% | INFORMATION |
| Total | 33,365 | 19 89% | |

DALLAS COUNTY TOP TEN EMPLOYERS

| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| AMERICAN AIRLINES/AMR | 14,608 | 0 93% | TRANSPORTATION |
| TEXAS INSTRUMENTS HQ | 7,800 | 0 50% | MANUFACTURING |
| PARKLAND MEMORIAL HOSPITAL | 6,950 | 0 44% | HEALTH CARE |
| UT SOUTHWESTERN MEDICAL CENTER | 5,893 | 0 38% | EDUCATION |
| BAYLOR UNIVERSITY MEDICAL CTR | 5,751 | 0.37% | HEALTH CARE |
| COMPUCOM CAMPUS | 5,300 | 0.34% | REAL ESTATE/RENT |
| NORTEL NETWORKS | 4,800 | 0.31% | INFORMATION |
| NORTH PARK CENTER | 4,536 | 0.29% | RETAIL |
| DELTA AIR LINES INC | 4,300 | 0 27% | TRANSPORTATION |
| GALLERIA MALL | 4,104 | 0 26% | RETAIL |
| Total | 64,042 | 4 09% | |

DENTON COUNTY TOP TEN EMPLOYERS

| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| UNIVERSITY OF NORTH TEXAS | 7,719 | 6.45% | EDUCATION |
| AMERICAN AIRLINES ALLIANCE MAINTENANCE BA | 2,381 | 1.99% | TRANSPORTATION |
| VISTA RIDGE MALL | 2,288 | 1 91% | RETAIL |
| PETERBILT MOTORS CO | 1700 | 1 42% | MANUFACTURING |
| GOLDEN TRIANGLE MALL | 1,676 | 1 40% | RETAIL |
| DENTON STATE SCHOOL | 1,430 | 1.20% | EDUCATION |
| CENTEX HOME EQUITY PHASE I & II | 1,400 | 1 17% | REAL ESTATE/RENT |
| XEROX CORP | 1,381 | 1 15% | MANAGEMENT |
| TEXAS WOMAN'S UNIVERSITY | 1,129 | 0 94% | EDUCATION |
| GRANDY'S INC. | 850 | 0.71% | RETAIL |
| Total | 21 954 | 18.36% | |

TARRANT COUNTY TOP TEN EMPLOYERS

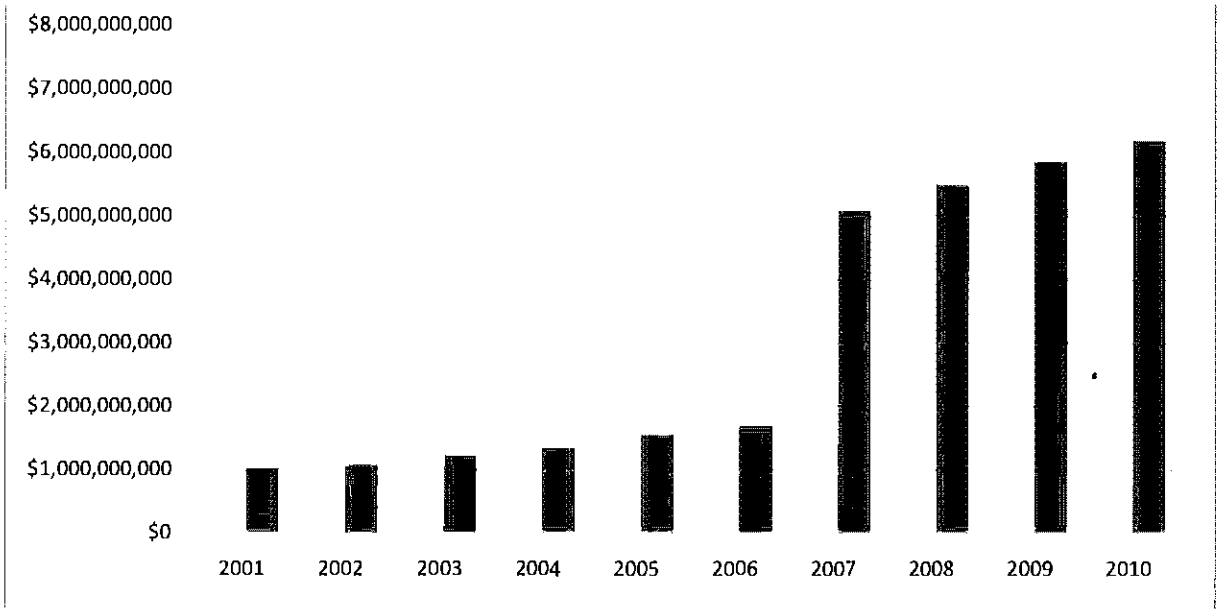
| EMPLOYER | NUMBER OF EMPLOYEES | PERCENTAGE OF TOTAL EMPLOYMENT | INDUSTRY |
|---|---|---|---|
| LOCKHEED MARTIN CORP | 16,800 | 2 39% | MANUFACTURING |
| UNIVERSITY OF TEXAS AT ARLINGTON | 5,079 | 0.72% | EDUCATION |
| AMERICAN AIRLINES/AMR | 5,011 | 0.71% | TRANSPORTATION |
| TARRANT COUNTY ADMINISTRATIVE OFFICE | 4,141 | 0.59% | PUBLIC |
| HARRIS METHODIST FORT WORTH | 4,000 | 0.57% | HEALTH CARE |
| NAS FORT WORTH JOINT RESERVE BASE | 3,906 | 0 56% | PUBLIC |
| HARRIS METHODIST SOUTHWEST | 3,789 | 0 54% | HEALTH CARE |
| COOKS CHILDREN'S HEALTH CARE SYS | 3,740 | 0 53% | HEALTH CARE |
| JOHN PETER SMITH HOSPITAL | 3,473 | 0 49% | HEALTH CARE |
| NORTHEAST MALL | 3,460 | 0.49% | RETAIL |
| Total | 53,399 | 7 60% | |

Source: Dallas Major Employers-DFW and Bureau of Labor Statistics

NORTH TEXAS TOLLWAY AUTHORITY
Contribution to Infrastructure Assets
Last Ten Fiscal Years
(Unaudited)

| Year | Additions | Beginning Balance | Deletions | Ending Balance |
|---|---|---|---|---|
| 2001 | $ 151,520,819 | $ 873,133,413 | - | $ 1,024,654,232 |
| 2002 | 44,935,637 | 1,024,654,232 | - | 1,069,589,869 |
| 2003 | 161,829,348 | 1,069,589,869 | - | 1,231,419,217 |
| 2004 | 97,081,712 | 1,255,767,850 (2) | - | 1,352,849,562 |
| 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 *(3)* | 5,087,624,397 | (38,340,388) | 5,501,488,622 |
| 2009 | 3,558,138,403 *(4)* | 5,501,488,622 | (3,197,211,448) *(4)* | 5,862,415,577 |
| 2010 | 344,755,250 | 5,862,415,577 | (234,076) | 6,206,936,751 |

(1) Includes a $3.2 billion payment to Texas Department of Transportation for the acquisition of State Highway 121 Project.
(2) Includes a $24.3 million prior period adjustment for toll collection system.
(3)Deletions include property and equipment previously recorded as infrastructure.
Note - See Notes to Financial Statements number (4) Capital Assets page 35.
(4) Includes reclass from CIP to Roadway due to the completion of Sam Rayburn Tollway



NORTH TEXAS TOLLWAY AUTHORITY
Toll Revenue Analysis
Last Ten Fiscal Years
(Unaudited)

**Toll Revenue**

| Year | | Two-Axle Vehicles | Multi-Axle Vehicles | Adjustments | Total |
|---|---|---|---|---|---|
| 2001 | (1) | 107,284,640 | 1,972,867 | (2,047,383) | 107,210,124 |
| 2002 | (2) | 157,445,951 | 2,959,988 | (22,460,500) | 137,945,439 |
| 2003 | | 161,376,894 | 4,040,344 | (16,093,454) | 149,323,784 |
| 2004 | (3) | 169,631,935 | 4,635,864 | (13,572,769) | 160,695,030 |
| 2005 | (4) | 180,444,481 | 5,424,704 | (13,331,840) | 172,537,345 |
| 2006 | | 197,742,740 | 6,695,120 | (13,003,740) | 191,434,120 |
| 2007 | (5) | 214,283,866 | 8,189,103 | (19,797,405) | 202,675,564 |
| 2008 | (6) | 262,432,292 | 12,115,529 | (33,771,030) | 240,776,791 |
| 2009 | (7) | 333,428,667 | 16,308,187 | (59,332,307) | 290,404,547 |
| 2010 | (8) | 416,417,929 | 24,396,549 | (74,217,155) | 366,597,323 |

**Toll Revenue - Average Per Day**

| Year | | Two-Axle Vehicles | Multi-Axle Vehicles | Adjustments | Average |
|---|---|---|---|---|---|
| 2001 | (1) | 293,931 | 5,405 | (5,609) | 293,727 |
| 2002 | (2) | 431,359 | 8,110 | (61,536) | 377,933 |
| 2003 | | 442,128 | 11,069 | (44,092) | 409,105 |
| 2004 | (3) | 463,475 | 12,666 | (37,084) | 439,057 |
| 2005 | (4) | 494,368 | 14,862 | (36,526) | 472,704 |
| 2006 | | 541,761 | 18,343 | (35,627) | 524,477 |
| 2007 | (5) | 587,079 | 22,436 | (54,239) | 555,276 |
| 2008 | (6) | 717,028 | 33,103 | (92,271) | 657,860 |
| 2009 | (7) | 913,503 | 44,680 | (162,554) | 795,629 |
| 2010 | (8) | 1,140,871 | 66,840 | (203,335) | 1,004,376 |

(1) Reflects the opening of Segment III of the President George Bush Turnpike from Midway Road to Frankford in March 2001 to IH 35 in July 2001 and Segment V on December 2001.
(2) Toll rate increase for the President George Bush Turnpike went into effect in January 2002. High speed lanes installed (Open Lane Tolling)
(3) Reflects the completion of DNT and State Highway 121 interchange on April 2004.
(4) Reflects the opening of Segment IV of the President George Bush Turnpike in September 2005.
(5) Reflects the opening of DNT Phase 3 and toll rate increase in late September 2007. Installation of ZipCash (Video Tolling) on Main Lane Plaza 1.
(6) Reflects the opening of Sam Rayburn Tollway in September 2008 as the Authority's first all ETC facility. Adjustments includes transaction to be invoiced.
(7) Reflects the opening of Lake Lewisville in October 2009.
(8) Reflects the addition of southbound entrance ramp toll gantry and northbound exit ramp toll gantry from/to Keller Springs Rd. Also added Eastbound/northbound entrance ramp toll gantry and westbound/southbound exit ramp toll gantry from/to Lake Forest Drive and Hardin Boulevard. DNT all ETC December 2010

## Total Lane Miles Operating and Number of Employees by Department
## Last Ten Fiscal Years

| Lane Miles | Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Total Lane Miles | 272 | 297 | 306 | 315 | 315 | 306 | 365 | 618 | 669 | 685 |

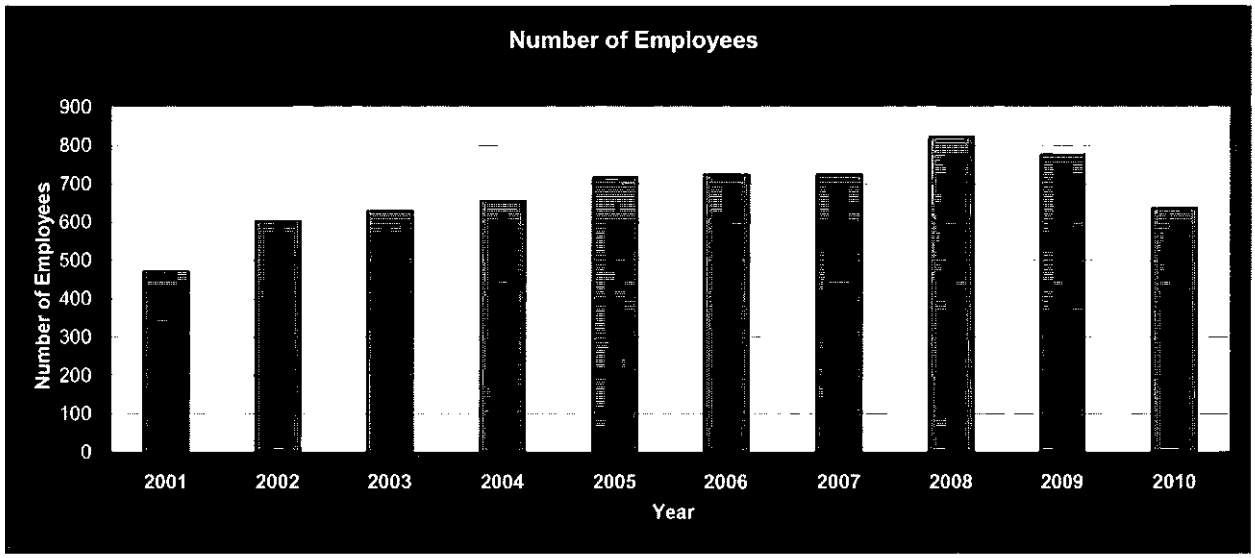
Note - Lane miles are recorded during the year proportionate to the number of months they were operational.

| Full-time Equivalent Employees | Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Administration | 5 | 6 | 6 | 11 | 7 | 9 | 9 | 9 | 6 | 4 |
| Board | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 3 |
| Finance | 4 | 4 | 4 | 4 | 5 | 5 | 6 | 6 | 10 | 22 |
| Business Diversity | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 3 | 5 | 5 |
| Communications | 4 | 5 | 4 | 3 | 7 | 8 | 9 | 12 | 15 | 15 |
| Internal Audit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 5 | 6 |
| Human Resources | 9 | 10 | 8 | 8 | 8 | 12 | 12 | 13 | 14 | 12 |
| Legal Services | 3 | 3 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 5 |
| System & Incident Management | 25 | 23 | 22 | 20 | 26 | 26 | 25 | 51 | 57 | 73 |
| Accounting | 5 | 5 | 5 | 5 | 6 | 7 | 5 | 8 | 7 | 0 |
| Information Technology | 12 | 13 | 16 | 16 | 19 | 19 | 20 | 32 | 47 | 61 |
| Vault | 8 | 15 | 28 | 28 | 31 | 30 | 28 | 23 | 19 | 2 |
| Audit - Revenue Reconciliation | 3 | 2 | 0 | 0 | 6 | 5 | 7 | 6 | 5 | 0 |
| Procurement Services | 3 | 3 | 3 | 3 | 6 | 6 | 6 | 10 | 12 | 11 |
| Community Affairs | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 3 | 3 | 3 |
| Toll Collection | 304 | 402 | 379 | 392 | 412 | 416 | 386 | 321 | 162 | 4 |
| Maintenance | 52 | 65 | 67 | 71 | 76 | 68 | 81 | 178 | 162 | 163 |
| Customer Service Center | 29 | 41 | 75 | 81 | 92 | 98 | 115 | 133 | 228 | 232 |
| Project Delivery | 7 | 7 | 9 | 11 | 12 | 11 | 9 | 6 | 9 | 10 |
| Project Evaluation | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 4 | 0 | 0 |
| Cash and Debt Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 |
| Total | 473 | 604 | 630 | 657 | 718 | 725 | 726 | 823 | 777 | 637 |

Note 1 - During 2003 & 2004, the Audit function was outsourced.

Note 2 - Project Evaluation is now Cash Debt and Management.

Note 3 - During 2010, Accounting and Audit Revenue merged with Finance.



# 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 periods 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 charged to users 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.

## SYSTEM TOLL RATES (EXCLUDING SRT AND PGBT EE) FROM DECEMBER 11, 2010

### Dallas North 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Toll Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Wycliff Main Lane Gantry (MLP1) | $1.26 | $1.89 | $2.52 | $3.78 | $3.78 | $5.67 | $5.04 | $7.56 | $6.30 | $9.45 |
| Mockingbird Lane (MOCLN) | $0.92 | $1.38 | $1.84 | $2.76 | $2.76 | $4.14 | $3.68 | $5.52 | $4.60 | $6.90 |
| Northwest Highway (NORHY) | $0.62 | $0.93 | $1.24 | $1.86 | $1.86 | $2.79 | $2.48 | $3.72 | $3.10 | $4.65 |
| Royal Lane (ROYLN) | $0.33 | $0.53 | $0.66 | $1.06 | $0.99 | $1.59 | $1.32 | $2.12 | $1.65 | $2.65 |
| Spring Valley Road (SPVRD) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Belt Line Road (BELRD) | $0.29 | $0.49 | $0.58 | $0.98 | $0.87 | $1.47 | $1.16 | $1.96 | $1.45 | $2.45 |
| Keller Springs Road (KESRD) | $0.44 | $0.66 | $0.88 | $1.32 | $1.32 | $1.98 | $1.76 | $2.64 | $2.20 | $3.30 |
| Trinity Mills Main Lane Gantry (MLP2) | $0.90 | $1.35 | $1.80 | $2.70 | $2.70 | $4.05 | $3.60 | $5.40 | $4.50 | $6.75 |
| Frankford Road (FRARD) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Park Boulevard (PARBD) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Parker Main Lane Gantry (MLP3) | $0.80 | $1.20 | $1.60 | $2.40 | $2.40 | $3.60 | $3.20 | $4.80 | $4.00 | $6.00 |
| Parker Road (PARRD) | $0.48 | $0.72 | $0.96 | $1.44 | $1.44 | $2.16 | $1.92 | $2.88 | $2.40 | $3.60 |
| Spring Creek Parkway (SPCPY) | $0.27 | $0.47 | $0.54 | $0.94 | $0.81 | $1.41 | $1.08 | $1.88 | $1.35 | $2.35 |
| Gaylord Parkway (GAYPY) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Lebanon Road (LEBRD) | $0.33 | $0.53 | $0.66 | $1.06 | $0.99 | $1.59 | $1.32 | $2.12 | $1.65 | $2.65 |
| Stone Brook Parkway (STOPY) | $0.42 | $0.63 | $0.84 | $1.26 | $1.26 | $1.89 | $1.68 | $2.52 | $2.10 | $3.15 |
| Main Street (MAIST) | $0.68 | $1.02 | $1.36 | $2.04 | $2.04 | $3.06 | $2.72 | $4.08 | $3.40 | $5.10 |
| Eldorado Main Lane Gantry (MLP4) | $1.41 | $2.12 | $2.82 | $4.24 | $4.23 | $6.36 | $5.64 | $8.48 | $7.05 | $10.60 |
| Eldorado Parkway (ELDPY) | $0.51 | $0.77 | $1.02 | $1.54 | $1.53 | $2.31 | $2.04 | $3.08 | $2.55 | $3.85 |

### President George Bush Turnpike

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| North Garland Avenue (GARRD) | $0.26 | $0.46 | $0.52 | $0.92 | $0.78 | $1.38 | $1.04 | $1.84 | $1.30 | $2.30 |
| Campbell Road (CAMRD) | $0.41 | $0.62 | $0.82 | $1.24 | $1.23 | $1.86 | $1.64 | $2.48 | $2.05 | $3.10 |
| East Renner Road (ERERD) | $0.67 | $1.01 | $1.34 | $2.02 | $2.01 | $3.03 | $2.68 | $4.04 | $3.35 | $5.05 |
| Shiloh Main Lane Gantry (MLP6) | $1.00 | $1.50 | $2.00 | $3.00 | $3.00 | $4.50 | $4.00 | $6.00 | $5.00 | $7.50 |
| Shiloh Road (SHIRD) | $0.51 | $0.77 | $1.02 | $1.54 | $1.53 | $2.31 | $2.04 | $3.08 | $2.55 | $3.85 |
| West Renner Road (WRERD) | $0.34 | $0.54 | $0.68 | $1.08 | $1.02 | $1.62 | $1.36 | $2.16 | $1.70 | $2.70 |
| Independence Parkway (INDPY) | $0.34 | $0.54 | $0.68 | $1.08 | $1.02 | $1.62 | $1.36 | $2.16 | $1.70 | $2.70 |
| Coit Road (COIRD) | $0.52 | $0.78 | $1.04 | $1.56 | $1.56 | $2.34 | $2.08 | $3.12 | $2.60 | $3.90 |
| Coit Main Lane Gantry (MLP7) | $1.08 | $1.62 | $2.16 | $3.24 | $3.24 | $4.86 | $4.32 | $6.48 | $5.40 | $8.10 |
| Preston Road (PRERD) | $0.29 | $0.49 | $0.58 | $0.98 | $0.87 | $1.47 | $1.16 | $1.96 | $1.45 | $2.45 |
| Midway Road (MIDRD) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Marsh Lane (MARLN) | $0.29 | $0.49 | $0.58 | $0.98 | $0.87 | $1.47 | $1.16 | $1.96 | $1.45 | $2.45 |
| Frankford Main Lane Gantry (MLP8) | $1.00 | $1.50 | $2.00 | $3.00 | $3.00 | $4.50 | $4.00 | $6.00 | $5.00 | $7.50 |
| Kelly Boulevard (KELBD) | $0.53 | $0.80 | $1.06 | $1.60 | $1.59 | $2.40 | $2.12 | $3.20 | $2.65 | $4.00 |
| Josey Lane (JOSLN) | $0.35 | $0.55 | $0.70 | $1.10 | $1.05 | $1.65 | $1.40 | $2.20 | $1.75 | $2.75 |
| Sandy Lake Main Lane Gantry (MLP9) | $0.80 | $1.20 | $1.60 | $2.40 | $2.40 | $3.60 | $3.20 | $4.80 | $4.00 | $6.00 |
| Belt Line - Luna Road (NBERD) | $0.48 | $0.72 | $0.96 | $1.44 | $1.44 | $2.16 | $1.92 | $2.88 | $2.40 | $3.60 |
| Royal Lane (ROYLN) | $0.24 | $0.44 | $0.48 | $0.88 | $0.72 | $1.32 | $0.96 | $1.76 | $1.20 | $2.20 |
| Belt Line Road (SBERD) | $0.46 | $0.69 | $0.92 | $1.38 | $1.38 | $2.07 | $1.84 | $2.76 | $2.30 | $3.45 |
| Belt Line Main Lane Ganrty (MLP10) | $0.46 | $0.69 | $0.92 | $1.38 | $1.38 | $2.07 | $1.84 | $2.76 | $2.30 | $3.45 |

### Addison Airport Toll Tunnel

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Addison Airport Toll Tunnel (AATT) | $0.50 | $0.75 | $1.00 | $1.50 | $1.50 | $2.25 | $2.00 | $3.00 | $2.50 | $3.75 |

### Mountain Creek Lake Bridge

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Mountain Creek Lake Toll Bridge (MCLB) | $0.50 | $0.75 | $1.00 | $1.50 | $1.50 | $2.25 | $2.00 | $3.00 | $2.50 | $3.75 |

### Lewisville Lake Toll Bridge

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Lewisville Lake Toll Bridge (LLTB) | $1.00 | $1.50 | $2.00 | $3.00 | $3.00 | $4.50 | $4.00 | $6.00 | $5.00 | $7.50 |

