



SPECIAL PROJECTS SYSTEM



2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Special Projects System

An Enterprise Fund of the
North Texas Tollway Authority

Fiscal Year Ended August 31, 2011



NORTH TEXAS TOLLWAY AUTHORITY

**SPECIAL PROJECTS SYSTEM
An Enterprise Fund of the
NORTH TEXAS TOLLWAY AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended August 31, 2011

**Gerry Carrigan
Interim Executive Director**

**Janice D. Davis
Chief Financial Officer**

**SPECIAL PROJECTS SYSTEM
OF THE
NORTH TEXAS TOLLWAY AUTHORITY
Comprehensive Annual Financial Report
For the Year Ended August 31, 2011**

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NORTH TEXAS TOLLWAY AUTHORITY

5900 West Plano Parkway, Suite 100 • Plano, Texas 75026 • (214) 461-2000 • Fax (214) 528-4826 • www.ntta.org

January 13, 2012

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

The Trust Agreement dated April 1, 2011, between the North Texas Tollway Authority (the Authority or NTTA) and Wells Fargo Bank, National Association (the Trustee), requires the Authority to provide audited annual financial statements of the Special Projects System (the SPS), an enterprise fund of the Authority. In accordance with this requirement, the Finance Department of the Authority is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ended August 31, 2011 in compliance with Section 712 of the Trust Agreement. The CAFR is intended to provide detailed information on the System's financial condition at August 31, 2011.

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 Special Projects System's financial statements for the year ended August 31, 2011. 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 Government

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, 1968 and the final segment, to US 380 was opened to traffic on September 28, 2007.

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 operations of the SPS 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. Management confirms that the financial statements are presented fairly and in all material respects, represent the

financial position of the NTTA as of August 31, 2011. Please refer to the Management's Discussion and Analysis (MD&A) on pages 7-14 of this report for a detailed discussion of the System's financial performance.

Economic Development

The Dallas Fort Worth area ranks among the top 3 U.S. metropolitan areas for business expansions, relocations and employment growth. 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 20 firms headquartered in our region. The regions diverse base of employers drives the region's economic strength, pulling from a variety of industries so that growth is possible even during the current economic downturn.

Relevant Financial Policies

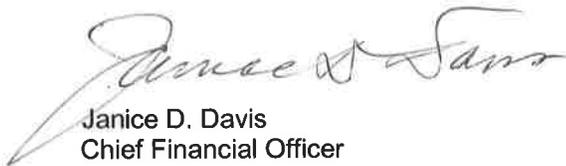
The SPS does not have any employees. The Authority employees perform the work of the SPS. Additionally, the Authority provides all accounting, debt financing and administrative services.

Section 705 of the Trust Agreement mandates the Authority will maintain cash flows for each Fiscal Year commencing with the Fiscal Year ending August 31, 2014 in an amount not less than 1.00 times the Debt Service Requirements on all Outstanding First and Second Tier Obligations.

Acknowledgments

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.

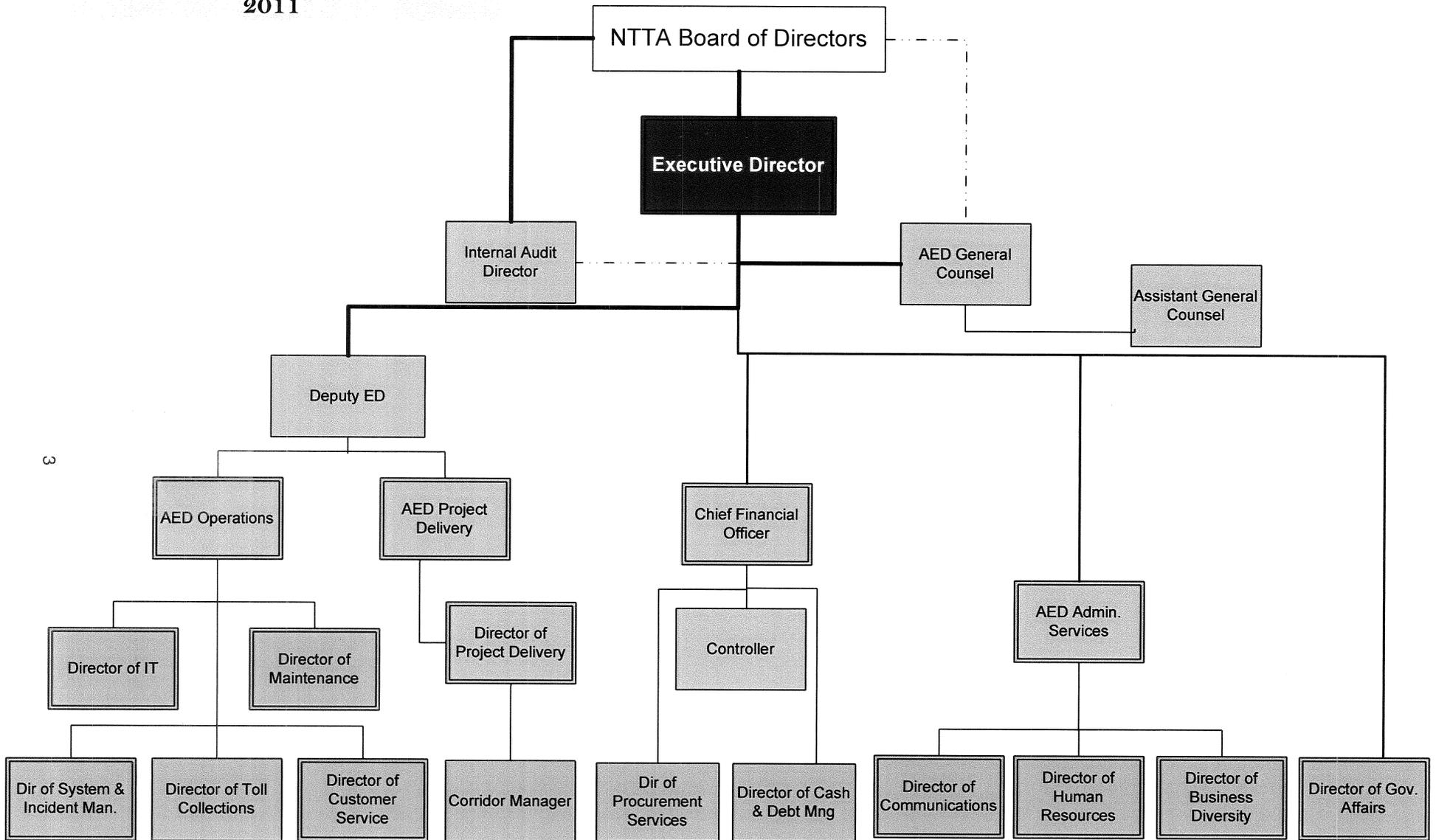
Respectfully submitted,



Janice D. Davis
Chief Financial Officer

NTTA – Organizational Chart

2011



North Texas Tollway Authority
List of Officials
August 31, 2011

Board of Directors

Kenneth Barr
Bill Moore
Kent Cagle
David R. Denison
Michael R. Nowels
George Quesada
Robert K. Shepard
Victor Vandergriff
Jane Willard

Chair
Vice-Chair
Director
Director
Director
Director
Director
Director

Officials

Gerry Carrigan
Magdalena Kovats
Thomas Bamonte

Janice D. Davis
Elizabeth Mow

Clayton Howe

Kim Tolbert

Nina Arias
Kiven Williams
Anthony Coleman
Kim Jackson
Marty Lege

Dave Pounds
Carrie Rogers
Eric Hemphill

Interim Executive Director
Director, Internal Audit
Assistant Executive Director
General Counsel
Chief Financial Officer
Interim, Assistant Executive Director
Project Delivery
Assistant Executive Director
Operations
Assistant Executive Director
Administration
Director, Human Resources
Director, Customer Service
Director, Business Diversity
Director, Communications
Director, Systems and Incident
Management
Director, Information Technology
Director, Government Affairs
Interim, Director, Maintenance

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Texas Tollway Authority

We have audited the accompanying basic financial statements of the Special Projects System (the SPS), an enterprise fund of the North Texas Tollway Authority (the Authority), as of and for the year ended August 31, 2011, 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.

As discussed in note 1(a), the financial statements present only the SPS, an enterprise fund of the Authority and do not purport to, and do not, present fairly the financial position of the Authority as of August 31, 2011, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Special Projects System, an enterprise fund of the Authority, as of August 31, 2011, 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 7 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, is 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 7 and the statistical section have not been subjected to the audit procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on them.

Crowe Horwath LLP

Irving, Texas
January 13, 2012

**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**

Management's Discussion and Analysis
August 31, 2011

As Management of the North Texas Tollway Authority (Authority), we offer readers of the Special Projects System's (SPS), an enterprise fund of the Authority, financial statements this narrative overview and analysis of the financial activities of the SPS for the year ended August 31, 2011. 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.

In April 2011, the Authority created a separate system of toll roads known as the Special Projects System. The SPS currently consists of the President George Bush Turnpike – Western Extension (PGBT-WE). PGBT-WE, also known as State Highway 161, is an 11.5 mile link between I-20 and State Highway 183. PGBT-WE is being constructed in conjunction with the Texas Department of Transportation (TxDOT). Sections of PGBT-WE, constructed by TxDOT, opened to traffic in August 2009. The SPS will also include the Chisholm Trail Parkway (CTP), when it opens to traffic in mid-2014; the planned CTP is approximately 27 miles in length and runs from Fort Worth's Central Business District to Cleburne, in Johnson County.

The SPS is not part of the North Texas Tollway Authority System (NTTA System), a separate enterprise fund of the Authority. Separate financial statements are issued for the NTTA System. Bonds issued by the SPS are secured and paid from revenues of the SPS and not from revenues of the NTTA System.

In April 2011, the Authority entered into agreements with TxDOT and the United States Department of Transportation (USDOT) related to the SPS, these transactions are recorded in the accompanying financial statements of the SPS.

The Authority has entered into the Secured Loan Agreement (TIFIA Loan Agreement), dated April 1, 2011 between the Authority and the USDOT to obtain a loan in the approximate amount of \$418.4 million under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to refund the Taxable Bond Anticipation Notes, Series 2011, issued by the Authority in conjunction with the construction of PGBT-WE.

The Authority entered into the Toll Equity Loan Agreement (TELA) with TxDOT in conjunction with the issuance of the Series 2011A-C Bonds. Pursuant to the TELA, TxDOT has agreed to make a toll equity loan available to the Authority in an aggregate amount of \$6.02 billion any time revenues of the SPS are not sufficient to pay expenses and debt service related to PGBT-WE.

