



STATE HIGHWAY FUND

Annual Continuing Disclosure Report

For the Fiscal Year Ended August 31, 2020

Filed on February 26, 2021

Filed by the Texas Transportation Commission
Pursuant to Continuing Disclosure Undertakings
For Compliance with SEC Rule 15c2-12

State Highway Fund Annual Continuing Disclosure Report

For the Fiscal Year Ended August 31, 2020

Filed by Texas Transportation Commission
Relating to Each Outstanding Issue of the Commission's State Highway Fund First Tier Revenue Bonds
with CUSIP Prefix 88283L

The financial information and operating data contained in this report (this "Report") with respect to the Texas Transportation Commission (the "Commission"), the Texas Department of Transportation ("TxDOT") and the State Highway Fund (the "Fund" or "SHF") is being provided in accordance with the contractual continuing disclosure undertakings (collectively, the "Undertaking") of the Commission described in the various official statements or other offering documents (collectively, the "Official Statements") for the Commission's outstanding State Highway Fund First Tier Revenue Bonds (the "First Tier Senior Obligations") and other outstanding obligations for which the Commission or TxDOT has made such undertakings, including as an obligated person.

Pursuant to the rules of the Municipal Securities Rulemaking Board (the "MSRB"), the participating underwriters for the First Tier Senior Obligations and certain other bonds, notes, or other obligations payable or secured, in whole or in part, from certain revenues deposited to the credit of the SHF (collectively the "SHF Obligations"), as applicable, were required to file a copy of the Official Statement for each such bond issue with the MSRB, copies of which are available on the MSRB's Electronic Municipal Market Access ("EMMA") system website. Unless specified otherwise, references in this Report to a particular series of bonds (e.g., the "Series 2010 Bonds") shall refer to the respective series of First Tier Senior Obligations.

The Official Statements should not be considered to speak as of any date other than the respective date indicated in each such document. Unless specified otherwise, capitalized terms used in this Report and not otherwise defined shall have the meanings given in the Official Statements.

The titles and numbering of the tables set forth in this report may deviate from the titles and numbering used for comparable tables contained in the Official Statements. In addition, certain financial information and operating data presented in this Report may be in addition to the information required to be provided by any particular Undertaking and should not be construed as obligating the Commission to provide such additional information in its future continuing disclosure filings.

Information the Commission has agreed to provide pursuant to the Undertaking may be reported in full text herein or may be incorporated by reference to certain other publicly available documents. Information in this Report regarding the Commission, TxDOT and the Fund has been compiled and provided by TxDOT from TxDOT's records and other sources which are believed by TxDOT to be reliable and is provided in satisfaction of the Undertaking. This Report contains information prescribed by the Undertaking, and neither the Commission nor TxDOT makes any representation or warranty concerning the usefulness of such information to a decision to invest in, hold, or sell SHF Obligations.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Report.

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I. Annual Financial Information and Operating Data Update Required by Undertaking

Table 1: Debt Service Requirements and Projected Coverage
(In Thousands)

Fiscal Year	Debt Service on Outstanding First Tier Senior Obligations ⁽¹⁾	BAB Subsidy Payments ⁽²⁾	Total Debt Service (net of BAB Subsidy)	Fiscal Year 2020 Pledged Revenues ⁽³⁾	Aggregate Debt Service Coverage (before BAB subsidy)	Aggregate Debt Service Coverage (net of BAB subsidy)
2021	\$ 420,552	\$ (25,461)	\$ 395,090	\$ 9,362,500	22.26x	23.70x
2022	\$ 423,289	\$ (25,488)	397,801	9,362,500	22.12x	23.54x
2023	\$ 422,622	\$ (25,488)	397,134	9,362,500	22.15x	23.58x
2024	\$ 421,474	\$ (24,319)	397,155	9,362,500	22.21x	23.57x
2025	\$ 421,118	\$ (23,110)	398,009	9,362,500	22.23x	23.52x
2026	\$ 420,944	\$ (21,861)	399,083	9,362,500	22.24x	23.46x
2027	\$ 420,615	\$ (20,577)	400,038	9,362,500	22.26x	23.40x
2028	\$ 416,936	\$ (17,094)	399,842	9,362,500	22.46x	23.42x
2029	\$ 411,249	\$ (11,739)	399,510	9,362,500	22.77x	23.43x
2030	\$ 405,125	\$ (5,968)	399,157	9,362,500	23.11x	23.46x
2031	\$ 207,342	\$ -	207,342	9,362,500	45.15x	45.15x
2032	\$ 180,247	\$ -	180,247	9,362,500	51.94x	51.94x
2033	\$ 170,509	\$ -	170,509	9,362,500	54.91x	54.91x
2034	\$ 170,508	\$ -	170,508	9,362,500	54.91x	54.91x
Total	\$ 4,912,531	\$ (201,106)	\$ 4,711,425			

Totals may include rounding differences.