## SYSTEM TOLL RATES (EXCLUDING SRT AND PGBT EE) STARTING JULY 1, 2011

### Dallas North 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Toll Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Wycliff Main Lane Gantry (MLP1) | $1.33 | $2.00 | $2.66 | $4.00 | $3.99 | $6.00 | $5.32 | $8.00 | $6.65 | $10.00 |
| Mockingbird Lane (MOCLN) | $0.97 | $1.46 | $1.94 | $2.92 | $2.91 | $4.38 | $3.88 | $5.84 | $4.85 | $7.30 |
| Northwest Highway (NORHY) | $0.66 | $0.99 | $1.32 | $1.98 | $1.98 | $2.97 | $2.64 | $3.96 | $3.30 | $4.95 |
| Royal Lane (ROYLN) | $0.35 | $0.57 | $0.70 | $1.14 | $1.05 | $1.71 | $1.40 | $2.28 | $1.75 | $2.85 |
| Spring Valley Road (SPVRD) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Belt Line Road (BELRD) | $0.31 | $0.53 | $0.62 | $1.06 | $0.93 | $1.59 | $1.24 | $2.12 | $1.55 | $2.65 |
| Keller Springs Road (KESRD) | $0.46 | $0.69 | $0.92 | $1.38 | $1.38 | $2.07 | $1.84 | $2.76 | $2.30 | $3.45 |
| Trinity Mills Main Lane Gantry (MLP2) | $0.95 | $1.43 | $1.90 | $2.86 | $2.85 | $4.29 | $3.80 | $5.72 | $4.75 | $7.15 |
| Frankford Road (FRARD) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Park Boulevard (PARBD) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Parker Main Lane Gantry (MLP3) | $0.85 | $1.28 | $1.70 | $2.56 | $2.55 | $3.84 | $3.40 | $5.12 | $4.25 | $6.40 |
| Parker Road (PARRD) | $0.51 | $0.77 | $1.02 | $1.54 | $1.53 | $2.31 | $2.04 | $3.08 | $2.55 | $3.85 |
| Spring Creek Parkway (SPCPY) | $0.28 | $0.50 | $0.56 | $1.00 | $0.84 | $1.50 | $1.12 | $2.00 | $1.40 | $2.50 |
| Legacy Drive (LEGDR) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Headquarters Drive (HEADR) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Gaylord Parkway (GAYPY) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Lebanon Road (LEBRD) | $0.35 | $0.57 | $0.70 | $1.14 | $1.05 | $1.71 | $1.40 | $2.28 | $1.75 | $2.85 |
| Stone Brook Parkway (STOPY) | $0.44 | $0.66 | $0.88 | $1.32 | $1.32 | $1.98 | $1.76 | $2.64 | $2.20 | $3.30 |
| Main Street (MAIST) | $0.72 | $1.08 | $1.44 | $2.16 | $2.16 | $3.24 | $2.88 | $4.32 | $3.60 | $5.40 |
| Eldorado Main Lane Gantry (MLP4) | $1.49 | $2.24 | $2.98 | $4.48 | $4.47 | $6.72 | $5.96 | $8.96 | $7.45 | $11.20 |
| Eldorado Parkway (ELDPY) | $0.54 | $0.81 | $1.08 | $1.62 | $1.62 | $2.43 | $2.16 | $3.24 | $2.70 | $4.05 |

### President George Bush Turnpike

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| North Garland Avenue (GARRD) | $0.27 | $0.49 | $0.54 | $0.98 | $0.81 | $1.47 | $1.08 | $1.96 | $1.35 | $2.45 |
| Campbell Road (CAMRD) | $0.43 | $0.65 | $0.86 | $1.30 | $1.29 | $1.95 | $1.72 | $2.60 | $2.15 | $3.25 |
| East Renner Road (ERERD) | $0.70 | $1.05 | $1.40 | $2.10 | $2.10 | $3.15 | $2.80 | $4.20 | $3.50 | $5.25 |
| Shiloh Main Lane Gantry (MLP6) | $1.05 | $1.58 | $2.10 | $3.16 | $3.15 | $4.74 | $4.20 | $6.32 | $5.25 | $7.90 |
| Shiloh Road (SHIRD) | $0.54 | $0.81 | $1.08 | $1.62 | $1.62 | $2.43 | $2.16 | $3.24 | $2.70 | $4.05 |
| West Renner Road (WRERD) | $0.36 | $0.58 | $0.72 | $1.16 | $1.08 | $1.74 | $1.44 | $2.32 | $1.80 | $2.90 |
| Independence Parkway (INDPY) | $0.36 | $0.58 | $0.72 | $1.16 | $1.08 | $1.74 | $1.44 | $2.32 | $1.80 | $2.90 |
| Coit Road (COIRD) | $0.54 | $0.81 | $1.08 | $1.62 | $1.62 | $2.43 | $2.16 | $3.24 | $2.70 | $4.05 |
| Coit Main Lane Gantry (MLP7) | $1.14 | $1.71 | $2.28 | $3.42 | $3.42 | $5.13 | $4.56 | $6.84 | $5.70 | $8.55 |
| Preston Road (PRERD) | $0.30 | $0.52 | $0.60 | $1.04 | $0.90 | $1.56 | $1.20 | $2.08 | $1.50 | $2.60 |
| Midway Road (MIDRD) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Marsh Lane (MARLN) | $0.31 | $0.53 | $0.62 | $1.06 | $0.93 | $1.59 | $1.24 | $2.12 | $1.55 | $2.65 |
| Frankford Main Lane Gantry (MLP8) | $1.06 | $1.59 | $2.12 | $3.18 | $3.18 | $4.77 | $4.24 | $6.36 | $5.30 | $7.95 |
| Kelly Boulevard (KELBD) | $0.56 | $0.84 | $1.12 | $1.68 | $1.68 | $2.52 | $2.24 | $3.36 | $2.80 | $4.20 |
| Josey Lane (JOSLN) | $0.36 | $0.58 | $0.72 | $1.16 | $1.08 | $1.74 | $1.44 | $2.32 | $1.80 | $2.90 |
| Sandy Lake Main Lane Gantry (MLP9) | $0.84 | $1.26 | $1.68 | $2.52 | $2.52 | $3.78 | $3.36 | $5.04 | $4.20 | $6.30 |
| Belt Line - Luna Road (NBERD) | $0.50 | $0.75 | $1.00 | $1.50 | $1.50 | $2.25 | $2.00 | $3.00 | $2.50 | $3.75 |
| Royal Lane (ROYLN) | $0.25 | $0.47 | $0.50 | $0.94 | $0.75 | $1.41 | $1.00 | $1.88 | $1.25 | $2.35 |
| Belt Line Road (SBERD) | $0.49 | $0.74 | $0.98 | $1.48 | $1.47 | $2.22 | $1.96 | $2.96 | $2.45 | $3.70 |
| Belt Line Main Lane Ganrty (MLP10) | $0.49 | $0.74 | $0.98 | $1.48 | $1.47 | $2.22 | $1.96 | $2.96 | $2.45 | $3.70 |

### Addison Airport Toll Tunnel

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Addison Airport Toll Tunnel (AATT) | $0.53 | $0.80 | $1.06 | $1.60 | $1.59 | $2.40 | $2.12 | $3.20 | $2.65 | $4.00 |

### Mountain Creek Lake Bridge

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Mountain Creek Lake Toll Bridge (MCLB) | $0.53 | $0.80 | $1.06 | $1.60 | $1.59 | $2.40 | $2.12 | $3.20 | $2.65 | $4.00 |

### Lewisville Lake Toll Bridge

| | 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 Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Lewisville Lake Toll Bridge (LLTB) | $1.06 | $1.59 | $2.12 | $3.18 | $3.18 | $4.77 | $4.24 | $6.36 | $5.30 | $7.95 |

## SRT Tolling

### Toll Rates

- Toll rates for the SRT shall be as set forth in the following schedules for the periods 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 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 charged to users 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.

## EXISTING TOLL RATES

### Sam Rayburn Tollway

| Toll Plaza | 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) | $0.48 | $0.72 | $0.96 | $1.44 | $1.44 | $2.16 | $1.92 | $2.88 | $2.40 | $3.60 |
| MacArthur Blvd (MACBD) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Carrollton Parkway (CARPY) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Parker Road (PARRD) | $0.31 | $0.51 | $0.62 | $1.02 | $0.93 | $1.53 | $1.24 | $2.04 | $1.55 | $2.55 |
| Old Denton Road (OLDRD) | $0.36 | $0.56 | $0.72 | $1.12 | $1.08 | $1.68 | $1.44 | $2.24 | $1.80 | $2.80 |
| Standridge Drive - South (SSTDR) | $0.54 | $0.81 | $1.08 | $1.62 | $1.62 | $2.43 | $2.16 | $3.24 | $2.70 | $4.05 |
| Josey Lane - South (SJOLN) | $0.66 | $0.99 | $1.32 | $1.98 | $1.98 | $2.97 | $2.64 | $3.96 | $3.30 | $4.95 |
| Josey Main Lane Gantry (MLG2) | $1.24 | $1.86 | $2.48 | $3.72 | $3.72 | $5.58 | $4.96 | $7.44 | $6.20 | $9.30 |
| Standridge Drive - North (NSTDR) | $0.70 | $1.05 | $1.40 | $2.10 | $2.10 | $3.15 | $2.80 | $4.20 | $3.50 | $5.25 |
| Josey Lane - North (NJOLN) | $0.58 | $0.87 | $1.16 | $1.74 | $1.74 | $2.61 | $2.32 | $3.48 | $2.90 | $4.35 |
| Plano Parkway (PLAPY) | $0.46 | $0.69 | $0.92 | $1.38 | $1.38 | $2.07 | $1.84 | $2.76 | $2.30 | $3.45 |
| Spring Creek Parkway (SPCPY) | $0.23 | $0.43 | $0.46 | $0.86 | $0.69 | $1.29 | $0.92 | $1.72 | $1.15 | $2.15 |
| Preston Road (PRERD) | $0.22 | $0.42 | $0.44 | $0.84 | $0.66 | $1.26 | $0.88 | $1.68 | $1.10 | $2.10 |
| Hillcrest Road (HILRD) | $0.23 | $0.43 | $0.46 | $0.86 | $0.69 | $1.29 | $0.92 | $1.72 | $1.15 | $2.15 |
| Coit Road (COIRD) | $0.50 | $0.75 | $1.00 | $1.50 | $1.50 | $2.25 | $2.00 | $3.00 | $2.50 | $3.75 |
| Independence Parkway (INDPY) | $0.66 | $0.99 | $1.32 | $1.98 | $1.98 | $2.97 | $2.64 | $3.96 | $3.30 | $4.95 |
| Custer Road - South (CUSRD) | $0.83 | $1.25 | $1.66 | $2.50 | $2.49 | $3.75 | $3.32 | $5.00 | $4.15 | $6.25 |
| Custer Main Lane Gantry (MLG3) | $1.71 | $2.57 | $3.42 | $5.14 | $5.13 | $7.71 | $6.84 | $10.28 | $8.55 | $12.85 |
| Exchange Parkway (SALDR) | $0.89 | $1.34 | $1.78 | $2.68 | $2.67 | $4.02 | $3.56 | $5.36 | $4.45 | $6.70 |
| Alma Drive (NALDR) | $0.65 | $0.98 | $1.30 | $1.96 | $1.95 | $2.94 | $2.60 | $3.92 | $3.25 | $4.90 |
| Stacy Road (STARD) | $0.51 | $0.77 | $1.02 | $1.54 | $1.53 | $2.31 | $2.04 | $3.08 | $2.55 | $3.85 |
| Lake Forest Drive (LAFDR) | $0.40 | $0.60 | $0.80 | $1.20 | $1.20 | $1.80 | $1.60 | $2.40 | $2.00 | $3.00 |
| Hardin Boulevard (HARBD) | $0.25 | $0.45 | $0.50 | $0.90 | $0.75 | $1.35 | $1.00 | $1.80 | $1.25 | $2.25 |

## TOLL RATES EFFECTIVE JULY 1, 2011

### Sam Rayburn Tollway

| Toll Plaza | 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) | $0.50 | $0.75 | $1.00 | $1.50 | $1.50 | $2.25 | $2.00 | $3.00 | $2.50 | $3.75 |
| MacArthur Blvd (MACBD) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Carrollton Parkway (CARPY) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Parker Road (PARRD) | $0.33 | $0.55 | $0.66 | $1.10 | $0.99 | $1.65 | $1.32 | $2.20 | $1.65 | $2.75 |
| Old Denton Road (OLDRD) | $0.38 | $0.60 | $0.76 | $1.20 | $1.14 | $1.80 | $1.52 | $2.40 | $1.90 | $3.00 |
| Standridge Drive - South (SSTDR) | $0.57 | $0.86 | $1.14 | $1.72 | $1.71 | $2.58 | $2.28 | $3.44 | $2.85 | $4.30 |
| Josey Lane - South (SJOLN) | $0.70 | $1.05 | $1.40 | $2.10 | $2.10 | $3.15 | $2.80 | $4.20 | $3.50 | $5.25 |
| Josey Main Lane Gantry (MLG2) | $1.30 | $1.95 | $2.60 | $3.90 | $3.90 | $5.85 | $5.20 | $7.80 | $6.50 | $9.75 |
| Standridge Drive - North (NSTDR) | $0.74 | $1.11 | $1.48 | $2.22 | $2.22 | $3.33 | $2.96 | $4.44 | $3.70 | $5.55 |
| Josey Lane - North (NJOLN) | $0.61 | $0.92 | $1.22 | $1.84 | $1.83 | $2.76 | $2.44 | $3.68 | $3.05 | $4.60 |
| Plano Parkway (PLAPY) | $0.48 | $0.72 | $0.96 | $1.44 | $1.44 | $2.16 | $1.92 | $2.88 | $2.40 | $3.60 |
| Spring Creek Parkway (SPCPY) | $0.24 | $0.46 | $0.48 | $0.92 | $0.72 | $1.38 | $0.96 | $1.84 | $1.20 | $2.30 |
| Preston Road (PRERD) | $0.23 | $0.45 | $0.46 | $0.90 | $0.69 | $1.35 | $0.92 | $1.80 | $1.15 | $2.25 |
| Hillcrest Road (HILRD) | $0.24 | $0.46 | $0.48 | $0.92 | $0.72 | $1.38 | $0.96 | $1.84 | $1.20 | $2.30 |
| Coit Road (COIRD) | $0.53 | $0.80 | $1.06 | $1.60 | $1.59 | $2.40 | $2.12 | $3.20 | $2.65 | $4.00 |
| Independence Parkway (INDPY) | $0.70 | $1.05 | $1.40 | $2.10 | $2.10 | $3.15 | $2.80 | $4.20 | $3.50 | $5.25 |
| Custer Road - South (CUSRD) | $0.87 | $1.31 | $1.74 | $2.62 | $2.61 | $3.93 | $3.48 | $5.24 | $4.35 | $6.55 |
| Custer Main Lane Gantry (MLG3) | $1.80 | $2.70 | $3.60 | $5.40 | $5.40 | $8.10 | $7.20 | $10.80 | $9.00 | $13.50 |
| Exchange Parkway (SALDR) | $0.94 | $1.41 | $1.88 | $2.82 | $2.82 | $4.23 | $3.76 | $5.64 | $4.70 | $7.05 |
| Alma Drive (NALDR) | $0.69 | $1.04 | $1.38 | $2.08 | $2.07 | $3.12 | $2.76 | $4.16 | $3.45 | $5.20 |
| Stacy Road (STARD) | $0.54 | $0.81 | $1.08 | $1.62 | $1.62 | $2.43 | $2.16 | $3.24 | $2.70 | $4.05 |
| Lake Forest Drive (LAFDR) | $0.42 | $0.64 | $0.84 | $1.28 | $1.26 | $1.92 | $1.68 | $2.56 | $2.10 | $3.20 |
| Hardin Boulevard (HARBD) | $0.27 | $0.49 | $0.54 | $0.98 | $0.81 | $1.47 | $1.08 | $1.96 | $1.35 | $2.45 |

## PGBT EE Tolling

### Toll Rates

- Toll rates for the PGBT EE shall be as set forth in the following schedules for the periods indicated in the schedules.

- The Construction, Operation and Maintenance Agreement for the PGBT EE between the Authority and TxDOT dated December 5, 2007, (the "*EE Project Agreement*") provides for a supplemental toll on the PGBT EE (the "*Regional Toll*") to be collected by the Authority and held in trust for TxDOT for the benefit of the North Central Texas region. **The Regional Toll and the toll charged by the NTTA (the "*NTTA Toll*") together constitute the publicly announced toll (the "*Unified Toll*"), but the Regional Toll will not constitute or be considered as the property or revenues of the Authority or the NTTA System.**

- The Unified Toll rate for two-axle vehicles with TollTags is $0.145 per mile as of September 1, 2009. The NTTA Toll rate for two-axle vehicles with TollTags is $0.116 per mile for PGBT EE as of September 1, 2009. The Regional Toll rate for two-axle vehicles with TollTags is $0.029 per mile for PGBT EE as of September 1, 2009. The Unified Toll rate for two-axle vehicles with TollTags is increased 3.0% per year thereafter, with toll adjustments made July 1, 2011 and every two years thereafter. Unified TollTag tolls for two-axle vehicles with TollTags at any tolling location are rounded to the next highest nickel. The ratio between the NTTA Toll and the Unified Toll remains constant at 80 percent.

- Toll rates shall be subject to the assumptions, qualifications and agreements set forth in Section 21 of the EE Project Agreement, as amended (as so amended, the "*Amended EE Project Agreement*").

- 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 3.0% 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 nickel.

- 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, 2011 (PGBT EE PROJECT)

### PGBT EE (NTTA 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Toll Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Miller Road (MLRRD) | $0.32 | $0.52 | $0.64 | $1.04 | $0.96 | $1.56 | $1.28 | $2.08 | $1.60 | $2.60 |
| Main Street (MAIST) | $0.44 | $0.68 | $0.88 | $1.36 | $1.32 | $2.04 | $1.76 | $2.72 | $2.20 | $3.40 |
| Merritt Road (MERRD) | $0.68 | $1.04 | $1.36 | $2.08 | $2.04 | $3.12 | $2.72 | $4.16 | $3.40 | $5.20 |
| Merritt Main Lane Gantry (MLG5) | $1.24 | $1.88 | $2.48 | $3.76 | $3.72 | $5.64 | $4.96 | $7.52 | $6.20 | $9.40 |
| Miles Road (MILRD) | $0.28 | $0.48 | $0.56 | $0.96 | $0.84 | $1.44 | $1.12 | $1.92 | $1.40 | $2.40 |
| Firewheel Parkway (FIRPY) | $0.20 | $0.40 | $0.40 | $0.80 | $0.60 | $1.20 | $0.80 | $1.60 | $1.00 | $2.00 |
| Crist Road (CRIRD) | $0.20 | $0.40 | $0.40 | $0.80 | $0.60 | $1.20 | $0.80 | $1.60 | $1.00 | $2.00 |

## TOLL RATES EFFECTIVE JULY 1, 2011 (PGBT EE PROJECT)

### PGBT EE (Regional 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Toll Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Miller Road (MLRRD) | $0.08 | $0.13 | $0.16 | $0.26 | $0.24 | $0.39 | $0.32 | $0.52 | $0.40 | $0.65 |
| Main Street (MAIST) | $0.11 | $0.17 | $0.22 | $0.34 | $0.33 | $0.51 | $0.44 | $0.68 | $0.55 | $0.85 |
| Merritt Road (MERRD) | $0.17 | $0.26 | $0.34 | $0.52 | $0.51 | $0.78 | $0.68 | $1.04 | $0.85 | $1.30 |
| Merritt Main Lane Gantry (MLG5) | $0.31 | $0.47 | $0.62 | $0.94 | $0.93 | $1.41 | $1.24 | $1.88 | $1.55 | $2.35 |
| Miles Road (MILRD) | $0.07 | $0.12 | $0.14 | $0.24 | $0.21 | $0.36 | $0.28 | $0.48 | $0.35 | $0.60 |
| Firewheel Parkway (FIRPY) | $0.05 | $0.10 | $0.10 | $0.20 | $0.15 | $0.30 | $0.20 | $0.40 | $0.25 | $0.50 |
| Crist Road (CRIRD) | $0.05 | $0.10 | $0.10 | $0.20 | $0.15 | $0.30 | $0.20 | $0.40 | $0.25 | $0.50 |

## TOLL RATES EFFECTIVE JULY 1, 2013 (PGBT EE PROJECT)

### PGBT EE (NTTA 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Toll Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Miller Road (MLRRD) | $0.36 | $0.56 | $0.72 | $1.12 | $1.08 | $1.68 | $1.44 | $2.24 | $1.80 | $2.80 |
| Main Street (MAIST) | $0.44 | $0.68 | $0.88 | $1.36 | $1.32 | $2.04 | $1.76 | $2.72 | $2.20 | $3.40 |
| Merritt Road (MERRD) | $0.72 | $1.08 | $1.44 | $2.16 | $2.16 | $3.24 | $2.88 | $4.32 | $3.60 | $5.40 |
| Merritt Main Lane Gantry (MLG5) | $1.32 | $2.00 | $2.64 | $4.00 | $3.96 | $6.00 | $5.28 | $8.00 | $6.60 | $10.00 |
| Miles Road (MILRD) | $0.28 | $0.48 | $0.56 | $0.96 | $0.84 | $1.44 | $1.12 | $1.92 | $1.40 | $2.40 |
| Firewheel Parkway (FIRPY) | $0.20 | $0.40 | $0.40 | $0.80 | $0.60 | $1.20 | $0.80 | $1.60 | $1.00 | $2.00 |
| Crist Road (CRIRD) | $0.20 | $0.40 | $0.40 | $0.80 | $0.60 | $1.20 | $0.80 | $1.60 | $1.00 | $2.00 |

## TOLL RATES EFFECTIVE JULY 1, 2013 (PGBT EE PROJECT)

### PGBT EE (Regional 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Toll Plaza** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** | **TollTag** | **Video** |
| Miller Road (MLRRD) | $0.09 | $0.14 | $0.18 | $0.28 | $0.27 | $0.42 | $0.36 | $0.56 | $0.45 | $0.70 |
| Main Street (MAIST) | $0.11 | $0.17 | $0.22 | $0.34 | $0.33 | $0.51 | $0.44 | $0.68 | $0.55 | $0.85 |
| Merritt Road (MERRD) | $0.18 | $0.27 | $0.36 | $0.54 | $0.54 | $0.81 | $0.72 | $1.08 | $0.90 | $1.35 |
| Merritt Main Lane Gantry (MLG5) | $0.33 | $0.50 | $0.66 | $1.00 | $0.99 | $1.50 | $1.32 | $2.00 | $1.65 | $2.50 |
| Miles Road (MILRD) | $0.07 | $0.12 | $0.14 | $0.24 | $0.21 | $0.36 | $0.28 | $0.48 | $0.35 | $0.60 |
| Firewheel Parkway (FIRPY) | $0.05 | $0.10 | $0.10 | $0.20 | $0.15 | $0.30 | $0.20 | $0.40 | $0.25 | $0.50 |
| Crist Road (CRIRD) | $0.05 | $0.10 | $0.10 | $0.20 | $0.15 | $0.30 | $0.20 | $0.40 | $0.25 | $0.50 |

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# APPENDIX D

# PROGRESS REPORTS

# FOR

# DALLAS NORTH TOLLWAY EXTENSION PHASE 3,
# LEWISVILLE LAKE TOLL BRIDGE,
# SAM RAYBURN TOLLWAY, AND
# THE PRESIDENT GEORGE BUSH TURNPIKE EASTERN EXTENSION

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# North Texas Tollway Authority Semi-Annual Progress Report

## December 2010

## Dallas North Tollway Extension Phase 3
Progress Report No. 11

## Lewisville Lake Toll Bridge
Progress Report No. 9

## Sam Rayburn Tollway
Progress Report No. 7

## PGBT Eastern Extension
Progress Report No. 5

Prepared by

HNTB

Issued March 11, 2011

NORTH TEXAS TOLLWAY AUTHORITY

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CLAYTON HOWE ..... Assistant Executive Director, Operations

# Dallas North Tollway Extension Phase 3

## Semi-Annual Progress Report No.11

## December 2010

Prepared by

HNTB

Issued March 11, 2011

# NORTH TEXAS TOLLWAY AUTHORITY
# 2005 CONSTRUCTION FUND
# DALLAS NORTH TOLLWAY
# EXTENSION PHASE 3

## DECEMBER 2010
## PROGRESS REPORT SUMMARY

As described in the requirements as set forth in Section 411 of the Amended and Restated Trust Agreement dated April 1, 2008, the Consulting Engineers are to prepare a progress report at least once every six months during the design and construction of a project financed by public bonds. The Dallas North Tollway (DNT) Extension Phase 3 Project ("the Project") was financed by public bonds and as such is the subject of this report. The report is to include the date the Project will be open to traffic, the date on which the construction of the Project will be completed, the cost of the Project excluding any bond discount and interest during construction, and the amount of funds required each six months during the remaining estimated period of construction.

The DNT Phase 3 Project is an extension of the existing Dallas North Tollway, extending the corridor approximately 9.2 miles further north in Collin County from just south of Gaylord Parkway at the Sam Rayburn Tollway (SRT) in the City of Frisco to United States Highway 380 (US 380), a primary east-west route in North Texas. The project is broken into four segments for purposes of managing and expediting the design and construction, known as XI-S, XI-N, XII-S, and XII-N.