In exchange for turning over the Sections of PGBT-WE that TxDOT constructed to the Authority in perpetuity, the Authority made an upfront payment of \$469,074,676.

As part of the TELA, the SPS operates on the State of Texas fiscal year which runs from September 1st through August 31st.

Using This Annual Report

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SPS financial statements, notes to the financial statements, and required supplementary information. The financial statements of the SPS 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 SPS'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 SPS's financial position is improving or deteriorating.

**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**

Management's Discussion and Analysis
August 31, 2011

Statement of Revenues, Expenses and Changes in Net Assets: This statement presents information showing the SPS's revenues, expenses, and how the net assets changed during the year.

Statement of Cash Flows: This statement presents information about the SPS's cash receipts and cash payments, or, in other words, the sources and uses of the SPS'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 SPS's infrastructure condition. Additionally, certain financial schedules are presented by Trust Accounts and in accordance with the System's Trust Agreement.

Financial Results and Analysis

2011 Highlights

- As noted above, the Special Projects System was created by the Authority in April 2011 so this is the first year of operation.
- Total transactions for FY 2011 were 11,409,801.
- The NTTA System issued \$400,000,000 of Subordinate Lien Bonds in May 2010 for the purpose of providing an equity contribution to the SPS for the PGBT-WE and the CTP projects. This debt remains on the books of the NTTA System.
- In April 2011 the NTTA System made an equity contribution of \$72,471,089 for construction of PGBT-WE.
- The NTTA System expects to make the remaining equity contribution of \$327,528,911 for construction of the CTP at financial close of the CTP project.
- Toll revenues for FY 2011 were \$10,488,973.
- The Administration and Operations expenses of \$5.4 million were under budget by 27.6% in FY 2011.

**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**
Management's Discussion and Analysis
August 31, 2011

Summary of Operations

Table A-1

Net Assets (in millions of dollars)

		2011
Current Assets	\$	5.2
Current Restricted Assets		338.7
Noncurrent Assets		
Restricted Investments		104.2
Other Assets		9.7
Capital Assets		762.7
Total Assets		1,220.5
Current Liabilities		24.9
Liabilities Payable from Restricted Assets		23.5
Long-Term debt		1,096.8
Total Liabilities		1,145.2
Net Assets:		
Invested in Capital Assets, net of related debt		20.7
Restricted for Construction		-
Restricted for Debt Service		-
Unrestricted		54.5
Net assets	\$	75.3

The SPS's net assets indicate an unrestricted current ratio of 0.21 for FY 2011. Working capital was \$(19.7) million in FY 2011. Total unrestricted current assets were \$5.2 million in FY 2011. Total unrestricted and restricted current assets were \$343.9 million at the end of FY 2011. Investments of \$341.0 million represent the largest component of current assets. The remaining \$2.9 million is comprised of accrued interest receivable of \$0.8 million and accounts receivable of \$2.1 million (See Note 9).

Total unrestricted current liabilities were \$24.9 million at the end of FY 2011, including \$3.4 million for accounts payable and retainage payable and \$21.5 million of accrued liabilities.

**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**
Management's Discussion and Analysis
August 31, 2011

Table A-2

Changes in Net Assets
(in millions of dollars)

REVENUES	2011
Tolls	\$ 10.5
Other Revenues	1.2
Operating Revenues	11.7
Operating Expenses	4.8
Operating Income	6.9
Net Nonoperating Revenue (Expenses):	
Interest Income	-
Interest Expense	(4.3)
Other	(1.2)
Net Nonoperating Revenue (Expenses):	(5.5)
Capital Contributions	
Capital Contributions	71.7
Payments to Other Governments	2.2
	75.3
Net Assets - Beginning of Year	-
Net Assets - Ending	\$ 75.3
Change in Net Assets	

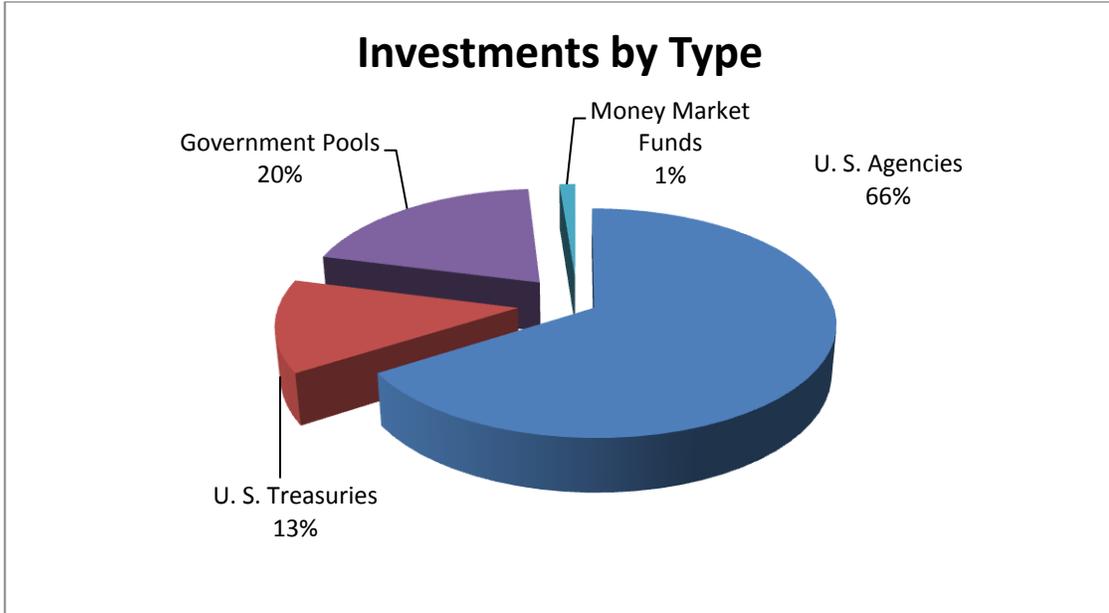
Total operating revenues were \$11.7 million for FY 2011 (see Table A-2). Toll revenues were \$10.5 million. Average daily transactions for FY 2011 were 31,260.

Total operating expenses, including Major Maintenance for FY 2011 were \$4.8 million (See Table A-2). Interest expense, net of capitalized interest, for 2011 was \$4.6 million.

**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**
Management's Discussion and Analysis
August 31, 2011

Investments: The SPS's investments at August 31, 2011 was approximately \$445.2 million. Table A-3 chart below shows the types of authorized investments in the August 31, 2011 portfolio.

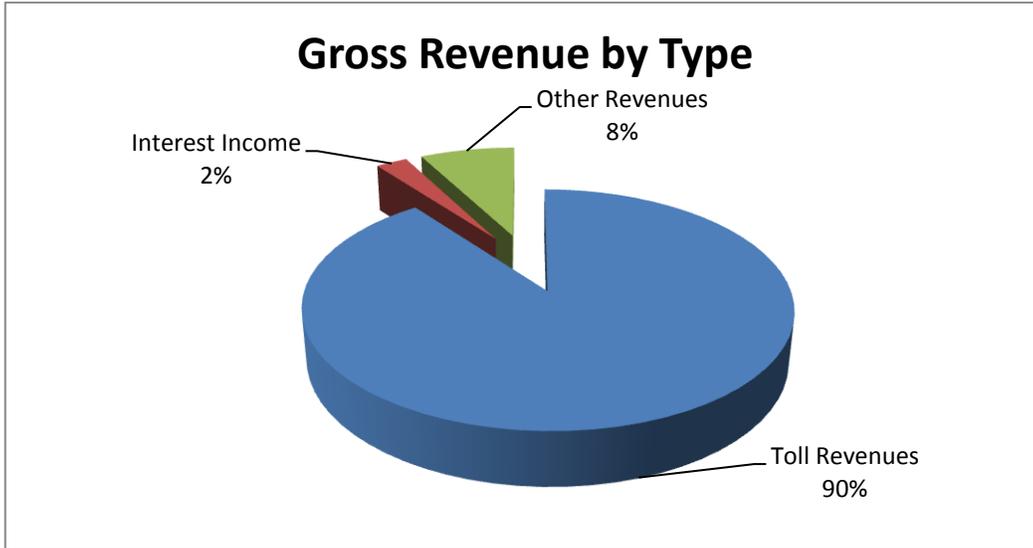
Table A-3



**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**
Management's Discussion and Analysis
August 31, 2011

Table A-4 below shows NTTA's revenue in FY 2011 by revenue source type.

Table A-4



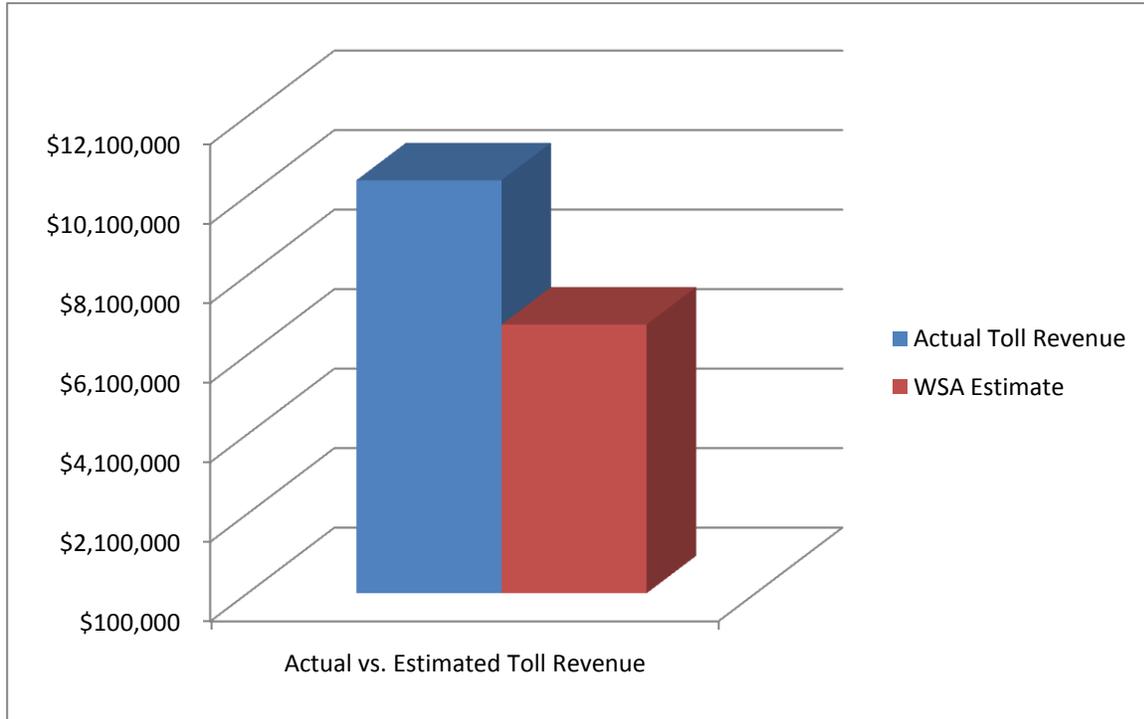
Gross revenues for FY 2011 were \$11.7 million. Toll revenues of \$10.5 million account for 90.0% of total revenue. Interest income (excluding Construction Fund interest) was \$0.3 million or 2.0%. Other revenue, mostly administrative and statement fees for collection of tolls from violators and interoperability fees, was \$0.9 million, representing 8.0% of the total.

