

Central Texas Turnpike System

Annual Continuing Disclosure Report

For the Fiscal Year ended August 31, 2021



Relating to Each Outstanding Issue with CUSIP Prefixes 88283K and 882762
Filed by the Texas Transportation Commission on February 28, 2022
Pursuant to Continuing Disclosure Undertakings for Compliance with SEC Rule 15c2-12





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1.0 Disclaimer

Relating to Each Outstanding Issue with CUSIP Prefixes 88283K and 882762.*

This annual report (this “Annual Report”) is being provided by the Texas Transportation Commission (the “Commission”), the governing body of the Texas Department of Transportation (the “Department” or “TxDOT”) in compliance with the contractual undertaking (an “Undertaking”) to provide annual reports of financial information and operating data, as required by Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), regarding the municipal debt issues (each an “Issue”) by the Commission for the Central Texas Turnpike System (“CTTS” or “System”).

Pursuant to the rules of the Municipal Securities Rulemaking Board (the “MSRB”) the participating underwriters for each Issue were required to file a copy of the Official Statements with the MSRB, copies of which are currently available on the internet page for the [“TEXAS TRANSPORTATION COMMISSION, CENTRAL TEXAS TURNPIKE SYSTEM REVENUE BONDS \(TX\)”](#) on the MSRB’s Electronic Municipal Market Access (“EMMA”) system (the “CTTS EMMA issuer homepage”).

The Official Statements for each Issue (each an “Official Statement”) should not be considered to speak as of any date other than the date indicated in such document. Capitalized terms used in this report 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.

Information in this Annual Report regarding the Commission and the System have been compiled and provided by TxDOT, on behalf of the Commission, from TxDOT’s records and other sources which are believed by TxDOT to be reliable and is provided in satisfaction of the Undertaking. This Annual Report contains information prescribed by the Rule and neither the Commission nor TxDOT makes any 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 Issues. Information agreed to be provided by

the Commission may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents.

References to internet 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 Annual Report. All website links referenced in this Annual Report are also available at the end of this report in the Section entitled “III. Relevant Links and Contact Information” herein.

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 the Department 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 the CTTS or TxDOT 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 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 report may not be indicative of future results or performance due to these and other factors.

* All such debt currently “Outstanding” and payable from “Revenues” as such terms are defined in the Official Statement.

2.0 Update to Annual Financial Information and Operating Data Required by the Undertaking

This Annual Report contains the financial information and operating data with respect to the Commission and the System which the Commission has agreed to update pursuant to the Undertaking. The information provided herein or incorporated by reference speaks as of the date of such information and its incorporation in this Annual Report is not a representation that any of the information has been updated. In addition to this Annual Report, information can be obtained through the Official Statements that are on file with the MSRB's EMMA system.

The information to be updated includes all quantitative financial information and operating data with respect to the Commission and the System of the general type included in the Official Statement or offering document for each Issue, under the headings "THE SYSTEM," "SYSTEM-RELATED

FUNDING OBLIGATIONS OF COMMISSION" and "FUNDING OF COMMISSION OBLIGATIONS," and in "SCHEDULE II – DEBT SERVICE REQUIREMENTS" and "AUDITED FINANCIAL STATEMENTS OF THE SYSTEM." The Commission has also further agreed in the Undertaking to include (i) a table, based on the actual results for such fiscal year, setting forth for such fiscal year, but not including any projection for any future period, the information shown in the table titled "System Estimated Cash Flow and Debt Service Coverage Table," contained in the Official Statement; (ii) a copy of the General Engineering Consultant's annual report relating to its inspection of the System; and (iii) a copy of the toll rate schedule then in effect.



A. The System

i. Debt Service Requirements (In Thousands)