The open-to-traffic date was September 28, 2007. As of December 2010, bids were received on all roadway, toll gantry, and landscape construction contracts, and all roadway sections and toll gantries are complete. Landscape installation was completed in the third quarter of 2009, triggering the start of a two-year landscaping maintenance warranty period to be performed by the landscaping contractor and to be completed in the third quarter of 2011.

The original estimated cost for all sections of the Project (XI-S, XI-N, XII-S, and XII-N) was $264,000,000. This amount excluded the feasibility analysis provided by the financial advisor, traffic and revenue engineer, and bond counsel prior to the sale of bonds to fund construction. Additionally, interest during construction and finance costs associated with loan closing were

also excluded. Since the original estimate, it has been determined by NTTA that the cost of the feasibility analysis paid by the Feasibility Study Fund (FSF), presently in the amount of $2,113,346, should be included in the Project Total.

In the inter-local agreement with Collin County and the City of Frisco executed December 2001, NTTA agreed to pay $8.6M to reimburse the city and the county for a portion of their cost to construct the northbound service road from SRT to US 380 and southbound service road from SRT to Main Street. Furthermore, the parties agreed to consider sharing of costs to construct the southbound service road from Main Street to US 380, for which NTTA has since paid the entire cost of the addition.

The current total estimated cost for the Project is $264,503,683, as shown in Table 3 on page 8 of the report. Table 3 shows actual expenditures through December 2010 for the Project. Expenditures to date are estimated to be at approximately 96 percent of the total estimated project cost. This percentage is calculated using the latest cost estimates and the incurred cost to date. Note: Throughout the report, the cutoff date for financial information is December 31, 2010, while information found in the narrative portions may include details as current as the release date, March 11, 2011.

The remaining estimated funds required for the project are presented in semi-annual increments, in Table 4, on page 9 of the report.

Respectfully submitted,
HNTB CORPORATION

Stephanie L. Halliday

Stephanie L. Halliday, P.E.
GEC Project Director

# NORTH TEXAS TOLLWAY AUTHORITY
# 2005 CONSTRUCTION FUND
# DALLAS NORTH TOLLWAY
# EXTENSION PHASE 3

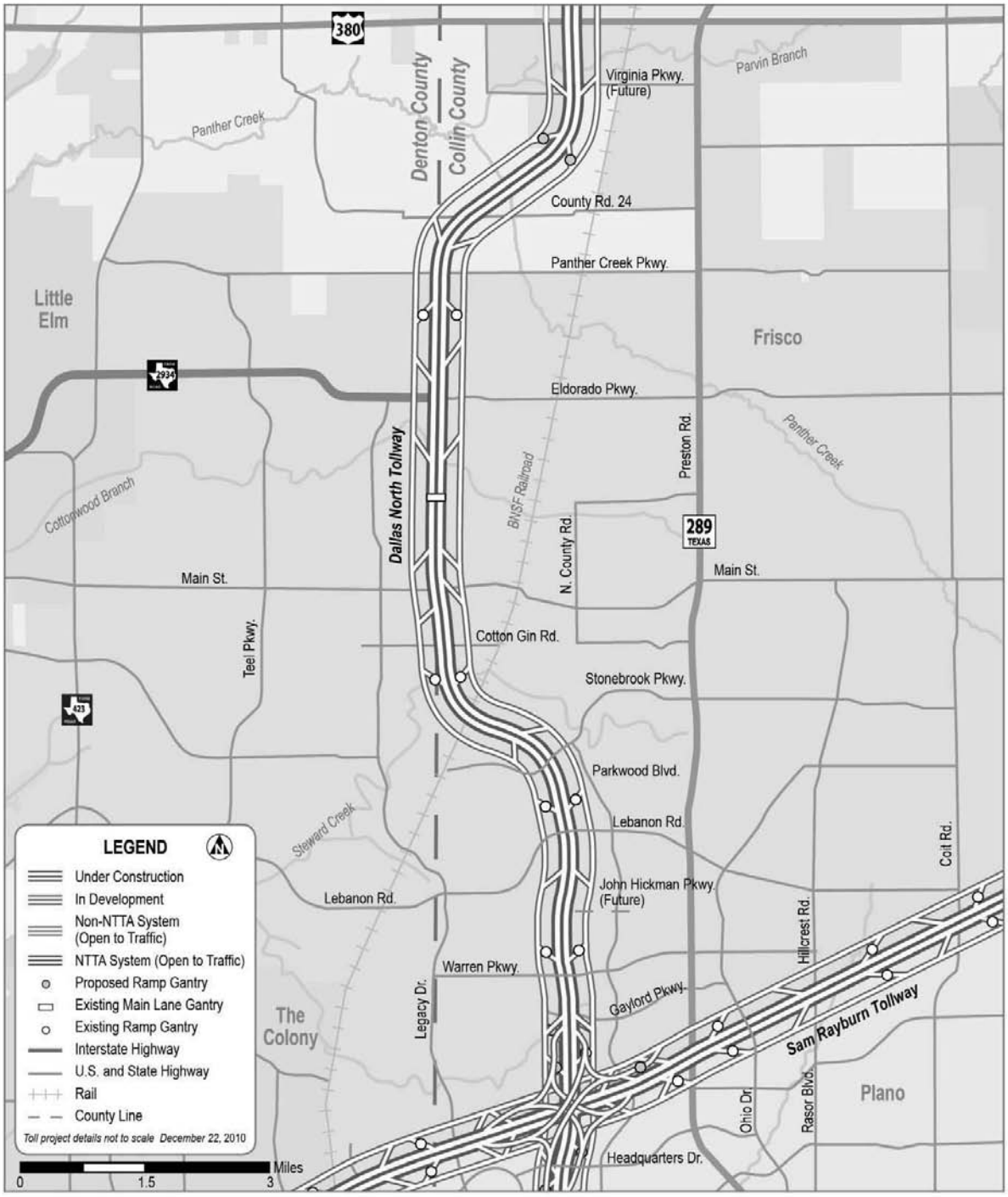
## DECEMBER 2010 PROGRESS REPORT

The Extension Phase 3 ("the Project") is the third major extension of the Dallas North Tollway (DNT). It is a six-lane, controlled-access toll facility constructed between northbound and southbound service roads designated as the Dallas Parkway in the City of Frisco, Texas. The northbound and southbound service roads provide between two and three traffic lanes in each direction.

## GENERAL

The project limits begin just north of the Sam Rayburn Tollway (SRT), (formerly known as the 121 Tollway) approximately 1,300 feet south of Gaylord Parkway. The Project extends through the City of Frisco in Collin County approximately 9.2 miles north. The main lanes terminate 2,900 feet south of United States Highway 380 (US 380) in anticipation of the future construction of an interchange of the Project with US 380. Six traffic lanes were constructed from the end of the existing DNT between existing and newly-constructed parallel service roads. Twenty-eight limited-access ramp connections were constructed. Ten ramp toll plazas and the main lane toll plaza located north of Main Street operate as all electronic toll collection (All-ETC) facilities. All bridge structures, main lane pavement and ramps are part of the Project. A three-level interchange was previously constructed at the SRT. Construction of the fourth and fifth levels of a fully-directional interchange began in the first quarter of 2010 at the existing three-level intersection of the Project and the SRT as part of the SRT corridor. Shown on the following page, in Figure 1, is a visual description of the general limits of the Project.

## Figure 1: DNT Extension Phase 3 Limits




*DNT/SRT interchange construction is part of the SRT corridor.

## DESIGN AND CONSTRUCTION STATUS BY SECTION

***DNT Extension Phase 3, Section XI-S (1.8 miles)***

*From South of Gaylord Parkway to North of John Hickman Road*

- Design consultant: DNT-457, Chiang Patel & Yerby, Inc.
- Right of way: Complete
- Construction contractor: DNT-463, Archer Western Contractors, LTD
- Open-to-traffic date: September 28, 2007
- Construction status: Complete

The main lane construction of Section XI-S begins approximately 1,300 feet south of Gaylord Parkway and extends north approximately 1.8 miles, ending about 1,875 feet south of Lebanon Road. The northbound and southbound service roads are already constructed for the full length of Section XI-S.

***DNT Extension Phase 3, Section XI-N (2.0 miles)***

*From North of John Hickman Road to South of Cotton Gin Road*

- Design consultant: DNT-459, Parsons Brinckerhoff Quade and Douglas
- Right of way: Complete
- Construction contractor: DNT-464, Zachry Construction Corporation
- Open-to -traffic date: September 28, 2007
- Construction status: Complete

The main lane construction of Section XI-N begins approximately 1,875 feet south of Lebanon Road and extends north approximately two miles, ending 3,900 feet south of Main Street. The northbound and southbound service roads are already constructed for the full length of Section XI-N. Sections XI-N and XII-S were combined and bid as one construction project.

***DNT Extension Phase 3, Section XII-S (2.6 miles)***

*From South of Cotton Gin Road to North of FM 2934 (Eldorado Parkway)*

- Design consultant: DNT-460, Halff Associates, Inc.
- Right of way: Complete
- Construction contractor: DNT-464, Zachry Construction Corporation
- Open-to-traffic date: September 28, 2007

- Construction status: Complete

The main lane construction for Section XII-S begins approximately 3,900 feet south of Main Street and extends north 2.6 miles, terminating at a point 1,850 feet north of Eldorado Parkway. The northbound service road for the full length of Section XII-S and the southbound service road south of Main Street were previously constructed by others. The southbound service road north of Main Street was constructed with this Project.

***DNT Extension Phase 3, Section XII-N (2.6 miles)***

*From North of FM 2934 (Eldorado Parkway) to South of US 380*

- Design consultant: DNT-461, Carter & Burgess, Inc.
- Right of way: Complete
- Construction contractor: DNT-466, Mario Sinacola & Sons Excavating, Inc.
- Open-to-traffic date: September 28, 2007
- Construction status: Complete

The main lane construction for Section XII-N begins approximately 1,850 feet north of Eldorado Parkway and extends north 2.6 miles, terminating 2,900 feet south of US 380. The northbound service road was previously constructed by others for the full length of Section XII-N. The southbound service road was constructed with this Project. The pair of tolled ramps south of Virginia Parkway remain closed until traffic volume warrants their opening.

***DNT Main Lane Toll Plaza # 4***

*North of Main Street*

- Design consultant: DNT-477, Murphy/Jahn
- Right of way: Complete
- Construction contractors:
    - Toll Plaza #4 – 02045-DNT-04-CN-EN, AUI Contractors, LP
    - Toll Booths – 02001-DNT-00-CN-EN, Rebcon, Inc.
- Open-to-traffic date: September 28, 2007
- Construction status: Complete

In addition to the design firms identified above, Table 1 below lists the contracts that have been awarded for engineering services related to the Project. On the following page, Table 2 summarizes the design and construction status of the Project.

| TABLE 1 – ADDITIONAL ENGINEERING SERVICES | | |
|---|---|---|
| ***Contract Number*** | ***Firm*** | ***Service*** |
| **DNT-357<br>02005-NTT-00-PS-AD** | HNTB Corporation | General Engineering Consultant |
| **DNT 537** | Fugro Consultants, L.P | Construction Materials Testing |
| **DNT 286 – SA No. 37<br>02056-NTT-00-PS-EN-WA01** | Kellogg Brown & Root, Inc. | Construction Management |
| **02058-NTT-00-PS-EN-WA06** | PBS&J, Inc. | Landscape Construction Management |
| **02058-NTT-00-PS-EN-WA07** | PBS&J, Inc. | Surveying to Monitor Retaining Wall |
| **02406-DNT-04-PS-PM** | Kleinfelder | MSE Wall Forensic Services |
| **02510-NTT-00-PS-PM** | Kleinfelder | MSE Wall Forensic Testing |
| **02516-NTT-00-PS-PM** | Kleinfelder | MSE Wall Independent Design Check |
| **02547-NTT-00-PS-PM** | Terracon Consultants, Inc. | MSE Wall Independent Design Check |
| **02564-NTT-00-PS-PM** | Ryan Berg Engineering & Design, Inc. | MSE Wall Blue Ribbon Panel |

## NORTH TEXAS TOLLWAY AUTHORITY
## DALLAS NORTH TOLLWAY EXTENSION PHASE 3
## TABLE 2 - DESIGN AND CONSTRUCTION STATUS REPORT, SECTIONS XI-S to XII-N

| Design | | | | | | | Construction | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Section | Limits | Design Contract (DNT) | Consultant | Design Notice to Proceed | Current Status of PS&E | Letting Dates | Construction Contract (DNT) | Contractor | Begin Construction | End Construction | Duration (Months) | Current Status of Construction | Open to Traffic |
| XI-S | S. of Gaylord to N. John Hickman Rd. | 457 | Chiang Patel & Yerby, Inc | 06/09/2003 | Complete | 01/27/2005 | 463 | Archer Western Contractors. LTD | 03/10/2005 | 6/3/2008 | 39 | Complete | 09/28/07 |
| XI-N | N. of John Hickman Rd to S. of Cotton Gin Road | 459 | Parsons Brinckerhoff Quade & Douglas | 06/09/2003 | Complete | 11/23/2004 | 464 | Zachry Construction Corporation | 01/14/2005 | 8/25/2008 | 41 | Complete | 09/28/07 |
| XII-S | S. of Cotton Gin Road to N. of FM 2934 (Eldorado Pkwy) | 460 | Halff Associates, Inc. | 06/09/2003 | Complete | 11/23/2004 | 464 | Zachry Construction Corporation | 01/14/2005 | 8/25/2008 | 41 | Complete | 09/28/07 |
| XII-N | N. of FM 2934 (Eldorado Pkwy) to S. of U.S. 380 | 461 | Carter & Burgess, Inc. | 06/09/2003 | Complete | 06/30/2005 | 466 | Mario Sinacola & Sons Excavating | 08/08/2005 | 7/08/2008 | 34 | Complete | 09/28/07 |
| Toll Plazas | MLP 4 and Ramp Gantries | 477 | Murphy/Jahn | 06/25/2004 | Complete | 12/22/2005 | 02045-DNT-04-CN-EN | AUI Contractors, LP | 03/22/2006 | 1/23/2009 | 27 | Complete | 09/28/07 |
| Toll Booth Procurement | MLP 4 and Ramp Gantries | 477 | Murphy/Jahn | 01/24/2006 | Complete | 05/25/2006 | 02001-DNT-00-CN-EN | Rebcon, Inc. | Approx. 06/30/2006 | 12/10/2007 | 17 | Complete | 09/28/07 |
| Landscape | Dallas North Tollway, I.H. 35 to U.S. 380 | 357, WA 21 | HNTB Corporation | 03/23/2003 | Complete | 02/28/2008 | 02091-DNT-00-CN-MA | Valleycrest Landscape Development | 03/20/2008 | 09/18/2009* | 17* | Complete* | N/A |

** Two-year landscape maintenance warranty period began upon completion of landscape construction.*

## ESTIMATE OF PROJECT FUNDS

The original estimate of project funds required for construction of the Extension Phase 3 was $264 million, as shown by Table 3 below in the Engineering Report Estimate column. This amount excluded the feasibility analysis provided by the financial advisor, traffic and revenue engineer, and bond counsel prior to the sale of bonds to fund construction. Additionally, interest during construction and finance costs associated with loan closing were also excluded. Since the original estimate, it has been determined by NTTA that the cost of the feasibility analysis paid by the Feasibility Study Fund (FSF), presently in the amount of $2,113,935, should be included in the Project Total. Additionally, in the inter-local agreement with Collin County and the City of Frisco executed December 2001, NTTA agreed to pay $8.6M to reimburse the city and the county for a portion of their cost to construct the northbound service road from SRT to US 380 and southbound service road from SRT to Main Street. Furthermore, the parties agreed to consider sharing of costs to construct the southbound service road from Main Street to US 380, for which NTTA has since paid the entire cost of the addition. Thus, the current estimated cost of the Extension Phase 3 is $264,503,683, as shown below. Table 3 also shows incurred expenditures as of December 2010 for the Project.

| TABLE 3 - COST SUMMARY | | | | |
|---|---|---|---|---|
| **No.** | **Description** | **Engineering Report Estimate, December 2004** | **Estimated Cost, December 2010** | **Actual Expenditures, December 2010** |
| 1 | Section XI-S | $ 29,997,320 | $ 30,883,722 | $ 30,883,722 |
| 2 | Sections XI-N and XII-S | $ 83,973,000 | $ 94,770,831 | $ 94,770,831 |
| 3 | Section XII-N | $ 51,926,140 | $ 52,417,466 | $ 52,417,466 |
| 4 | Toll Plaza Structures | $ 22,500,000 | $ 27,254,325 | $ 27,254,325 |
| 5 | Equipment [4] | $ 4,282,400 | $ 6,000,135 | $ 6,000,135 |
| 6 | Construction Management | $ 11,695,000 | $ 13,575,590 | $ 13,678,608 |
| 7 | Miscellaneous Construction [1,4] | $ 16,975,070 | $ 10,069,083 | $ 9,605,498 |
| **Subtotal (1-7) Construction** | | **$ 221,348,930** | **$ 234,971,152** | **$ 234,610,586** |
| 8 | PS&E [2] | $ 11,642,620 | $ 15,618,695 | $ 15,618,695 |
| 9 | PS&E Administrative | $ 3,898,300 | $ 5,313,837 | $ 5,189,990 |
| 10 | Reimbursement [3] | $ 8,600,000 | $ 8,600,000 | $ - |
| **Subtotal (8-10) Engineering** | | **$ 24,140,920** | **$ 29,532,532** | **$ 20,808,685** |
| 11 | Project Contingencies | $ 18,510,150 | $ - | $ - |
| **Project Total (1-11)** | | **$ 264,000,000** | **$ 264,503,683** | **$ 255,419,271** |

**NOTES:**

[1] The estimated Miscellaneous Construction cost includes the costs of construction materials testing, utility relocations, proposed right-of-way and easements, landscape, and ITS equipment installation.

[2] This line includes the cost of feasibility planning and analysis provided by the financial advisor, traffic and revenue engineers, and bond counsel which was not originally included in the Project cost in the Engineer's Estimate. The amounts above do not include bond discounts, interest during and after construction, and financing costs associated with the loan closing process.

[3] The amount shown above for reimbursement of a portion of the northbound service road from the Sam Rayburn Tollway to US 380 and for the southbound service road from the Sam Rayburn Tollway to Main Street may be offset by the NTTA's funding and construction of the southbound service road from FM Main Street to US 380.

[4] The Engineering Report estimate column included ITS equipment and installation within the Miscellaneous Construction category. As of the December 2010 report, the Estimated Cost and Actual Expenditure columns now report this cost in the Equipment line above.

Cost estimates for the Project were prepared based on the status of contracts awarded to date. The current cost estimate represents the best good-faith judgment from a design professional familiar with the highway construction industry. Neither the NTTA nor its consulting engineers have control over the labor, materials or equipment costs; the contractors' methods of determining bid prices; or competitive bidding, market or negotiating conditions. The estimate of construction costs given in progress reports will be monitored as work progresses on the Project.

The semi-annual estimated amount of funds required for the remaining estimated period of construction to meet the cost of the DNT Extension Phase 3, including funds allocated for project contingencies is shown below in Table 4.

| TABLE 4 - DRAW SCHEDULE | | | | | | |
|---|---|---|---|---|---|---|
| Period Ending | Original Semi-Annual Estimate, Dec 2005 | Original Cumulative Estimate, Dec 2005 | Semi-Annual Actual, December 2010 | Cumulative Actual, December 2010 | Semi-Annual Estimate, December 2010[1] | Cumulative Estimate, December 2010 |
| 6/30/2005 | $32,032,379 | $32,032,379 | $31,532,539 | $31,532,539 | | |
| 12/31/2005 | $37,832,726 | $69,865,105 | $37,901,298 | $69,433,837 | | |
| 6/30/2006 | $75,334,895 | $145,200,000 | $39,188,675 | $108,622,512 | | |
| 12/31/2006 | $73,920,000 | $219,120,000 | $37,436,238 | $146,058,749 | | |
| 6/30/2007 | $34,320,000 | $253,440,000 | $40,074,080 | $186,132,829 | | |
| 12/31/2007 | $10,560,000 | $264,000,000 | $35,645,420 | $221,778,249 | | |
| 6/30/2008 | | | $8,275,434 | $230,053,683 | | |
| 12/31/2008 | | | $13,881,788 | $243,935,471 | | |
| 6/30/2009 | | | $3,580,679 | $247,516,150 | | |
| 12/31/2009 | | | $5,195,619 | $252,711,769 | | |
| 6/30/2010 | | | $2,439,408 [2] | $255,151,177 | | |
| 12/31/2010 | | | $268,095 | $255,419,271 | | |
| 6/30/2011 | | | | | $271,207 | $255,690,478 |
| 12/31/2011 | | | | | $213,205 | $255,903,683 |
| 6/30/2012 | | | | | $8,600,000 [3] | $264,503,683 |

**NOTES:**

[1] Projected costs above include a mandatory two-year landscape maintenance period ending in the third quarter of 2011.

[2] NTTA has determined that costs incurred during feasibility analysis provided by the financial advisor, traffic and revenue engineers, and bond counsel originally paid by the Feasibility Study Fund should be included in the Project's Construction Total.

[3] Service Road reimbursement [$8,600,000] is not an anticipated payment that will be required by Collin County in light of NTTA's contribution to the project. If the payment were to be paid it is anticipated that it would be made during the first half of 2012 as shown above.

## SCHEDULE

All roadway construction contracts are complete. As a result, risk factors associated with project delays were lessened and the Project opened to traffic on September 28, 2007.

During the course of roadway construction, it was determined that landscaping services would be contracted after completion of roadway construction. Project landscaping construction was completed in the third quarter of 2009 and a two-year contractually specified maintenance period began. All of the roadway construction contracts were paid out in the fourth quarter of 2009.

## DESIGN CONSIDERATIONS

In an effort to extend pavement life and potentially reduce long term maintenance costs, NTTA staff implemented a modification to the pavement and sub-grade design through construction change orders. The modification consists of increased pavement thickness throughout the Project coupled with a revised sub-grade stabilization technique at certain locations in Section XII.

The NTTA also coordinated with the Texas Department of Transportation (TxDOT) to provide the ultimate frontage road configuration on the southern portion of the DNT at US 380 intersection. This modification is intended to improve traffic flow for motorists entering and exiting the DNT at its northern terminus at US 380. The Project's contingency funds paid for this design change with no impact to the open-to-traffic date or the estimated Project cost.

After substantial completion had been achieved on the Project, an investigation was conducted to evaluate excessive mechanically stabilized earth (MSE) retaining wall panel movement that had occurred at three of the four corners of the DNT main lane intersection with County Road (CR) 24, on contract DNT-466. Results of this initial investigation indicated that the design generated by the MSE wall precast panel provider utilized MSE wall soil strength parameters obtained from TxDOT's standard MSE drawing, as opposed to utilizing site-specific soil strength parameters for foundation/retained soil zones. Subsequent random spot checks on adjacent DNT contracts identified similar findings, resulting in the finding that common practice in the industry

included this same approach. NTTA immediately implemented improved design and construction procedures for all other design-phase or construction-phase projects with MSE walls. NTTA further compiled an independent, three-party Blue Ribbon Panel of MSE wall nationwide experts, tasked with assessing the forensic engineering performed to date, as well as results of a DNT Phase 3 geotechnical investigation. The Blue Ribbon Panel recommended that NTTA implement a long-term monitoring program to detect potential future problematic wall panel movements that may be significant enough to lead to future maintenance problems and also to enable development of remedial action requirements, if the need for such action develops in the future. To date, the NTTA has not yet begun the long-term monitoring program. These walls are visually inspected within the GEC annual inspection program.