**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**

Management's Discussion and Analysis
August 31, 2011

Table A-5 below shows the SPS's actual toll revenue for FY 2011 compared to the estimated toll revenue of the Authority's traffic and toll revenue engineer, Wilbur Smith Associates (WSA). Toll revenue exceeded WSA's 2011 estimates by 52.9% due to a greater percentage of zip cash users.

Table A-5



Average daily transactions were 31,260.

Engineering Estimates

The annual estimates by the Authority's traffic and revenue engineer, WSA, are displayed in comparison to the actual revenue for the 2011 year in Table A-6 below:

Table A-6
Actual vs. Estimated Revenue

Year	Actual	Estimate	Variance
2011	\$ 10,488,973	\$ 6,861,500	\$ 3,627,473

**SPECIAL PROJECTS SYSTEM
AN ENTERPRISE FUND OF THE
NORTH TEXAS TOLLWAY AUTHORITY**

Management's Discussion and Analysis
August 31, 2011

Capital Assets – The SPS's investment in capital assets includes land, buildings, right-of-way, roadway, bridges, equipment, and computer systems. Capital assets at August 31, 2011 were \$762.7 million. For additional information on capital assets see Note (1) (f) and Note (4).

The SPS will use the GASB No. 34, Modified Approach of reporting infrastructure assets. An asset condition assessment for the PGBT WE will be conducted after substantial completion of construction starting in 2013 and will occur every three years thereafter.

Long-Term Debt – At the end of FY 2011, the SPS's total bonded debt outstanding was \$1.1 billion (See Table A-7). This debt represents bonds secured solely by toll revenues of the SPS. For detailed information see Note (5) and schedule of revenue bonds outstanding as of August 31, 2011, on page 30.

Table A-7
Revenue Bonds Outstanding
As of FY 2011

Series	Outstanding 2011
Series 2011A	\$ 487,890,000
Series 2011B	56,527,152
Series 2011C	132,849,714
Series 2011A BANS*	348,295,000
Series 2011B BANS*	70,110,000
Revenue Bonds Outstanding	1,095,671,866
Bond discount/premium	(1,169,590)
Total	\$ 1,096,841,456

*Bond Anticipation Notes

Subsequent Events

In November 2011, the Authority issued \$566,870,000 of Series 2011D nontaxable current interest bonds and \$73,665,000 of Series 2011E taxable current interest bonds for the construction of the SPS CTP. In addition, at the same time the Authority transferred the remaining \$327,528,911 equity contribution, from the proceeds of the NTTA System Subordinated Capital Improvement Fund debt, for the construction of the SPS CTP.

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.



SPECIAL PROJECTS SYSTEM

Statement of Net Assets

August 31, 2011

Assets	
Current assets:	
Investments (note 3)	\$ 2,689,310
Accrued interest receivable	327,131
Accounts receivable (note 9)	2,150,723
Total current unrestricted assets	<u>5,167,164</u>
Current restricted assets:	
Restricted assets:	
Restricted for construction:	
Investments (notes 3 and 10)	331,695,850
Accrued interest receivable	438,250
Restricted for debt service:	
Investments (note 3)	<u>6,606,554</u>
Total current restricted assets	<u>338,740,654</u>
Total current assets	<u>343,907,818</u>
Noncurrent assets:	
Investments restricted for construction (note 3)	38,673,040
Investments restricted for debt service (note 3)	65,526,347
Deferred financing costs	9,705,304
Capital assets (note 4)	<u>762,669,445</u>
Total noncurrent assets	<u>876,574,136</u>
Total assets	<u>1,220,481,954</u>

See accompanying notes to basic financial statements.

SPECIAL PROJECTS SYSTEM

Statement of Net Assets

August 31, 2011

Liabilities	
Current liabilities:	
Accounts and retainage payable	\$ 3,428,491
Accrued liabilities	21,442,066
Total current unrestricted liabilities	<u>24,870,557</u>
Payable from restricted assets:	
Construction-related payables:	
Accounts payable (note 10)	6,084
Retainage payable (note 10)	11,076,975
Debt service-related payables:	
Accrued interest payable	12,423,531
Total current liabilities payable from restricted assets	<u>23,506,590</u>
Total current liabilities	<u>48,377,147</u>
Noncurrent liabilities:	
Special Projects System revenue bonds payable, net of unamortized net bond (premium) costs of (\$1,169,590) (note 5)	<u>1,096,841,456</u>
Total noncurrent liabilities	<u>1,096,841,456</u>
Total liabilities	<u>1,145,218,603</u>
	Net Assets
Invested in capital assets, net of related debt	20,741,421
Restricted:	
Restricted for construction	-
Restricted for debt service	-
Unrestricted	54,521,930
Total net assets	<u>\$ 75,263,351</u>

See accompanying notes to basic financial statements.

SPECIAL PROJECTS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Assets
Year ended August 31, 2011

Operating revenues:	
Tolls	\$ 10,488,973
Interest income	320,008
Other	854,550
Total operating revenues	<u>11,663,531</u>
Operating expenses:	
General	
Administration	1,320,416
Operations	3,456,434
Preservation	
Major maintenance	5,533
Capital expenditure	-
Total operating expenses	<u>4,782,383</u>
Operating income	<u>6,881,148</u>
Nonoperating revenues (expenses):	
Net increase in the fair value of investments	514,876
Interest income (net of capitalized interest)	151,120
Interest expense on short term notes (net of capitalized interest)	(4,433,416)
Bond premium/discount amortization	310,664
Bond issuance cost amortization	(650,821)
Other	(1,363,369)
Net nonoperating revenues (expenses)	<u>(5,470,946)</u>
Income (loss) before capital contributions	1,410,202
Capital Contributions	71,678,755
Payments (to)/from Other Governments	<u>2,174,394</u>
Change in net assets	75,263,351
Beginning net assets	-
Ending net assets	<u>\$ 75,263,351</u>

See accompanying notes to basic financial statements.

SPECIAL PROJECTS SYSTEM
Statement of Cash Flows
Year ended August 31, 2011

Cash flows from operating activities:	
Receipts from customers and users	\$ 9,192,800
Payments to contractors and suppliers	(7,236,542)
Payments to employees	(1,809,775)
Net cash provided by (used in) operating activities	<u>146,483</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets (including capitalized interest costs)	(730,908,121)
Issuance of revenue bonds	1,096,841,456
Capital contributions	75,296,231
Interest paid on revenue bonds and other debt	(5,201,140)
Net cash provided by (used in) capital and related financing activities	<u>436,028,426</u>
Cash flows from investing activities:	
Purchase of investments	(1,077,973,017)
Proceeds from sales and maturities of investments	641,362,014
Interest received	436,094
Net cash provided by (used in) investing activities	<u>(436,174,909)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents, beginning of the year	—
Cash and cash equivalents, end of the year	<u><u>\$ —</u></u>
Classified as:	
Current assets	\$ —
Restricted assets	—
Total	<u><u>\$ —</u></u>
Noncash financing, capital, and investing activities:	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 6,881,148
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(2,150,723)
Increase in prepaid expenses and other assets	(40,537,558)
Increase in accounts and retainage payable	14,511,550
Increase in accrued liabilities	21,442,066
Total adjustments	<u>(6,734,665)</u>
Net cash provided by operating activities	<u><u>\$ 146,483</u></u>
Noncash financing activities:	
Increase in fair value of investments	\$ 514,876

See accompanying notes to basic financial statements.



**NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

August 31, 2011

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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.

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

(b) Basis of Accounting

The operations of the SPS 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 SPS are included in the Statement of Net Assets. The assets of the SPS are stated at cost with the exception of certain investments, which are stated at fair value.

The SPS applies all applicable GASB pronouncements to the System, 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 SPS are toll revenues received from patrons. Operating expenses for the System include the costs of operating and maintaining the System and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The SPS does not have any employees. The Authority employees perform the work of the SPS. Additionally, the Authority provides all accounting, debt financing and administrative services.

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

(c) Budget

Operating budgets are established in accordance with the practices set forth in the provisions of the Trust Agreement for the Special Projects System Revenue Bonds, as interpreted by the SPS. 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-

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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 SPS'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 SPS are included in the statement of net assets in accordance with the Trust Agreement as described above.

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

(d) Restricted Assets

Certain proceeds of the Revenue Bonds are restricted by applicable bond covenants for construction or restricted as reserves to ensure repayment of the bonds. Also, certain other assets are accumulated and restricted on a monthly basis in accordance with the Trust Agreement for the purpose of paying interest and principal payments that are due on a semiannual and annual basis, respectively, and for the purpose of maintaining the reserve funds at the required levels. Payments from these restricted accounts are strictly governed by the Trust Agreement and can only be made in compliance with the Trust Agreement. Limited types of expenses may be funded from these accounts. Expenses that do not meet these requirements are funded from unrestricted accounts. The SPS's practice is to use restricted funds first, then unrestricted, when both are available for use to fund an activity. The funds and accounts that have been established in accordance with the Trust Agreement are as follows:

- **Construction Fund** – The Construction Fund was created to account for that portion of the proceeds from the sale of the System 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 Fund any monies received from any other source for paying the cost of the System.
- **Revenue Fund** – The Revenue Fund was created to account for all revenues (all tolls, other revenues, and income) arising or derived by the SPS from the operation and ownership of the SPS. All revenues of this fund are distributed to other funds in accordance with the Trust Agreement.
- **Operating Fund** – The Operating Fund was created to account for and pay current operating expenses of the SPS.
- **Major Maintenance Fund** – The Major Maintenance Fund was created to account for those expenses of maintaining the SPS 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 System or to prevent loss of revenues, engineering expenses relating to the functions of the Systems, equipment, maintenance expenses, and operating expenses not occurring at annual or shorter periods.
- **Capital Expenditures Fund** – The Capital Expenditures Fund 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 SPS in connection with the SPS, or for any other purpose now or hereafter authorized by law.
- **First Tier Debt Service Fund** – The First Tier Debt Service Fund was created to account for the payment of First Tier obligations.
- **Second Tier Debt Service Fund** – The Second Tier Debt Service Fund was created to account for the payment of Second Tier obligations.