⁽¹⁾ For purposes of illustration, (i) the variable rate of interest on Series 2014-B1 Bonds, Series 2014-B2 Bonds, and Series 2016-B Bonds (following the initial rate period therefor), being a portion of the outstanding First Tier Senior Obligations, is assumed at 3.5%, which is inclusive of remarketing and liquidity fees, as applicable, and (ii) the principal of all outstanding First Tier Senior Obligations is assumed to be paid on the scheduled dates of mandatory sinking fund redemption, if any, and the stated maturity date thereof. The Series 2014-B2 Bonds and Series 2016-B Bonds are subject to mandatory tender for purchase prior to the stated maturity thereof. The Series 2014-B2 Bonds and Series 2016-B Bonds are not benefited by any third-party liquidity support.

⁽²⁾ The Build America Bonds ("BAB") Subsidy

Payments shown above relate to the Series 2010 Bonds, being a portion of the outstanding First Tier Senior Obligations, and reflect a reduction due to federal sequester cuts through Federal Fiscal Year 2030 at 5.7%.

⁽³⁾ Pledged Revenues (as defined in the Official Statements relating to First Tier Senior Obligations) is presented using a modified accrual basis of accounting. BAB subsidy payments are not included in Pledged Revenues.

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Table 2: Statement of Revenues, Expenditures and Changes in
Fund Balances For Fiscal Years Ended August 31 ⁽¹⁾
(In Thousands)

	2016	2017	2018	2019	2020
REVENUES					
Taxes ⁽²⁾	\$ 3,760,033	\$ 3,115,426	\$ 5,976,202	\$ 6,686,486	\$ 6,546,015
Federal Revenues ⁽³⁾	3,934,662	3,781,394	3,844,009	4,204,305	5,196,849
Federal Pass-Through Revenues ⁽⁴⁾	404	469	13,008	3,520	39,962
Licenses, Fees and Permits	37,670	61,170	68,570	98,011	116,940
Interest & Investment Income	32,799	48,604	63,012	131,112	116,493
Net Increase (Decrease) Fair Value	-	-	-	33	(12)
Land Income	12,104	13,222	23,128	29,567	18,583
Settlement of Claims	47,519	28,215	21,133	41,902	34,147
Sales of Goods and Services ⁽⁵⁾	2,031	70,136	133,048	88,313	82,321
Other Revenues	17,191	9,830	3,516	4,990	(195)
Total Revenues ⁽⁶⁾	7,844,413	7,128,466	10,145,626	11,288,239	12,151,103
EXPENDITURES					
Salaries and Wages	665,900	653,730	707,459	713,218	750,759
Payroll Related Costs	312,209	323,321	331,723	338,366	347,233
Professional Fees and Services	605,127	914,581	915,999	1,174,262	1,280,475
Federal Pass-Through Expenditures	10,345	13,246	10,954	12,185	8,335
State Pass-Through Expenditures	-	144	100	96	79
Travel	8,756	8,911	11,386	11,117	6,605
Materials and Supplies	387,339	381,223	389,874	368,175	355,828
Communications and Utilities	46,474	45,419	46,437	41,880	45,144
Repairs and Maintenance ⁽⁷⁾	816,035	673,689	655,599	697,622	938,100
Rentals and Leases	27,527	25,181	32,151	32,518	42,155
Printing and Reproduction	3,742	3,837	3,503	3,622	3,203
Claims and Judgments	7,667	4,187	20,276	3,142	8,897
Intergovernmental Payments	313,582	180,081	249,014	191,569	133,641
Public Assistance Payments ⁽⁸⁾	14,481	34,773	73,319	68,430	64,894
Other Expenditures ⁽⁹⁾	190,104	289,116	225,609	288,592	255,823
Total Transportation Expenditures	3,409,288	3,551,439	3,673,402	3,944,795	4,241,172
Capital Outlay ⁽¹⁰⁾	5,141,724	6,010,985	5,660,605	6,642,649	8,697,075
Debt Service:					
Principal on State Bonds ⁽¹¹⁾	-	-	127,920	-	-
Principal on Pass-Through Tolls	120,651	109,081	110,843	158,066	118,227
Interest on State Bonds ⁽¹¹⁾	-	-	192,519	-	-
Other Financing Fees	1,388	4,267	1,035	952	9,075
Total Expenditures	8,673,051	9,675,772	9,766,324	10,746,462	13,065,549
Excess (Deficit) Revenues Over (Under) Expenditures	(828,638)	(2,547,306)	379,302	541,777	(914,446)
OTHER FINANCING SOURCES (USES)					
Transfers In ⁽¹²⁾	1,657,739	1,748,978	1,953,358	1,915,228	1,751,048
Transfers Out ⁽¹²⁾	(450,544)	(519,381)	(571,190)	(981,952)	(784,448)
Long -Term Debt Issued	-	886,210	-	-	-
Bonds Issued for Refunding	-	89,370	-	-	-
Premiums on Bonds Issued	-	112,255	-	-	-
Payments to Escrow for Refunding	-	(100,000)	-	-	-
Sale of Capital Assets	66,334	8,715	5,454	10,122	25,934
Upfront Payment - Service Concession Arrangement	25,479	392	-	510	-
Total Other Financing Sources (Uses)	1,299,008	2,226,539	1,387,622	943,908	992,534
Net Change in Fund Balances	470,370	(320,767)	1,766,924	1,485,685	78,088
Beginning Fund Balances	3,545,030	4,015,400	3,694,633	5,461,557	6,947,242
Ending Fund Balances	\$ 4,015,400	\$ 3,694,633	\$ 5,461,557	\$ 6,947,242	\$ 7,025,330

