

NORTH TEXAS TOLLWAY AUTHORITY

VOLUNTARY EVENT NOTICE

This filing is made voluntarily by the North Texas Tollway Authority (“NTTA” or “Authority”), without intention to provide any update to this filing or its subject matter or make similar voluntary filings in the future. Any obligation to do so now or in the future is expressly disclaimed.

As a result of the new strain of coronavirus (“COVID-19”) pandemic, the U.S. government, various states, agencies, local officials including several mayors and County Judges of Collin, Dallas, Denton, Tarrant, Ellis and Johnson counties and others began in early March imposing restrictions on travel, public gatherings and large group events, ordered residents to stay at home, promoted work-at-home, and ordered closure of schools, restaurants, bars, and other public venues. While Texas Governor Abbott has announced limited openings of businesses that have taken place on April 27th, May 5th and May 18th, the limitations described above have materially impacted NTTA’s traffic volume in March, April and May and NTTA is uncertain as to when, if ever, traffic volume will resume to normal budgeted levels even after many of the restrictions have been lifted.

On May 20, 2020, NTTA senior management provided the NTTA Board of Directors with unaudited financial information, including the tables below, relating to the adverse impact of COVID-19 on April 2020 NTTA System toll transactions and revenue. The table below and other financial information relating to the NTTA System can also be found at https://www.ntta.org/whatwedo/fin_invest_info/Pages/default.aspx.

MONTHLY				
	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>
Transactions	69,096,678	67,219,219	50,979,737	30,962,042
vs Prior Year	1.4%	4.6%	-29.3%	-56.6%

WEEKLY		
<u>Week ending</u>	<u>Transactions</u>	<u>vs Prior Year</u>
3/8/2020	16,433,454	1.2%
3/15/2020	14,366,957	-9.2%
3/22/2020	9,481,364	-43.9%
3/29/2020	7,047,866	-58.5%
4/5/2020	6,467,027	-60.8%
4/12/2020	6,717,388	-59.2%
4/19/2020	7,157,995	-56.7%
4/26/2020	7,666,708	-54.5%
5/3/2020	8,378,586	-49.8%
5/10/2020	9,462,618	-42.7%
5/17/2020	9,476,431	-43.7%

APRIL – MONTH			
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	<u>Actual</u>	<u>vs Prior Year</u>	<u>vs Budget</u>
Transactions	30,962,042	-56.6%	-57.2%
Revenues	\$41,690,958	-47.4%	-49.3%
O&M Expenses	\$13,012,345	-1.4%	-14.8%

APRIL - YEAR TO DATE			
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	<u>Actual</u>	<u>vs Prior Year</u>	<u>vs Budget</u>
Transactions	218,257,677	-20.9%	-22.7%
Revenues	\$261,569,894	-15.2%	-18.9%
O&M Expenses	\$63,174,493	24.8%	-8.6%

PRELIMINARY RESTRICTED BALANCES AS OF 4/30/2020	
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Operation and Maintenance Fund	\$40,945,211
Debt Service Payment Fund	\$188,126,982
Reserve Maintenance Fund	\$5,000,000
CIF Bond Payment Fund	\$38,873,697
Debt Service Reserve Fund	\$452,933,116
Total	<u><u>\$725,879,006</u></u>

PRELIMINARY UNRESTRICTED BALANCES AS OF 4/30/2020	
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Revenue Fund	\$34,610,504
Rainy Day Fund	\$75,308,191
Reserve Maintenance Fund	\$59,589,998
Capital Improvement Fund	\$476,993,867
Total	<u><u>\$646,502,560</u></u>

On May 20, 2020, NTTA's board of directors approved amendments to NTTA's current \$200,000,000 commercial paper note program secured by net revenues of the NTTA System. Under the amended program, NTTA has an agreement with a national investment bank, pursuant to which the bank is obligated to purchase the full \$200,000,000 of commercial paper notes upon request. NTTA expects to draw the full \$200,000,000 down by the end of May to fund capital improvement projects.