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- **Third Tier Debt Service Fund** – The Third Tier Debt Service Fund was created to account for the payment of Third Tier obligations.
- **Rate Stabilization Fund** – The Rate Stabilization Fund was created to account for the Rate Stabilization Fund Requirement as established in the Toll Equity Loan Agreement.
- **General Fund** – The General Fund was created to account for any remaining revenue from the Revenue Fund after all required transfers have been made.
- **Major Maintenance Reserve Fund** – The Major Maintenance Reserve Fund was created to account for future major maintenance expenses in an amount equal to the major maintenance reserve requirement as defined in the Trust Agreement.
- **Capital Expenditures Reserve Fund** – The Capital Expenditures Reserve Fund was created to account for future capital expenditures in an amount equal to the capital expenditures reserve requirement as defined in the Trust Agreement.

(e) Investments

The SPS 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) 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 SPS, 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 major maintenance and capital expenditures. 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
Intangibles	5-15 years

(g) Retainage Payable

Retainage payable represents amounts billed to the SPS 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 SPS.

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(h) 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.

(i) 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 SPS's cumulative arbitrage rebate liabilities for the year ended August 31, 2011 is \$0.

(j) Estimates

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

(k) Revenue Recognition

Substantially all revenues from toll road usage are accrued and recognized as earned. Revenue is recognized for zip cash transactions once an invoice has been sent to a customer.

(l) New Accounting Pronouncements

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. The impact of this statement on the SPS's financial statements has not yet been determined.

GASB Statement No. 61, The Financial Reporting Entity Omnibus ("GASB 61") modifies certain requirements for inclusion of component units in the financial reporting entity. This statement is effective for financial statements for periods beginning after June 15, 2012. This statement will have no effect on the SPS.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements ("GASB 62") incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in various pronouncements issued on or before November 30, 1989. The purpose of this statement is to codify all sources of GAAP for state and local governments so that they derive from a single source. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of this statement on the SPS's financial statements has not yet been determined.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources Deferred Inflows of Resources, and Net Position standardizes the presentation of deferred outflows and deferred inflows of resources and their effects on a government's net position. This statement is effective for financial statements beginning after December 15, 2011. The SPS will plan to implement this statement in the fiscal year beginning September 1, 2012. Footnote disclosures and financial statement presentations will be updated to implement this statement.

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GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions ("GASB 64") clarifies the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider is replaced. This statement is effective for financial statements for periods beginning after June 15, 2011. Currently, this statement will have no impact on the SPS.

(2) Legal Compliance – Budgets

The SPS is required by the Trust Agreement to adopt an Annual Operating Budget for the SPS prior to the beginning of each fiscal year of all projected revenues, Operating expenses, Major Maintenance expenses and Project Capacity Improvements Capital expenditures and any projected advances under the Toll Equity Loan Agreement. The budget is prepared at the Department level and is based upon the Trust Agreement. Copies of the Annual Operating Budget must be filed with TxDOT and the bond trustee.

The SPS 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 Project Budget unless the funding source is other than revenues received from the SPS. The Authority may expend additional monies from the Major 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.

Pursuant to the Trust Agreement, the SPS 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, commencing with the fiscal year ending August 31, 2014, sufficient to satisfy 1.00 times the scheduled debt service requirements on all outstanding First and Second Tier Obligations secured by net revenues for the fiscal year.

(3) 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 November 2010. These investments include:

- Government Obligations- shall mean (i) direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable 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 (iii) non-callable 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 purchased are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.
- Certificates of deposit, including certificates of deposit of the Trustee, where the certificates are collaterally secured by Government Obligations and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, but this collateral is not required to the extent the certificates of deposit are insured by an agency of the United States of America.
- Repurchase agreements when collateralized by Government Obligations and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest.
- Money market funds, including money market funds affiliated with the Trustee, that invest solely in obligation of the United States of America, its agencies and instrumentalities, and having a rating by S&P of AAAm-G or AAA-m if rated by Moody's, having a rating of Aaa.
- Collateralized Investment agreement or other contractual agreements with corporations, financial institutions, or national associations within the United States of America provided that the senior long-term debt of such corporations, institutions or associations is rated AAA by a Rating Agency.

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- Investments may be made in Permitted Investments through an eligible investment pool as permitted by Texas Government Code, Chapter 2256, as amended.

The Authority does not invest in financial instruments other than those authorized by the Special Projects System Trust Agreement and the investment policy.

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

(a) Deposits

The SPS did not have any deposits as of August 31, 2011.

(b) Investments

As of August 31, 2011 the maturity values are as follows:

Description	2011		
	Maturity Value (in Yrs)		
	Fair Value	Less Than 1 Yr	1 Yr or More
U.S. Agencies:			
Federal Home Loan Bank	\$ 111,279,788	\$ 82,913,476	\$ 28,366,312
Federal National Mortgage Assn.	86,811,173	48,138,133	38,673,040
Federal Farm Credit Banks	30,187,000	10,003,200	20,183,800
Federal Home Loan Mortgage Corp	65,345,128	48,370,230	16,974,898
Total U.S. Agencies	293,623,089	189,425,039	104,198,050
Money Market Funds	5,447,928	5,447,928	-
U.S. Treasuries	58,314,600	58,314,600	-
Government Pool	87,805,484	87,805,484	-
Total Investments	\$ 445,191,101	\$ 340,993,051	\$ 104,198,050

(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 August 31, 2011 was 0.3780%. The weighted average maturity in days was 348 days for 2011. Market value fluctuation of the overall portfolio is minimized by keeping the weighted average maturity low. Approximately 76% of the investment are maturing within one year and 24% are maturing one year or greater.

(d) Credit Risk

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

As of August 31, 2011, the Special Projects System invested 1% in AAA rated money market funds, 20% in State and Local Government Pools, 66% in Government Agencies and 13% in United States Treasuries backed by the full faith and credit of the U.S. Government. U.S. Treasuries and Agencies are Aaa rated by Moody's.

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(e) Concentration of Credit Risk

It is the policy of the Authority to diversify its investment portfolios. Assets held in the particular funds shall be diversified to minimize the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of August 31, 2011 TexPool exceeded 5% of the total portfolio. More than 5% of the Authority's Special Projects System investments are in Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Bureau (FFCB) and Federal Home Loan Mortgage Corporation (FHLMC).

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

Construction	\$ 370,368,890
Rate Stabilization	65,526,347
Capital Expenditure Reserve Fund	2,603,855
Major Maintenance Reserve	4,002,699
Revenue	265,569
Project Budget	983,578
General Fund	1,440,163
Total	<u>\$ 445,191,101</u>

(4) Capital Assets

Capital assets are summarized as follows:

	<u>September 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>August 31, 2011</u>
Infrastructure network:				
<i>Non-depreciable</i>				
Engineering	\$ -	\$ 6,257,511	\$ -	\$ 6,257,511
Right-of-Way	-	53,543	-	53,543
Construction in Progress**	-	743,183,474	-	743,183,474
Administration	-	868,289	-	868,289
Financing Costs*	-	12,306,628	-	12,306,628
Total non-depreciable infrastructure	-	762,669,445	-	762,669,445
Total Capital Assets	<u>\$ -</u>	<u>\$ 762,669,445</u>	<u>\$ -</u>	<u>\$ 762,669,445</u>

* Includes capitalized interest net of interest earnings.

** Although Phase 1, 2 and 3 are complete and open to traffic, the project will remain in CIP until all phases are complete.

Total bond interest cost incurred amounted to \$12,423,531 during the year ended August 31, 2011, of which \$12,306,628 was capitalized.

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(5) Revenue Bonds, Notes and Loans Payable

Revenue Bonds

The SPS has issued various Revenue Bond Series to construct the SPS and to fund reserves and expenses associated with the bond issues.

The following are descriptions of Revenue Bond Series currently outstanding as of August 31, 2011.

Series 2011A: Series 2011A Bonds were issued as Current Interest Bonds in the amount of \$487,890,000. The Bonds 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.

Interest is payable September 1 and March 1, commencing September 1, 2011. Principal is payable September 1. The Series 2011A Bonds included serial bonds and three term bonds. The serial bonds were issued in the amount of \$110,010,000 with maturities from 2014-2031 with interest rates ranging from 4.00%-5.25%. 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: 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 Bonds 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.

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: Series 2011C Bonds were issued as Convertible Capital Appreciation Bonds in the amount of \$129,839,776. Interest will accrete from April 28, 2011 and will compound semiannually on September 1 and March 1, commencing September 1, 2011. The Bonds 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.

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.

Series 2011A Bond Anticipation Notes (BANS): 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,

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2011. The BANS were issued to finance a portion of the costs of the construction and development of PGBT WE.

The Series 2011A Notes were issued as a term note maturing on September 1, 2013 with an interest rate of 2.441%

Series 2011B Bond Anticipation Notes (BANS): 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 BANS were issued to finance a portion of the costs of the construction and development of PGBT WE.

The Series 2011B Notes were issued as a term note maturing on September 1, 2013 with an interest rate of 2.306%

The following schedule summarizes the revenue bonds outstanding as of August 31, 2011:

**Revenue Bonds Outstanding
As of August 31, 2011**

Description of Issue	Beginning Balance	Additions	Accretion/ Amortization	Matured or Retired	Ending Balance
Series 2011A	\$ -	487,890,000	-	-	487,890,000
Series 2011B	-	55,103,673	1,423,479	-	56,527,152
Series 2011C	-	129,839,777	3,009,937	-	132,849,714
Series 2011A BANS	-	348,295,000	-	-	348,295,000
Series 2011B BANS	-	70,110,000	-	-	70,110,000
	-	1,091,238,450	4,433,416	-	1,095,671,866
Bond discount/premium	-	(1,480,254)	310,664	-	(1,169,590)
Totals	\$ -	\$ 1,092,718,704	\$ 4,122,752	\$ -	\$ 1,096,841,456

Deferred Amount on Refunding/Premium/Discounts

Expenses related to the issuance of the bonds are being amortized using the bonds outstanding method which factors in the maturities of the various serial bonds, over the term of the bonds. The deferred amount of refunding for the year ended August 31, 2011 was \$0. The discount (premium) costs for the year ended on August 31, 2011 was (\$1,169,590).