Fiscal Year	Series 2002-A Bonds	Series 2012-A Bonds	Series 2015-B Bonds	Series 2020-A Bonds ¹	Taxable Series 2020-B Bonds ¹	Taxable Series 2020-C Bonds ¹	Total First Tier Obligations	Series 2015-C Bonds ²	Total Debt Service Requirements
2022	\$ 43,150	\$ 4,929	\$ 9,901	\$ 7,974	\$ 4,455	\$ 8,460	\$ 78,870	\$ 60,066	\$ 138,936
2023	48,940	4,929	9,901	7,974	9,000	8,460	89,205	63,131	152,336
2024	54,725	4,929	9,901	7,974	9,000	8,460	94,990	66,142	161,132
2025	60,410	4,929	9,901	7,974	9,000	8,460	100,675	69,300	169,974
2026	77,205	4,929	9,901	7,974	9,000	8,460	117,470	66,267	183,737
2027	84,355	4,929	9,901	7,974	9,000	8,460	124,620	70,001	194,621
2028	91,830	4,929	9,901	7,974	9,000	8,460	132,095	68,644	200,738
2029	97,040	4,929	9,901	7,974	9,000	8,460	137,305	69,199	206,503
2030	102,025	4,929	9,901	7,974	9,000	8,460	142,290	70,138	212,427
2031	-	4,929	9,901	7,974	9,000	8,555	40,360	178,248	218,608
2032	-	4,929	49,901	7,974	9,000	8,552	80,357	144,503	224,859
2033	-	4,929	7,901	7,974	9,000	8,554	38,359	192,931	231,290
2034	-	4,929	7,901	7,974	9,000	8,551	38,356	184,499	222,855
2035	-	4,929	121,421	7,974	9,000	8,553	151,878	92,726	244,603
2036	-	4,929	146,730	7,974	9,000	8,555	177,189	74,466	251,654
2037	-	4,929	141,000	7,974	9,000	8,552	171,455	87,354	258,809
2038	-	128,164	-	7,974	9,000	8,553	153,692	105,980	259,672
2039	-	-	-	137,449	9,000	38,495	184,944	74,730	259,673
2040	-	-	-	51,500	9,000	124,439	184,939	74,731	259,670
2041	-	-	-	-	49,460	135,483	184,943	74,728	259,671
2042	-	-	-	-	191,922	-	191,922	74,734	266,655
Total	\$ 659,680	\$ 207,035	\$ 573,868	\$ 324,503	\$ 407,837	\$ 442,986	\$ 2,615,908	\$ 1,962,514	\$ 4,578,422

Note: Debt Service is shown on a cash basis, consistent with Debt Service Requirements as reported in CTTS Annual Financial Report for The Fiscal Year Ended August 31, 2021 - Note 5 table "Debt Service Requirements" (excluding unamortized Accretion and Premium).

¹ The Series 2020-A Bonds, the Taxable Series 2020-B Bonds and the Taxable Series 2020-C Bonds were issued by the Commission on March 5, 2020 to refund outstanding obligations to achieve a debt service savings. Additional information regarding such refunding bonds may be obtained by viewing the

Official Statement dated February 20, 2020 which has been filed with the MSRB through its EMMA system. This Official Statement speaks only as of its date or such other dates indicated in such document.

Debt service associated with the Taxable Series 2020-B Bonds after the end of the Multiannual Period (i.e., August 15, 2022) has been assumed at a constant 4.0% interest rate, with principal of the Taxable Series 2020-B Bonds paid at maturity.

² The Series 2015-C Bonds are Second Tier Obligations.

ii. Table of Revenues, Expenses, and Debt Service Coverage (In Thousands)

	Fiscal Years Ended August 31 ¹				
	2017	2018	2019	2020	2021
Revenues					
Toll Revenue ²	\$ 185,010	\$ 197,546	\$ 220,690	\$ 184,217	\$ 150,873
Fee Revenue ^{3,4,5}	15,704	23,911	32,760	35,021	30,996
Interest & Other Revenue ⁶	7,388	9,571	12,097	9,601	6,440
Total Revenues	208,102	231,028	265,546	228,839	188,309
Debt Service⁷					
First Tier Obligations	57,070	63,410	69,550	68,007	72,200
Second Tier Obligations	57,866	57,866	57,866	57,866	57,866
Total Debt Service	114,936	121,276	127,416	125,873	130,066
First Tier Debt Service Coverage Ratio	3.65x	3.64x	3.82x	3.36x	2.61x
Total Debt Service Coverage Ratio	1.81x	1.90x	2.08x	1.82x	1.45x
Revenues in Excess of Current Debt Service	93,166	109,752	138,130	102,966	58,243
Transfers (to)/from Commission for Expenses					
Transfers from the Commission to the System	5,191	25,933	4,144	5,855	5,855
Transfers (to) the Commission from the System	-	-	-	-	-
Net Transfers (to)/from Commission	5,191	25,933	4,144	5,855	5,855
Total Current Fiscal Year Available Revenues⁸	\$ 98,357	\$ 135,685	\$ 142,274	\$ 108,821	\$ 64,098
System Operations, Maintenance, and Capital Expenditures^{1,9,10}	\$ 51,572	\$ 56,694	\$ 108,014	\$ 161,978	\$ 150,322

Note: Totals may not sum due to rounding.

¹ Revenues and expenses are reported on the accrual basis of accounting.

