



# CENTRAL TEXAS TURNPIKE SYSTEM

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## **VOLUNTARY NOTICE:** Interim Operating Results

For the Fiscal Year Ending August 31, 2021

Filed by Texas Transportation Commission

Filed on October 29, 2021

**Texas Transportation Commission  
Central Texas Turnpike System  
Voluntary Notice  
Relating to  
Interim Operating Results  
For the Fiscal Year ending August 31, 2021  
Relating to Each Outstanding Issue with CUSIP Prefixes 88283K and 882762  
  
October 29, 2021**

**DISCLAIMER**

Information in this notice regarding the Central Texas Turnpike System ("CTTS" or "System") has been compiled and provided by the Texas Department of Transportation ("TxDOT") from TxDOT's records and other sources which are believed by TxDOT to be reliable and is provided as a voluntary disclosure. TxDOT does not make any representation or warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes or other obligations payable, in whole or in part, from the sources pledged to the payment of the related debt issues.

The documents referenced in this notice should not be considered to speak as of any date other than the respective dated date thereof or such other dates indicated in each such document and are not incorporated into or made a part of this notice.

References to website addresses presented in this notice 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 or made a part of this notice.

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 Texas Comptroller of Public Accounts which are on file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA). The Texas Transportation 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 notice is provided as of the respective dates and for the periods specified herein, and the filing of this notice does not, under any circumstances, imply that there has been no change in the affairs of the CTTS or TxDOT since the specified date or dates as of which such information is provided. The full impact of the TxDOT Back Office System transition, described in this notice, and the COVID-19 pandemic and the scope of the impact on the CTTS, Revenues of the System, and TxDOT cannot be fully determined at this time. The pandemic has adversely affected travel, commerce, and financial markets globally and may continue to adversely affect economic output worldwide and in Texas, including within the counties traversed by the CTTS. Accordingly, the historical information set forth in this notice may not be indicative of future results or performance due to these and other factors.

Capitalized terms used in this notice and not otherwise defined have the meaning given to such terms in the Official Statement dated February 20, 2020 relating to the CTTS 2020 Refunding Bonds (the "CTTS 2020 Official Statement"), which has been filed with the MSRB through its EMMA system.

## **TXDOT BACK OFFICE SYSTEM TRANSITION UPDATE**

On November 17, 2020, TxDOT began transition activities from Conduent's Vector Back Office System to the new TxDOT Back Office System. This transition has required interruptions to customer service activities including delayed reconciliation of electronic toll collections ("ETC") transactions through the new TxDOT Back Office System, statement processing, pay by mail ("PBM") billing and escalations of past due transactions. All delays in the reconciliation of ETC transactions attributable to the transition have been substantially resolved. As of the date of this notice, TxDOT continues to experience interruptions to customer service activities, including processing and billing delays relating to PBM Toll transactions occurring on the System since November 17, 2020.