The revenue bond debt service requirements below are prepared as of August 31, 2011:

Year	Total Revenue Bonds				Total
	Principal amount	Interest amount	BAN Take-out by TIFIA Loan *	Capitalized Interest	
Due September 1					
2011	\$ -	\$ 12,423,531	\$ -	\$ (12,423,531)	\$ -
2012	-	36,361,555	-	(36,361,555)	-
2013	418,405,000	36,361,555	(418,405,000)	(36,361,555)	-
2014	6,835,000	26,242,938	-	(2,186,911)	30,891,027
2015	11,045,000	25,969,538	-	-	37,014,538
2016 - 2020	37,575,000	123,052,638	-	-	160,627,638
2021 - 2025	20,950,000	177,476,838	-	-	198,426,838
2026 - 2030	17,565,000	205,347,425	-	-	222,912,425
2031 - 2035	46,569,208	198,462,000	-	-	245,031,208
2036 - 2040	309,081,443	172,867,125	-	-	481,948,568
2041 - 2045	223,212,799	75,027,000	-	-	298,239,799
Interest Accretion	4,433,416	-	-	-	4,433,416.00
	\$ 1,095,671,866	\$ 1,089,592,143	\$ (418,405,000)	\$ (87,333,552)	\$ 1,679,525,457

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*Please see Loans Payable section of the Notes for detailed information on the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan.

Notes and Loans Payable

TIFIA Loan

On April 15, 2011, NTTA closed on its \$418,405,000 TIFIA loan through the Transportation Investment Generating Economic Recovery (TIGER) program of the American Recovery and Reinvestment Act of 2009. The TIFIA loan currently has had no draws to date. The first draw will be September 1, 2013 to retire the BANs and at that time the grant will be recognized. The TIFIA Loan interest rate is set at 4.51%.

Debt service requirements on the TIFIA loan payable subsequent to August 31, 2011 are as follows:

Fiscal years	TIFIA Loan payable		
	TIFIA Draw	Principal	Interest
2011	\$ -	\$ -	\$ -
2012	-	-	-
2013	418,405,000	-	-
2014	-	-	-
2015	-	-	-
2016 - 2020	-	-	67,530,783
2021 - 2025	-	2,514,862	112,867,071
2026 - 2030	-	4,191,436	112,175,561
2031 - 2035	-	4,191,436	111,048,061
2036 - 2040	-	4,191,436	109,920,593
2041 - 2045	-	86,565,830	123,566,698
2046 - 2049	-	316,750,000	82,478,656
Total principal and interest	\$ 418,405,000	\$ 418,405,000	\$ 719,587,423

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(6) Employees' Retirement Plan

The SPS does not have any employees. The Authority provides all accounting, debt financing and administrative services. Additionally, the Authority's employees' retirement plans apply to the SPS. For detailed information of these retirement plans, the separate financial statements of the NTTA System may be obtained from the North Texas Tollway Authority, Finance Department.

(7) Risk Management

The SPS does not have any employees. The Authority provides all accounting, debt financing and administrative services. Additionally, the Authority's risk management programs apply to the SPS. For additional information, the separate financial statements of the Authority may be obtained from the North Texas Tollway Authority, Finance Department.

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 2006-2010. 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, of the North Texas Tollway Authority's financial statements.

(8) Post Employment Benefits

The SPS does not have any employees. The Authority provides all accounting, debt financing and administrative services. Additionally, the Authority's employees' post employment benefit plans apply to the SPS. For detailed information of these plans, the separate financial statements of the Authority may be obtained from the North Texas Tollway Authority, Finance Department.

(9) Disaggregation of Receivable Balances

The Authority has an unrestricted accounts receivable balance of \$2,150,723 as of August 31, 2011. The unrestricted balance consist of revenue for zip cash transactions.

(10) Commitments and Contingencies

The Authority currently has \$445,191,101 in cash and investments with approximately \$370,368,890 restricted for construction. The Authority has \$24,870,557 in current liabilities that are comprised primarily of construction-related payables at August 31, 2011. Additionally the Authority has contract and purchase order commitments at August 31, 2011 aggregating \$630.7 million, comprised primarily of construction contracts payable from restricted funds and the issuance of debt. Approximately \$413.5 million relate to contracts issued for the construction of Chisolm Trail Parkway. See Subsequent Events Note 11.

The Authority entered into the Toll Equity Loan Agreement (TELA) with TxDOT in conjunction with the issuance of the Series 2011A-C Bonds. Pursuant to the TELA, TxDOT has agreed to make a toll equity loan available to the Authority in an aggregate amount of \$6.02 billion any time revenues of the SPS are not sufficient to pay expenses and debt service related to PGBT-WE.

**NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS
August 31, 2011**

(11) Subsequent Events

Chisholm Trail Parkway (CTP)

The CTP is a 27.6 mile extension of State Highway 121 from IH 30 near the Fort Worth central business district to Farm-to-Market road ("FM") 1187 in Tarrant County, and continuing south to United States Highway 67 in Johnson County. It traverses a large portion of the City of Fort Worth with major interchanges at IH 30 and IH 20 at SH 183. The project is a controlled-access, all electronic toll collection facility consisting of two to six-lane controlled-access main lanes with discontinuous two to three-lane frontage roads in Sections 1, 2 and 3 only. The project will be six main lanes from the IH 30 northern terminus to Altamesa Boulevard in south Fort Worth, four main lanes from Altamesa Boulevard to FM 1187 and two main lanes with intermittent passing lanes from FM 1187 to the United States Highway 67 southern terminus.

Financing for the CTP will be provided through the sale of revenue bonds. The bond priced November 2, 2011 and closed November 10, 2011. The facility is expected to be opened to traffic in April 2014.

Bond Issuance

On November 2, the 2011 SPS Revenue Bonds Series D - E were issued for the construction of Chisholm Trail Parkway as follows:

Series 2011D Bonds were issued as Tax Exempt Current Interest Bonds in the amount of \$566,870,000. Interest is payable September 1 and March 1, commencing March 1, 2012. The Series 2011D Bonds were issued as Serial Bonds with maturities on September 1 of each year beginning in 2019 and continuing through 2032.

Series 2011E Bonds were issued as Taxable Current Interest Bonds in the amount of \$73,665,000. Interest is payable September 1 and March 1, commencing March 1, 2012. The Series 2011E Bonds were issued as Serial Bonds with maturities on September 1 of each year beginning in 2019 and continuing through 2023.

In addition to issuing the 2011 D and E for construction, the NTTA made an equity contribution to the CTP Construction Fund. The equity contribution came from proceeds of the May 2010 CIF Bond Issuance. The equity contribution was \$327,528,911 less cost of issuance, for the May 2010 CIF Bond Issuance of \$6,536,584, for a net amount contributed of \$320,992,327.

**NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM**

Required Supplementary Information
August 31, 2011

Modified Approach - Infrastructure

The SPS has elected to use the Modified Approach to account for maintenance of the SPS's infrastructure assets. As required by the Trust Agreement, an annual inspection of the SPS roadways is to be conducted by the Authority's General Engineering Consultant, HNTB Corporation. This inspection provides an overall rating, indicating the average condition of all of the SPS 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 SPS goal is to maintain the SPS 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 first Capital Assessment and Inspection Report for the SPS will be performed after substantial completion of construction which is anticipated to be in fiscal year 2013.

The infrastructure assets include the President George Bush Turnpike (PGBT) Western Extension, Ramps, Plazas, and IT lane equipment. The roadways are a major transportation network consisting of 11.5 centerline miles (approximately 27 main lane miles and 53 frontage roles miles) of roadways in the SPS. All assets combined totaled approximately \$762 million in current replacement value for fiscal year 2011.

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." In accordance with GASB Statement 34, the Maintenance Management Consultant (MMC) will perform an asset condition assessment for the PGBT WE after substantial completion of construction which is anticipated to be in fiscal year 2013 and occurring every three years thereafter.

Condition Index Table		
Condition Index		
<u>Fiscal Year</u>	<u>Current</u>	<u>Goal</u>
2011	N/A	N/A

Condition Assessment and Inventory

A comprehensive condition assessment on all the SPS assets will be conducted in 2013. The Special Projects System MMC performed condition assessments of the SPS 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 will be performed on the SPS bridges in 2013 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 is 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%).

**NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM**
Required Supplementary Information
August 31, 2011

Roadways

A condition assessment will be performed on the SPS roadways in 2013 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 is 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 SPS roadway 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 11.5 centerline miles (approximately 27 main lane miles and 53 footage road miles) of the SPS do not have a Roadway Index. In accordance with GASB Statement 34, the MMC will perform an asset condition assessment for the SPS after substantial completion of construction anticipated to be in fiscal year 2013 and occurring every three years thereafter.

The budget-to-actual expenditures for preservation and other infrastructure maintenance costs were as follows for the year 2011.

<u>Fiscal year</u>	<u>Budget</u>	<u>Actual</u>
2011	\$ 400,916	\$ 5,533

NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM
STATEMENT OF NET ASSETS
August 31, 2011

