

<b>POLICY</b>	<b>TOLL RATE-SETTING</b>	Resolution Number	19-113
		Resolution Date	10/16/19
		Effective Date	10/16/19

<b>PURPOSE</b>	<p>NTTA relies on collection of tolls to construct, operate, and maintain its turnpike projects. The purpose of this Policy is to provide guidelines for the setting of toll rates across NTTA that incorporate scheduled adjustments to TollTag rates and associated premiums for ZipCash transactions.</p> <p>This Policy does not apply to the base toll rates under tolling services agreements; those rates are established separately.</p>
<b>DEFINITIONS</b>	<p><u>Board</u> – NTTA’s Board of Directors.  <u>Code</u> – Texas Transportation Code.  <u>Non-standard project</u> – A turnpike project that includes or is based upon designs, specifications, and construction requirements that differ from NTTA’s standard projects.  <u>Non-System</u> – Certain NTTA facilities that are not a part of the System and are constructed and maintained under separate project agreements.  <u>Revenue</u> – Tolls, rents, and other money received by NTTA from the ownership or operation of a turnpike project.  <u>Standard project</u> – A turnpike project that includes or is based upon NTTA standard designs, specifications, and construction requirements.  <u>System</u> – North Texas Tollway Authority System, comprised of Chisholm Trail Parkway, Dallas North Tollway, President George Bush Turnpike, Sam Rayburn Tollway, Addison Airport Toll Tunnel, Mountain Creek Lake Bridge, Lewisville Lake Toll Bridge, 360 Tollway, and any extensions or expansions thereof, and any other turnpike project that the Board elects to include in the System.  <u>Toll Rate Adjustment Schedule</u> – The plan of rates, premiums, and adjustments adopted by the Board.  <u>Tolling services agreement</u> – Agreement under which NTTA provides tolling services for a third party pursuant to section 366.038 of the Code.  <u>TollTag</u> – Transponder used by NTTA to collect tolls.  <u>Turnpike project</u> – A highway, bridge, or tunnel of any number of lanes, with or without grade separations, owned</p>

	<p>or operated by NTTA under Chapter 366 of Code and any improvement, extension, or expansion to that highway, bridge, or tunnel.</p> <p><u>ZipCash</u> – NTTA’s toll transaction invoicing system based on electronic reading of vehicle license plate numbers.</p> <p><u>ZipCash Premium</u> – The premium added to the TollTag rate for ZipCash transactions to account for the added costs and risks associated with such transactions.</p>
<b>SCOPE</b>	<p><b>GOVERNING AUTHORITY</b></p> <p>NTTA is authorized under section 366.173(a)(1) of the Code to impose tolls for the use of its turnpike projects and systems and the different parts or sections of each of its turnpike projects and systems. Section 366.173(c) of the Code provides that NTTA tolls are not subject to supervision or regulation by any state agency or other local governmental entity. Section 366.173(b) directs NTTA to set tolls so that the aggregate of tolls from an NTTA turnpike project or system, together with other revenue of the turnpike project or system, provides revenue and creates reserves sufficient to pay:</p> <ul style="list-style-type: none"> <li>• The cost of maintaining, repairing, and operating the turnpike project or System.</li> <li>• The principal of and interest on the bonds issued for the turnpike project or System as those bonds become due and payable.</li> </ul>
<b>POLICY</b>	<p><b>APPLICATION</b></p> <p>This policy applies to all NTTA facilities and tolls.</p> <p><b>GUIDING PRINCIPLES WHEN SETTING TOLL RATES</b></p> <p>TollTag rates and ZipCash Premiums will be established at levels sufficient to ensure the fiscal strength of NTTA’s turnpike projects and to comply with the requirements of NTTA’s trust agreements and other legal obligations.</p> <p><b>TOLL RATE STRUCTURE</b></p> <p><u>Uniformity</u></p> <p>TollTag rates and ZipCash Premiums on the System and Non-System projects will be established to achieve as nearly as possible a uniform per mile toll rate across all NTTA facilities.</p> <ul style="list-style-type: none"> <li>• TollTag rates and ZipCash Premiums may be adjusted on a project-by-project basis to account for non-standard project features or to ensure that the net revenue coverage is consistent with debt covenants required by the trust agreement.</li> <li>• ZipCash Premiums may be adjusted after</li> </ul>

consideration of factors such as preservation of free traffic flow, mix of ZipCash versus transponder-based transactions, and success rate in collections on ZipCash Transactions.

#### Scheduled Toll Rate

In Resolution No. 09-193, the Board adopted a Toll Rate Adjustment Schedule that provides for annual rate increases of 2.75% compounded annually, with a reset every two years in odd numbered years.

Consistent with the annual review of the operating budget, the Board will review the TollTag rate and ZipCash Premium adjustments. The adjustments will be implemented as scheduled. The Board may change or eliminate the adjustments after considering a number of factors, including:

- Existing toll rates and annual growth rate.
- Impact of the adjustment on net revenues and debt service coverage.
- Actual and projected traffic data.
- Trust agreement requirements.
- Rate of inflation.
- Debt capacity required for project expansion.
- Funds required for operations and maintenance.
- Funds required for approved capital plan.
- Cash flow and reserves needed to provide financial stability and certainty.
- Unforeseen conditions.

#### **PROCESS FOR ESTABLISHING AND CHANGING TOLL RATES**

NTTA will comply with the applicable requirements of the trust agreements, other financial agreements, and legal requirements when it establishes or changes TollTag rates or the ZipCash Premium. Such requirements are incorporated into and made a part of this Policy.