The North Texas Tollway Authority (hereinafter referred to as the “NTTA” or the “Authority”) relies on the collection of tolls to construct, operate and maintain its system of turnpike projects. Except as required by law or allowed by bond agreements, the NTTA is required to assess and collect the proper toll from motorists that use NTTA toll roads. The purpose of this Policy is to provide guidelines and procedures for the development of uniform toll rates across the System that incorporate scheduled adjustments to the toll rates as necessary or appropriate.

**DEFINITIONS**

- **Board** - The Authority’s Board of Directors.
- **Highway project** - Any turnpike project, excluding discrete toll bridges and toll tunnels.
- **Turnpike project** - A highway of any number of lanes, with or without grade separations, owned or operated by the Authority under this chapter and any improvement, extension, or expansion to that highway, including:
  - An improvement to relieve traffic congestion and promote safety.
  - A bridge, tunnel, overpass, underpass, interchange, service road, ramp, entrance plaza, approach, or tollhouse.
  - An administration, storage, or other building the authority considers necessary to operate the turnpike project.
  - A parking area or structure, rest stop, park, and other improvement or amenity the authority considers necessary, useful, or beneficial for the operation of a turnpike project.
  - Property rights, easements, and interests the authority acquires to construct or operate the turnpike project.
- **Revenue** - The tolls, rents, and other money received by the Authority from the ownership or operation of a turnpike project.
Non-standard project - A highway project that includes or is based on System-wide designs, specifications and construction requirements that are not consistent with the Authority’s standard highway project.

Standard project - A highway project that includes and is based on designs, specifications, feature and construction requirements or guidelines adopted by the Authority.

System - The turnpike projects within the Dallas North Tollway System, excluding bridges and tunnels, including, but not limited to, the Dallas North Tollway, the President George Bush Turnpike, the Addison Airport Toll Tunnel, the Mountain Creek Lake Bridge and any extensions or expansions thereof, and any other turnpike project that the Board elects to include in the System from time to time.

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| The Authority is authorized to design, construct, finance, operate and maintain turnpike projects in Dallas, Collin, Denton and Tarrant counties and any other contiguous county, pursuant to the Regional Tollway Authority Act (the “Act”), codified as Chapter 366 of the Texas Transportation Code (see Appendix A).

The Authority, acting through its Board, without state approval, supervision, or regulation, may among other things:

- Adopt rules for the regulation of its affairs and the conduct of its business.
- Study, evaluate, design, acquire, construct, maintain, repair, and operate turnpike projects, individually or as one or more systems.
- Impose tolls for the use of each of its turnpike projects and systems and the different parts or sections of each of its turnpike projects and systems.

Pursuant to the Act, tolls are not subject to supervision or regulation by any state agency or other local governmental entity, but must be set so that the aggregate of tolls from an Authority turnpike project or system, together with other revenue of the turnpike project or system provides revenue and creates reserves sufficient to pay:

- The cost of maintaining, repairing, and operating the turnpike project or system.
The principal of and interest on the bonds issued for the turnpike project or system as those bonds become due and payable.

**POLICY**

**APPLICATION**
This policy shall apply to all projects in the System.

**GUIDING PRINCIPLES**
The toll rates shall take into account equity between regions within the jurisdiction of the NTTA and between different classes of users. Toll rates shall be competitive with other rates levied in the region and the State. Toll rates shall be established at levels sufficient to ensure the fiscal strength of the System and to comply with the requirements of the Trust Agreement and other legal obligations of the NTTA.

Any new highway project built as a NTTA standard highway project, regardless of its individual financial self-sufficiency, shall be supported by the uniform System rates. If a project were proposed that deviated from the NTTA highway project standards, any net revenue decrease to NTTA shall be offset by a corresponding higher toll rate on that project or by increased financial contributions from local sponsors.

Toll rates and growth rates, including any non-standard highway project feature adjustment, will be re-evaluated for each project based on actual traffic at the time of each five-year toll reset.