On May 20, 2020, NTTA's board of directors also approved the implementation of a \$100,000,000 revolving note facility with another national investment bank under which the bank will be obligated to purchase short-term notes secured by net revenues of the NTTA System. NTTA expects to finalize and draw down on the facility in full within the next 30 days to provide additional funding for capital improvement projects.

Largely due to the restrictions relating to COVID-19 described above, for the month of April 2020, NTTA experienced a 56.6% decrease in toll transactions and a 47.4% decrease in total revenue compared to April 2019, and a 57.2% and 49.3% negative deviation from budget in toll transactions and total revenue, respectively. Weekly transaction declines were 42.7% and 43.7% for the weeks ending May 10, 2020 and May 17, 2020, respectively, compared to the same periods in 2019.

In response to the decline in transactions and revenue, NTTA developed a phased COVID-19 financial response plan in March 2020. As of April 2020, NTTA had instituted its plan, which included the following:

- Implementing expense reductions;
- Delaying the start of certain capital projects; and
- Securing liquidity facilities.

NTTA continues to execute this plan and will monitor traffic performance to determine whether to cease utilizing the plan or to make modifications to it based on the impact of COVID-19 on NTTA revenues.

DEBT SERVICE COVERAGE RATIO			
	Trust		
	Agreement	FY2019	FY2020
	<u>Requirements</u>	<u>Unaudited</u>	<u>Projection</u>
1st Tier Coverage	1.35x	1.97x	1.60x
1st and 2nd Tier Coverage	1.20x	1.52x	1.21x
All in Coverage	1.00x	1.42x	1.14x

In accordance with its NTTA System Trust Agreement, NTTA covenants to produce net revenues during each fiscal year that satisfies the greatest of the debt service coverage ratios listed in the above table and as provided in the Trust Agreement. Unaudited results for the fiscal year ending December 31, 2019 are estimated to exceed the debt service coverage ratios as shown in the above table. The fiscal year ending December 31, 2019 estimated debt service coverage ratio results are prior to the impact of COVID-19. NTTA anticipates that it can meet or exceed the fiscal year ending December 31, 2020 debt service coverage ratio requirements. NTTA’s projection of satisfying the fiscal year ending December 31, 2020 debt service coverage ratios assumes:

- Revenues recover gradually from 45% declines in May 2020 to 35% declines in December 2020 compared to the same period in fiscal year 2019;
- Fiscal year 2020 annual net revenues will be approximately 38% less than unaudited fiscal year 2019 annual net revenues;
- Fiscal year 2020 expenses will decline 10%-15% compared to budget due to reduced transactions as well as management actions; and
- Using \$130 million to \$150 million in the Capital Improvement Fund to pay interest on NTTA System bonds.

While NTTA believes these assumptions are reasonable, if there is a deviation due to a greater than anticipated impact of COVID-19 or from some other unknown factor, actual results may differ from NTTA’s projections. These assumptions are based upon internal projections of NTTA and have not been independently verified by NTTA’s traffic and revenue engineers for the NTTA System.

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties, including the ultimate geographic spread of the virus; the severity of the disease; the duration of the pandemic; and actions that may be taken by governmental authorities to treat the disease or contain the outbreak such as imposing more severe restrictions due to a resurgence of COVID-19. Additionally, NTTA cannot determine the impact of the pandemic and any travel restrictions on the demand for utilizing roads, including NTTA toll roads, or the impact on NTTA’s financial condition and/or operations; the impact of the outbreak on the local or global economy or on the toll road industry generally.

This statement contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. All forward-looking statements included herein are based on information available to NTTA on the date hereof, and NTTA assumes no obligation to update any such forward-looking statements. Readers are not to place undue reliance on the forward-looking statements, which speak only as of the date hereof.

The publication of this statement does not constitute or imply any representation (i) that the foregoing is material to investors, (ii) regarding any other financial, operating or other information about NTTA or its bonds or (iii) that no other circumstances or events have occurred or that no other information exists concerning NTTA or its bonds which may have a bearing on the financial condition of NTTA, the security for its bonds or an investor’s decision to buy, sell or hold any bonds.

Contact Horatio Porter, Chief Financial Officer, at 214-224-2247 with any questions.

May 20, 2020