² Fiscal Year 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 the CTTS Trustee as of the date of this report. See "3.0 Other Information – A. TxDOT Back Office" herein for more information.

³ Fiscal Year 2018 Fee Revenue excludes approximately \$22.6 million in non-roadway specific customer service center and interoperability Fee Revenue which was collected in Fiscal Year 2016 and Fiscal Year 2017 and was previously retained by TxDOT and held outside the Trust Estate. While the Fiscal Year 2016 and Fiscal Year 2017 funds transferred to the System are excluded for purposes of calculating debt service coverage and to facilitate comparison to prior years, the customer service center and interoperability fees are Pledged Revenues recognized in Fiscal Year 2018 and Fiscal Years thereafter.

⁴ Fiscal Year 2019 Fee Revenue also includes administrative Fee Revenue. Such administrative Fee Revenue was not applicable to Fee Revenue in years prior to Fiscal Year 2019, so comparison to prior years Fee Revenue will be impacted by this change.

⁵ Fiscal Year 2021 Fee Revenue in the table above includes Fee Revenue–Pledged and Other Sales Goods & Services–Pledged as reported in the CTTS Annual Financial Report for the Fiscal Year Ended August 31, 2021.

⁶ Primarily consists of interest earnings on the First Tier Debt Service Reserve Fund but also includes earnings on the Second Tier Debt Service Reserve Fund, Rate Stabilization Fund and Revenue Fund. Interest income excludes certain interest income which is not pledged for the payment of debt service.

⁷ The debt service presented is based on scheduled cash payments of outstanding debt. Differences in debt service with the System Annual Financial Report are based on GAAP rules applicable to enterprise funds.

⁸ Revenues of the System after payment of Debt Service plus Net Transfers (to)/from the Commission.

⁹ System Operations, Maintenance, and Capital Expenditures shown do not reflect depreciation.

¹⁰ Fiscal Year 2020 System Operations, Maintenance, and Capital Expenditures in the table above has been updated from the amount incorrectly reported in the CTTS Annual Continuing Disclosure Report for the Fiscal Year Ended August 31, 2020.

System Operating, Maintenance, and Reserve Maintenance Accounts (In Thousands)

As of 8/31/2021	Required	Funded
Operating Account	\$ 17,150	\$ 72,295
Maintenance Account	2,033	9,226
Reserve Maintenance Account	6,650	29,723
Total	\$ 25,833	\$111,244

iii. Payment Method for Tolls

General

The Department currently allows all drivers to pay Tolls for the use of the System in two ways: (i) using an electronic toll collection (“ETC”) transponder in the vehicle to debit a pre-paid account or (ii) paying a bill for Tolls sent by mail (“Pay by Mail”). Information regarding the collection rate on Pay by Mail transactions on the System is not currently available for FY 2021 due to the transition to the TxDOT Back Office System. See “3.0 Other Information – A. TxDOT Back Office” herein.

ETC Transponder Payment Method

The ETC transponder payment method requires that drivers attach a transponder to the windshields of their vehicles which sends a signal to the electronic tolling equipment as the vehicle crosses a tolling point. The Department's ETC transponder is branded as a “TxTag.” Each TxTag transponder is associated with a pre-paid customer account and funds are withdrawn by the Department from the account as tolls are incurred. A single toll account can have multiple TxTag transponders associated with the account.

Information regarding the number of active toll accounts with active TxTag transponders statewide is not currently available for FY 2021 due to the transition to the TxDOT Back Office System. See “3.0 Other Information – A. TxDOT Back Office” herein.

Pay by Mail Payment Method

For transactions that do not post to an ETC transponder account, a Pay by Mail invoice is mailed to the address registered to the license plate of the vehicle. Pay by Mail toll rates are 50% more than an ETC transponder toll rate, plus a per statement fee. Information regarding the collection rate on Pay by Mail transaction on the System is not currently available for FY 2021 due to the transition to the TxDOT Back Office System. See “3.0 Other Information – A. TxDOT Back Office” herein.

iv. Toll Escalation Policy and Toll Rate Schedule

In August 2012, pursuant to Minute Order 113244, the Commission approved an annual toll escalation policy (the “2012 Toll Escalation Policy”) under which rate increases will be considered by the Commission every October and shall be automatically effective on January 1 of the calendar year (CY), unless the Commission votes prior to January 1 to change the escalation rate. The percentage of annual

toll escalations is based on the Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment, as published by the Bureau of Labor Statistics under the US Department of Labor. In October 2021, the CTTS toll rate escalation percentage was calculated to be 5.3% which took effect January 1, 2022. The table below sets forth the escalation rates applied per the 2012 Toll Escalation Policy.