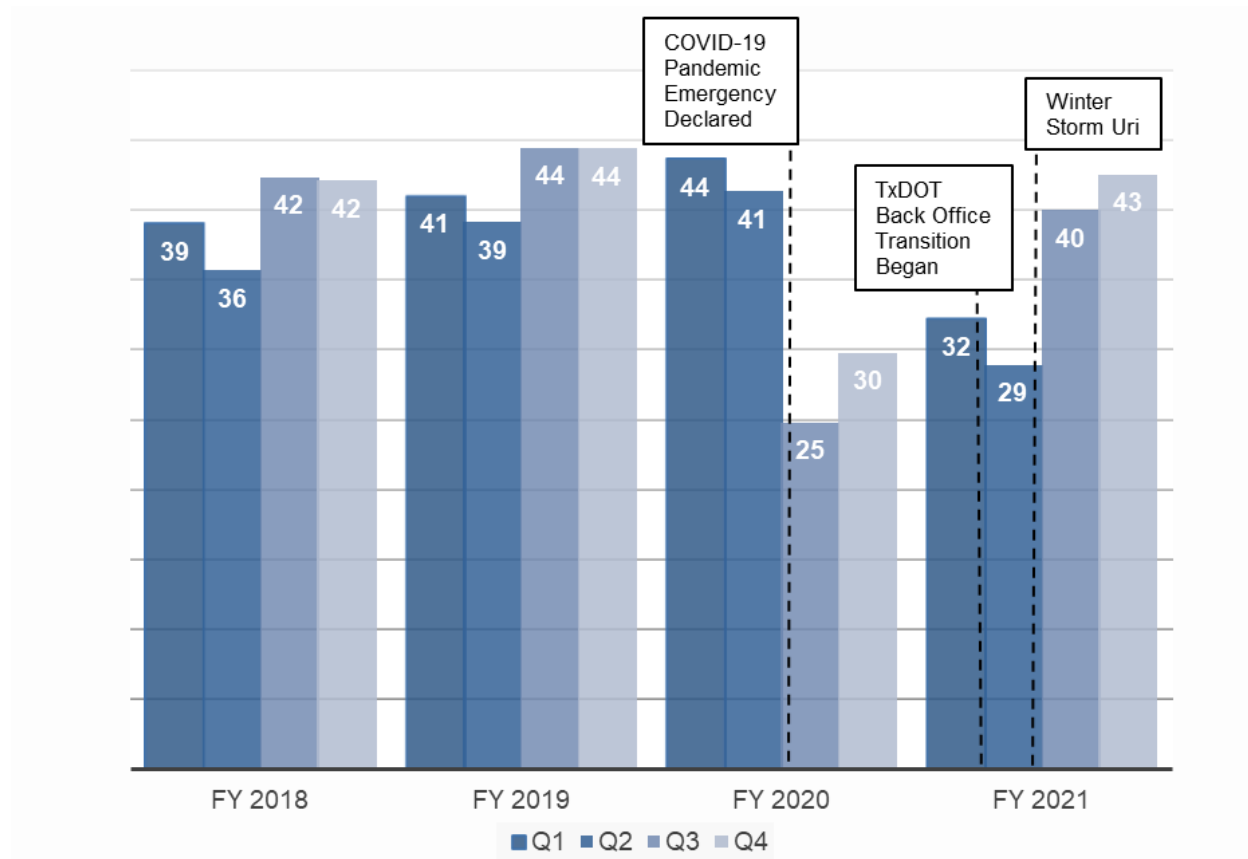
Citing continued challenges with an upgraded Back Office System delivered by the back office services provider (IBM), TxDOT terminated its remaining contract with IBM in August 2021, effective November 29, 2021. TxDOT has obtained new interim technology providers to assist with stabilizing and improving TxDOT's Back Office System to manage customer data and toll transactions. TxDOT also has begun the process of procuring a new service provider that will assume responsibilities from the interim team to continue implementing improvements to TxDOT's Back Office System.

Due to the TxDOT Back Office System transition, information regarding operating results for the CTTS during the respective reporting periods is limited and incomplete. The following information is being provided as part of this notice:

- Historic quarterly Toll transactions for CTTS and quarterly Toll transactions for the fiscal year ending August 31, 2021;
- Revenue and Expenses for the fiscal year ending August 31, 2021; and
- CTTS Fund and Account Balances as of August 31, 2021.

## QUARTERLY TOLL TRANSACTIONS (IN MILLIONS)

As of the fiscal year ending August 31, 2020, the last full fiscal year prior to the effects of the TxDOT Back Office System transition, PBM Toll transactions represented approximately 36% of all Toll transactions on the System. Total transactions reported in this notice include all Toll transactions (ETC and PBM) that occurred on the System during respective reporting periods, regardless of whether the Revenues relating to such transactions were recognized during such periods.