The NTTA does not operate the System to produce profits to be paid to investors as dividends. Any money collected by the NTTA in excess of the amounts needed for operations and maintenance expenses and debt service and reserves is used for other transportation improvements in the NTTA’s jurisdiction or to offset the need for toll rate increases or pay unexpected costs of the System.

**PURPOSE OF TOLL COLLECTION**
Tolls are collected to allow the NTTA to meet all of its obligations, legal and financial, with respect to the System. Specifically, tolls are levied and collected to:

- Comply with debt covenants (each NTTA debt instrument has accompanying rate covenants).
• Pay operation and maintenance costs of the System.
• Pay debt service on debt issued to finance projects and pay all other financial obligations.
• Accumulate sufficient reserves.
• Pay for expansions to a highway project or the System.
• Pay for deviations from NTTA System or highway project standards.
• Manage travel demand through congestion pricing.

TOLL RATE STRUCTURE

Uniformity
Toll rates on highway projects will be established to achieve as nearly as possible a uniform per mile toll rate.

• Toll rates for toll bridges and tunnels will be established at levels approximating the System-wide uniform rate to the extent possible while still ensuring that the toll bridge or tunnel provides net revenue coverage not lower than the System target established by the Board.
• Toll rates will be adjusted on a project-by-project basis solely to account for the amortization of the cost of non-standard highway project features where applicable.

Scheduled Toll Adjustments
Scheduled toll adjustments provide the Board with the tools necessary to plan for the future. The level of adjustment and compounded annual growth rate may be influenced by a number of factors including:

• Rates of inflation.
• Debt capacity required for project or System expansion.
• Funds required for operations and maintenance.
• Cash flow and reserves needed to establish expectations of financial stability and certainty.
• Unforeseen conditions.

Scheduled toll rate adjustments will be implemented by the Board after taking into consideration the following factors:

• Existing toll rates and compounded annual growth rate.
• Impact of adjustment on net revenues and coverage.
- The need to amortize the cost of non-standard highway project features.
- Actual historical traffic data.
- 5-year traffic and toll revenue re-evaluations.
- Impact of the adjustment on congestion and traffic patterns on the highway project, itself.
- Historical and projected regional demographics.
- The regional Mobility Plan.

**Cash and Electronic Methods.**

In recognition of the cost efficiencies and mobility improvements resulting from higher levels of electronic tolling, customers will be encouraged to use electronic tolling by assessing a surcharge on tolls collected by cash. The cash surcharge may be set based on the characteristics of each highway project. The Board may also consider the advantages of all-electronic tolling for certain projects and authorize the implementation of all-electronic tolling on its facilities.

Other factors that may be considered in establishing toll rates include the following:

- **Ease of collection.** To the extent that cash tolls are accepted on a project, the cash toll rates will be in five-cent or greater coin increments. An operational evaluation will be done for every project to establish the optimum combination of coins to be collected.
- **Cost to implement.** Toll rate changes can involve costs in software, hardware, public education, or other operations.
- **Impact on toll violation enforcement.** The Board is committed to a vigorous toll enforcement practice balancing the cost to pursue, collectability of the toll, and fairness to customers.
- **Equity issues between commercial and other traffic.** Commercial or truck traffic produces more damage to the pavement structure. Toll rates for trucks will be consistent on the system and will be optimized.
- **Traffic pattern changes.** Scheduled toll adjustments will take into consideration the potential for the diversion of traffic onto non-tolled roads and the impact to local roads and other alternative routes.
- **Regional air quality.** Air quality conditions and goals may be considered when establishing toll
CERTIFICATION PROCESS FOR ESTABLISHING AND CHANGING TOLLS
Prior to adopting any amendments to the schedule of toll rates or the toll collection system, the Board shall comply with the applicable requirements of the Authority’s Trust Agreement that secure the System bonds and of the other financial instruments pursuant to which the revenues of the System are pledged as security.

The procedures for establishing and amending the schedule of toll rates and the toll collection system set forth in the Trust Agreement and the other financial obligations are incorporated in and made a part of this policy.