See footnotes to Table 2 on the following page.

Footnotes to Table 2:

- (1) Totals may include rounding differences. The table above reflects State Highway Fund Accounts, Proposition 1, and Proposition 7 as reported in the “Combining Statement of Revenues, Expenditures and Changes in Fund Balances – State Highway Fund” in TxDOT’s audited financial statements for each such fiscal year.
- (2) The decrease in Taxes from Fiscal Year 2016 to Fiscal Year 2017 was primarily due to the much lower deposit of \$439.5 million in Proposition 1 funds compared to \$1.1 billion Proposition 1 funds deposited in Fiscal Year 2016. The increase in Taxes from 2017 to 2018 was due to the receipt and accrual of \$2.5 billion in Proposition 7 funds received during Fiscal Year 2018. The increase in Taxes from 2018 to 2019 was largely due to an increase in Proposition 1 funds earned. The decrease in Taxes from 2019 to 2020 was largely due to a decrease in Proposition 1 and Proposition 7 funds earned due to COVID-19. See “II. Supplemental Information – Impact of COVID-19” below. Receipts from Proposition 1 and Proposition 7 are not pledged to secure or available to pay debt service on First Tier Senior Obligations. For a description of Proposition 1 and Proposition 7 receipts, see the sub-caption “THE STATE HIGHWAY FUND - General” in the 2020 Official Statement (as defined on page 11 of this Report).
- (3) Federal Revenues fluctuate from year to year due to the amount of expenditures for major construction projects that are eligible for federal reimbursement and the timing of when such costs are incurred and when reimbursements are received. For more information, see “THE STATE HIGHWAY FUND – Sources of Revenue in the Fund – Federal Funds” in the 2020 Official Statement.
- (4) The Federal Pass-Through Revenues increases in Fiscal Years 2018 and 2020 were primarily attributable to Hurricane Harvey FEMA revenue.
- (5) The Sale of Goods and Services increases in Fiscal Years 2017 and 2018 were due to increased construction expenditures using contributions received by TxDOT from local governments.
- (6) Total Revenues, as reported in Table 2, is different from Pledged Revenues as defined by the Master Resolution for First Tier Senior Obligations.
- (7) The increase in Repairs and Maintenance in Fiscal Year 2020 was primarily due to additional funds available from Proposition 1 and Proposition 7 deposits.
- (8) Public Assistance Payments increased in Fiscal Year 2018 as more grants were paid to community service programs.
- (9) Other contracted services and right of way costs increased in Fiscal Year 2017 due to more construction activities supported by additional funding from First Tier Senior Obligations and Proposition 1 funds.
- (10) The increases in Capital Outlay in Fiscal Years 2019 and 2020 were primarily due to additional funds available from Proposition 1 and Proposition 7 deposits.
- (11) In Fiscal Year 2018, Principal on State Bonds and Interest on State Bonds relating to Highway Improvement General Obligation Bonds were paid from new Proposition 7 funding. In previous years, these payments were made from the State’s General Revenue Fund.
- (12) The Fund is considered a shared fund and is appropriated for use by multiple state agencies. TxDOT is considered the controlling agency for the Fund and reports the total cash balance in the Fund at fiscal year-end. TxDOT reports interagency transfers with other agencies that collect and deposit to or expend out of the Fund. Transfers In primarily reflects motor vehicle registration and certificate of title fees transferred from Texas Department of Motor Vehicles. Proposition 1 funding was treated for accounting purposes as Taxes beginning in 2016. See also footnote 2 above. Transfers Out for Fiscal Year 2016 through Fiscal Year 2020 mainly reflects transfers to the First Tier Senior Obligation Debt Service Fund to pay debt service on First Tier Senior Obligations and in 2019 and 2020, transfers were also made to the Proposition 12 debt service fund (relating to the Commission’s Highway Improvement General Obligation Bonds).