## REVENUE AND EXPENSES (IN THOUSANDS)

	Fiscal Year			
	FY 2021	FY 2020	\$ Variance	% Var
<b>Revenues</b>				
Toll Revenue	\$ 150,873	\$ 188,001	\$ (37,128)	-20%
Fee Revenue	30,996	35,021	(4,025)	-11%
Interest & Other Revenue	6,943	15,247	(8,304)	-54%
<b>Total Revenue</b>	<b>\$ 188,812</b>	<b>\$ 238,270</b>	<b>\$ (49,458)</b>	<b>-21%</b>
<b>Expenses</b>				
O&M Expense	\$ 63,357	\$ 61,571	\$ (1,786)	-3%
Major Maintenance	18,889	9,277	(9,611)	-104%
<b>Total Expenses</b>	<b>\$ 82,245</b>	<b>\$ 70,849</b>	<b>\$ (11,397)</b>	<b>-16%</b>

**Notes:** Amounts are unaudited and subject to change. Totals may not sum due to rounding

**Toll Revenue:** Actual Toll Revenue reported for fiscal years 2020 and 2021 was impacted by the pandemic and transition activities related to the TxDOT Back Office System. Toll Revenue was impacted by the COVID-19 pandemic beginning mid-year FY 2020 and continuing through FY 2021. Toll Revenue in the table above includes an accrual of \$17.5 million for a portion of PBM transactions that occurred on the System since November 17, 2020. The custodial bank has received cash payments equal to the amount of this accrual in its accounts related to the Master Lockbox and Custodial Account Agreement, however, such amount has not been remitted to CTTS as of the date of this notice. A portion of the Revenues relating to the PBM Toll transactions occurring on the System since November 17, 2020 was not able to be recognized or collected due to certain limitations relating to the transition, see "TXDOT BACK OFFICE SYSTEM TRANSITION UPDATE."

**Fee Revenue:** Fee Revenue was impacted by the COVID-19 pandemic beginning mid-year FY 2020 and continuing through FY 2021. Fiscal Year 2021 fee revenue includes \$11.8 million assessed to the Grand Parkway System, SH 99 Segment I-2A, and the SH 249 System for back office services provided by TxDOT. Some customer service, interoperability, and administrative fee revenues occurring since November 17, 2020 are still being processed, and therefore, are not reflected in the fee revenue reported for the respective period. A portion of fee revenues relating to the PBM Toll transactions occurring on the System since November 17, 2020 was not able to be recognized or collected due to certain limitations relating to the TxDOT Back Office System transition, see "TXDOT BACK OFFICE SYSTEM TRANSITION UPDATE."

**O&M Expense:** The FY 2021 increase in O&M Expense is primarily attributable to overlapping costs during the transition period from Conduent's Vector Back Office System to the new TxDOT Back Office System.

**Major Maintenance:** The FY 2021 increase in Major Maintenance includes roadway overlay work on SH 130 Segment 4 and the SH 45N Frontage roads which was budgeted for in the FY21 budget. Both Major Maintenance activities were funded by existing reserves.

**Variances:** Negative variances indicate actual revenues were less than prior year amounts and actual expenses were higher than prior year amounts.

## FUND AND ACCOUNT BALANCES AS OF AUGUST 31, 2021

### (IN MILLIONS)

As of September 1, 2021, all debt service accounts under the CTTS master trust indenture related to outstanding debt payable from Revenues of the System were fully funded at 100% of Fiscal Year 2022 debt service requirements. In addition, the Operating, Maintenance and Major Maintenance accounts were funded, in excess of required amounts, at 65% of the Fiscal Year 2022 Budget.

Fund/Account Description	Balance
Revenue Fund	\$ 1
Debt Service Funds	139
Debt Service Reserve Funds	196
Rate Stabilization Fund	68
Capital Contribution Account	87
Operating, Maintenance, and Reserve Maintenance Accounts	109
<b>System Total</b>	<b>\$ 600</b>

TxDOT currently anticipates drawing down approximately \$14 million from the Capital Contribution Account within the next six months to pay the remaining costs for the SH 130 improvements and direct connector. See the [“Central Texas Turnpike System Voluntary Quarterly Report of Actual Traffic and Toll Revenue for the Fiscal Quarter ending November 30, 2020 - Significant Events and Disclosures”](#) for further detail on such improvement projects.