	NTTA Special Projects System Totals	Interfund eliminations/ reclassifications	Construction & Property Fund	Revenue Fund
ASSETS				
Current Assets:				
Investments, at amortized cost (note 3)	\$ 2,689,310	-	-	265,569
Accrued interest receivable on investments	327,131	-	-	269
Interfund receivables	-	(4,170)	4,170	-
Interproject/agency receivables (note 9)	2,150,723	-	(7,219,191)	6,049,673
Total current unrestricted assets	5,167,164	(4,170)	(7,215,021)	6,315,511
Current restricted assets:				
Restricted for construction:				
Investments, at amortized cost (note 3)	331,695,850	(38,673,040)	370,368,890	-
Accrued interest receivable on investment:	438,250	-	438,250	-
Restricted for debt service:				
Investments, at amortized cost (note 3)	6,606,554	-	-	-
Accrued interest receivable on investment:	-	-	-	-
Accounts receivable (note 9)	-	-	-	-
Total current restricted assets	338,740,654	(38,673,040)	370,807,140	-
Total current assets	343,907,818	(38,677,210)	363,592,119	6,315,511
Noncurrent Assets:				
Investments, at amortized cost restricted for construction (Schedule 5)	38,673,040	38,673,040	-	-
Investments, at amortized cost restricted for debt service (Schedule 5)	65,526,347	-	-	-
Deferred financing cost	9,705,304	-	9,705,304	-
Capitalized cost (note 4)	762,669,445	-	762,669,445	-
Total noncurrent assets	876,574,136	38,673,040	772,374,749	-
TOTAL ASSETS	\$ 1,220,481,954	(4,170)	1,135,966,868	6,315,511
LIABILITIES				
Current liabilities:				
Interfund payables	-	(4,170)	-	-
Interagency Payable	3,428,491	-	-	-
Recurring accrued liabilities	21,442,066	-	19,755,279	-
Total current unrestricted liabilities	24,870,557	(4,170)	19,755,279	-
Payable from Restricted Assets:				
Construction related payables:				
Accounts payable	6,084	-	6,084	-
Retained from contractors	11,076,975	-	11,076,975	-
Debt service related payables:				
Accrued interest payable on bonded deb	12,423,531	-	-	-
Total current liabilities payable from restricted assets	23,506,590	-	11,083,059	-
Noncurrent liabilities:				
Special Projects System revenue bonds payable (note 5)	1,096,841,456	-	1,096,841,456	-
Deferred inflow of resources	-	-	-	-
Total noncurrent liabilities	1,096,841,456	-	1,096,841,456	-
TOTAL LIABILITIES	\$ 1,145,218,603	(4,170)	1,127,679,794	-
NET ASSETS				
Invested in capital assets, net of related deb	20,741,421	12,454,347	8,287,074	-
Restricted:				
Restricted for construction	-	-	-	-
Restricted for debt service	-	(66,351,737)	-	6,315,511
Restricted for operations and maintenance	-	-	-	-
Unrestricted:				
Unrestricted	54,521,930	54,521,930	-	-
Reserved for operations, maintenance, and retiree health benefit:	-	(624,540)	-	-
Reserved for capital improvements	-	-	-	-
Reserved for bond redemption	-	-	-	-
TOTAL NET ASSETS	\$ 75,263,351	-	8,287,074	6,315,511

See notes to financial statements

Operating Fund	General Fund	Major Maint. Fund	Capital Expenditure Fund	Rate Stabilization Fund	Major Maint Reserve Fund	Capital Exp Reserve Fund	Debt Service Fund
2,423,741	-	-	-	-	-	-	-
6	-	-	-	326,561	289	6	-
-	-	-	-	-	-	-	-
3,320,241	-	-	-	-	-	-	-
<u>5,743,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,561</u>	<u>289</u>	<u>6</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	4,002,699	2,603,855	-
-	-	-	-	-	-	-	-
-	-	-	-	-	4,002,699	2,603,855	-
<u>5,743,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,561</u>	<u>4,002,988</u>	<u>2,603,861</u>	<u>-</u>
-	-	-	-	65,526,347	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	65,526,347	-	-	-
<u>5,743,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,852,908</u>	<u>4,002,988</u>	<u>2,603,861</u>	<u>-</u>
-	-	4,170	-	-	-	-	-
3,428,491	-	-	-	-	-	-	-
1,685,424	-	1,363	-	-	-	-	-
<u>5,113,915</u>	<u>-</u>	<u>5,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,423,531
-	-	-	-	-	-	-	<u>12,423,531</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,113,915</u>	<u>-</u>	<u>5,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,423,531</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	65,852,908	4,002,988	2,603,861	(12,423,531)
-	-	-	-	-	-	-	-
630,073	-	(5,533)	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>630,073</u>	<u>-</u>	<u>(5,533)</u>	<u>-</u>	<u>65,852,908</u>	<u>4,002,988</u>	<u>2,603,861</u>	<u>(12,423,531)</u>



**NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM**

Schedule 2

**Budget and Actual Revenues and Expenses on Trust Agreement Basis
Year Ending
January 1, 1904
(Unaudited)**

	Budget	Actual	Variance
Revenues:			
Toll Revenues	\$ 6,861,500	10,488,973	9,917,181
Interest revenue	570,200	320,008	272,491
Other revenues	668,345	854,550	798,855
Gross revenues	8,100,045	11,663,531	10,988,527
Operating expenses:			
Administration:			
Administration	149,019	48,330	35,912
Business diversity	54,510	31,515	26,973
Communications	333,046	137,457	109,703
Finance	1,258,188	840,550	735,701
Government affairs	49,867	31,371	27,215
Human resources	158,632	89,821	76,602
Internal audit	79,714	34,753	28,110
Legal services	372,051	106,620	75,615
Total administration	2,455,027	1,320,416	1,115,830
Operations:			
Customer service center	1,001,511	788,675	705,216
Information technology	357,940	273,830	244,001
Maintenance	2,609,152	1,786,840	1,569,411
Operations	102,709	50,977	42,418
System & incident management	898,563	492,778	417,898
Total operations	4,969,875	3,456,434	3,042,277
Total operating expenses	7,424,902	4,776,850	4,158,108
Net revenues available for debt service	\$ 675,143	6,886,681	6,830,419

NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM
STATEMENT OF CHANGES IN NET ASSETS
Year to Date August 31, 2011
(Unaudited)

	Totals	Construction & Property Fund	Revenue Fund
BEGINNING NET ASSETS September 1, 2010	\$ -	-	-
Revenues:			
Toll Revenues	10,488,973	-	10,487,973
Interest Revenue	320,008	-	585
Other revenue	854,550	-	854,550
Total operating revenues	<u>11,663,531</u>	<u>-</u>	<u>11,343,108</u>
Operating Expenses:			
Administration	(1,320,416)	-	-
Operations	(3,456,434)	-	-
	<u>(4,776,850)</u>	<u>-</u>	<u>-</u>
Preservation of system assets:			
Major Maintenance Fund expenses	(5,533)	-	-
Capital Expenditure Fund expenses	-	-	-
Total operating expenses before amortization and depreciation	<u>(4,782,383)</u>	<u>-</u>	<u>-</u>
Operating revenues before amortization and depreciation	6,881,148	-	11,343,108
Amortization and depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Operating revenues	<u>6,881,148</u>	<u>-</u>	<u>11,343,108</u>
Nonoperating revenues (expenses):			
Gain (Loss) on sale of investments	(18,595)	-	-
Net increase (decrease) in fair value of investments	533,471	357,693	-
Unallocated infrastructure depreciation	-	-	-
Interest income (net of capitalized interest)	151,120	151,120	-
Interest accretion on 2011 B & C Bonds	(4,433,416)	-	-
Bond discount/premium amortization	310,664	310,664	-
Bond issuance cost amortization	(650,821)	(650,821)	-
Other nonoperating costs	(1,363,369)	(1,363,369)	-
Net nonoperating revenues (expenses):	<u>(5,470,946)</u>	<u>(1,194,713)</u>	<u>-</u>
Net revenues	<u>1,410,202</u>	<u>(1,194,713)</u>	<u>11,343,108</u>
Revenue bonds retired	-	-	-
Interfund and Interproject Transactions			
Payment to/from Other Agencies	2,174,394	(62,196,968)	-
Distribution from Revenue Fund	-	-	(5,027,597)
Contributed Capital	<u>71,678,755</u>	<u>71,678,755</u>	<u>-</u>
Change in net assets year to date August 31, 2011	<u>75,263,351</u>	<u>8,287,074</u>	<u>6,315,511</u>
ENDING NET ASSETS August 31, 2011	<u>\$ 75,263,351</u>	<u>8,287,074</u>	<u>6,315,511</u>

Operating Fund	General Fund	Major Maintenance Fund	Capital Expenditure Fund	Rate Stabilization Fund	Major Maint. Reserve Fund	Capital Exp Reserve Fund	Debt Service Fund
-	-	-	-	-	-	-	-
1,000	-	-	-	-	-	-	-
6	-	-	-	318,814	597	6	-
-	-	-	-	-	-	-	-
1,006	-	-	-	318,814	597	6	-
(1,320,416)	-	-	-	-	-	-	-
(3,456,434)	-	-	-	-	-	-	-
(4,776,850)	-	-	-	-	-	-	-
-	-	(5,533)	-	-	-	-	-
-	-	-	-	-	-	-	-
(4,776,850)	-	(5,533)	-	-	-	-	-
(4,775,844)	-	(5,533)	-	318,814	597	6	-
(4,775,844)	-	(5,533)	-	318,814	597	6	-
-	-	-	-	(18,595)	-	-	-
-	-	-	-	175,778	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(4,433,416)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	157,183	-	-	(4,433,416)
(4,775,844)	-	(5,533)	-	475,997	597	6	(4,433,416)
-	-	-	-	-	-	-	-
2,982,175	-	-	-	65,376,911	4,002,391	-	(7,990,115)
2,423,742	-	-	-	-	-	2,603,855	-
-	-	-	-	-	-	-	-
630,073	-	(5,533)	-	65,852,908	4,002,988	2,603,861	(12,423,531)
630,073	-	(5,533)	-	65,852,908	4,002,988	2,603,861	(12,423,531)

NORTH TEXAS TOLLWAY AUTHORITY
Special Projects System
Schedule of Toll Revenue and Traffic Analysis
Year Ended August 31, 2011
(Unaudited)

Toll revenue:		
Total		\$ <u><u>10,488,973</u></u>

Toll revenue – average per day:		
Two-axle vehicles		\$ 35,596
Multi-axle vehicles		<u>5,166</u>
Average		\$ <u><u>40,762</u></u>

Vehicle transactions – average per day (unaudited):		
Two-axle vehicle transactions		29,822
Multi-axle vehicle transactions		1,338
Nonrevenue vehicle transactions		<u>100</u>
Average		<u><u>31,260</u></u>

Vehicle Transactions by Class of Vehicle

	Class of vehicle	Vehicle transactions
	Two-axle vehicles	10,884,994
	Three-axle vehicles and combinations	119,291
	Four-axle vehicles and combinations	173,795
	Five-axle vehicles and combinations	185,103
	Six or more axle vehicles and special permits	<u>10,362</u>
	Total multi-axle vehicle transactions	<u>488,551</u>
		11,373,545
	Nonrevenue vehicles	<u>36,256</u>
	2011 Vehicle Transactions	<u><u>11,409,801</u></u>

See accompanying independent auditors' report.

NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM
Schedule of Toll Rates
As of August 31, 2011
(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	
	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag
PGBT WE	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag	ZipCash	TollTag
Conflans Road (CONRD)	0.45	0.23	0.90	0.46	1.35	0.69	1.80	0.92	2.25	1.15
Shady Grover Road (SHGRD)	0.62	0.40	1.24	0.80	1.86	1.20	2.48	1.60	3.10	2.00
Lower Tarrant Road - North (NLTRD)	0.63	0.41	1.26	0.82	1.89	1.23	2.52	1.64	3.15	2.05
Lower Tarrant Main Lane Gantry (MLG11)	1.25	0.83	2.50	1.66	3.75	2.49	5.00	3.32	6.25	4.15
Lower Tarrant Road - South (SLTRD)	0.45	0.23	0.90	0.46	1.35	0.69	1.80	0.92	2.25	1.15

Footnote: The Authority has converted all the facilities in the system to All Electronic Toll Collection (All ETC). All customers will either have a TollTag or they will be billed according to business rules currently in place. Cash will not be accepted

See accompanying independent auditors' report.