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Table 3: State Highway Fund Revenues by Source For Fiscal Years Ended August 31 (In Millions)

The following table displays the amount of total State Highway Fund Revenues, which are derived from each of the following sources for the last five fiscal years: State of Texas ("State") Motor Fuels Tax, State Motor Vehicle Registration Fees, Other State Revenue Sources, and Reimbursements from Federal Funds. Such sources are affected by a number of economic, demographic and environmental factors, including population growth in the State. Revenues in the following tables are presented using the modified accrual basis of accounting, unless otherwise indicated, and exclude Restricted Revenues. The table below reflects Pledged Revenues as reported in total within the notes of TxDOT's annual financial statements. Total State Highway Fund revenues have increased at an average annual rate of approximately 3.2% over the last five fiscal years.

	2016	2017	2018	2019	2020
State Motor Fuels Tax	\$ 2,580.9	\$ 2,631.0	\$ 2,697.3	\$ 2,759.2	\$ 2,342.7
State Motor Vehicle Registration Fees	1,426.5	1,442.8	1,501.1	1,584.7	1,450.8
Other State Revenue Sources ⁽¹⁾	323.5	594.3	362.9	392.4	332.1
Subtotal, excluding Federal Reimbursements	4,330.9	4,668.1	4,561.3	4,736.2	4,125.7
Reimbursements from Federal Funds ⁽²⁾	3,935.9	3,781.9	3,845.3	4,207.8	5,236.8
Total State Highway Fund Revenues	\$ 8,266.8	\$ 8,450.0	\$ 8,406.6	\$ 8,944.0	\$ 9,362.5

(1) Excludes Proposition 1 funding, Proposition 7 funding, loan repayments received by the State Infrastructure Bank and amounts credited to the Fund from the Texas Mobility Fund for payment to contractors. For administrative purposes, expenses of the Texas Mobility Fund are paid through the Fund and reimbursed from the Texas Mobility Fund. Other State Revenue Sources includes numerous separate and miscellaneous revenue sources that fluctuate from year to year and in aggregate may increase or decrease significantly from one year to the next. For a description of such Other State

Revenue Sources, and a description of Proposition 1 and Proposition 7 receipts, see the sub-caption "THE STATE HIGHWAY FUND - General" in the 2020 Official Statement.

(2) Reimbursements from Federal Funds fluctuate from year to year due to the amount of expenditures for major construction projects that are eligible for federal reimbursement and the timing of when such costs are incurred and when reimbursements are received. Excludes funds received for projects financed through the American Recovery and Reinvestment Act (ARRA) which began in Fiscal Year 2009.

Table 4: State Highway Fund Revenues as a Percentage of Total Fund Revenues (Excluding Federal Funds) For Fiscal Years Ended August 31

The following table displays the amount of each source of State Highway Fund Revenues as a percentage of total State Highway Fund Revenues (excluding reimbursements from federal funds) for the last five fiscal years.