# Lewisville Lake Toll Bridge

## Semi-Annual Progress Report No. 9

## December 2010

Prepared by

HNTB

Issued March 11, 2011

# NORTH TEXAS TOLLWAY AUTHORITY
# CONSTRUCTION FUND
# LEWISVILLE LAKE TOLL BRIDGE

## DECEMBER 2010
## PROGRESS REPORT SUMMARY

As described in the requirements as set forth in the Amended and Restated Trust Agreement dated April 1, 2008, Section 411, the Consulting Engineers are to prepare a progress report at least once every six months during the design and construction of projects financed by public bonds. The Lewisville Lake Toll Bridge (the "Project") was considered a project that would be funded by public bonds at some point in the future. As such, the Consulting Engineer deemed it appropriate to report on the Project per the requirements of the Trust Agreement.

The NTTA utilized its Commercial Paper program to finance the initial portions of the Project. NTTA subsequently transferred over the remaining construction funds from the 1995 Construction Fund (bonds that were originally sold to finance construction of the President George Bush Turnpike project) to the Lewisville Lake Toll Bridge (LLTB) to fund a portion of the Project. The NTTA later refunded the Commercial Paper with Series 2009 bonds.

The Project was substantially complete on July 30, 2009, and opened to traffic on August 1, 2009. Prior to that, design was completed and bids were received in August 2006. The construction contract was awarded, and the Project was incorporated into the North Texas Tollway Authority (NTTA) System by the Board of Directors on September 27, 2006. The Notice to Proceed was issued to the contractor on November 10, 2006.

The current total estimated cost for the Project is $122,200,000, as shown in Table 3 on page 5 of the report, including construction contingencies, but excluding bond discounts, interest during and after construction and other financing costs. The estimated cost was developed based on the status of contracts awarded to date and is the best information available as of December 2010.

During construction, to mitigate the effect of a 100-day delay caused by excessive flooding in 2007, the Board of Directors approved an incentive of $12,700 per day for each delay recovered to be paid to the contractor. For the three days of delay recovered, the contractor was paid approximately $38,100 from the project contingency, which did not increase the original cost estimate for the project. Note: Throughout the report, the cutoff date for financial information is December 31, 2010, while information found in the narrative portions may include details as current as the release date, March 11, 2011.

The remaining estimated semi-annual funding required for the Project, including funds allocated for project contingencies, is shown in Table 4, on page 6 of the report.

Respectfully submitted,
HNTB CORPORATION

Stephanie L. Halliday

Stephanie L. Halliday, P.E.
GEC Project Director

# NORTH TEXAS TOLLWAY AUTHORITY
# LEWISVILLE LAKE TOLL BRIDGE

## DECEMBER 2010 PROGRESS REPORT

The Lewisville Lake Toll Bridge project is part of what is known as the Lewisville Lake Corridor Project. It is approximately 13.8 miles in length and connects Interstate Highway 35 East (IH 35E) at Swisher Road in Denton County with the Dallas North Tollway at Farm-to-Market Road 2934 (FM 2934), also known as Eldorado Parkway, in Collin County. To facilitate convenient design and construction, the project is comprised of eight individual sections of varying lengths and types of facility (see Figure 1, page 2).

## GENERAL

The subject of this report is Section 2, the toll bridge, which is the North Texas Tollway Authority's responsibility to the corridor (see Figure 1, page 2). This toll bridge project consists of a short approach roadway on each shore of Lewisville Lake, a lake bridge crossing the main body of water, a toll gantry on the western side of the lake bridge, and a flowage easement bridge on the west side of the toll gantry. The total length of Section 2 is approximately 10,775 feet (2.04 miles) including the bridges and approach roadway.

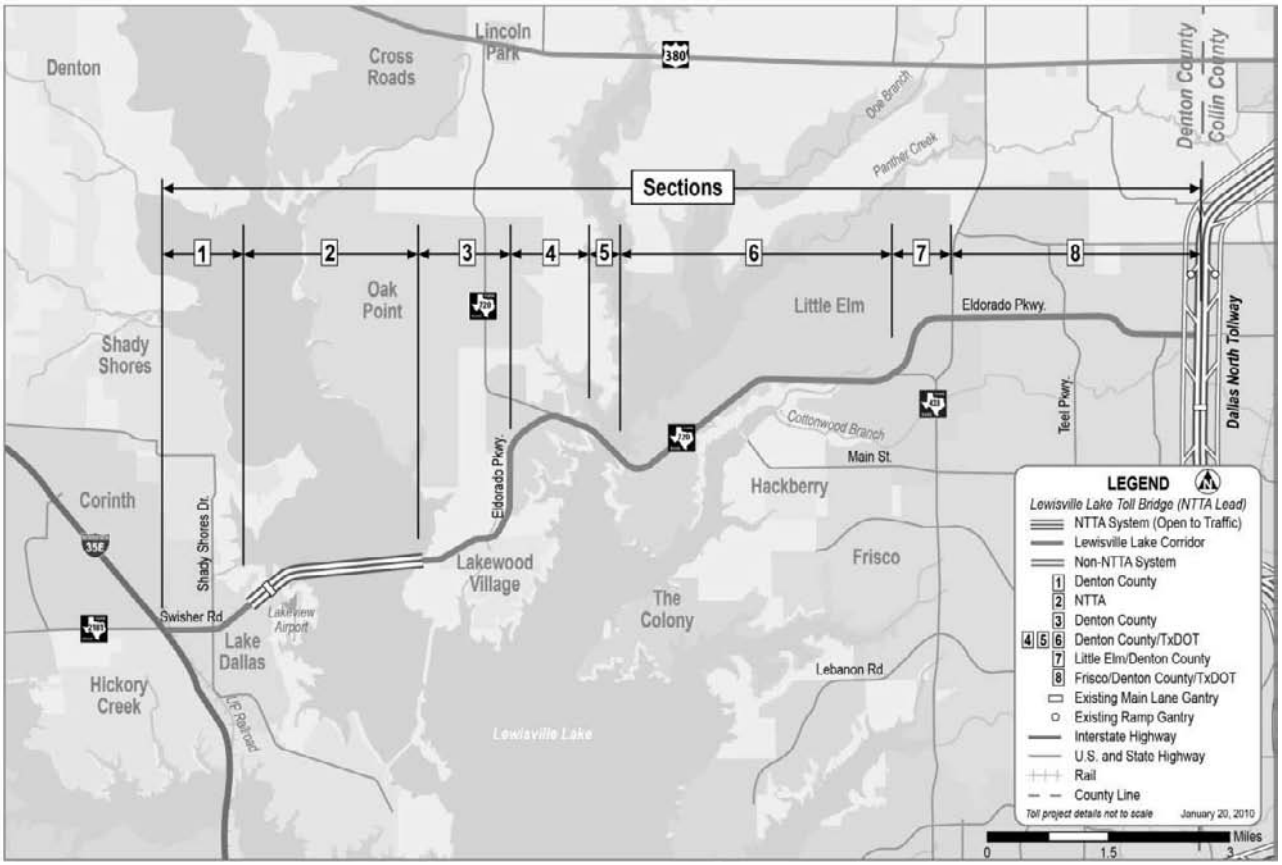
## DESIGN AND CONSTRUCTION STATUS

The Project is separated into one construction and two main design contracts. One of the design contracts comprises the roadway and bridge portions of the Project; the second comprises the toll gantry. Even though the project has multiple design contracts, a single contractor constructed the roadway, bridges and toll gantry. Landscape and irrigation construction commenced on August 16, 2010 and was completed on November 15, 2010. Currently, the landscape contractor is performing landscape maintenance and warranty obligations and will continue to perform this activity until November 15, 2011 per contract requirements.

***Roadway and Bridge Contract***

Design of the roadway and bridge is complete, and construction bids were received on August 31, 2006. A Notice to Proceed was issued to the Contractor, Jensen Construction Company, on November 10, 2006, and the Project opened to traffic on August 1, 2009.

**Figure 1: NTTA System Extension, Lewisville Lake Corridor**




Heavy spring and early summer rains raised the lake level significantly in the first half of 2007. Due to restrictions set by the USACE construction license, construction was halted on June 16, 2007, when the lake level rose to an elevation of 525 feet above sea level. Construction resumed on September 24, 2007, after 100 days of work suspension. The delay caused the estimated contract completion date to move from April 24, 2009, to August 2, 2009. On November 20, 2007, the NTTA Board of Directors approved the issuance of an incentive to the contractor to recover the delay. This incentive allowed the contractor to earn $12,700 for each day that the work was completed before August 2, 2009, up to a maximum aggregate incentive payment of

$1,270,000, equal to 100 days of incentive payments. The contractor substantially completed construction of Section 2 on July 30, three days before the revised substantial completion date. Therefore, the contractor received $38,100 as part of the agreement.

***Toll Gantry Change Order***

Design of the toll gantry was completed in February 2008, and negotiations with the contractor to construct the toll gantry were completed in June 2008. On June 18, 2008, the NTTA Board of Directors approved a change order with the contractor to construct the gantry. The gantry construction did not impact the original contract period or the project total.

Table 1 below lists the contracts that have been awarded for engineering services related to the Project. Table 2A summarizes the design/engineering and Table 2B identifies the contractor and construction status of the Lewisville Lake Toll Bridge Project.

| TABLE 1 – ADDITIONAL ENGINEERING SERVICES | | |
|---|---|---|
| ***Contract Number*** | ***Firm*** | ***Service*** |
| DNT-357<br>02005-NTT-00-PS-AD | HNTB Corporation | General Engineering Consultant |
| 02058-NTT-00-PS-EN | PBS&J, Inc. | Construction Management & Construction Materials Testing |

| TABLE 2A - DESIGN & ENGINEERING | | | |
|---|---|---|---|
| ***Limits / Description*** | ***Design*** | ***Consultant*** | ***Current Status of PS&E*** |
| Roadway and Bridge | DNT–503 | Turner Collie & Braden, Inc. | Complete |
| Toll Gantry | 02069-LLB-00-PS-EN | Halff Associates, Inc. | Complete |
| Landscape | 02005-NTT-00-PS-MA-WA17 | HNTB Corporation | Complete |
| MSE Wall Independent Design Check | 02547-NTT-00-PS-PM | Terracon Consultants, Inc. | Complete |
| MSE Walls & Bridge Foundation Assessments | 02589-NTT-00-PS-PM | PBS&J, Inc. | Complete |

| TABLE 2B – CONSTRUCTION | | | | | | |
|---|---|---|---|---|---|---|
| **Limits / Description** | **Contract** | **Contractor** | **Begin Construction** | **End Construction** | **Current Status of Construction** | **Open to Traffic** |
| Lewisville Lake Toll Bridge [1] | 02030-LLB-00-CN-EN | Jensen Construction | Nov-2006 | 2Q-2011 | 100% | Aug-2009 |
| Landscaping/ Irrigation | 02792-LLB-00-CN-MA | Superscapes Landscaping, Inc. | 8/16/10 | 11/15/10[2] | Complete[2] | N/A |

[1] Including change order for toll gantry.
[2] One-year landscape maintenance warranty period began upon completion of the landscape construction.

Currently the Lewisville Lake Toll Bridge Contract is in the warranty phase which expires on February 28, 2012 and the Landscaping/Irrigation Contract is in the Maintenance and Warranty Phase which expires on November 15, 2011.

## ESTIMATE OF PROJECT FUNDS

The estimate of project funds required for the Lewisville Lake Toll Bridge Project is $122,200,000, as shown in Table 3, which includes planning, engineering, construction and other agency costs. The estimate uses actual bid prices from the roadway and bridge contract including the change order for the toll gantry. Cost estimates for the toll-collection equipment and landscaping are based on actual costs. Table 3 also shows the actual expenditures as of December 2010 for the project.

**TABLE 3: COST SUMMARY**

| No. | Description | Engineering Report Estimate, March 2006 | Estimated Cost, December 2010 | Actual Expenditures, December 2010 |
|---|---|---|---|---|
| 1 | Section 2 [1] | $ 92,900,000 | $ 97,706,579 | $ 97,264,611 |
| 2 | Toll Plaza [2] | $ 6,100,000 | $ - | $ - |
| 3 | Equipment [3] | $ 500,000 | $ 594,234 | $ 594,234 |
| 4 | Construction Management | $ 5,900,000 | $ 6,273,082 | $ 6,219,937 |
| **Subtotal (1-4) Construction** | | **$ 105,400,000** | **$ 104,573,895** | **$ 104,078,783** |
| 5 | PS&E (Plans, Specifications, & Estimates) | $ 3,600,000 | $ 4,300,417 | $ 3,528,771 |
| 6 | Other Agency Costs | $ 2,100,000 | $ 4,996,555 | $ 4,996,555 |
| **Subtotal (5-6) Engineering** | | **$ 5,700,000** | **$ 9,296,972** | **$ 8,525,326** |
| 7 | Project Contingencies | $ 11,100,000 | $ 8,329,133 | $ - |
| **Project Total (1-7) [4]** | | **$ 122,200,000** | **$ 122,200,000** | **$ 112,604,109** |

**NOTES:**

[1] Incentives authorized by the NTTA Board on November 20, 2007, to recover schedule delays due to flooding in 2007 and various change orders are included in this line item. Section 2 includes the cost of landscaping and a road safety sand stockpile.

[2] The construction cost for the toll plaza was added to the Section 2 construction cost as a change order.

[3] Equipment line includes the costs for ITS and ETC equipment purchased for the toll gantry.

[4] The amount shown above does not include bond discounts, interest during and after construction, and other financing costs associated with the loan closing process.

The estimate of costs for the Project is based on the status of contracts and change orders issued to date and is the best information available at the present time. The development of the current cost estimate represents the best good-faith judgment of a design professional familiar with the highway construction industry. It is recognized that neither the NTTA nor the consulting engineers have control over the cost of labor, materials or equipment; the contractors' methods

of determining bid prices; or the competitive bidding, market or negotiating conditions. Therefore, neither the NTTA nor its consulting engineers warrant that the construction costs will not increase and thereby exceed the estimate of construction costs given in progress reports. These costs will be monitored as work progresses on the Project.

The semi-annual estimated amount of funds required for the remaining construction costs of the Project, including funds allocated for project contingencies, is shown in Table 4.

**TABLE 4 - DRAW SCHEDULE**

| Period Ending | Original Semi-Annual Estimate, Dec 2006 | Original Cumulative Estimate, Dec 2006 | Semi-Annual Actual, December 2010 | Cumulative Actual, December 2010 | Semi-Annual Estimate, December 2010[1] | Cumulative Estimate, December 2010 |
|---|---|---|---|---|---|---|
| 12/31/2006 | $2,841,920 | $2,841,920 | $2,788,043 | $2,788,043 | | |
| 6/30/2007 | $28,314,850 | $31,156,771 | $13,586,152 | $16,374,195 | | |
| 12/31/2007 | $32,746,912 | $63,903,683 | $17,088,688 | $33,462,883 | | |
| 6/30/2008 | $22,751,837 | $86,655,520 | $22,564,326 | $56,027,209 | | |
| 12/31/2008 | $21,085,311 | $107,740,831 | $26,039,551 | $82,066,760 | | |
| 6/30/2009 | $9,548,177 | $117,289,009 | $15,989,796 | $98,056,556 | | |
| 12/31/2009 | | | $8,406,326 | $106,462,882 | | |
| 6/30/2010 | | | $5,993,338 | $112,456,220 | | |
| 12/31/2010 | | | $147,889 | $112,604,109 | | |
| 6/30/2011 | | | | | $329,345 | $112,933,453 |
| 12/31/2011 | | | | | $365,910 | $113,299,363 |
| 6/30/2012 | | | | | $571,505 | $113,870,868 |
| 12/31/2012 | | | | | $8,329,133 | $122,200,000 |

[1] Estimates above include contingency that may or may not be expended.

## CORRIDOR SCHEDULE

The contractor substantially completed the work on Section 2 of the project on July 30, 2009, and the bridge opened to traffic on August 1, 2009.

Landscape and irrigation construction commenced on August 16, 2010 and completed on November 15, 2010, beginning the one-year landscape maintenance warranty period which is expected to be completed November 15, 2011.

Status of the remaining sections on the Corridor is as follows:

**Section 1:** Opened to traffic in July 2007.

**Section 2:** Opened to traffic on August 1, 2009.

**Section 3:** Opened to traffic in October 2008.

**Sections 4, 5 and 6:** A Finding of No Significant Impact (FONSI) was issued in January 2007 to complete the environmental evaluation process. Texas Department of Transportation opened bids for this five-mile section on July 8, 2010. Construction began in late 2010 and is now expected to open to traffic in 2014, later than previously anticipated.

**Section 7:** Opened to traffic in April 2004.

**Section 8:** Opened to traffic on November 15, 2009.

# Sam Rayburn Tollway

## Semi-Annual Progress Report No. 7

## December 2010

Prepared by

HNTB

Issued March 11, 2011

# NORTH TEXAS TOLLWAY AUTHORITY
# CONSTRUCTION FUND
# SAM RAYBURN TOLLWAY

## DECEMBER 2010
## PROGRESS REPORT SUMMARY

As described in the requirements as set forth in the Amended and Restated Trust Agreement dated April 1, 2008, Section 411, the Consulting Engineers are to prepare a progress report at least once every six months during the design and construction of a project financed by public bonds. The Sam Rayburn Tollway (SRT) Project ("the Project") was financed by public bonds and as such is the subject of this report. The report is to include the date the Project will be open to traffic, the date on which the construction of the Project will be completed, the cost of the Project excluding any bond discount and interest during construction, and the amount of funds required each six months during the remaining estimated period of construction.

The Sam Rayburn Tollway Project extends northeasterly from Business State Highway 121 (SH 121) in Denton County to United States Highway 75 (US 75) in Collin County and serves as a primary northeast-southwest artery in the corridor between Interstate Highway 35 East (IH 35E) and US 75. The project is broken into five segments for purposes of managing and expediting the design and construction.

As of December 2010, the Project is in various stages of construction by segment. Segment One (1), from Denton Tap Road/Denton Creek to Farm-to-Market Road 2281 (FM 2281)/Old Denton Road, constructed by the Texas Department of Transportation (TxDOT), was opened to traffic in July 2006. The NTTA was responsible for constructing sound walls, additional signing, pavement markings, landscaping and installing all-electronic toll collection (All-ETC) equipment and an Intelligent Transportation System (ITS). All improvements required for service commencement by the NTTA were completed and the contract has been closed by the NTTA.

The TxDOT construction of main lanes and ramps for Segment Two (2), from FM 2281/Old Denton Road to Hillcrest Road, was substantially completed in September 2008. The NTTA was responsible for constructing additional signing, pavement markings, landscaping and installing All-

ETC and ITS systems. All improvements required for service commencement by the NTTA were completed and the contract has been closed by the NTTA.

Design for Segment Three (3), from Hillcrest Road to Hardin Boulevard, including improvements at Exchange Parkway requested by Collin County and local cities, has been completed by the NTTA. The existing frontage roads and interchange at Custer Road were previously constructed and opened to traffic by TxDOT. The NTTA is responsible for constructing main lane pavement and bridge structures, signing, pavement markings, landscaping and installing All-ETC and ITS system equipment. All improvements required for service commencement by the NTTA were substantially completed by September 2009 and opened to traffic three months ahead of schedule. Only punch list items remain for project close out.

Design for Segment Four (4), from Hardin Boulevard to one-half mile east of US 75 at Medical Center Drive, has been completed by the NTTA. The NTTA is responsible for constructing a four-level interchange with direct-connect ramps between the SRT and US 75, including all main lane pavement, bridge structures, signing, pavement markings, landscaping and installation of All-ETC and ITS system equipment. Construction Notice to Proceed was issued October 23, 2008, with a substantial completion date of December 1, 2010. The direct connecting ramps providing access from southbound US 75 to southwest-bound SRT and from northeast-bound SRT to northbound US 75 (the highest-volume connectors), along with main lane improvements to SRT and US 75 required for full access via those connectors, opened to traffic in late December 2010. The first major direct connecting ramp, from northeast-bound SRT to northbound US 75, opened on October 17, 2010. The second connector, from southbound US 75 to southwest-bound SRT, opened on November 14, 2010. The third connector, from northeast-bound SRT to southbound US 75, opened on December 18, 2010. The fourth connector, from northbound US 75 to southwest-bound SRT, opened five days later, on December 23, 2010. In addition, on December 1, 2010, the NTTA opened four new SRT cashless toll ramps – the northeast-bound SRT entrance ramps at Lake Forest Drive and Hardin Boulevard, and the southwest-bound SRT exit ramps at Hardin and Lake Forest. On the same day the NTTA also opened one SRT main lane in both directions through the corridor from west of Medical Center Drive. These ramp and main lane openings allowed the NTTA to adjust toll rates on a portion of Segment 4 from the interim toll rates to reflect the ultimate tolling distance as of December 1, 2010. The estimated completion date for the

two remaining direct connectors and main lane improvements is early spring 2011, which is prior to the service commencement deadline of May 1, 2011.

Design of Segment Five (5), a five-level interchange at the intersection of the Dallas North Tollway (DNT) and the SRT, has been completed by the NTTA. The existing three-level interchange will remain, and the NTTA is responsible for adding the fourth and fifth level of direct-connect ramps, as well as new ramp access to the Legacy Business Park area, signing, pavement markings, landscaping and installation of All-ETC and ITS system equipment. Construction Notice to Proceed was issued February 4, 2010, and the contractor is currently on schedule for the open-to-traffic date anticipated in January 2012.

The current total estimated cost for the Project (Segments 1 – 5), for the six main lane sections and frontage roads, exclusive of interest and financing, is $638,810,700, as shown in Table 3, page 10. This excludes an unadjusted $59,309,300 amount towards the expansion of the main lanes from six to eight lanes on Segments 1 through 4, to be scheduled at a later date as recommended by the NTTA's traffic and revenue engineers. The estimated cost was developed based on the status of contracts awarded to date and is the best information available as of December 2010. The estimated Project cost reflects our professional judgment of the construction industry. Neither the NTTA nor its consulting engineers warrant that the construction costs will not increase and thereby exceed the estimate of construction costs given in progress reports.

The remaining estimated funds required for the project are presented in semi-annual increments in Table 4, on page 11 of the report. Note: Throughout the report, the cutoff date for financial information is December 31, 2010, while information found in the narrative portions may include details as current as the release date, March 11, 2011.

Respectfully submitted,
HNTB CORPORATION

Stephanie L. Halliday

Stephanie L. Halliday, P.E.
GEC Project Director

# NORTH TEXAS TOLLWAY AUTHORITY
# CONSTRUCTION FUND
# SAM RAYBURN TOLLWAY PROJECT

## DECEMBER 2010 PROGRESS REPORT

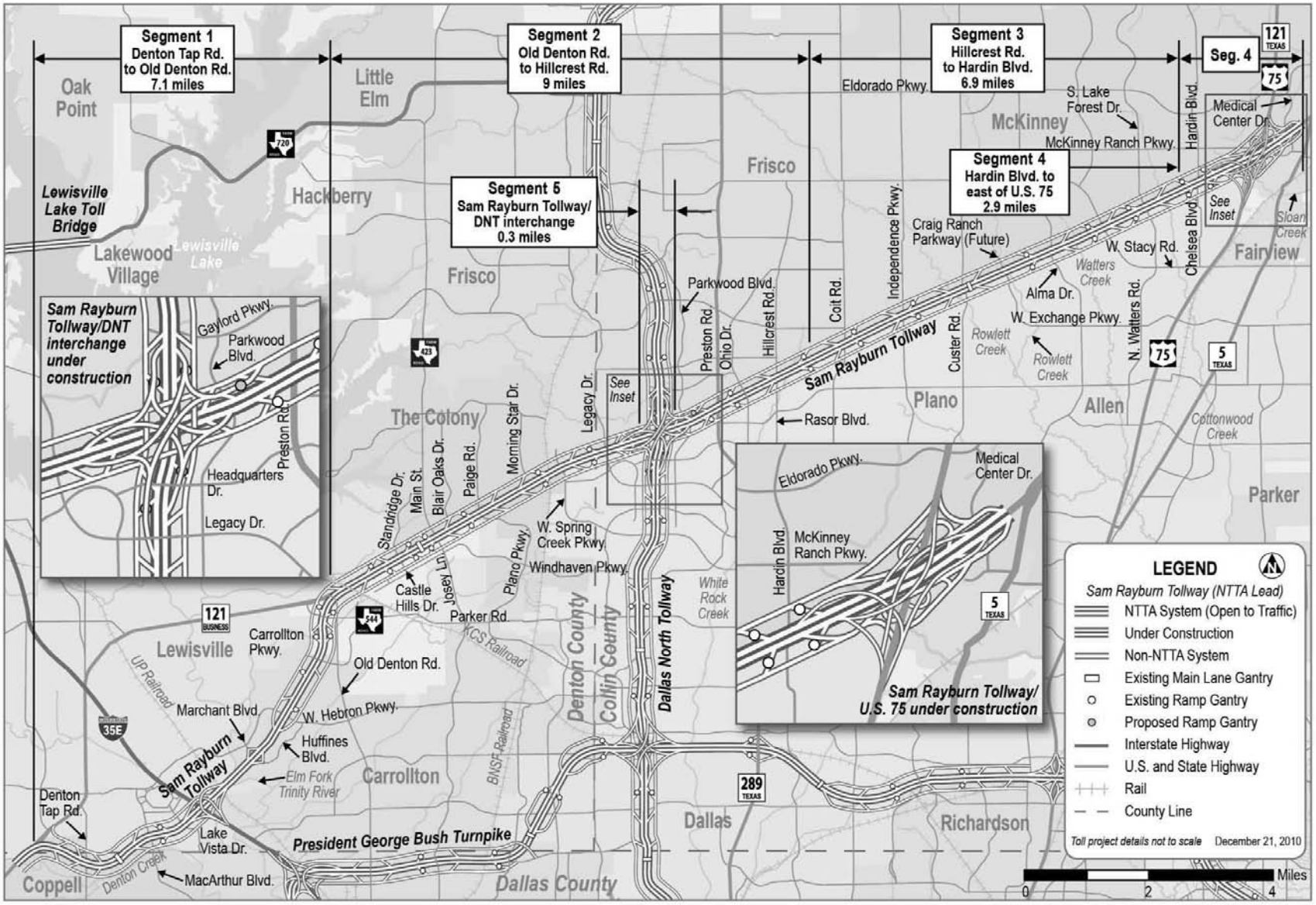
This report describes the location, engineering design features and construction cost estimates of the Sam Rayburn Tollway Project (the "Project") from Business State Highway 121 (SH 121) in Denton County to United States Highway 75 (US 75) in Collin County, a distance of approximately 26 miles.