NORTH TEXAS TOLLWAY AUTHORITY
Special Projects Systems
Schedule of Historical Traffic, Toll Revenues and Net Revenues
Year Ended August 31, 2011
(Unaudited)

Historical Traffic and Toll Revenue

The table below sets forth the annual revenue vehicle transactions and gross toll revenue with respect to the Special Projects System for the one calendar year 2010 through 2011:

<u>Year</u>	<u>Annual revenue vehicle transactions (unaudited)</u>	<u>Annual toll revenue</u>
2011	11,409,801	\$ 10,488,973

- (1) On January 25, 2008, the NTTA and TxDOT entered into a Memorandum of Understanding Regarding the Terms and Conditions and Market Valuation for State Highway (MOU) pursuant to which TxDOT and the NTTA memorialized their agreement on the terms and conditions for the development, construction and operation of the SH 161 project.
- (2) On April 20, 2008 the NTTA Board of Directors approved and Agreement Regarding, a Negotiated Value for State Highway 161 (Negotiated Value Agreement) with TxDOT, pursuant to which TxDOT and the NTTA 9i) waived the requirements under Section 228.0111 (f-1) of the Texas Transportation Code (Code) to develop a market valuation for the SH 161 project, (ii) agreed to develop the SH 161 project in accordance with the MOU, except as modified by the Negotiated Value Agreement, and (iii) established an agreed negotiated value for the SH 161 project, including an upfront payment to TxDOT in the amount of \$ 458 million.
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Historical Net Revenues

Special Projects System for the ten calendar years 2010 through 2011:

<u>Year</u>	<u>Toll revenue</u>	<u>Current expenses</u>	<u>Investment and other earnings</u>	<u>Net revenues</u>	<u>Coverage</u>
2011	\$ 10,488,973	\$ 4,776,850	\$ 1,174,558	\$ 6,886,681	N/A

See accompanying independent auditors' report.

**NORTH TEXAS TOLLWAY AUTHORITY
SPECIAL PROJECTS SYSTEM**
Schedule of Capitalized Costs by Project
August 31, 2011
(Unaudited)

		Cumulative Total Through August 31, 2011
PGBT Western Extension		
Preliminary costs	\$	-
Construction		743,183,474
Right-of-way		53,543
Engineering		6,257,511
Administration		868,289
	Subtotal	<u>750,362,817</u>
Financing costs		12,306,628
Total capitalized costs –PGBT-Western Extension	\$	<u>762,669,445</u>

See accompanying independent auditors' report.



**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

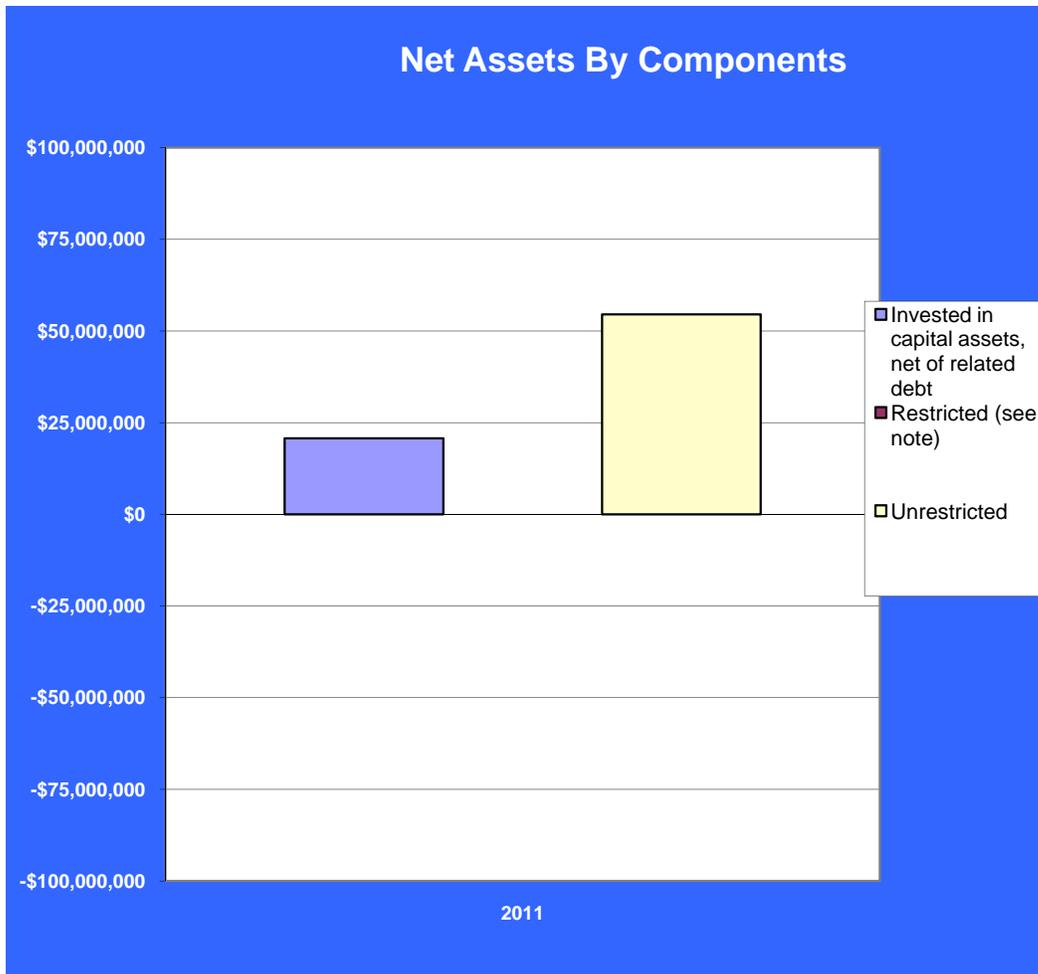
These tables contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

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
 For the year 2011
 (Unaudited)

Business-Type Activities

Components	2011
Invested in capital assets, net of related debt	\$20,741,421
Restricted (see note)	\$0
Unrestricted	\$54,521,930
Total net assets	\$ 75,263,351

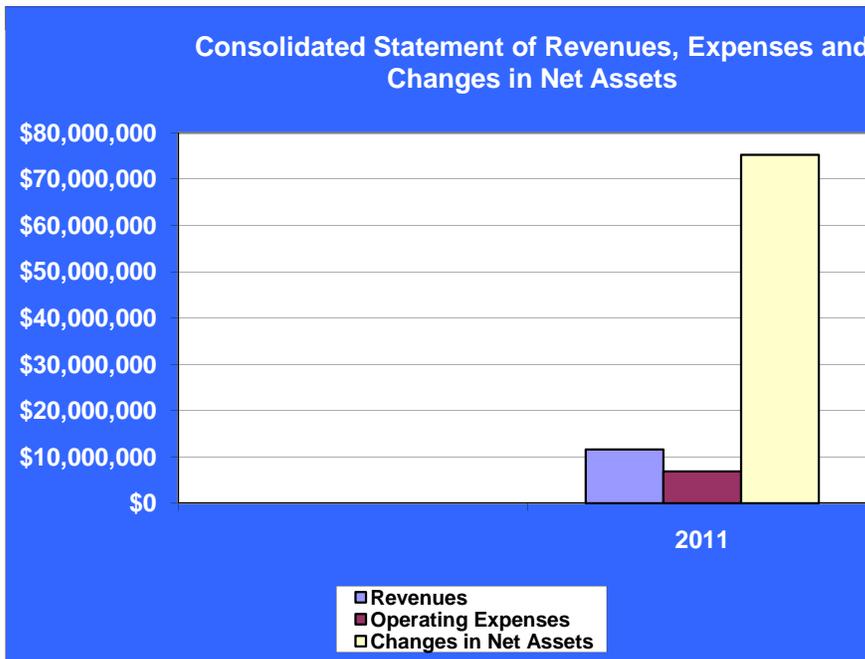


NORTH TEXAS TOLLWAY AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year 2011
(Unaudited)

Business-Type Activities

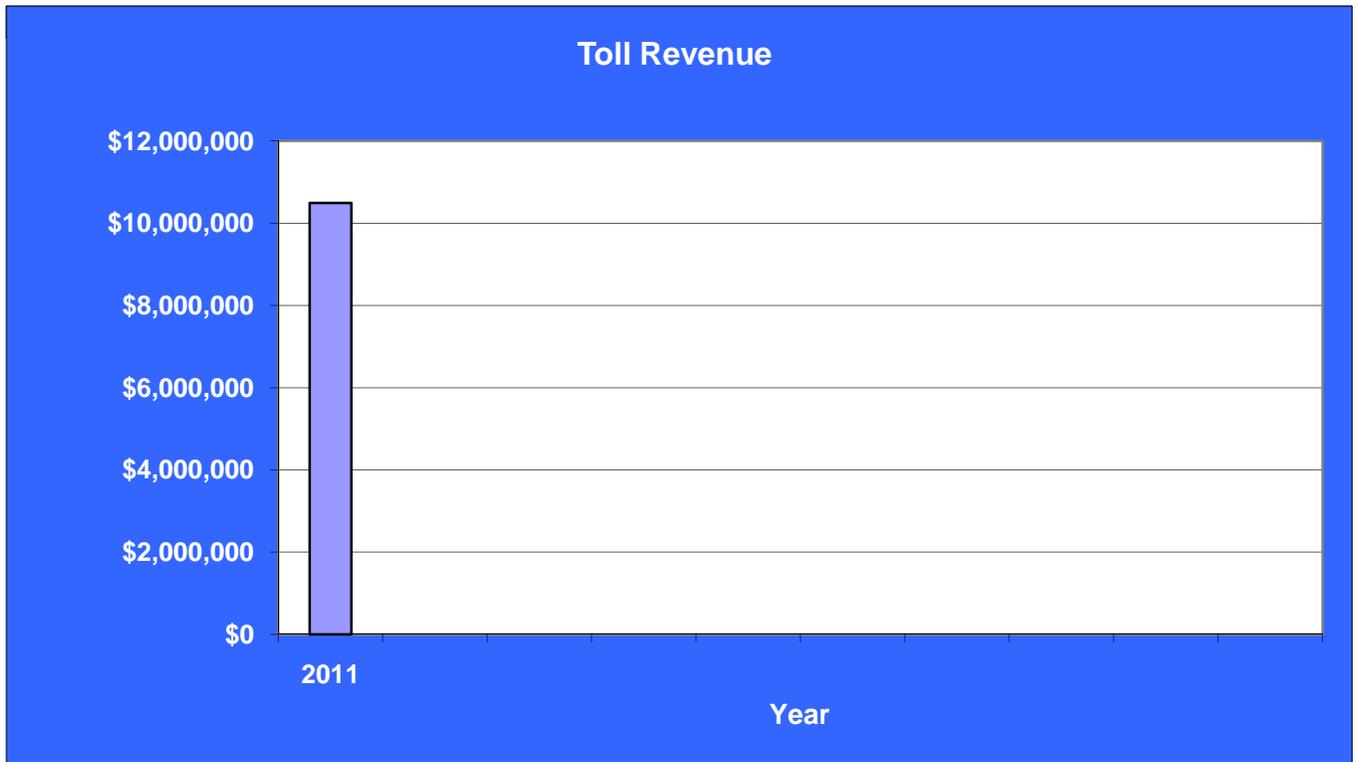
	2011
Revenues:	
Tolls	\$ 10,488,973
Other (1)	1,174,558
Total operating revenues	11,663,531
Operating expenses:	
Administration	1,320,416
Operations	3,456,434
Major maintenance	5,533
Capital expenditure	-
Total operating expenses before depreciation	4,782,383
Operating income before depreciation	6,881,148
Depreciation	-
Operating income	6,881,148
Nonoperating revenues (expenses):	
Net increase(decrease) in the fair value of investments	514,876
Interest expense on revenue bonds	151,120
Interest expense on short term notes	(4,433,416)
Bond premium/discount amortization	310,664
Bond issuance cost amortization	(650,821)
Contributed capital	71,678,755
Payment to/(from) Other Government	2,174,394
Other	(1,363,369)
Net nonoperating revenues (expenses)	68,382,203
Change in net assets	\$ 75,263,351

