

**TESTIMONY OF PAUL N. WAGEMAN
CHAIRMAN, NORTH TEXAS TOLLWAY AUTHORITY
CDA LEGISLATIVE STUDY COMMITTEE
TUESDAY, AUGUST 12, 2008**

Good morning, Chairman Carona and Members of the Committee. I am Paul N. Wageman, Chairman of the North Texas Tollway Authority (NTTA) Board of Directors. On behalf of the Board and staff, we appreciate the opportunity to speak to you this morning. Here in the audience today is the NTTA's Vice Chairman of the Board, Victor Vandergriff, who is one of our two Tarrant County appointees.

Due in large part to the members I sit before today, the NTTA was granted a number of critical tools during the 80th Texas Legislature aimed at expediting project delivery in North Texas.

SB 792 changed the NTTA's world and the entire way mobility projects are advanced across the state. Through SB 792, the NTTA was granted various project delivery tools which are critical to the agency's ability to get roads built more quickly and move people where they need to go. CDA Authority, Design-Build and Construction Manager at Risk; we are the regional toll operator for all toll projects, including managed lanes in North Texas, whether we own the project or not.

There are provisions in SB 792 that we would like to work with you and other legislative leadership to modify to enhance the NTTA's project delivery capabilities, including a refining of the market valuation process.

As you all have heard articulated many times, the market valuation process on SH 161, while painful, provided some valuable lessons about how to and how not to develop toll projects. The process itself left a lot of room for interpretation, and the partners ultimately created the steps as we went along.

What we clearly saw was that the market valuation process pitted the two agencies against each other rather than allowing for a more collaborative partnership. The NTTA is looking to legislative leadership in the coming session to help get the process to a better place.

Further, local toll authorities must be allowed to use their inherent strengths in delivering projects and are not encumbered by limits put upon a private sector proposer.

Lastly, there is benefit in amending SB 792's 30-year bond term cap. The maximum length of CDA contracts is 50 years; private bidders can and do structure debt over that entire term. Public agency debt was limited to 40 years prior to the 80th Legislature Session, but SB 792 further limited it to 30 years, which is a mismatch with what the private sector is provided; this term limit requires a more complex and more costly financing structure for the local tolling authorities. The NTTA would like to see the bond term cap be expanded to 50 years to match what is allowed by the private sector.

We are currently in the process of developing the agency's legislative program for the 81st Legislative Session and are working closely with the Harris County Toll Road Authority and other mobility authorities to identify important legislative initiatives which could impact our agencies. We appreciate your leadership and we look forward to working with you on these and other important legislative efforts in the coming months.

If you have no questions for me, I kindly ask if we may turn the discussion over to Jorge Figueredo, the NTTA's Executive Director, to talk specifically about the role of CDAs in North Texas and the NTTA's plans to utilize CDAs in the future.