## GENERAL

The Project serves as a primary northeast-southwest traffic artery between Interstate Highway 35 East (IH 35E) and US 75. The corridor area served by the SRT continues to experience growth in commercial, retail and residential development. The Project is also a primary arterial serving the Dallas/Fort Worth (DFW) International Airport and is broken into five segments for purposes of managing and expediting the design and construction (refer to the Project map on page 2).

The entire Sam Rayburn Tollway Project is expected to include three main lane toll gantries and 40 ramp toll gantries, plus four ramp gantries along the Dallas North Tollway (DNT). The DNT ramp gantries are part of the overall interchange improvements on their respective corridor and will operate as all-electronic toll collection (All-ETC) to maximize traffic flow. Each All-ETC main lane and ramp gantries will be equipped with both TollTag and TxTag collection capability to accommodate compatibility with other toll agencies across the state of Texas. All toll collection lanes are dedicated, non-stop express lanes to expedite the flow of traffic through the gantries and provide for ease of maintenance. Refer to Figure 1 on the following page for All-ETC locations.

## Figure 1: Sam Rayburn Tollway Corridor Location and Segments



## DESIGN AND CONSTRUCTION STATUS

***Sam Rayburn Tollway, Segment 1 (7.05 miles)***

*From Denton Tap Road/Denton Creek to FM 2281 (Old Denton Road)*

- Design consultant: Huitt Zollars, Inc.
- Right of way: Acquired by TxDOT
- NTTA improvements construction contractor: Austin Bridge & Road, LP
- Open-to-traffic date: July 2006 by TxDOT; NTTA service commencement occurred September 1, 2008.
- Construction status: NTTA improvements are complete and contract has been closed out by NTTA.

In 2006, TxDOT completed the construction of Segment 1 from Denton Tap Road/Denton Creek to Farm-to-Market Road 2281 (FM 2281 / Old Denton Road). Segment 1 includes three main lanes in each direction, including northbound and southbound frontage roads. It was opened to traffic by TxDOT as an All-ETC facility. Segment 1 improvements by NTTA include construction of sound walls, main lane gantry, ramp gantries, additional signing, landscaping, pavement markings, tolling and ITS.

***Sam Rayburn Tollway, Segment 2 (9.02 miles)***

*From FM 2281 (Old Denton Road) to east of Hillcrest Road Overpass*

- Design consultant: Huitt Zollars, Inc.
- Right of way: Acquired by TxDOT
- NTTA improvements construction contractor: Austin Bridge & Road, LP
- Open-to-traffic date: NTTA service commencement occurred September 1, 2008.
- Construction status: NTTA improvements are complete and contract has been closed out by NTTA.

The main lane construction of Segment 2, by TxDOT, was substantially complete by September 2008. Segment 2 begins at the ramps just west of FM 2281 (Old Denton Road) to just east of Hillcrest Road. NTTA improvements include construction of a main lane gantry, ramp gantries, additional signing, landscaping, pavement markings, tolling and ITS.

***Sam Rayburn Tollway, Segments 3S, 3N and Exchange Parkway (7.15 miles)***

The main lane construction of Segment 3, by NTTA, begins just east of the Hillcrest Road overpass and extends northeasterly approximately 6.88 miles, terminating at the west side of the Hardin Boulevard/Watters Road overpass. Segment 3 involves design and construction of the six main lanes, main lane and ramp gantries, landscaping, signing, pavement markings, tolling and ITS. Segment 3 is divided into two sections for ease of design and construction, 3S and 3N. Segment 3N is then further sub-divided for additional modifications at Exchange Parkway.

***Sam Rayburn Tollway, Segment 3S (3.37 miles)***

*From east of Hillcrest Road overpass to east of Custer Road overpass*

- Design consultant: Parsons Brinkerhoff of the Americas (PB Americas)
- Right of way: Acquired by TxDOT
- Construction contractor: Texas Sterling Construction, Inc.
- Open-to-traffic date: September 1, 2009
- Construction status: Main lanes are substantially complete and nearing contract closeout by NTTA.

Segment 3S includes one main lane gantry and four ramp gantries.

***Segment 3N (3.14 miles)***

*From east of Rowlett Creek to west of Hardin Boulevard overpass*

- Design consultant: Bridgefarmer & Associates, Inc.
- Right of way: Acquired by TxDOT
- Construction contractor: Balfour Beatty Infrastructure, Inc.
- Open-to-traffic date: September 29, 2009
- Construction status: Main lanes are complete and contract has been closed out by NTTA.

Segment 3N includes six ramp gantries.

***Exchange Parkway Improvements (0.64 miles)***

*From east of Custer Road overpass to east of Rowlett Creek*

- Design consultant: Bridgefarmer & Associates, Inc.
- Right of way: Acquired by TxDOT
- Construction contractor: Texas Sterling Construction, Inc.
- Open-to-traffic date: September 29, 2009
- Construction status: Main lanes are substantially complete and nearing contract closeout by NTTA.

The grade separated interchange with Exchange Parkway, located between Custer Road and Rowlett Creek, has been added to the Project through partnership with Collin County and the cities of Allen and McKinney to improve local access. The Exchange Parkway improvements are being constructed under a separate contract within this overall Project, and the Segment 3N project length has been reduced. As an unanticipated cost to the project, a sand stockpile was designed and constructed at the intersection of the Project and Exchange Parkway to enable NTTA to more quickly mitigate hazardous driving conditions during winter weather.

***Sam Rayburn Tollway, Segment 4 (2.66 miles)***

*From west of Hardin Boulevard to Medical Center Drive east of US 75*

- Design consultant: Jacobs Engineering Group, Inc.
- Right of way: NTTA has completed acquisition services, and TxDOT is to reimburse acquisition costs for four parcels at US 75/SRT.
- Construction contractor: Webber, LLC
- Open-to-traffic date: in stages, all open prior to service commencement deadline of May 2011.
- Construction status: The first major direct connecting ramp, from northeast-bound SRT to northbound US 75, opened on October 17, 2010. The second connector, from southbound US 75 to southwest-bound SRT, opened on November 14, 2010. The third connector, from northeast-bound SRT to southbound US 75, opened on December 18, 2010. The fourth connector, from northbound US 75 to southwest-bound SRT, opened five days later, on December 23, 2010. In addition, on December 1, 2010, the NTTA opened four new SRT cashless toll ramps – the northeast-bound SRT entrance ramps at Lake Forest Drive and Hardin Boulevard, and the southwest-bound SRT exit ramps at Hardin and Lake Forest. On the same day the NTTA also opened one SRT main lane in both directions through the corridor from west of Medical Center Drive. These ramp and main lane openings allowed the NTTA to adjust toll rates on a portion of Segment 4 from the interim toll rates to reflect the ultimate tolling distance as of December 1, 2010. The estimated completion date for the two remaining direct connectors and main lane improvements is early spring 2011, which is prior to the service commencement deadline of May 1, 2011.

***Sam Rayburn Tollway, Segment 5 (0.33 miles)***

*Direct Connecting Ramps from the DNT to the Sam Rayburn Tollway*

- Design consultant: Rodriguez Transportation Group
- Right of way: NTTA is performing services, and TxDOT to reimburse acquisition costs for three parcels at the SRT/DNT
- Construction contractor: Williams Brothers Construction Co., Inc.
- Open-to-traffic date: by January 2012
- Construction status: Notice to Proceed issued February 4, 2010

Segment 5 involves the design and construction of improvements to the existing three-level interchange at the DNT and will provide a fourth and fifth level of direct-connecting ramps between the DNT and the Project and new ramp access to the Legacy Business Park area. All of the SRT and DNT main lanes and frontage roads in Segment 5 have been constructed and are open to traffic under previous construction contracts. The environmental assessment document for this segment has been approved. As an unanticipated cost to the project, a sand stockpile was designed and constructed at the intersection of the Project and DNT to enable NTTA to more quickly mitigate hazardous driving conditions during winter weather.

In addition to the design firms identified in the previous section, Table 1 below lists the contracts that have been awarded for engineering services related to the Project. On the following page, Table 2 summarizes the design and construction status of the Project.

| TABLE 1 – ADDITIONAL ENGINEERING SERVICES | | |
|---|---|---|
| **02005-NTT-00-PS-AD WA15 PM** | HNTB Corporation | General Engineering Consultant |
| **02254-SH121-00-PS-EN** | HDR Engineering, Inc. | Corridor Management |
| **02255-SH121-00-PS-EN** | Halff Associates, Inc. | Design Management |
| **02005-NTT-00-PS-AD WA12 MA** | HNTB Corporation | Landscape Design Services |
| **02516-NTT-00-PS-PM** | Kleinfelder | MSE Wall Independent Design Check |
| **02056-NTT-00-PS-EN WA 48** | Kellogg Brown & Root, Inc. | Construction Manager |
| **02389-SH121-00-PS-PM** | Terracon Consultants, Inc. | Segment 4 Quality Control Materials Testing |
| **02390-SH121-00-PS-PM** | Rone Engineers, Inc. | Seg 1, 2, 3 & 5 Materials Testing |
| **02547-NTT-00-PS-PM** | Terracon Consultants, Inc. | MSE Wall Independent Design Check |
| **02589-NTT-00-PS-PM WA 01** | PBS&J, Inc. | Wall Engineer Support Services |

# SAM RAYBURN TOLLWAY PROJECT
# TABLE 2 - DESIGN AND CONSTRUCTION STATUS REPORT, SEGMENTS 1 – 5

| | Segment 1 | Segment 2 | Segment 3S | Segment 3N | Exchange Pkwy Improvements * | Segment 4 | Segment 5 |
|---|---|---|---|---|---|---|---|
| **Limits** | **Denton Tap Road/Denton Creek to FM 2281** | **FM 2281/Old Denton Road to east of Hillcrest Road** | **East of Hillcrest Road overpass to east of Custer Road overpass** | **East of Custer Rd to west of Hardin Blvd overpass** | **East of Custer Road overpass to east of Rowlett Creek** | **West of Watters Road to Medical Center Drive east of U.S. 75** | **Connecting Ramps from DNT to Sam Rayburn Tollway** |
| Design Consultant | Huitt Zollars | Huitt Zollars | Parsons Brinkerhoff (PB Americas) | Bridgefarmer & Associates | Bridgefarmer & Associates | Jacobs Engineering Group, Inc. | Rodriguez Transportation Group |
| Design Notice to Proceed | May 21, 2007 | May 21, 2007 | May 21, 2007 | May 21, 2007 | September 16, 2008 | October 12, 2007 | April 16, 2008 |
| Current Status of PS&E | Completed | Completed | Completed | Completed | Completed | Completed | Completed |
| Letting Dates | Nov 2007 through Feb 2008 Multiple Contracts | Nov 2007 through Feb 2008 Multiple Contracts | February 13, 2008 | February 13, 2008 | October 23, 2008 | August 28, 2008 | November 19, 2009 |
| Construction Contract | Multiple: 02320, 02325, 02334, 02238-SH121-00-CN-EN | Multiple: 02320, 02325, 02334, 02238-SH121-00-CN-EN | 02240-SH121-03-CN-EN | 02242-SH121-03-CN-EN | 02578-SH121-03-CN-PM | 02448-SH121-04-CN-EN | 02559-SH121-05-CN-PM |
| Contractor | Austin Bridge & Road, L.P.<br>Powers Engineering<br>Brookfield Fabricating Corp. | Austin Bridge & Road, L.P.<br>Powers Engineering<br>Brookfield Fabricating Corp. | Texas Sterling Construction Co. | Balfour Beatty Infrastructure | Texas Sterling Construction Co. | Webber, LLC | Williams Brothers Construction Co. |
| Begin Construction Date | November 30, 2007 | November 30, 2007 | March 25, 2008 | March 10, 2008 | December 1, 2008 | October 23, 2008 | February 4, 2010 |
| Duration (Months) | 6 | 6 | 22 | 22 | 13 | 25 | 22 |
| Current Status of Construction | Complete – 100% | Complete – 100% | Substantially Complete – 99% | Complete – 100% | Substantially Complete – 99% | Under construction – implementing recovery schedule– 93% Complete | Under Construction – 50% Complete |
| Open-to-Traffic Date | July 2006 | August 2008 | September 2009 | September 2009 | September 2009 | In stages** | January 2012 |
| Service Commencement Deadline | October 2008 | October 2008 | May 2010 | May 2010 | May 2010 | May 2011 | June 2012 |

* Additional grade separated interchange at Exchange Parkway is a cooperative project with Collin County and the cities of Allen and McKinney to improve local access.
** Four direct connecting ramps, including those providing access from southbound US 75 to southwest-bound SRT and from northeast-bound SRT to northbound US 75 (the highest-volume connectors), along with all main lane improvements to SRT and US 75 required for full access via those connectors, opened to traffic in 2010. The remaining two direct connectors and main lane improvements are expected to open in early spring 2011, prior to the service commencement deadline of May 1, 2011.

## ESTIMATE OF PROJECT FUNDS

The current estimated cost of the Project (Segments 1-5), for the six-lane section, is $638,810,700. This excludes an unadjusted amount of $59,309,300 previously estimated towards capacity improvements on Segments 1 through 4, to be scheduled at a later date as recommended by the NTTA's traffic and revenue engineers. The required 350- to 400-foot-wide Project right of way was acquired by TxDOT, Collin County, Dallas County, Denton County and the cities of Plano, Frisco, Allen and McKinney. The estimated cost does not include funds for ROW acquired at the interchange at the SRT/US 75 and the yet-to-be Sam Rayburn Tollway/DNT interchange, where a total of seven parcels (17.98 acres) are required prior to construction, to be acquired by TxDOT at its cost. Under a separate agreement, TxDOT and the NTTA later agreed that NTTA would acquire the ROW on TxDOT's behalf, and TxDOT would later reimburse NTTA. Additionally, the Segment 4 and 5 landscaping and woodland mitigation contracts remain to be bid.

Several factors, including unforeseen escalation of prices and wages, labor or material shortages and changes in economic conditions can significantly affect (escalate or reduce) construction costs. Appropriate contingencies are added to the cost of the Project to cover the unforeseen escalations and are not intended to cover scope additions. The estimated Project cost reflects our professional judgment of the construction industry; it is our belief that the Project can be constructed within the original scope and limits described for the estimated cost given herein. Neither the NTTA nor its consulting engineers warrant that the construction costs will not increase and thereby exceed the estimate of construction costs given in progress reports due to the nature of the construction industry.

| TABLE 3: COST SUMMARY | | | | |
|---|---|---|---|---|
| **No.** | **Description** | **Engineering Report Estimate, November 2007** | **Estimated Cost, December 2010** | **Actual Expenditures, December 2010** |
| 1 | Segments 1, 2 | $ 14,163,718 | $ 18,868,250 | $ 18,868,250 |
| 2 | Segments 3N [1] | $ 72,575,945 | $ 64,011,520 | $ 64,011,520 |
| 3 | Segments 3S [2] | $ 57,851,840 | $ 53,311,045 | $ 51,175,439 |
| 4 | Exchange Parkway Improvements [1] | $ - | $ 16,002,060 | $ 14,797,761 |
| 5 | Segment 4 | $ 155,085,553 | $ 214,433,855 | $ 176,460,732 |
| 6 | Segment 5 | $ 92,843,188 | $ 80,261,020 | $ 30,218,932 |
| 7 | Toll Gantries, Equipment [3] | $ 17,626,759 | $ 13,330,633 | $ 11,951,673 |
| 8 | Construction Management | $ 33,138,619 | $ 36,531,424 | $ 27,128,353 |
| 9 | Miscellaneous Construction [4, 5] | $ 21,172,724 | $ 59,997,596 | $ 46,010,607 |
| - | Reimbursement [6] | $ - | $ (15,845,308) | $ (15,134,564) |
| **Subtotal (1-9) Construction** | | **$ 464,458,346** | **$ 540,902,095** | **$ 425,488,703** |
| 10 | PS&E (Plans, Specifications & Estimates) [1, 7] | $ 37,213,460 | $ 53,450,943 | $ 52,346,898 |
| 11 | PS&E (Administrative) | $ 11,437,618 | $ 30,124,743 | $ 21,759,025 |
| 12 | Other Agency Costs | $ 150,000 | $ 250,000 | $ 207,682 |
| **Subtotal (10-12) Engineering** | | **$ 48,801,078** | **$ 72,416,226** | **$ 74,313,605** |
| 13 | Project Contingencies | $ 125,551,276 | $ 14,082,919 | $ - |
| **Project Total (1-13) [8]** | | **$ 638,810,700** | **$ 638,810,700** | **$ 499,802,309** |

**NOTES:**

[1] An Inter-Local Agreement (ILA) with the cities of McKinney and Allen and Collin County was approved to fund a change to the Exchange Parkway intersection to improve access to the Sam Rayburn Tollway. A deductive Change Order was executed in the amount of $5.6M to remove the prior Exchange Parkway scope from the Segment 3N contract requirements. A separate contract was created to address the new requirements for the Exchange Parkway improvements.

[2] Approximately $1.58 M has been incurred during construction to complete some structures required for the future fourth lane widening effort.

[3] The NTTA toll gantry standard implemented in Sections 3-5 of this corridor was approved by resolution in November 2007 by the Board of Directors.

[4] The estimated miscellaneous construction cost includes material testing, utility relocations, proposed right-of-way and easements, landscape and ITS equipment installation. This line includes right-of-way purchases in the amount of $11.3M which are to be reimbursed to the Project by TxDOT. This line also includes the construction costs of two sand stockpiles for roadway safety that were not budgeted for in the original project estimate.

[5] Miscellaneous Construction includes $1,897,038 added to the project budget by the Board of Directors to purchase a 8.71 acre site in the city of Frisco for a future full service maintenance facility that will service the northern limits of the NTTA System. At present, the actual amount incurred for acquisition and legal costs is $2,390,784.

[6] This line refers to reimbursements from Collin County and the cities of Allen and McKinney for Exchange Parkway improvements, reimbursement from TxDOT for ROW acquisition, Segment 2 sound wall coating improvements agreed to with the City of Coppell and Segment 4 third-party damage reimbursements.

[7] Transfer of Segments 1 and 2 from TxDOT to the NTTA required a Tollway Asset Condition Inspection be performed, which was not included among the anticipated expenses for the corridor. This line also includes design costs for two sand stockpiles which were not budgeted for in the original project estimate.

[8] Future capacity improvements for Segments 1-5 are not included in the above estimate except for costs incurred for work identified in Note 2 above.

Cost estimates for the Project were prepared based on the status of contracts awarded to date. The current cost estimate represents the best good-faith judgment from a design professional familiar with the highway construction industry. Neither the NTTA nor its consulting engineers have control over the labor, materials or equipment costs; the contractors' methods of determining bid prices; or competitive bidding, market or negotiating conditions. The estimate of the Project's construction cost given in progress reports will be monitored as work progresses.

The semi-annual estimated amount of funds required for the estimated period of construction to meet the cost of the Project, including funds allocated for project contingencies, is shown below in Table 4.

**TABLE 4 - DRAW SCHEDULE**

| Period Ending[1] | Original Semi-Annual Estimate, Dec 2007 | Original Cumulative Estimate, Dec 2007 | Semi-Annual Actual, December 2010 | Cumulative Actual, December 2010 | Semi-Annual Estimate, December 2010 [1,2] | Cumulative Estimate, December 2010 |
|---|---|---|---|---|---|---|
| 12/31/2007 | $12,804,925 | $12,804,925 | $12,804,925 | $12,804,925 | | |
| 6/30/2008 | $66,689,438 | $79,494,363 | $41,070,815 | $53,875,740 | | |
| 12/31/2008 | $84,918,350 | $164,412,713 | $102,075,318 | $155,951,059 | | |
| 6/30/2009 | $103,636,169 | $268,048,882 | $128,276,304 | $284,227,363 | | |
| 12/31/2009 | $106,341,227 | $374,390,109 | $74,454,634 | $358,681,997 | | |
| 6/30/2010 | $125,468,501 | $499,858,610 | $55,111,412 | $413,793,409 | | |
| 12/31/2010 | $56,476,173 | $556,334,783 | $86,008,900 | $499,802,309 | | |
| 6/30/2011 | $31,527,887 | $587,862,670 | | | $44,790,982 | $544,593,290 |
| 12/31/2011 | $25,383,916 | $613,246,586 | | | $58,526,720 | $602,120,010 |
| 6/30/2012 | $11,432,366 | $624,678,952 | | | $28,541,417 | $631,661,427 |
| 12/31/2012 | $8,041,313 | $632,720,265 | | | $3,857,916 | $635,519,343 |
| 6/30/2013 | $6,090,435 | $638,810,700 | | | $978,492 | $636,497,835 |
| 12/31/2013 | | | | | $856,696 | $637,354,530 |
| 6/30/2014 | | | | | $530,341 | $637,884,871 |
| 12/31/2014 | | | | | $530,341 | $638,415,212 |
| 6/30/2015 | | | | | $395,488 | $638,810,700 |

Note:
[1] The last two years of projected costs above reflect mandatory landscape maintenance periods of 18 months (Segments 1, 2 & 3) and 24 months (Segments 4 & 5).
[2] The above estimate includes contingency that may or may not be expended.

## SCHEDULE

The major milestone dates for the Project are as follows:

Segment 1 & 2: This part of the Project opened to traffic in July 2006 by TxDOT, and NTTA service commencement occurred September 2008. NTTA improvements are complete and contracts have been closed out by the NTTA.

Segment 3S: Main lanes are substantially complete and opened to traffic on September 1, 2009.

Segment 3N: Main lanes are complete and open to traffic. The contract has been closed out by the NTTA.

Segment 3M, Exchange Parkway Improvements: Main lanes and sand stockpile facility are substantially complete and main lanes opened to traffic on September 29, 2009.