October Approval	Annual Escalation Percent	Effective January 1
2017	1.9%	2018
2018	2.7%	2019
2019	1.7%	2020
2020	1.3%	2021
2021	5.3%	2022

The toll rates shown in the table below apply to ETC transactions for two-axle vehicles (“Auto”). The Full Length Toll Rates include mainline plaza rates multiplied by the number of mainline tolling points for each roadway and exclude entrance and exit ramp charges. Annual Toll Rates

for all years shown were adjusted in accordance with the 2012 Toll Rate Escalation Policy. However, because of the percent of the escalation and rounding to the nearest penny, certain years do not show a change in the per mile toll rates presented.

Auto Toll Rates by Calendar Year (In Nominal Dollars)

Element	Tolled Miles	Full Length Toll Rates		Per Mile Toll Rates	
		CY 2021	CY 2022	CY 2021	CY 2022
Loop 1	4.0	\$1.15	\$1.21	\$0.29	\$0.30
SH 45N	12.8	\$2.30	\$2.42	\$0.18	\$0.19
SH 130	49.0	\$7.60	\$8.00	\$0.16	\$0.16
SH 45SE	7.0	\$1.13	\$1.19	\$0.16	\$0.17

The [CTTS Toll rate schedule, effective January 1, 2022](#), may be found online at the CTTS EMMA issuer homepage and

is incorporated by reference into and made a part of this Annual Report.

v. Toll Discounts

Veteran Toll Waiver Program - In compliance with the provisions of the Master Indenture and after receipt of the required certification by the Traffic Consultant, the Commission authorized free passage on the System for both TxTag and Pay by Mail customers who are disabled veterans or recipients of the Purple Heart, Congressional Medal of Honor, Air Force Cross, Distinguished Service Cross, Army Distinguished Service Cross, or Navy Cross (Legion of Valor) effective December 24, 2012. To take advantage of this program, eligible veterans are required to register the license plates of their vehicles with the Texas Department of Motor Vehicles. The transactions for such registered license

plates are invoiced to TxDOT and TxDOT pays the System for the transactions. TxDOT has a monitoring program to identify eligible transactions and the associated revenue to be reimbursed. The Department reimburses the appropriate Master Indenture account for the cost of tolls waived for customers with such eligible plates.

Since the program began, TxDOT reimbursed the System with approximately \$42.5 million to pay for approximately 32.3 million eligible veteran transactions. In Fiscal Year 2021, the System was reimbursed approximately \$5.17 million on approximately 3.8 million transactions.

vi. Administrative and Customer Service Center Fees

In addition to the toll rates charged for the System, the Commission charges fees for various customer services related to utilizing the various toll facilities of the Department that are not attributable to a specific transaction or roadway. These fees are assessed to reimburse for specific TxTag services. Fee structure during Fiscal Year 2021 is set forth to the right.

Standard TxTag Fee - \$7.99, only applies to accounts that are not enrolled in AutoPay

Specialty TxTag Fee - \$45.00 for motorcycles and license plates; includes \$35.00 refundable deposit

Mailed Monthly Statement or Mailed /Faxed On-Demand Statement Fee - \$1.15

Returned Check Fee - \$30.00 per check

Administrative (late) Fee - \$4.00

vii. Interoperability

General

The System's toll collection system is interoperable with other Texas, Oklahoma, and Kansas ETC systems so that customers with TxTags and customers with transponder tags issued by other entities are not required to have multiple transponders in their vehicles.

Central Interoperability Agreement

In March 2017, an interoperability agreement was executed among TxDOT, and several other tolling entities within Texas (including the Harris County Toll Road Authority, the North Texas Tollway Authority, the CTRMA, and the Fort Bend Grand Parkway Toll Road Authority), the Oklahoma Turnpike Authority, and the Kansas Turnpike Authority, and is referred to as the Central US Interoperability Agreement (the "Central Interoperability Agreement"). The Central Interoperability Agreement provided for the use of any tolling entity's transponder on any other tolling entity's toll road or system and the processing by each agency of tolls for the transactions of their own customers' transponders occurring on toll roads owned by other agencies. TxDOT, the other Texas tolling entities and the Kansas Turnpike Authority implemented the terms of the Central Interoperability Agreement in May 2017, and the Oklahoma Turnpike Authority implemented the terms of such agreement in April 2019. The E-470 Public Highway Authority of Colorado (which is the toll operator of most toll roads in Colorado) is expected to join and implement the terms of the Central Interoperability Agreement in the future.