	2016	2017	2018	2019	2020
State Motor Fuels Tax	59.6%	56.4%	59.1%	58.3%	56.8%
State Motor Vehicle Registration Fees	32.9%	30.9%	32.9%	33.5%	35.2%
Other State Revenue Sources	7.5%	12.7%	8.0%	8.3%	8.0%

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**Table 5: State Highway Fund Revenues as a Percentage of Total Fund Revenues (Including Federal Funds)
For Fiscal Years Ended August 31**

The following table displays the amount of each source of State Highway Fund Revenues as a percentage of total State Highway Fund Revenues (including reimbursements from federal funds) for the last five fiscal years.

	2016	2017	2018	2019	2020
State Motor Fuels Tax	31.2%	31.1%	32.1%	30.9%	25.0%
State Motor Vehicle Registration Fees	17.3%	17.1%	17.9%	17.7%	15.5%
Other State Revenue Sources	3.9%	7.0%	4.3%	4.4%	3.6%
Reimbursements from Federal Funds	47.6%	44.8%	45.7%	47.0%	55.9%

State Motor Fuels Tax. The State currently levies a motor fuels tax of \$0.20 per gallon on gasoline and diesel fuel, and \$0.15 per gallon equivalent on liquefied natural gas and compressed natural gas. Sales of motor fuels for the exclusive use of the federal government or a public school district in the State are exempt, and sales of liquefied natural gas for the exclusive use of the federal government, local county government or a public school district in the State are exempt. The Texas Comptroller of Public Accounts (the “Comptroller”) retains 1% of the gross receipts for administration and enforcement, and after providing for refunds or non-highway use collections, distributes the remainder as hereinafter described. Pursuant to Article VIII, Section 7-a of the Texas Constitution, 25% of the net revenues generated from the State motor fuels tax (net of enforcement, administrative and refund charges) are deposited to the credit of the “Available School Fund” in support of the State’s primary and secondary schools, and 50% of such revenues are deposited to the credit of the Fund. The remaining 25% is deposited to the County and Road District Highway Fund, which is administered by the Comptroller, until a maximum of \$7.3 million annually has been deposited, after which the remaining amount is deposited to the Fund. See Tables 3, 4 and 5 above for information regarding the amount of State motor fuels tax credited to the Fund for the last five fiscal years.

**Table 6: Taxable Gasoline and Diesel Fuel Consumption in Texas
(In Millions of Gallons)**

The following table shows the amount of the taxable gasoline and diesel fuel consumption in the State for the last five fiscal years. Total motor fuel consumption has had an average annual growth rate of approximately -0.1% over the past five fiscal years, with a gasoline consumption average annual growth rate of approximately -1.3% and a diesel consumption average annual growth rate of approximately 1.1% during such period. See “II. Supplemental Information - Impact of COVID-19” below.

Fiscal Year	Gasoline	Diesel
2016	14,190.2	5,132.5
2017	14,337.6	5,539.2
2018	14,588.7	5,797.5
2019	14,886.6	5,965.6
2020	13,367.1	5,300.8

State Motor Vehicle Registration Fees. The State currently charges motor vehicle registration fees under a number of statutory provisions. The Texas Department of Motor Vehicles (“TxDMV”) shares motor vehicle registration responsibilities with county governments that assist with this function. Revenues from vehicle registrations are shared between the Fund and the counties. The total amount of State motor vehicle registration and license fees credited to the Fund, as a percentage of the total amount of such fee collections net of refunds, for the State, counties, and for specialty license plates, was approximately 77%, 78%, 78%, 78% and 78% for Fiscal Years 2016, 2017, 2018, 2019 and 2020, respectively. See Tables 3, 4, and 5 above for information regarding the amount of State motor vehicle registration fees credited to the Fund for the last five fiscal years.

Table 7: Vehicles Registered in Texas (In Millions)

The following table shows the number of vehicles registered in the State for the last five fiscal years, which has had an average annual growth rate of approximately -0.01% over the last five fiscal years. See “II. Supplemental Information - Impact of COVID-19” below.

Fiscal Year	Number of Vehicles
2016	24.1
2017	24.6
2018	24.9
2019	25.1
2020	24.0

Other State Revenue Sources. The State also generates or receives funds from a variety of sources that are credited to the Fund. Such sources of funds include, without limitation, sales taxes on motor lubricants, funds from local governments that are participating in State highway projects, interest earnings on the dedicated funds deposited to the credit of the Fund, oversize and overweight trailer permit fees, vehicle title certificate fees, revenues from Texas Highways magazine, and other reimbursements received by TxDOT. With the exception of the sales tax on motor lubricants and interest earnings on dedicated funds, these other revenue sources are not dedicated or committed by constitutional provision to the Fund. See Tables 3, 4 and 5 above for information regarding the amount of funds generated from these sources and credited to the Fund for the last five fiscal years.