Segment 4: The direct connecting ramps providing access from southbound US 75 to southwest-bound SRT and from northeast-bound SRT to northbound US 75 (the highest-volume connectors), along with main lane improvements to SRT and US 75 required for full access via those connectors, opened to traffic in late December 2010. Details are as follows:

- The first major direct connecting ramp, from northeast-bound SRT to northbound US 75, opened on October 17, 2010.
- The second connector, from southbound US 75 to southwest-bound SRT, opened on November 14, 2010.
- The third connector, from northeast-bound SRT to southbound US 75, opened on December 18, 2010.
- The fourth connector, from northbound US 75 to southwest-bound SRT, opened on December 23, 2010.
- In addition, on December 1, 2010, the NTTA opened four new SRT cashless toll ramps – the northeast-bound SRT entrance ramps at Lake Forest Drive and Hardin Boulevard, and the southwest-bound SRT exit ramps at Hardin and Lake Forest. On the same day the NTTA also opened one SRT main lane in both directions through the corridor from west

of Medical Center Drive. These ramp and main lane openings allowed the NTTA to adjust toll rates on a portion of Segment 4 from the interim toll rates to reflect the ultimate tolling distance as of December 1, 2010.

The estimated completion date for the remaining direct connectors and main lane improvements is early spring 2011, which is prior to the service commencement deadline of May 1, 2011.

Segment 5: Notice to Proceed was issued February 4, 2010, and expected open-to-traffic date is in January 2012.

# PGBT Eastern Extension

## Semi-Annual Progress Report No. 5

## December 2010

Prepared by

HNTB

Issued March 11, 2011

# NORTH TEXAS TOLLWAY AUTHORITY
# CONSTRUCTION FUND
# PRESIDENT GEORGE BUSH TURNPIKE
# EASTERN EXTENSION

## DECEMBER 2010
## PROGRESS REPORT SUMMARY

As described in the requirements as set forth in the Amended and Restated Trust Agreement dated April 1, 2008, Section 411, the Consulting Engineers are to prepare a progress report at least once every six months during the design and construction of a project financed by public bonds. The President George Bush Turnpike ("PGBT") Eastern Extension Project ("the Project") is being financed by public bonds and as such is the subject of this report. The report is to include the date the Project will be open to traffic, the date on which the construction of the Project will be completed, the cost of the Project excluding any bond discount and interest during construction, and the amount of funds required each six months during the remaining estimated period of construction.

The President George Bush Turnpike Eastern Extension Project extends the existing President George Bush Turnpike approximately 9.9 additional miles to the east and south. Beginning from the current terminus at State Highway 78 (SH 78) and running through the cities of Garland, Sachse, Rowlett and Dallas to Interstate Highway 30 (IH 30) in Dallas County, the Project creates a direct link from the existing terminus of PGBT to IH 30 and serves as a primary relief route to IH 635. The Project is divided into five sections (Sections 28, 29, 30, 31 and 32) for purposes of managing and expediting the design and construction.

Construction contracts for Section 28 and 29 were procured and the Notice to Proceed (NTP) was issued in January 2009. The NTP on Section 30 was issued August 2008, and construction began October 2008. An NTP for Section 31 was issued in March 2009. Construction on Section 32 by TxDOT began December 2008. All Sections of the Project are scheduled to open in late 2011.

The original estimated cost for all sections (28 through 32) of the Project, exclusive of interest and financing, but including a contingency allocation, was $1,037,150,116. In the fall of 2010, the GEC re-evaluated the Project Cost based upon bids received as well as construction and construction change orders to date. The current Project total is now estimated at $958 million. Table 3 on page 9 shows all expenditures through December 2010 for the Project. Note: Throughout the report, the cutoff date for financial information is December 31, 2011, while information found in the narrative portions may include details as current as the release date, March 11, 2011.

The remaining estimated funds required for the project are presented in semi-annual increments, including funds allocated for project contingencies, in Table 4, on page 10 of the report.

Respectfully submitted,
HNTB CORPORATION

Stephanie L. Halliday

Stephanie L. Halliday, P.E.
GEC Project Director

# NORTH TEXAS TOLLWAY AUTHORITY
# CONSTRUCTION FUND
# PRESIDENT GEORGE BUSH TURNPIKE
# EASTERN EXTENSION

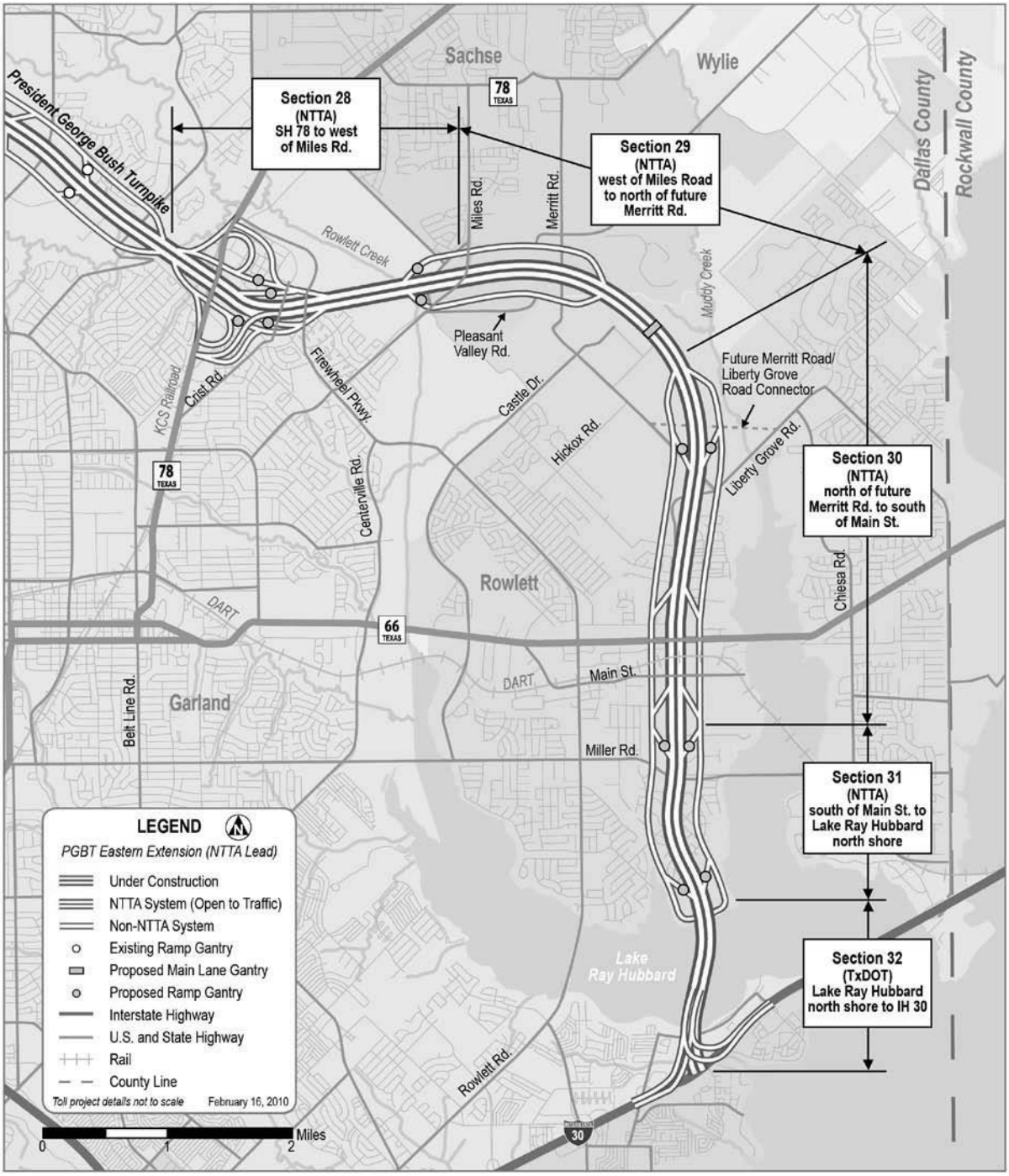
## DECEMBER 2010 PROGRESS REPORT

This report describes the location, engineering design features and construction cost estimates of the President George Bush Turnpike (PGBT) Eastern Extension (PGBT EE) Project (the "Project") entirely in Dallas County, beginning from the current terminus of PGBT at State Highway 78 (SH 78) in Garland, extending east through the city of Sachse, turning south through the cities of Rowlett and Dallas, and terminating at Interstate Highway 30 (IH 30) in Garland, a distance of approximately 9.9 miles.

## GENERAL

In late 2005, the NTTA completed construction of the frontage roads from SH 78 to Firewheel Parkway in Garland and opened them to traffic in advance of the opening of Firewheel Mall adjacent to the northwest portion of the Project. The six-lane project (expandable to eight) is divided into five sections for the purposes of managing and expediting design and construction (refer to the Project map on page 2). Sections 28-31 were designed and are being constructed by NTTA, while Section 32 was designed and is being constructed by TxDOT. A total of 12 ramp connections to or from the Project will have an overhead gantry to allow for placement of all electronic toll collection (All-ETC) equipment. One main lane All-ETC gantry, located northwest of future Merritt Road in Section 29, will provide for six toll collection lanes (three each direction with provision for expansion to eight total lanes). All lanes are dedicated, non-stop express lanes to expedite the flow of traffic through the gantries, improve traffic safety and air quality and provide for ease of maintenance (refer to Figure 1 on page 2).

## Figure 1: PGBT Eastern Extension Project Corridor Location and Sections



## DESIGN AND CONSTRUCTION STATUS

***PGBT EE Section 28 (2.33 miles)***

*From west of SH 78 to west of Miles Road*

- Design consultant: Jacobs Engineering Group, Inc.
- Right of way: Acquisition complete
- Prime contractor: Webber LLC
- Open-to-traffic date: Late 2011
- Construction status: Under construction – 67% Complete

Construction of Section 28 consists of main lane and ramp pavement, bridge and drainage structures (including a one-mile bridge over Rowlett Creek), retaining and sound walls, illumination, signing, pavement markings, traffic signals, landscaping and intelligent transportation systems (ITS) infrastructure. Gantries for All-ETC will be provided at six ramp locations to allow access to and from the frontage roads at Crist Road, Firewheel Parkway and Miles Road. Ramps will also be provided to and from SH 78.

***PGBT EE Section 29 (2.26 miles)***

*From west of Miles Road to north of future Merritt Road*

- Design consultant: Halff Associates, Inc.
- Right of way: Acquisition complete
- Prime contractor: Texas Sterling Construction Co.
- Open-to-traffic date: Late 2011
- Construction status: Under construction – 52% Complete

Construction of Section 29 includes pavement for three main lanes in each direction, two-lane frontage roads between Miles and Merritt Roads, ramps to and from Merritt Road, bridge and drainage structures, retaining walls, illumination, signing, pavement markings, traffic signals, landscaping and ITS infrastructure. A main lane All-ETC toll gantry will be located near the east end of the section.

***PGBT EE Section 30 (2.75 miles)***

*From north of future Merritt Road to south of Main Street*

- Design consultant: Parsons Brinckerhoff of the Americas (PB Americas)
- Right of way: Acquisition partially complete (46 of 49 parcels available)
- Prime contractor: Zachry Construction Corporation
- Open-to-traffic date: Late 2011
- Construction status: Under construction – 67% Complete

The most complex of the NTTA Project sections, the majority of Section 30 is depressed below the existing grade and has conflicts with various major utilities. This section is constrained on both sides from recent commercial development and includes an underpass with an existing railroad which is anticipated to be a future Dallas Area Rapid Transit (DART) rail line. Construction of this section consists of three main lanes each direction, two to three lanes of frontage roads and ramp pavement, bridge and drainage structures, retaining and sound walls, illumination, signing, pavement marking, traffic signals, landscaping, and ITS infrastructure. Section 30 includes two ramp gantries at future Merritt Road.

***PGBT EE Section 31 (1.52 miles)***

*From south of Main Street to north shore of Lake Ray Hubbard*

- Design consultant: PBS&J, Inc.
- Right of way: Acquisition partially complete (20 of 21 parcels available)
- Prime contractor: Williams Brothers Construction Co., Inc.
- Open-to-traffic date: Late 2011
- Construction Status – 61% Complete

Section 31, the southernmost NTTA section of the Project, consists of three main lanes in each direction, two to three lanes of frontage roads and ramp pavement, bridge and drainage structures, retaining and sound walls, illumination, signing, pavement marking, traffic signals, landscaping, and ITS infrastructure. Gantries for All-ETC will be provided at four ramp locations to allow access to and from the frontage roads at SH 66, Main Street and Miller Road.

***PGBT EE Section 32 (1.04 miles)***

*From the north shore of Lake Ray Hubbard to IH 30*

- Design consultant: HDR Engineering, Inc., for TxDOT
- Right of way: Acquisition partially complete (45 of 46 parcels available)
- Prime contractor: Austin Bridge & Road, LP, for TxDOT
- Open-to-traffic date: Late 2011
- Construction status: Under construction since December 2008—TxDOT managing the construction.

Section 32, the southernmost section, was designed by and will be constructed and managed by TxDOT. The majority of Section 32 is a one-mile bridge over Lake Ray Hubbard and a multi-level interchange with direct-connecting ramps to and from existing IH 30. Construction of this section includes main lane (PGBT and IH 30), frontage road (IH 30) and ramp pavement; bridge and drainage structures (including a drainage containment system on the lake bridge per the inter-local agreement with the City of Dallas); retaining walls; illumination; signing; pavement markings; landscaping; and ITS infrastructure.

In addition to the design firms identified in the previous section, Table 1 lists the contracts that have been awarded for engineering services related to the Project. On the following page, Table 2 summarizes the design and construction status of the Project.

| TABLE 1 – ADDITIONAL ENGINEERING SERVICES | | |
|---|---|---|
| **02005-NTT-00-PS-AD** | HNTB Corporation | General Engineering Consultant |
| **FSF-73, 02023-NTT-00-PS-MA** | Jacobs Engineering Group, Inc. | Schematics, Section 30 MSE Wall Design |
| **02005-NTT-00-PS-AD WA 11 MA** | HNTB Corporation | Landscape Design Services |
| **02056-NTT-00-PS-EN WA 06** | Kellogg Brown & Root, Inc. | Section 28-A Construction Management Services |
| **02418-NTT-00-PS-PM WA 01** | HDR Engineering, Inc. | Section 28 Construction Management Services |
| **02424-NTT-00-PS-PM WA 01** | Tollway Transportation Team | Section 29 Construction Management Services |
| **02058-NTT-00-PS-EN WA 08 EE** | PBS&J, Inc. | Section 30 and Corridor Construction Management Services |
| **02424-NTT-00-PS-PM WA 02** | Tollway Transportation Team | Section 31 Construction Management Services |
| **02394-PGB-00-PS-PM** | Mactec Engineering & Consulting, Inc. | Section 30 Quality Control Materials Testing |
| **02395-PGB-00-PS-PM** | Southwestern Testing Laboratories, LLC | Sections 28-31 Quality Assurance Materials Testing |
| **02402-PGB-00-PS-PM** | Michael Baker Jr., Inc. | Environmental Compliance Team |
| **02557-NTT-00-PS-PM WA 01** | Kleinfelder | Retaining Wall System Engineering Services |
| **02547-NTT-00-PS-PM TO 02** | Terracon Consultants, Inc. | MSE Wall Independent Design Check |
| **02589-NTT-00-PS-PM WA 03** | PBS&J, Inc. | Additional Shop Drawing Review & Coordination for MSE Wall Evaluations |
| **02644-NTT-00-PS-PM WA 01** | Raba-Kistner Infrastructure, Inc. | Quality Assessment Program |

## PRESIDENT GEORGE BUSH TURNPIKE EASTERN EXTENSION
## TABLE 2 – DESIGN AND CONSTRUCTION STATUS REPORT, SECTIONS 28 - 32

| | Section 28 | Section 29 | Section 30 | Section 31 | Section 32 |
|---|---|---|---|---|---|
| **Limits** | **West of SH 78 to west of Miles Road** | **West of Miles Road to north of future Merritt Road Connector** | **North of future Merritt Road to south of Main Street** | **South of Main Street to north shore of Lake Ray Hubbard** | **North shore of Lake Ray Hubbard to IH 30** |
| Design Consultant | Jacobs Engineering Group, Inc. | Halff Associates, Inc. | Parsons Brinckerhoff (PB Americas) | PBS&J, Inc. | HDR Engineering, Inc., for TxDOT |
| Design Notice to Proceed | August 15, 2005 | August 15, 2005 | August 15, 2005 | August 15, 2005 | Information Not Available |
| Current Status of PS&E | Complete | Complete | Complete | Complete | Complete |
| Letting Dates | August 14, 2008 | September 25, 2008 | April 17, 2008 | November 06, 2008 | August 07, 2008 |
| Construction Contract | 02007-PGB-06-CN-EN | 02009-PGB-06-CN-EN | 02011-PGB-06-CN-EN | 02013-PGB-06-CN-EN | TxDOT Contract |
| Contractor | Webber LLC | Texas Sterling Construction Co. | Zachry Construction Corporation | Williams Brothers Construction Co., Inc. | Austin Bridge & Road, LP, for TxDOT |
| Construction Notice to Proceed | January 2009 | January 2009 | August 2008 | March 2009 | December 2008 |
| End Construction Date | Spring 2012 | Spring 2012 | Spring 2012 | Spring 2012 | Spring 2012 |
| Current Status of Construction | Under construction – 67% Complete | Under construction – 52% Complete | Under construction – 67% Complete | Under construction – 61% Complete | Under construction- TxDOT managing |
| Open-to-Traffic Date | Late 2011 | Late 2011 | Late 2011 | Late 2011 | Late 2011 |

## ESTIMATE OF PROJECT FUNDS

The original estimated cost of the Project (Sections 28-32) was $1,037,150,116. In the fall of 2010, the GEC re-evaluated the Project Cost based upon bids received as well as construction and construction change orders to date. The current Project total is now estimated at $958 million. TxDOT has committed to fund the design and construction of Section 32 (approximately $254M). TxDOT also provided a Toll Equity Grant (approximately $160 M) to be used for right-of-way acquisition and utility relocations. If the entire Toll Equity Grant is not required for right of way, utility relocation and similar costs, TxDOT and the NTTA have agreed to work cooperatively to identify other Project costs to which it can be applied so that the entire amount of that grant should be applied to the Project. In turn, the NTTA has agreed to revenue-sharing with TxDOT on the Project.

Several factors, including unforeseen escalation of prices and wages, labor or material shortages and changes in economic conditions can significantly affect (escalate or reduce) construction costs. Appropriate contingencies are added to the cost of the Project to mitigate the impact of unforeseen escalations. The estimated Project cost reflects the most current bids, approved change orders and our professional judgment of the construction industry; it is our belief that the Project can be constructed within the limits described for the estimated cost given herein. However, due to the nature of the construction industry, we cannot and will not guarantee that the actual Project cost will not vary from the estimated cost.

| TABLE 3: COST SUMMARY | | | | |
|---|---|---|---|---|
| **No.** | **Description** | **Proposed Engineering Report Estimate, August 2008** | **Estimated Cost, December 2010** | **Actual Expenditures, December 2010** |
| 1 | Section 28 | $ 124,785,106 | $ 116,242,378 | $ 86,728,904 |
| 2 | Section 29 | $ 86,658,563 | $ 59,199,666 | $ 35,075,522 |
| 3 | Section 30 | $ 160,936,511 | $ 127,802,303 | $ 93,736,333 |
| 4 | Section 31 | $ 65,980,548 | $ 57,864,539 | $ 37,584,757 |
| 5 | Toll and ITS Equipment [1] | $ 9,817,500 | $ 6,724,262 | $ 136,706 |
| 6 | Construction Management | $ 31,371,535 | $ 25,812,617 | $ 10,599,019 |
| 7 | Miscellaneous Construction [2] | $ 8,235,919 | $ 22,351,316 | $ 6,092,901 |
| **Subtotal (1-7) Construction** | | **$ 487,785,682** | **$ 415,997,081** | **$ 269,954,142** |
| 8 | PS&E (Plans, Specs, Estimates) & Admin. | $ 30,367,525 | $ 58,864,590 | $ 45,557,053 |
| 9 | ROW Acquisition and Utility Relocations | $ 166,844,730 | $ 167,404,177 | $ 115,954,827 |
| 10 | Other Agency Costs | $ 11,095,916 | $ 2,404,583 | $ 2,404,583 |
| **Subtotal (8-10) Engineering and Agency Costs** | | **$ 208,308,171** | **$ 266,673,349** | **$ 163,916,463** |
| 11 | Project Contingency | $ 92,643,362 | $ 61,799,570 | $ - |
| **Costs (1-11) [3]** | | **$ 788,737,215** | **$ 704,470,000** | **$ 433,870,605** |
| 12 | Section 32 [4] | $ 251,014,339 | $ 253,530,000 | |
| **Project Total (1-12) [5]** | | **$ 1,039,751,554** | **$ 958,000,000** | |

**NOTES:**

[1] The cost of toll gantry and ITS infrastructure construction is included within the construction cost of each section.

[2] Miscellaneous construction cost includes landscaping, materials testing and other special features.

[3] A Toll Equity Grant in the amount of $160 M has been supplied by TxDOT to accommodate any of the five sections' ROW acquisitions, utility relocations, or any other costs for the Project agreed to mutually between NTTA and TxDOT.

[4] Under the Two-Party Agreement, TxDOT is responsible for the design, construction, and construction management of Section 32.

[5] The amount shown above does not include bond discounts, interest during and after construction, and other costs associated with bond closing costs.

The current cost estimate represents the best good-faith judgment from design professionals familiar with the highway construction industry. Neither the NTTA nor its consulting engineers have control over the labor, materials or equipment costs, the contractors' methods of determining bid prices, competitive bidding, market or

negotiating conditions. The estimate of construction costs given in progress reports will be monitored as work progresses on the Project.

The semi-annual estimated amount of funds required for the estimated period of construction to meet the cost of the PGBT Eastern Extension Project, including funds allocated for project contingencies, is shown on the following page in Table 4.

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| TABLE 4 - DRAW SCHEDULE (Sections 28-31) | | | | | | |
|---|---|---|---|---|---|---|
| Period Ending | Original Semi-Annual Estimate, Dec 2008 | Original Cumulative Estimate, Dec 2008 | Semi-Annual Actual, December 2010 | Cumulative Actual, December 2010 | Semi-Annual Estimate, December 2010 [2] | Cumulative Estimate, December 2010 |
| 6/30/2005[1] | $4,582,276 | $4,582,276 | $4,582,276 | $4,582,276 | | |
| 12/31/2005[1] | $9,708,328 | $14,290,603 | $9,708,328 | $14,290,603 | | |
| 6/30/2006[1] | $2,043,202 | $16,333,806 | $2,043,202 | $16,333,806 | | |
| 12/31/2006[1] | $164,407 | $16,498,212 | $164,407 | $16,498,212 | | |
| 6/30/2007[1] | $298,728 | $16,796,941 | $298,728 | $16,796,941 | | |
| 12/31/2007[1] | $39,736 | $16,836,677 | $39,736 | $16,836,677 | | |
| 6/30/2008[1] | $0 | $16,836,677 | $0 | $16,836,677 | | |
| 12/31/2008 | $124,031,352 | $140,868,029 | $124,031,352 | $140,868,029 | | |
| 6/30/2009 | $120,169,173 | $261,037,203 | $106,566,929 | $247,434,959 | | |
| 12/31/2009 | $77,128,238 | $338,165,441 | $56,003,487 | $303,438,446 | | |
| 6/30/2010 | $127,802,395 | $465,967,836 | $65,227,194 | $368,665,639 | | |
| 12/31/2010 | $56,109,695 | $522,077,531 | $65,204,966 | $433,870,604 | | |
| 6/30/2011 | $51,948,261 | $574,025,791 | | | $63,462,403 | $497,333,007 |
| 12/31/2011 | $47,803,671 | $621,829,462 | | | $48,254,021 | $545,587,028 |
| 6/30/2012 | $166,907,753 | $788,737,215 | | | $36,540,402 | $582,127,430 |
| 12/31/2012 | | | | | $44,809,907 | $626,937,336 |
| 6/30/2013 | | | | | $870.000 | $627,807,336 |
| 12/31/2013 | | | | | $870,000 | $628,677,336 |
| 6/30/2014 | | | | | $75,792,663 | $704,470,000 |

Notes:

[1] In 2005, the NTTA completed the construction of the frontage roads from SH 78 to Firewheel Parkway and opened them to traffic before the opening of Firewheel Mall on the north side of the Project, as indicated above between 6/30/2005 - 6/30/2008.

[2] The last 1 year and six months of projected costs above reflect the costs of a mandatory 12-18 month landscape maintenance period.