In accordance with the Trust Agreement, if in effect and applicable at the time of a proposed amendment to the schedule of toll rates or toll collection system, the Board shall obtain a certification from its designated traffic engineer that the toll rate change will not adversely affect the ability of the System to produce net revenues sufficient to meet the coverage requirements set forth in the Trust Agreement.

In the event that the System is expected to produce net revenues insufficient to meet the requirements of the Trust Agreement and the other applicable financial obligations, the Board shall engage its designated traffic engineer to make a recommendation as to what changes in the schedule of toll rate or the toll collection system are necessary so that the System will produce the required level of net revenues.

APPENDIX A
§ 366.033. General Powers
(a) An authority, acting through its board, without state approval, supervision, or regulation, may:

(1) adopt rules for the regulation of its affairs and the conduct of its business;

. . .

(3) study, evaluate, design, acquire, construct, maintain, repair, and operate turnpike projects, individually or as one or more systems;
§ 366.113. Payment of Bonds; State and County Credit Not Pledged

(a) The principal of, interest on, and any redemption premium on bonds issued by an authority are payable solely from:

(1) the revenue of the turnpike project or system for which the bonds are issued, including tolls pledged to pay the bonds;

(2) payments made under an agreement with the commission or a local governmental entity as provided by Subchapter G;

(3) money derived from any other source available to the authority, other than money derived from a turnpike project that is not part of the same system or money derived from a different system, except to the extent that the surplus revenue of a turnpike project or system has been pledged for that purpose; and

(4) amounts received under a credit agreement relating to the turnpike project or system for which the bonds are issued.

(c) An authority may not incur financial obligations that cannot be paid from revenue derived from owning or operating the authority’s turnpike projects and systems or from other revenue provided by law.

§ 366.173. Revenue

(a) An authority may:

(1) impose tolls for the use of each of its turnpike projects and systems and the different parts or sections of each of its turnpike projects and systems; and

(2) contract with a person for the use of part of a turnpike project or system or lease or sell part of a turnpike project or system, including the right-of-way adjoining the paved portion, for any purpose, including placing on the adjoining right-of-way a gas station, garage, store, hotel, restaurant, parking facility, railroad track, billboard,
livestock pasturage, telephone line or facility, telecommunication line or facility, data transmission line or facility, and electric line or facility, under terms set by the authority.

(b) Tolls must be set so that the aggregate of tolls from an authority’s turnpike project or system, together with other revenue of the turnpike project or system:

1. provides revenue sufficient to pay:
   
   A. the cost of maintaining, repairing, and operating the turnpike project or system; and
   
   B. the principal of and interest on the bonds issued for the turnpike project or system as those bonds become due and payable; and

2. creates reserves for a purpose listed under Subdivision (1).

(c) Tolls are not subject to supervision or regulation by any state agency or other local governmental entity.

(d) Tolls and other revenue derived from a turnpike project or system for which bonds are issued, except the part necessary to pay the cost of maintenance, repair, and operation and to provide reserves for those costs as may be provided in the bond proceedings, shall be set aside at regular intervals as may be provided in the bond resolution or trust agreement in a sinking fund that is pledged to and charged with the payment of:

1. interest on the bonds as it becomes due;

2. principal of the bonds as it becomes due;

3. necessary charges of paying agents for paying principal and interest; and

4. the redemption price or the purchase price of bonds retired by call or purchase as provided by the bond proceedings.
(e) Use and disposition of money to the credit of the sinking fund is subject to the bond proceedings.

(f) To the extent permitted under the applicable bond proceedings, revenue from one turnpike project of an authority may be used to pay the cost of other turnpike projects of the authority.

(g) An authority may not use revenue from its turnpike projects in a manner not authorized by this chapter. Revenue generated from a turnpike project may not be applied for a purpose or to pay a cost other than a cost or purpose that is reasonably related to or anticipated to be for the benefit of a turnpike project.