Table 8: Federal Transportation Funds Apportioned and Allocated to TxDOT (In Millions)

The following table provides a history of the apportionments and allocations, as applicable, to TxDOT for certain federal highway funding programs in the State for the last five federal fiscal years (“FFY”). The data for the following table was obtained from the United States Department of Transportation. Such table includes federal funds apportioned and allocated for the State’s Guaranteed Highway Programs, Transit Programs and Discretionary/Allocated Highway Programs, but excludes the State’s Aviation and Ferry Boat Programs. The amounts shown for Transit Programs reflect funds that are administered by or flow through TxDOT and awarded to sub-recipients; funds given directly to sub-recipients in the State are excluded.

FFY	Guaranteed Highway Programs	Discretionary/Allocated Highway Programs	Transit Programs ⁽¹⁾	Total
2016	\$ 3,511.8	\$ 19.5	\$ 65.6	\$ 3,596.9
2017	3,828.4	9.9	66.9	3,905.2
2018	3,850.9	9.5	71.4	3,931.8
2019	3,812.7	2.9	67.6	3,883.2
2020	4,054.0	0.6	233.3	4,287.9

⁽¹⁾ The increase in Fiscal Year 2020 was largely due to TxDOT receiving \$143 million through the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2021 for rural transit agencies.

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Table 9: Federal Transportation Obligation Authority for TxDOT Guaranteed Highway Programs (In Millions)

The following table provides a history of the obligation authority to TxDOT for Guaranteed Federal Highway Programs in the State for the last five FFYs. The data for the following table was obtained from the United States Department of Transportation and excludes obligation authority limitation for the State's Aviation and Ferry Boat Programs.

FFY	Amount ⁽¹⁾
2016	3,408.4
2017	3,820.1
2018	3,758.5
2019	3,916.6
2020	4,124.4

⁽¹⁾ The overall obligation authority limitation received for the Guaranteed Highway Program has historically been less than the apportionment for such Program.

The amounts shown in Table 8 above represent federal funds that have been "apportioned" or "allocated" to the State pursuant to federal legislation. Amounts shown in Table 9 above represent federal funds that have been "obligated" to the State by the Federal Highway Administration pursuant to federal legislation, but do not represent funds actually credited to TxDOT for any given period. For federal reimbursements credited to TxDOT during the last five fiscal years, see Table 3 above.

Table 10: Appropriations to TxDOT from the State Highway Fund (Dollar amounts in Millions)

The following table sets out the appropriation of funds by the State Legislature to TxDOT for the five most recent State biennia, including the current State biennium and the approximate percentage of total appropriations from the Fund represented by such appropriations.

State Biennium	Amount Appropriated ⁽¹⁾	% of Total State Highway Fund Appropriations
2012-13	\$12,060.3	87.97%
2014-15 ⁽²⁾	\$16,491.4	92.86%
2016-17 ⁽³⁾	\$17,208.3	100.00%
2018-19 ⁽³⁾	\$19,933.5	100.00%
2020-21 ⁽³⁾	\$21,277.5	100.00%

⁽¹⁾ Amounts include appropriations made to other State Agencies (e.g., the Employees Retirement System of Texas) for the benefit of TxDOT. Minor revisions reflect final adjustments to the State's General Appropriations Act.

⁽²⁾ TxDOT received an increase in SHF appropriations in State Biennium 2014-2015 mainly due to increased federal funds and higher registration fee revenue.

⁽³⁾ Previously, certain money in the State Highway Fund was appropriated to the Texas Department of Public Safety ("DPS") to police the State highway system and to administer State laws relating to traffic and safety on public roads. House Bill 20, which was approved during the 84th regular legislative session and became effective June 3, 2015, ended such diversions to the DPS from the State Highway Fund.

TxDOT Comprehensive Annual Financial Report

TxDOT's annual financial report for the Fiscal Year ended August 31, 2020 entitled "Texas Department of Transportation Comprehensive Annual Financial Report for the Fiscal Year Ended August 31, 2020 (With Independent Auditor's Report)" ("TxDOT 2020 CAFR") was previously filed with the MSRB pursuant to the MSRB's EMMA system on December 18, 2020 and is hereby incorporated by reference into and made a part of this Report. The TxDOT 2020 CAFR may be accessed on the MSRB's EMMA system by clicking [here](#). Also see "III. Relevant Links" below.