[3] This estimate includes contingency that may or may not be expended.

## SCHEDULE

The major milestone dates for the Project are as follows:

Section 28: Preparation of construction plans and specifications is complete. A construction Notice to Proceed (NTP) was issued in January 2009. Expected open-to-traffic date is late 2011.

Section 29: Preparation of construction plans and specifications is complete. A construction NTP was issued in January 2009. Expected open-to-traffic date is late 2011.

Section 30: Preparation of construction plans and specifications is complete. Construction NTP was issued in August 2008. Expected open-to-traffic date is late 2011.

Section 31: Preparation of construction plans and specifications is complete. An NTP for construction was issued in March 2009. Expected open-to-traffic date is late 2011.

Section 32: TxDOT completed construction plans and specifications and began construction in December 2008. Per the Two-Party Agreement between the NTTA and TxDOT, TxDOT has committed to complete the construction of this section in late 2011.

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# APPENDIX E

# 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 (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 the Authority.

**Definitions**

"*Additional Bond Security*" – any credit enhancement for specified bonds and any funds received or obligations payable to the Authority, other than Net Revenues, which the Authority 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 the Authority 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 the Authority 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 the Authority 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;

"*Alternate Credit Facility*" – any substitute or replacement irrevocable letter of credit, surety bond, insurance policy or similar instrument securing the payment of the principal of, premium, if any, and interest on, and the purchase price of, a series of Variable Rate Demand Bonds, delivered in accordance with the provisions of the Resolution in substitution and replacement for the existing Credit Facility for such Series;

"*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 the Authority, 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 the Authority;

"*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-l" 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 Commerce 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 the Authority 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 the Authority; 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 the Authority;

"*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 the Authority 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 the Authority to effect a conversion;

"*bond*," "*bonds*" or "*Turnpike Revenue Bond*" – unless otherwise specifically stated, the Existing Bonds, the Series 2008F Bonds and the Additional Bonds;

"*Bondholder*," or "*holder*," or "*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 and with respect to bonds outstanding in any Mode except the fixed rate mode, a day on which the primary office of the Remarketing Agent is located, if required or authorized by law to remain closed, or the New York Stock Exchange is closed.

"*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;

"*CIP Projects*" – those certain capital improvement projects on portions of the NTTA System other than the SRT, PGBT EE and the LLTB which are in the Authority capital improvement plan;

"*Consulting Engineers*" – the consulting civil engineer or engineering firm or corporation employed by the Authority 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 the Authority for the acquisition of such equipment, which manufacturer will offer the most advantageous terms to the Authority. 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 the Authority, it will be to the advantage of the Authority to do so, and upon the written recommendation of the Consulting Engineers, the Authority 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 the Authority. In such event the Authority 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 the Authority, 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 the Authority 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 the Authority 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

(l) 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 Facility*" – the irrevocable letter of credit, surety bond, insurance policy or similar instrument securing the payment of the principal of, premium, if any, and interest on, and the Purchase Price of, a Series of Variable Rate Demand Bonds, designated in the Board Representative's Certificate for such series, until such time as an Alternate Credit Facility has been issued in substitution and replacement for such Credit Facility and thereafter "Credit Facility" means such Alternate Credit Facility;

"*Credit Provider*" – the bank or other financial institution designated by the Board Representative acting in its capacity as issuer of the initial Credit Facility with respect to a series of Variable Rate Demand Bonds, and if an Alternate Credit Facility is issued, the issuer of such Alternate Credit Facility, and its successors and assigns;

"*Credit Provider Bonds*" – Variable Rate Demand Bonds purchased with moneys drawn on a Credit Facility and held for the benefit of a Credit Provider;

"*Current Expenses*" – the Authority'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 the Authority 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:

Except as modified below, (i) for any Fiscal Year while the Authority'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 Authority'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 Authority 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;

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;

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;

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;

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 the Authority provides to the Trustee, prior to the beginning of such annual period, a certificate of a Financial Consultant certifying that, in its judgment, the Authority 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;

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 the Authority, 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

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 the Authority 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;

"*Effective Date*" – the date on which a new Interest Rate Period for a Bond takes effect.

"*Event of Default*" – as defined under the caption "Events of Default and Remedies";

"*Existing Bonds*" – after the issuance of the Series 2011A Bonds, the North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 1997A, the North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 1998, the North Texas Tollway Authority Dallas North Tollway System Revenue Bonds, Series 2003A, the North Texas Tollway Authority Dallas North Tollway System Variable Rate Revenue Bonds, Series 2005C, the North Texas Tollway Authority System Revenue Refunding Bonds, Series 2008A, Series 2008B, Series 2008D, Series 2008E, Series 2008H, Series 2008I, Series 2008K and Series 2008L, the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009C Bonds, the Series 2009D Bonds, the Series 2010 Bonds, the Payment Obligations of the Authority under the Letter of Credit and Reimbursement Agreement entered into between the Authority and JPMorgan Chase Bank, National Association relating to the Series 2009D Bonds, the Payment Obligations of the Authority under the Letter of Credit and Reimbursement Agreement entered into between the Authority and Morgan Stanley Bank, N.A., relating to the Series 2011A Bonds and the Payment Obligations of the Authority under the ISDA Master Agreements entered into between the Authority and each of JPMorgan Chase Bank, N.A. and Citibank N.A., New York, with an aggregate notional amount of $178,290,000;

"*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 Existing 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 the Authority 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 the Authority 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 the Authority 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 the Authority as its Fiscal Year in accordance with law;

"*Maximum Rate*" shall mean, for the Series 2011A Bonds other than liquidity provider bonds, credit provider bonds or index floating rate held bonds, the greater of (i) 8% per annum and (ii) the interest rate for which the liquidity agreement or credit facility related to the Series 2011A Bonds, if any, provides coverage, but in no event to exceed the lesser of (a) 15% per annum or (b) the highest lawful rate, provided, however, that, no rate of interest higher than the then current Maximum Rate shall become effective unless and until (y) the Authority provides evidence to the Trustee that the estimated Net Revenues for the then current Fiscal Year and each Fiscal Year after the date of such calculation are at least 1.00 times the scheduled principal and interest payments in each such Fiscal Year on all then outstanding turnpike revenue bonds and other obligations secured by Net Revenues assuming such higher interest rate, (z) the Authority shall have delivered to the Trustee a certificate of the Chief Financial Officer required under Section 208(5), 209(5) or 210(5) of the Trust Agreement, as applicable, assuming such change in the Maximum Rate and assuming the Series 2011A Bonds were being issued as of the date of such certificate. When the term "Maximum Rate" relates to (i) liquidity provider bonds it shall have the meaning given in the liquidity agreement but in no event shall the Maximum Rate under the liquidity agreement exceed the highest lawful rate, (ii) credit provider bonds it shall have the meaning given in the Reimbursement Agreement but in no event shall the Maximum Rate under the Reimbursement Agreement exceed the highest lawful rate, or (iii) index floating rate held bonds it shall have the meaning given in the Board Representative's Certificate relating to such bonds but in no event shall the Maximum Rate exceed the highest lawful rate.

"*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 the Authority that must be paid to TxDOT as revenue sharing payments pursuant to a project agreement between the Authority 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;

"*Projects*" – the SRT, the PGBT EE, the LLTB and the CIP Projects.

"*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*" – the Series 2008F Bonds, and unless otherwise specifically stated, 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 the Authority 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 the Authority 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 the Authority 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 the Authority 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 the Authority 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 the Authority 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 the Authority 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 the Authority has deemed necessary for the operation of the presently existing Tollway), together with all property rights, easements and interests acquired by the Authority 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 the Authority in accordance with law and pursuant to resolutions adopted by the Board;

"*Traffic Engineers*" – the traffic engineer or engineering firm or corporation employed by the Authority 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; and

"*Variable Rate Demand Bonds*" – Bonds in the Flexible Mode, Daily Mode and Weekly Mode.

**Certain Covenants of the Authority**

*Payment of Principal, Interest, and Premium.* The Authority 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.* The Authority 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 the Authority and mailed by the Authority 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 the Authority 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 the Authority then on deposit with or in the name of the Trustee, all Depositories, and the Authority, 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 the Authority and mailed by the Authority to the Consulting Engineers and each bondholder who has filed his name with the Board Representative.

*Consulting Engineers.* The Authority 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 the Authority 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 the Authority and mailed by the Authority 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.* The Authority 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 the Authority and mailed by the Authority 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, the Authority 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 the Authority for the hearing by the Authority, to the Trustee, the Consulting Engineers, and each bondholder who has filed his name and address with the Board Representative. The Authority 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 the Authority to the Consulting Engineers and each bondholder who has filed his name and address with the Board Representative.

If for any reason the Authority 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.

The Authority 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, the Authority 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 the Authority to the Consulting Engineers and each bondholder who has filed his name and address with the Board Representative.

The Authority covenants 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 the Authority may expend for Current Expenses in any Fiscal Year provided any amounts expended therefor in excess of the Annual Budget are received by the Authority 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.* The Authority 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 the Authority 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. The Authority 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 the Authority 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; Additiona1 Reports or Audits, Annual Report.* The Authority 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.

The Authority 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*."

The Authority 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 the Authority and the Trustee, and copies of such report are required to be mailed by the Authority 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 the Authority 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.

The Authority 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.* The Authority 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 the Authority may lease or contract with respect to the operation of service stations or other facilities referred to in Section 12 of the Turnpike Act. The Authority 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 the Authority 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 the Authority directs. The Authority may from time to time sell, exchange or otherwise dispose of any real property or release, relinquish or extinguish any interest therein as the Authority 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 the Authority 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, the Authority is required to notify the Trustee thereof and the amount and disposition of the proceeds thereof.

*Insurance*

Recommendations. The Authority 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. The Authority 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. The Authority 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 the Authority 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 the Authority. 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 appraisement 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 the Authority 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.

Insurance During Construction. The Authority agrees that during the construction of the SRT, the PGBT EE and the LLTB that it will carry such builders' risk insurance, if any, that is recommended by the Consulting Engineers, and that from the time when the contractors engaged in constructing any bridge or elevated structure, the construction cost of which is in excess of $1,000,000, will no longer be responsible under the respective contracts for the construction of the bridge or elevated structure, for loss or damage to the bridge or elevated structure occurring from any cause, the Authority will insure the bridge, or elevated structure, until the bonds and the interest on the bonds, have been paid or provision for such payment has been made, with a responsible insurance company authorized under the laws of the State of Texas to assume the risk

thereof, against physical loss or damage, with such exceptions as are ordinarily required by insurers of structures or facilities of similar type, in an amount not less than 80% of the replacement value of each such bridge or elevated structure, less depreciation, as certified by the Consulting Engineers. The amount of insurance, however, must at all times comply with any legal or contractual requirement which, if broken, would result in assumption by the Authority of a portion of any loss or damage as a co-insurer, and that such insurance may provide for the deduction from each claim for loss or damage (except in case of a total loss) of not more than 2% of the total amount of insurance required by the application of the co-insurance clause, unless the Consulting Engineers shall recommend a higher deduction. Moreover, if the Authority shall be unable to obtain such insurance to the extent required, either in the amount or as to the risks covered thereby, it will not constitute an event of default under the provisions of the Trust Agreement if the Authority shall maintain such insurance to the extent reasonably obtainable.

All insurance policies will be for the benefit of the Trustee and the Authority, 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.

The Authority 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 the Authority 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 the Authority 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.

The Authority 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 the Authority advises the Trustee that it has been prevented from so repairing, replacing, or reconstructing because of conditions beyond its control, or unless the Authority, 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," the Authority 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).

*Construction and Completion of the Projects*

The Authority has agreed that it will acquire any property as may be necessary to construct the Projects and when deemed necessary and feasible, it will exercise the right of condemnation in order to acquire any real property or other property located either within or outside the boundaries of any county, city, town, village, or other political subdivision of the State of Texas and owned either privately or by any county, city, town, village, or other political subdivision of the State of Texas, provided that such right to condemnation will be exercised as to land, only when the acquisition of such land is deemed necessary by the Authority for highway and right-of-way purposes for the SRT and the PGBT EE, including land necessary for access, approach, and interchange roads.

The Authority has agreed that it will construct and complete the SRT, the LLTB and the PGBT EE substantially as described in the engineering reports of the Consulting Engineers with such changes or additions to the SRT, the LLTB and the PGBT EE as may be recommended by such firms or the Consulting Engineers and approved by the Authority, provided that such changes or additions will not, in the opinion of the Traffic Engineers, substantially adversely affect the revenues of the NTTA System or the volume or character of the traffic expected to use the NTTA System. The Authority agrees that the

SRT, the LLTB and the PGBT EE will be constructed and completed with all expedition practicable in accordance with plans and specifications approved by the Authority and by the Consulting Engineers and in conformity with law.

The Authority will use its best efforts to issue any additional revenue bonds or other debt necessary for the purpose of completing the SRT, the LLTB and the PGBT EE and placing them in operation, and that such bonds will be issued pursuant to the provisions of the Act or other applicable law, as it then exists.

The Authority has agreed that before entering into any construction contract it will get the approval of the Consulting Engineers of the contract and of the plans and specifications referred to in the contract, and that it will require each person, firm, or corporation with whom it may contract for labor or materials to furnish a performance bond and payment bond in the full amount of any contract exceeding $25,000 and to carry such insurance as may be required by law and by the Authority. The Authority further agrees that the proceeds of any such performance bond will be applied toward the completion of the pertinent contract. No such contract may provide that payments must be made by the Authority in excess of 98% of monthly estimates approved by the Consulting Engineers of moneys due the contractor for work performed or materials furnished during the preceding month except payment of the final balance due under any such contract.

**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 the Authority, 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 the Authority, 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 the Authority 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 the Authority, and the Revenue Fund, the Bond Interest Accounts, and the Redemption Accounts will be invested and reinvested by the Trustee, as directed by the Authority, 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 the Authority, and in any other case where the Authority deems it advisable, the Authority may make interest bearing time deposits, invest in certificates of deposit, or make other similar arrangements with the Trustee or any other depositary 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 the Authority, during the period of construction or completion of construction of any project, the Authority 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 depositaries, and the Authority, 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 depositaries, and the Authority, 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 depositaries, nor the Authority 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 depositaries are required to advise the Authority 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 the Authority 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 the Authority 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 the Authority, 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) the Authority 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) the Authority 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 the Authority 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 the Authority, 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 the Authority, 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 the Authority, for the purpose of effecting a composition between the Authority 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) the Authority 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 the Authority 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 the Authority 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 the Authority under a Credit Agreement or Reserve Surety Agreement.

A payment default under paragraphs (a) or (b) above with respect to a Second 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 the Authority 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 the Authority, 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 the Authority, 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 the Authority, 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 the Authority 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.

The Authority 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 the Authority 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 the Authority 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 the Authority 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 the Authority 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 the Authority. 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 the Authority, by a resolution duly adopted by the Authority; 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, the Authority is required to appoint a Trustee to fill such vacancy. The Authority 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 the Authority. 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 Authority and Trustee.* The Authority 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 the Authority, 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 the Authority to enter into Qualified Credit Agreements or to issue Additional Bonds in foreign denominated currencies; provided, however, no such amendment may be made unless the Authority 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 the Authority, 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 Authority 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 the Authority and the Trustee of such agreement or agreements supplemental to the Trust Agreement as is deemed necessary or desirable by the Authority 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 the Authority requests that the Trustee to enter into a Supplemental Agreement for the purposes described herein, the Trustee is required, at the expense of the Authority, 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, the Authority 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 the Authority 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 the Authority 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 the Authority 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 the Authority and the consent of the holders of all of the bonds then Outstanding.

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# APPENDIX F

# AMORTIZATION SCHEDULE FOR THE ISTEA LOAN

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## AMORTIZATION SCHEDULE FOR THE ISTEA LOAN

The ISTEA Loan. The ISTEA Loan is subordinate to the Third Tier Bonds and its payment schedule is as follows (see "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS—ISTEA Loan Payments**"):

| 12 Months Ending January 1 [1] | Estimated Net Revenues Available for ISTEA Loan Payments [2] | Scheduled ISTEA Loan Payments | Estimated Revenues Remaining After ISTEA Loan Payments [3] |
|---|---|---|---|
| 2012 | 27,098,431 | 8,250,000 | 18,848,431 |
| 2013 | 27,959,194 | 8,250,000 | 19,709,194 |
| 2014 | 28,845,192 | 8,000,000 | 20,845,192 |
| 2015 | 29,766,819 | 8,000,000 | 21,766,819 |
| 2016 | 30,758,342 | 8,000,000 | 22,758,342 |
| 2017 | 32,506,819 | 8,000,000 | 24,506,819 |
| 2018 | 33,690,294 | 9,000,000 | 24,690,294 |
| 2019 | 34,908,116 | 10,500,000 | 24,408,116 |
| 2020 | 36,622,842 | 12,250,000 | 24,372,842 |
| 2021 | 67,025,971 | 15,322,396 | 51,703,575 |
| 2022 | 68,558,808 | 15,322,396 | 53,236,412 |
| 2023 | 70,019,836 | 15,322,396 | 54,697,440 |
| 2024 | 73,157,213 | 15,322,396 | 57,834,817 |
| 2025 | 74,533,330 | 15,322,396 | 59,210,933 |
| 2026 | 126,761,842 | 15,322,396 | 111,439,446 |
| 2027 | 128,940,780 | 15,322,396 | 113,618,383 |
| 2028 | 131,038,280 | 15,322,396 | 115,715,883 |
| 2029 | 133,034,976 | 15,322,396 | 117,712,580 |

(1) The Trust Agreement provides for debt service coverage to be calculated using Net Revenues for the 12 months ending December 31 in any given year and Debt Service Requirements (as defined in the Trust Agreement) for the 12 months ending on the immediately following January 1. For the purpose of this table, amounts shown for net revenues available for ISTEA Loan Payments are for the 12 months ending on December 31 (the day immediately preceding the January 1 date as shown in the table).

(2) Estimated net revenues available for ISTEA Loan Payments equals net revenues less debt service on bonds and CP Notes less amounts, if any, deposited in Reserve Maintenance Fund and the Debt Service Reserve Accounts.

(3) See "**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – ISTEA Loan**."

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# APPENDIX G

## FORM OF CO-BOND COUNSEL OPINION
## (SERIES 2011A)

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**FORM OF CO-BOND COUNSEL OPINION**
**SERIES 2011A**

**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 Mahomes Bolden & Warren PC, Co-Bond Counsel, upon the delivery of the Series 2011A Bonds, assuming no material changes in facts or law.*

_____, 2011

NORTH TEXAS TOLLWAY AUTHORITY SYSTEM
FIRST TIER VARIABLE RATE REVENUE REFUNDING BONDS, SERIES 2011A,
DATED _____ __, 2011

$_____

AS CO-BOND COUNSEL for the North Texas Tollway Authority (the "*Authority*") in connection with the issuance of the Bonds described above (the "*Bonds*"), we have examined the legality and validity of 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 dated June 15, 2011 (the "*Bond Resolution*") of the Board of Directors of the Authority (the "*Board*") authorizing the issuance and sale of the Bonds. Terms used herein and not otherwise defined shall have the meaning given in the Bond Resolution.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Authority, 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 the Authority 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 the Authority 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, issued and delivered, all in accordance with law; and that, except as may be limited by laws applicable to the Authority 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 the Authority which are payable as to principal and interest from the sources provided in the Bond Resolution and the Amended and Restated Trust Agreement between the Authority and Wells Fargo Bank, N.A., 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 the Authority, (iii) the Bonds constitute valid and legally binding obligations of the Authority 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.

THE AUTHORITY 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.

THE AUTHORITY 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, except as discussed below, that 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*"). Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on, and assume continuing compliance by the Authority with, certain representations contained in the federal tax certificate of the Authority and covenants set forth in the Bond Resolution relating to, among other matters, the use of the property being refinanced and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Bonds, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Authority fails to comply with such covenants, interest on the Bonds may 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.

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 the Authority as the taxpayer. We observe that the Authority 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.

OUR ENGAGEMENT in connection with the issuance of the Bonds is as Co-Bond Counsel for the Authority, and, in that capacity, we have been engaged by the Authority for the sole purpose of rendering our opinions 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, and for no other reason or purpose. 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. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Authority, or the disclosure thereof in connection with the sale of the Bonds, 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. Our role in connection with the Authority's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

/s/ McCall, Parkhurst & Horton L.L.P.

/s/ Mahomes Bolden & Warren PC

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# APPENDIX H

# LETTER OF CREDIT

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**FORM OF IRREVOCABLE TRANSFERABLE LETTER OF CREDIT**

July 7, 2011
**U.S. 101,227,398
No. 2011070700

Wells Fargo Bank, N.A., as trustee (the *"Trustee"*)
1445 Ross Avenue, 2nd Floor
Dallas, Texas 75202

Attention: Corporate Trust Services Department

Ladies and Gentlemen:

We hereby establish in your favor as Trustee under the Amended and Restated Trust Agreement dated as of April 1, 2008, as amended and supplemented (the *"Amended and Restated Trust Agreement"*), between the North Texas Tollway Authority (the *"Authority"*), and the Trustee for the benefit of the holders of the Series 2011 Bonds (as hereinafter defined), our irrevocable transferable Letter of Credit No. 2011070700 for the account of the Authority, whereby we hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (i) July 7, 2014 (as extended from time to time, the *"Stated Termination Date"*), (ii) the earlier of (A) the date which is fifteen (15) days following the date on which all of the Series 2011 Bonds bear interest at a rate other than the Daily Rate or the Weekly Rate (or, if the Bank has delivered the Notice attached hereto as Annex L, the Flexible Rate), as such date is specified in a certificate in the form of Annex A hereto (the *"Conversion Date"*) or (B) the date on which the Bank honors a drawing under the Letter of Credit on or after the Conversion Date, (iii) the date of receipt from you of a certificate in the form set forth as Annex B hereto, (iv) the date on which the final Stated Maturity Drawing for the Series 2011 Bonds is honored by us, and (v) the date which is fifteen (15) days following receipt by you of a written notice from us specifying the occurrence of an Event of Default under the Reimbursement Agreement dated as of July 1, 2011 (the *"Reimbursement Agreement"*), between the Authority and us and directing you to cause a mandatory tender of the Series 2011 Bonds (the earliest of the foregoing dates herein referred to as the *"Termination Date"*), a maximum aggregate amount not exceeding $101,227,398 (the *"Original Stated Amount"*) to pay principal of, and accrued interest on, or the purchase price of, the $100,000,000 aggregate principal amount of the North Texas Tollway Authority System First Tier Variable Rate Revenue Refunding Bonds, Series 2011A (the *"Series 2011 Bonds"*) issued in accordance with the terms of the Resolution adopted by the Authority on June 15, 2011 (the *"Resolution"*) and the Amended and Restated Trust Agreement, in accordance with the terms hereof (said $101,227,398 having been calculated to be equal to (A) $100,000,000, the original principal amount of the Series 2011 Bonds, plus (B) $1,227,398 to 56 days' accrued interest on said principal amount of the Series 2011 Bonds at the rate of 8% per annum (the *"Cap Interest Rate"*) and assuming a year of 365 days. This credit is available to you against presentation of

Specimen

the following documents (the *"Payment Documents"*) presented to Morgan Stanley Bank, N.A. (the *"Bank"*) as described below:

> A certificate (with all blanks appropriately completed) (i) in the form attached as Annex C hereto to pay accrued interest on the Series 2011 Bonds as provided for in Section 203 of the Resolution (an *"Interest Drawing"*), (ii) in the form attached as Annex D hereto to pay the principal amount of and accrued interest on the Series 2011 Bonds in respect of any redemption of the Series 2011 Bonds as provided for in the Resolution and/or the Amended and Restated Trust Agreement (a *"Redemption Drawing"*), provided that in the event the date of redemption or purchase coincides with an Interest Payment Date (as defined in the Resolution and the Amended and Restated Trust Agreement) the Redemption Drawing shall not include any accrued interest on the Series 2011 Bonds (which interest is payable pursuant to an Interest Drawing), (iii) in the form attached as Annex E hereto, to allow Wells Fargo Bank, N.A., as Paying Agent (together with its permitted successors and assigns, the *"Paying Agent"*), to pay the purchase price of Series 2011 Bonds tendered for purchase as provided for in Section 203(A)(3), 203(B)(3), 203(B)(4), 203(C)(3), 203(C)(4), 203(R)(1), 203(R)(2), 203(R)(3) or 203(R)(4) of the Resolution which have not been successfully remarketed or for which the purchase price has not been received by the Paying Agent by 12:00 noon, New York, New York time, on the purchase date (a *"Liquidity Drawing"*), provided that in the event the purchase date coincides with an Interest Payment Date, the Liquidity Drawing shall not include any accrued interest on the Series 2011 Bonds (which interest is payable pursuant to an Interest Drawing); or (iv) in the form attached as Annex F hereto to pay the principal amount of Series 2011 Bonds maturing on January 1, 2050 (a *"Stated Maturity Drawing"*), each certificate to state therein that it is given by your duly authorized representative and dated the date such certificate is presented hereunder. No drawings shall be made under this Letter of Credit for (i) Bonds bearing interest at a rate other than the Daily Rate or the Weekly Rate (or if the Bank has delivered the notice in the form attached hereto as Annex L, the Flexible Rate) (*"Converted Bonds"*), (ii) Bonds, purchased with the proceeds of a Liquidity Drawing and registered in the name of the Bank or its nominee (the *"Credit Provider Bonds"*) or (iii) Bonds owned by or on behalf of the Authority (*"Authority Bonds"* and, together with the Converted Bonds and the Credit Provider Bonds, collectively referred to herein as the *"Ineligible Bonds"*).