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



NORTH TEXAS TOLLWAY AUTHORITY
 Traffic and Toll Revenue
 For the year 2011
 (Unaudited)

Year	Annual Revenue Vehicle Transactions	Annual Toll Revenue	Average Toll Rate per Transaction
2011	11,409,801	\$ 10,488,973	\$ 0.92



NORTH TEXAS TOLLWAY AUTHORITY
Special Projects System
Schedule of Toll Rates
For the years 2010-2011
(Unaudited)

		Years	
Two-axle passenger cars and trucks			
Roadway		2010	2011
PGBT WE:			
Mainlane Plaza 11 (8)	ZipCash	1.17	1.25
	TollTag	0.78	0.83

(8) PGBT WE mainlanes from SH 183 to Egyptian Way opened in August 2009
Note----The Authority converted to All Electronic Toll Collection (All ETC) in Decembe according to business rules currently in place. Cash will no longer be accepted.

		Years	
Three-axle vehicle and vehicle combination			
Roadway		2010	2011
PGBT WE:			
Mainlane Plaza 11 (8)	ZipCash	2.34	2.50
	TollTag	1.56	1.66

(8) PGBT WE mainlanes from SH 183 to Egyptian Way opened in August 2009
Note----The Authority converted to All Electronic Toll Collection (All ETC) in Decembe according to business rules currently in place. Cash will no longer be accepted.

		Years	
Four-axle vehicle and vehicle combination			
Roadway		2010	2011
PGBT WE:			
Mainlane Plaza 11 (8)	ZipCash	3.51	3.75
	TollTag	2.34	2.49

(8) PGBT WE mainlanes from SH 183 to Egyptian Way opened in August 2009
Note----The Authority converted to All Electronic Toll Collection (All ETC) in Decembe according to business rules currently in place. Cash will no longer be accepted.

		Years	
Five-axle vehicle and vehicle combination			
Roadway		2010	2011
PGBT WE:			
Mainlane Plaza 11 (8)	ZipCash	4.68	5.00
	TollTag	3.12	3.32

(8) PGBT WE mainlanes from SH 183 to Egyptian Way opened in August 2009
Note----The Authority converted to All Electronic Toll Collection (All ETC) in Decembe according to business rules currently in place. Cash will no longer be accepted.

		Years	
Six or more-axle vehicle and vehicle combination			
Roadway		2010	2011
PGBT WE:			
			0.00
Mainlane Plaza 11 (8)	ZipCash	5.85	6.25
	TollTag	3.90	4.15

(8) PGBT WE mainlanes from SH 183 to Egyptian Way opened in August 2009
Note----The Authority converted to All Electronic Toll Collection (All ETC) in Decembe 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
For the year 2011
(Unaudited)

Year	Revenue Bonds	Total Debt Amount	Total Revenue Vehicle Toll Transactions(1)	Debt Per Transactions	Debt Per Capita(2)
2011	1,096,841,456	\$ 1,096,841,456	\$ 11,409,801	96.13	191

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 50.

(2) See table of Demographic Data on page 54.

NORTH TEXAS TOLLWAY AUTHORITY
Ratio of Revenue-backed Debt Outstanding
Business-Type Activities
For the year 2011
(Unaudited)

Year	Revenue Bonds	Total Debt Amount	Annual Toll Revenues(1)	Debt Per Annual Toll Revenue	Debt Per Capita(2)
2011	1,096,841,456	\$ 1,096,841,456	10,488,973	105	\$ 191

Note----Details on the SPS's outstanding debt can be found in the notes to the financial statements

- (1) See table of Traffic and Toll Revenue on page 50.
- (2) See table of Demographic Data on page 54.

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

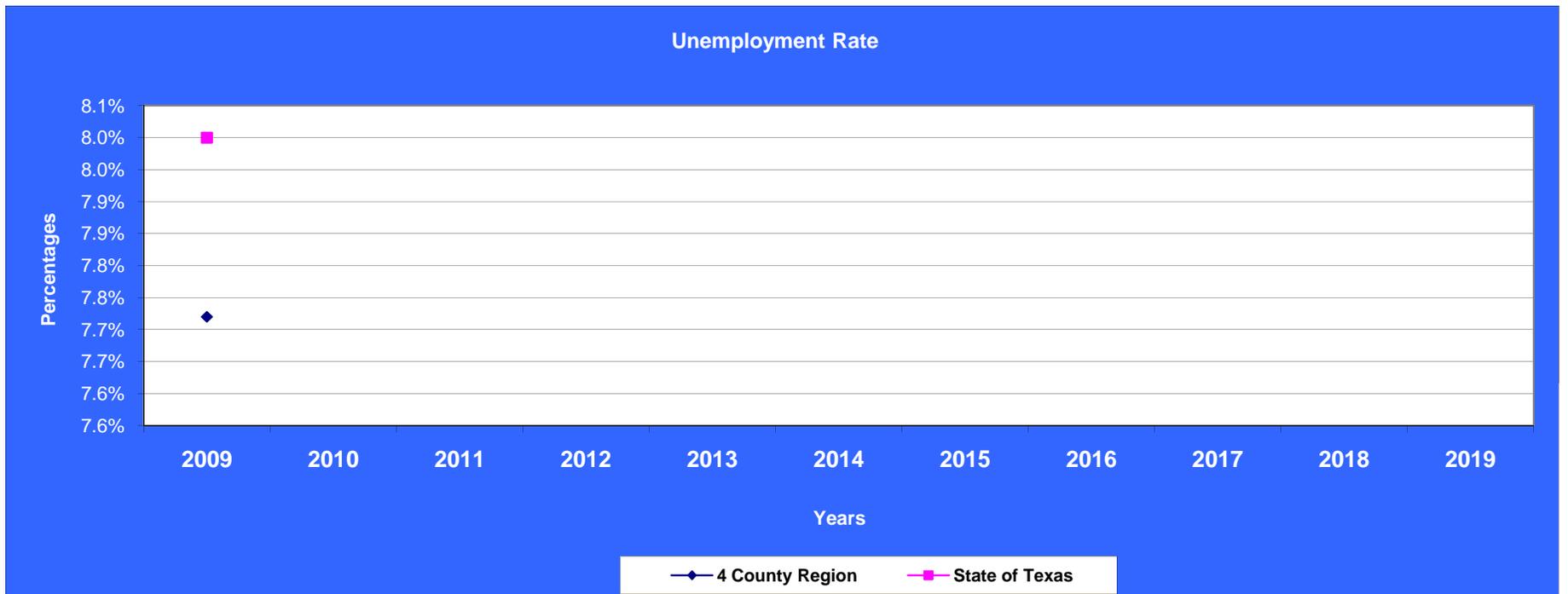
Year	COLLIN	DALLAS	DENTON	TARRANT	Est. Four County Regional Totals	Estimated Texas Totals	Percentage Change (From Prior Years)	
							4 County	TEXAS
Estimated 2010	786,250	2,492,850	637,750	1,829,400	5,746,250	25,145,561	N/A	N/A

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 the year 2009

Year	COLLIN	DALLAS	DENTON	TARRANT	Combined Four	Texas	Unemployment Rate	
					County Regional	Estimated Totals	4 County	Texas
Estimated 2009	285,900	1,415,000	172,600	743,500	Estimated Totals	10,204,500	7.7%	8.0%

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 Year 2009

Year	COLLIN	DALLAS	DENTON	TARRANT	Four County Regional Totals	Texas	Percentage Change from Prior Years	
					Estimated Avg Median Income 63,063	Estimated Avg Median Income 48,259	4 County N/A	Texas N/A
2009	80,545	47,059	70,002	54,647				
Averaged Yearly Totals	\$80,545	\$47,059	\$70,002	\$54,647	\$63,063	\$48,259		

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
ERICSSON 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	28,275	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%	

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

NORTH TEXAS TOLLWAY AUTHORITY
Contribution to Infrastructure Assets
For the year 2011
(Unaudited)

Year	Additions	Beginning Balance	Deletions	Ending Balance
2011	762,669,445	-	-	762,669,445

NORTH TEXAS TOLLWAY AUTHORITY
Special Projects System
Toll Revenue Analysis
For the year 2011
(Unaudited)

Toll Revenue						
Year	Two-Axle Vehicles		Multi-Axle Vehicles		Adjustments	Total
2011	\$	12,992,381	\$	1,885,720	\$ (4,389,129)	\$ 10,488,973
Toll Revenue - Average Per Day						
Year	Two-Axle Vehicles		Multi-Axle Vehicles		Adjustments	Average
2011	\$	35,596	\$	5,166	\$ (12,025)	\$ 28,737

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