II. Supplemental Information

A. Issuance of Series 2020 Bonds

On July 1, 2020, the Commission issued its State Highway Fund First Tier Revenue Refunding Bonds, Taxable Series 2020 in the aggregate principal amount of \$341,425,000 (the "Series 2020 Bonds"). A portion of the proceeds of the Series 2020 Bonds was used to refund a portion of the Commission's outstanding State Highway Fund First Tier Revenue and Refunding Bonds, Series 2014-A. For additional information regarding the Series 2020 Bonds, see the final Official Statement dated as of June 9, 2020 relating to the Series 2020 Bonds (the "2020 Official Statement"). The 2020 Official Statement is currently on file with the MSRB and may be accessed using the MSRB's EMMA system at www.emma.msrb.org. The 2020 Official Statement speaks only as of its date or such other dates indicated in such document.

B. Supplemental Resolution

On July 30, 2020, the Commission approved a tenth supplemental resolution authorizing the issuance of additional State Highway Fund bonds in one or more series, through August 31, 2021, to refund outstanding State Highway Fund obligations. No assurances are given regarding whether any additional bonds will be issued and if issued the amount of such bonds or the obligations to be refunded.

C. Impact of COVID-19

On March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency and the Texas Governor declared COVID-19 an imminent threat of disaster for all counties in Texas. The situation continues to evolve; for additional information on these events in Texas, reference is made to the website of the Governor at <https://gov.texas.gov/> and the quarterly Bond Appendix and any supplements thereto as prepared by the Comptroller which are on file with the MSRB's EMMA system. The Commission and TxDOT continue to monitor the spread of COVID-19 and are working with local, state, and national agencies to address the potential impact of COVID-19.

The information contained in this Report is provided as of the respective dates and for the periods specified herein, and the filing of this Report does not, under any circumstances, imply that there has been no change in the affairs of TxDOT, the Fund or the revenues of the Fund since the specified date or dates as of which such information is provided. The full impact of the COVID-19 pandemic and the scope of any adverse impact on TxDOT, the Fund or the revenues of the Fund cannot be fully determined at this time. The pandemic has adversely affected travel, commerce and financial markets globally and has adversely impacted economic output worldwide and in Texas. These effects have reduced, and are expected to slow the growth of, certain revenues deposited into or transferred to the Fund (which include Pledged Revenues and transfers to the Fund pursuant to Proposition 1 and Proposition 7) and may increase certain expenses of TxDOT payable from the Fund, to an extent that cannot currently be predicted and could be material. Accordingly, the historical information set forth in this Report may not be indicative of future results or performance due to these and other factors.

D. Changes in Administration

Executive Director of TxDOT: James M Bass has announced his retirement from TxDOT effective May 31, 2021.

Chief Financial Officer of TxDOT: Effective February 1, 2021, Lanny Wadle was named Interim Chief Financial Officer, following the retirement of Brian Ragland at the end of January 2021.

Reappointments to the Commission: On February 23, 2021, Texas Governor Greg Abbott announced the reappointment of J. Bruce Bugg Jr. and Alvin New to the Commission, for terms set to expire February 1, 2027. Mr. Bugg will continue to serve as Chairman. The appointments are subject to confirmation by the Texas Senate.

III. Relevant Links and Contact Information

TxDOT Website:	www.txdot.gov
TxDOT Investor Relations Website:	www.txdot.gov/inside-txdot/division/debt/investors.html
EMMA Website:	www.emma.msrb.org
State Highway Fund EMMA Issuer Homepage:	www.emma.msrb.org/IssuerHomePage/Issuer?id=FE6AF031FB2E2FD1E043151ED20ABC22&type=M
2020 Official Statement:	www.emma.msrb.org/RE1352772-RE1051509-RE1460242.pdf
TxDOT 2020 CAFR:	www.emma.msrb.org/P11450144-P11124130-P11535169.pdf
For additional information concerning this report, please contact:	Mr. Benjamin H. Asher Director, Project Finance, Debt and Strategic Contracts Division Texas Department of Transportation 125 East 11th Street Austin, Texas 78701-2483 512-463-8611 Email: projectfinance@txdot.gov