Specimen

All drawings shall be made by presentation of each Payment Document at Morgan Stanley Bank, N.A., 1300 Thames Street, Thames Street Wharf, 4th Floor, Baltimore, MD 21231, Attention: Letter of Credit Department (or at such other address as we shall notify you of in writing from time to time), without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of drawing. Each drawing may be delivered to us in person, by mail, by a delivery service or by e-mail transmission at the e-mail address as is indicated below or as we shall notify you in writing from time to time. You shall use your best efforts to give telephonic notice of a drawing to the Bank at (443) 627-4555 on the Business Day preceding the day of such drawing (but such notice shall not be a condition to drawing hereunder and you shall have no liability for not doing so). Any drawing submitted to us by e-mail transmission (with the original of such draft or certificate to be delivered to us on the next succeeding Business Day) shall be sent to msagency@morganstanley.com, with a copy to muniloc@morganstanley.com.

We agree to honor and pay the amount of any Interest Drawing, Redemption Drawing, Liquidity Drawing or Stated Maturity Drawing if presented in compliance with all of the terms of this Letter of Credit. If any such drawing, other than a Liquidity Drawing, is presented prior to 4:00 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 1:00 P.M., New York time, on the following Business Day. If any such Drawing, other than a Liquidity Drawing, is presented at or after 4:00 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 1:00 P.M., New York time, on the second following Business Day. If a Liquidity Drawing is presented prior to 12:15 P.M., New York time, on a Business Day payment shall be made in immediately available funds, by 2:45 P.M., New York time, on the same Business Day. If a Liquidity Drawing is presented at or after 12:15 p.m., New York time, on any Business Day payment shall be made in immediately available funds, by 2:45 P.M., New York time, on the following Business Day. Payments made hereunder shall be made by wire transfer to you or by deposit into your account with us in accordance with the instructions specified by the Trustee in the drawing certificate relating to a particular Drawing hereunder. *"Business Day"* means any day which is not (i) a Saturday, a Sunday or a day on which commercial banks located in New York, New York or the city where the Trustee is located are authorized or required to close, (ii) a day on which the office of the Bank at which drawings under this Letter of Credit are to be honored is located is authorized or required to close or (iii) a day on which the New York Stock Exchange is closed.

The Available Amount (as hereinafter defined) of this Letter of Credit will be reduced automatically by the amount of any drawing hereunder; *provided, however,* that the amount of any Interest Drawing hereunder shall be automatically reinstated effective on the open of business on the fifth (5th) calendar day from the date such drawing is honored by us unless you shall have received written notice by telecopy or tested telex (or other electronic telecommunication) by 5:00 P.M., New York time, on the fourth (4th) calendar day after such date that the Bank has not been reimbursed in full for any such drawing or any other Event of Default has occurred and as a consequence thereof the Letter of Credit will not be so reinstated and the Bank has directed the Trustee to cause a mandatory tender of the Bonds pursuant to Section 6.02(a) of the Reimbursement Agreement. After payment by the Bank of a Liquidity Drawing, the obligation of the Bank to honor drawings under this Letter of Credit will be automatically reduced by an amount equal to the amount set forth in the certificate in the form of

Specimen

Annex E relating to such Liquidity Drawing. In addition, in the event of the remarketing of the Series 2011 Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank's obligation to honor drawings hereunder will be automatically reinstated in the amount indicated in a certificate in the form of Annex J attached hereto concurrently upon receipt by the Bank of such certificate and our receipt of funds.

Upon receipt by us of a certificate of the Trustee in the form of Annex G hereto, the Available Amount (as hereinafter defined) will be automatically and permanently reduced by the amount specified in such certificate. Such reduction shall be effective as of the next Business Day following the date of delivery of such certificate. Upon any permanent reduction of the Available Amount to be drawn under this Letter of Credit, as provided herein, we may deliver to you an amendment to this Letter of Credit substantially in the form of Annex K hereto to reflect any such reduction.

The *"Available Amount"* shall mean the Original Stated Amount (i) less the amount of all prior reductions pursuant to Interest Drawings, Redemption Drawings, or Liquidity Drawings, (ii) less the amount of any reduction thereof pursuant to a reduction certificate in the form of Annex G hereto to the extent such reduction is not already accounted for by a reduction in the Available Amount pursuant to (i) above, (iii) plus the amount of all reinstatements as above provided. The interest component of the Available Amount may be increased by the Bank upon delivery by the Bank to the Trustee of a Notice of Increase Amendment in the form of Annex L hereto.

Prior to the Termination Date, we may extend the Stated Termination Date from time to time at the request of the Authority by delivering to you an amendment to this Letter of Credit in the form of Annex I hereto designating the date to which the Stated Termination Date is being extended, and thereafter all references in this Letter of Credit to the Stated Termination Date shall be deemed to be references to the date designated as such in such notice. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

Upon the Termination Date this Letter of Credit shall automatically terminate.

This Letter of Credit is transferable in whole only to your successor as Trustee. Any such transfer (including any successive transfer) shall be effected by the presentation to us of this Letter of Credit accompanied by a request designating your successor in the form of Annex H, attached hereto, with the signature of the appropriate officer signing on your behalf, authenticated by another one of your officers as well as an acknowledgement of the transferee signed by its officer on their behalf and authenticated by another one of its officers. Upon presentation and payment by the Authority of the appropriate transfer fees payable under the Reimbursement Agreement, we shall forthwith effect a transfer of this Letter of Credit to your designated transferee. Transfers to designated foreign nationals specially designated nationals are not permitted as being contrary to the U.S. Treasury Department or Foreign Assets Control Regulations. Upon our endorsement of such transfer, the transferee instead of the transferor shall, without necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; *provided that*, in such case, any certificates of the

Specimen

Trustee to be provided hereunder shall be signed by one who states herein that he is a duly authorized officer or agent of the transferee.

Other than the provisions for communication by e-mail copy, communications with respect to this Letter of Credit shall be addressed to us at Morgan Stanley Bank, N.A., 1 Pierrepont Plaza, Brooklyn, NY 11201, Attn: David Ingram (or at such other address as we shall specify in a written notice), specifically referring to the number of this Letter of Credit.

Except as expressly stated herein, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practices 1998, International Chamber of Commerce-Publication No. 590 (*"ISP98"*). Except as to matters governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code of the State of New York.

All payments made by us hereunder shall be made from our funds and not with the funds of any other person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

Specimen

MORGAN STANLEY BANK, N.A.

By _____
Name: Eric Vandercar
Title: Executive Director

Specimen

**ANNEX A**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**NOTICE OF CONVERSION DATE**

[Date]

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), which has been established by you for the account of North Texas Tollway Authority, in favor of the Trustee.

The undersigned hereby certifies and confirms that on [insert date] (the *"Conversion Date"*) the interest rate on all of the Series 2011 Bonds has been converted to a rate other than the Weekly Rate or the Daily Rate, or, if the Available Amount has been increased as a result of the delivery of a certificate in the form of Annex L hereto, the Flexible Rate, and, accordingly, said Letter of Credit shall terminate on _____, 20__, which is 15 Business Days after such Conversion Date in accordance with its terms.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

_____
As Trustee

By _____
[Title of Authorized Representative]

Specimen

**ANNEX B**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**NOTICE OF TERMINATION**

[Date]

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), which has been established by you for the account of the North Texas Tollway Authority in favor of the Trustee.

The undersigned hereby certifies and confirms that (i) no Series 2011 Bonds (as defined in the Letter of Credit) remain Outstanding within the meaning of the Resolution, (ii) all Drawings required to be made under the Resolution and available under the Letter of Credit have been made and honored or (iii) an Alternate Credit Facility (as defined in the Resolution) has been issued to replace the Letter of Credit pursuant to the Resolution and, accordingly, the Letter of Credit shall be terminated in accordance with its terms.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

_____
as Trustee

By_____
[Title of Authorized Representative]

Specimen

**ANNEX C**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**INTEREST DRAWING CERTIFICATE**

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of _____ (the *"Beneficiary"*), hereby certifies on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), issued by Morgan Stanley Bank, N.A. (the *"Bank"*) in favor of the Beneficiary; (ii) those certain Series 2011 Bonds (as defined in the Letter of Credit); and (iii) that certain Resolution and Amended and Restated Trust Agreement (as each term is defined in the Letter of Credit):

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Trust Agreement.

2. The Beneficiary is entitled to make this Drawing in the amount of $_____ under the Letter of Credit pursuant to the Resolution with respect to the payment of interest due on all Series 2011 Bonds Outstanding on the Interest Payment Date (as defined in the Resolution) occurring on [insert applicable date], other than Ineligible Bonds (as defined in the Letter of Credit).

3. The amount of the drawing is equal to the amount required to be drawn by the Trustee pursuant to Section 203 of the Resolution.

4. The amount of the drawing made by this Certificate was computed in compliance with the terms of the Resolution and Amended and Restated Trust Agreement and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re: _____.

Specimen

IN WITNESS WHEREOF, this Certificate has been executed this ____ day of _____, 20___.

_____
as Trustee

By_____
[Title of Authorized Representative]

Specimen

**ANNEX D**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**REDEMPTION DRAWING CERTIFICATE**

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of _____ _____ (the *"Beneficiary"*), hereby certifies on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), issued by Morgan Stanley Bank, N.A. (the *"Bank"*) in favor of the Beneficiary; (ii) those certain Series 2011 Bonds (as defined in the Letter of Credit); and (iii) that certain Resolution and the Amended and Restated Trust Agreement (as each term is defined in the Letter of Credit):

1. The Beneficiary is the Trustee (as defined in the Letter of Credit) under the Amended and Restated Trust Agreement.

2. The Beneficiary is entitled to make this drawing in the amount of $_____ under the Letter of Credit pursuant to the Resolution and/or the Amended and Restated Trust Agreement.

3. (a) The amount of this drawing is equal to (i) the principal amount of Series 2011 Bonds to be redeemed by the Authority (as defined in the Letter of Credit) pursuant to Section [204(a)(i)(A)][204(a)(i)(B)] of the Resolution on [insert applicable date] (the *"Redemption Date"*) other than Ineligible Bonds (as defined in the Letter of Credit), *plus* (ii) interest on such Series 2011 Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Resolution) to the Redemption Date, provided that in the event the Redemption Date coincides with an Interest Payment Date this drawing does not include any accrued interest on such Series 2011 Bonds.

(b) Of the amount stated in paragraph 2 above:

(i) $_____ is demanded in respect of the principal amount of the Series 2011 Bonds referred to in subparagraph (a) above; and

Specimen

(ii) $_____ is demanded in respect of accrued interest on such Series 2011 Bonds.

4. Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re: _____.

5. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Resolution and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

6. Upon payment of the amount drawn hereunder, the Bank is hereby directed to permanently reduce the Available Amount by $[insert amount of reduction] and the Available Amount shall thereupon equal $[insert new Available Amount]. The Available Amount has been reduced by an amount equal to the principal of Series 2011 Bonds paid with this drawing and an amount equal to 56 days' interest thereon at the Cap Interest Rate.

7. Of the amount of the reduction stated in paragraph 6 above:

(i) $_____ is attributable to the principal amount of Series 2011 Bonds redeemed; and

(ii) $_____ is attributable to interest on such Series 2011 Bonds (*i.e.*, 56 days' interest thereon at the Cap Interest Rate).

8. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

9. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Series 2011 Bonds Outstanding (to the extent such Series 2011 Bonds are not Ineligible Bonds (as defined in the Letter of Credit)), plus 56 days' interest thereon at the Cap Interest Rate.

Specimen

IN WITNESS WHEREOF, this Certificate has been executed this ____ day of _____, _____.

_____
as Trustee

By_____
[Title of Authorized Representative]

Specimen

**ANNEX E**
**TO**
**MORGAN STANLEY, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**LIQUIDITY DRAWING CERTIFICATE**

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of _____ (the *"Beneficiary"*) hereby certifies as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), issued by Morgan Stanley Bank, N.A. (the *"Bank"*) in favor of the Beneficiary; (ii) those certain Series 2011 Bonds (as defined in the Letter of Credit); and (iii) that certain Resolution and the Amended and Restated Trust Agreement (as defined in the Letter of Credit):

1. The Beneficiary is the Trustee under the Amended and Restated Trust Agreement.

2. The Beneficiary is entitled to make this drawing under the Letter of Credit in the amount of $_____ with respect to the payment of the purchase price of Series 2011 Bonds tendered for purchase in accordance with Section [203(A)(3)][203(B)(3)][203(B)(4)][203(C)(3)][203(C)(4)][203(R)(1)][203(R)(2)][203(R)(3)][203(R)(4)] of the Resolution and to be purchased on [insert applicable date] (the *"Purchase Date"*) which Series 2011 Bonds have not been remarketed as provided in the Resolution or the purchase price of which has not been received by the Paying Agent (as defined in the Letter of Credit) by 12:00 noon, New York time, on said Purchase Date .

3. (a) The amount of the drawing is equal to (i) the principal amount of Series 2011 Bonds to be purchased pursuant to the Resolution on the Purchase Date other than Ineligible Bonds (as defined in the Letter of Credit), *plus* (ii) interest on such Series 2011 Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Resolution) (or if none, the date of issuance of the Series 2011 Bonds) to the Purchase Date, provided that in the event the Purchase Date coincides with an Interest Payment Date this drawing does not include any accrued interest on such Series 2011 Bonds.

Specimen

(b) Of the amount stated in paragraph (2) above:

(i) $_____ is demanded in respect of the principal portion of the purchase price of the Series 2011 Bonds referred to in subparagraph (2) above; and

(ii) $_____ is demanded in respect of payment of the interest portion of the purchase price of such Series 2011 Bonds.

4. The Series 2011 Bonds to be purchased bear interest at the [Daily Rate][Weekly Rate]. In accordance with the Resolution, if this Certificate is (i) presented to the Bank prior to 12:15 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 2:45 P.M., New York time, on the same Business Day and (ii) presented to the Bank at or after 12:15 P.M., New York time, on a Business Day, payment shall be made in immediately available funds, by 2:45 P.M., New York time, on the following Business Day.

5. The amount of the drawing made by this Certificate was computed in compliance with the terms and conditions of the Resolution and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

6. Upon payment of the amount drawn hereunder, the Bank is hereby directed to reduce the Available Amount of the Letter of Credit by $[insert amount of reduction] and the Available Amount shall, after giving effect to such reduction, equal $[insert new Available Amount].

7. Of the amount of reduction stated in paragraph 6 above:

(i) $_____ is attributable to the principal amount of Series 2011 Bonds tendered; and

(ii) $_____ is attributable to interest on such Series 2011 Bonds (i.e., 56 days' interest of the Cap Interest Rate).

8. The Beneficiary will register or cause to be registered in the name of the Bank (or the Authority at the written direction of the Bank), upon payment of the amount drawn hereunder, Series 2011 Bonds in the principal amount of the Series 2011 Bonds being purchased with the amounts drawn hereunder and will deliver such Series 2011 Bonds to the Trustee in accordance with the Resolution.

9. Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re: _____.

Specimen

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

_____
as Trustee

By_____
[Title of Authorized Representative]

Specimen

**ANNEX F**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**STATED MATURITY DRAWING CERTIFICATE**

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

The undersigned individual, a duly authorized representative of _____ (the *"Beneficiary"*), hereby certifies on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), issued by Morgan Stanley Bank, N.A. (the *"Bank"*) in favor of the Beneficiary; (ii) those certain Series 2011 Bonds (as defined in the Letter of Credit); and (iii) that certain Resolution and the Amended and Restated Trust Agreement (as each term is defined in the Letter of Credit):

1. The Beneficiary is the Trustee under the Amended and Restated Trust Agreement.

2. The Beneficiary is entitled to make this drawing in the amount of $_____ under the Letter of Credit pursuant to the Resolution.

3. The amount of this drawing is equal to the principal amount of Series 2011 Bonds Outstanding on January 1, 2050, the maturity date thereof as specified in the Resolution, other than Ineligible Bonds (as defined in the Letter of Credit).

4. The amount of this Drawing made by this Certificate was computed in compliance with the terms and conditions of the Resolution and, when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. Payment by the Bank pursuant to this drawing shall be made to _____, ABA Number _____, Account Number _____, Attention: _____, Re: _____.

Specimen

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, _____.

_____
as Trustee

By_____
[Title of Authorized Representative]

Specimen

**ANNEX G**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**REDUCTION CERTIFICATE**

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

The undersigned hereby certifies with respect to (i) that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), issued by Morgan Stanley Bank, N.A. (the *"Bank"*) in favor of the Beneficiary; (ii) those certain Series 2011 Bonds (as defined in the Letter of Credit); and (iii) that certain Trust Agreement (as defined in the Letter of Credit):

1. The Beneficiary is the Trustee under the Amended and Restated Trust Agreement.

2. Upon receipt by the Bank of this Certificate, the Available Amount (as defined in the Letter of Credit) shall be reduced by $_____ and the Available Amount shall thereupon equal $_____. $_____ of the new Available Amount is attributable to interest and $_____ of the new Available Amount is attributable to principal.

3. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

4. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Series 2011 Bonds Outstanding (other than Ineligible Bonds (as defined in the Letter of Credit)) plus $_____ which is at least 56 days' accrued interest on said principal amount of the Series 2011 Bonds at the Cap Interest Rate.

Specimen

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of _____, ____.

_____
as Trustee

By_____
[Title of Authorized Representative]

Specimen

**ANNEX H**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**TRANSFER CERTIFICATE**

Date:

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Re: Irrevocable Standby Letter of Credit No. 2011070700 dated July 7, 2011

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("Credit") in its entirety to:

NAME OF TRANSFEREE

_____

(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE

_____

_____

CITY, STATE/COUNTRY ZIP

_____

In accordance with ISP98, Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred.

Specimen

The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of this transferred Credit and these instructions.

Transferor represents and warrants to Transferee that (i) our execution, delivery, and performance of this request to Transfer (a) are within our powers, (b) have been duly authorized, (c) constitute our legal, valid, binding and enforceable obligation, (d) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties, (e) do not require any notice, filing or other action to, with, or by any governmental authority, (ii) the enclosed Credit is original and complete, (iii) there is no outstanding demand or request for payment or transfer under the Credit affecting the rights to be transferred, (iv) the Transferee's name and address are correct and complete and (v) the Transferee's use of the Credit as transferred and the transactions underlying the Credit and the requested Transfer do not violate any applicable United States or other law, rule or regulation.

The Effective Date shall be the date hereafter on which Transferring Bank effects the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

(Signature Page Follows)

Specimen

This Request is made subject to ISP98 and is subject to and shall be governed by the laws of the State of New York, without regard to principles of conflict of laws.

Sincerely yours,

_____
(Print Name of Transferor)

_____
(Transferor's Authorized Signature)

_____
(Print Authorized Signers Name and Title)

_____
(Telephone Number/Fax Number)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

_____
(Print Name of Bank)

_____
(Address of Bank)

_____
(City, State, Zip Code)

_____
(Print Name and Title of Authorized Signer)

Acknowledged:

_____
(Print Name of Transferee)

_____
(Transferee's Authorized Signature)

_____
(Print Authorized Signers Name and Title)

_____
(Telephone Number/Fax Number)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

_____
(Print Name of Bank)

_____
(Address of Bank)

_____
(City, State, Zip Code)

_____
(Print Name and Title of Authorized Signer)

_____
(Authorized Signature)

Speci

**ANNEX I**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**NOTICE OF EXTENSION**

[TRUSTEE]
_____
_____
_____
Attention: _____

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Stated Expiration Date, as defined in the Letter of Credit, has been extended to _____.

This letter should be attached to the Letter of Credit and made a part thereof.

MORGAN STANLEY BANK, N.A.

By _____
Name:_____
Title: _____

Specimen

**ANNEX J**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**NOTICE OF REMARKETING**

Morgan Stanley Bank, N.A.
1300 Thames Street
Thames Street Wharf, 4th Floor
Baltimore, MD 21231
Attention: David Ingram
(or such other address as the Bank shall specify in a written notice)

Ladies and Gentlemen:

The undersigned, a duly authorized officer of _____ [insert name of Trustee] (the *"Trustee"*), hereby notifies Morgan Stanley Bank, N.A. (the *"Bank"*), with reference to that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Trustee as follows:

1. _____ is the Remarketing Agent under the Amended and Restated Trust Agreement for the holders of the Series 2011 Bonds.

2. The Trustee has been advised by the Authority or the Remarketing Agent that the amount of $_____ paid to the Bank today by the Authority or the Remarketing Agent on behalf of the Authority is a payment made to reimburse the Bank, pursuant to the Reimbursement Agreement, for amounts drawn under the Letter of Credit pursuant to a Liquidity Drawing.

3. Of the amount referred to in paragraph 2, $_____ represents the aggregate principal amount of Credit Provider Bonds resold or to be resold on behalf of the Authority.

4. Of the amount referred to in paragraph 2, $_____ represents accrued and unpaid interest on such Credit Provider Bonds.

Specimen

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of this _____ day of _____,____.

[INSERT NAME OF TRUSTEE],
As Trustee

By_____
Name:_____
Title:_____

Specimen

**ANNEX K**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**

**NO. 2011070700**

**NOTICE OF REDUCTION AMENDMENT**

[Date]

[TRUSTEE]
_____
_____
_____
Attention: _____

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit and that certain Letter of Credit and Reimbursement Agreement dated as of July 1, 2011, between North Texas Tollway Authority and us, the Available Amount (as defined in the Letter of Credit) has been reduced to U.S. $_____, of which U.S. $_____ is attributable to principal and U.S. $_____ is attributable to interest.

This letter should be attached to the Letter of Credit and made a part thereof.

MORGAN STANLEY BANK, N.A.

By _____
Name:_____
Title: _____

Specimen

**ANNEX L**
**TO**
**MORGAN STANLEY BANK, N.A.**
**LETTER OF CREDIT**
**NO. 2011070700**

**NOTICE OF INCREASE AMENDMENT**

[Date]

[TRUSTEE]
_____
_____
_____
Attention: _____
Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 2011070700 dated July 7, 2011 (the *"Letter of Credit"*), established by us in your favor as Beneficiary. We hereby notify you that, in accordance with the terms of the Letter of Credit and that certain Letter of Credit and Reimbursement Agreement dated as of July 1, 2011, between North Texas Tollway Authority and us, the Available Amount (as defined in the Letter of Credit) has been increased to U.S. $_____, of which U.S. $_____ is attributable to principal and U.S. $_____ is attributable to interest.

This letter should be attached to the Letter of Credit and made a part thereof.

MORGAN STANLEY BANK, N.A.

By _____
Name:_____
Title: _____

Specimen

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NORTH TEXAS TOLLWAY AUTHORITY

NORTH TEXAS TOLLWAY AUTHORITY • SYSTEM FIRST TIER VARIABLE RATE REVENUE REFUNDING BONDS, SERIES 2011A