Pursuant to the terms of the Central Interoperability Agreement, in order to reimburse the costs to process these transactions and manage customer accounts, the

Commission pays and receives from the transponder issuing agency a fee of 5 cents per transaction and 3% of the revenue generated for each interoperable transaction, with a minimum of 8 cents per transaction. Approximately 22% of Toll revenue of the System in Fiscal Year 2021 was from customers with transponder tags issued by other entities that used the System.

Additional Interoperability Agreements

TxDOT expects to enter into one or more additional interoperability agreements involving other states in order to comply with the federal Moving Ahead for Progress in the 21st Century Act, which requires that all toll facilities on federal-aid highways implement technologies or business practices that provide for the interoperability of ETC programs, meaning that all transponders can be read on all facilities and all facilities can read all transponders to provide a seamless process to all patrons on all facilities. In October 2017, TxDOT entered into a separate interoperability agreement with the same entities that are parties to the Central Interoperability Agreement as well as the Florida Turnpike Enterprise, related to the interoperability of their respective ETC programs through the use of the Central US Interoperability Hub and the Southeast US Interoperability Hub. The Southeast US Interoperability Hub is owned, operated, and maintained by the Florida Turnpike Enterprise and provides for interoperability of transponders on multiple facilities in the states of Florida, North Carolina, South Carolina, Georgia, and Alabama. TxDOT is currently reviewing an agreement with the Western HUB (WEIOP) with plans to become interoperable in the future.

viii. Annual Financial Report

The CTTS Fiscal Year 2021 Audited Annual Financial Report (“CTTS AFR”) may be found online at the CTTS EMMA issuer

homepage and is incorporated by reference into and made a part of this Annual Report.

ix. Annual Inspection Report

The General Engineering Consultant’s CTTS Fiscal Year 2021 Annual Inspection Report may be found online at the CTTS

EMMA issuer homepage and is incorporated by reference into and made a part of this Annual Report.

B. System Related Funding Obligations of the Commission (In Thousands)¹

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Budget ⁴
Operations²	\$ 39,820	\$ 41,543	\$ 49,527	\$ 54,770	\$ 102,900
Maintenance²	12,876	11,740	11,221	14,461	12,200
Operations and Maintenance	\$ 52,695	\$ 53,282	\$ 60,747	\$ 69,232	\$ 115,100
Reserve Maintenance³	\$ 3,204	\$ 44,799	\$ 100,262	\$ 62,824	\$ 60,400
Total	\$ 55,899	\$ 98,081	\$ 161,009	\$ 132,055	\$ 175,500

Note: Totals may not sum due to rounding.

¹ Table presentation has been updated to report cash expenditures from the referenced Indenture accounts rather than financial reporting amounts shown on an accrual basis. Differences in actuals provided in prior reports are primarily due to the difference in cash versus accrual basis of reporting.

² Excludes depreciation expense and maintenance expense associated with Reserve Maintenance.

³ Includes maintenance expense associated with Reserve Maintenance and capital expenditures. The Commission budgets capital expenditures and unusual and extraordinary maintenance in the Reserve Maintenance Account for a rolling five-year period.

Fiscal Year 2022 capital budget includes approximately \$13 million for SH 130 additional lanes and approximately \$7 million for the addition of the US 290 direct connector and related improvements payable from funds held in the System Capital Contribution Account within the Construction Fund. See “3.0 Other Information – B. Additions to the System.” Any budget for future Fiscal Years assuming use of TxDOT funds is subject to future legislative appropriation.

⁴ A majority of the increase in the Fiscal Year 2022 Operating budget is related to expenditures associated with the implementation of the new back office system.

See “3.0 Other Information – A. TxDOT Back Office” herein for more information.

C. Funding of Commission Obligations

i. State Highway Fund Information

The Commission has covenanted in the Master Indenture to (i) pay Operating Expenses to the extent of any deficiency in the Operating Account; (ii) pay all Maintenance Expenses when due, for which it may be reimbursed and (iii) fund the Reserve Maintenance Account, all subject to funds appropriated by the Legislature in a manner that would allow their use. This funding obligation of the Commission has historically been funded from the State Highway Fund (“SHF”), the primary source of funding for the construction, maintenance, and operation of the Texas highway system. Since Fiscal Year 2013, the System has been self-supporting for all operation, maintenance, and capital expenses. For administrative ease prior to Fiscal Year 2017, the Commission paid all operations, maintenance, and capital expenses on behalf of the System, and the System periodically reimbursed the Commission from available

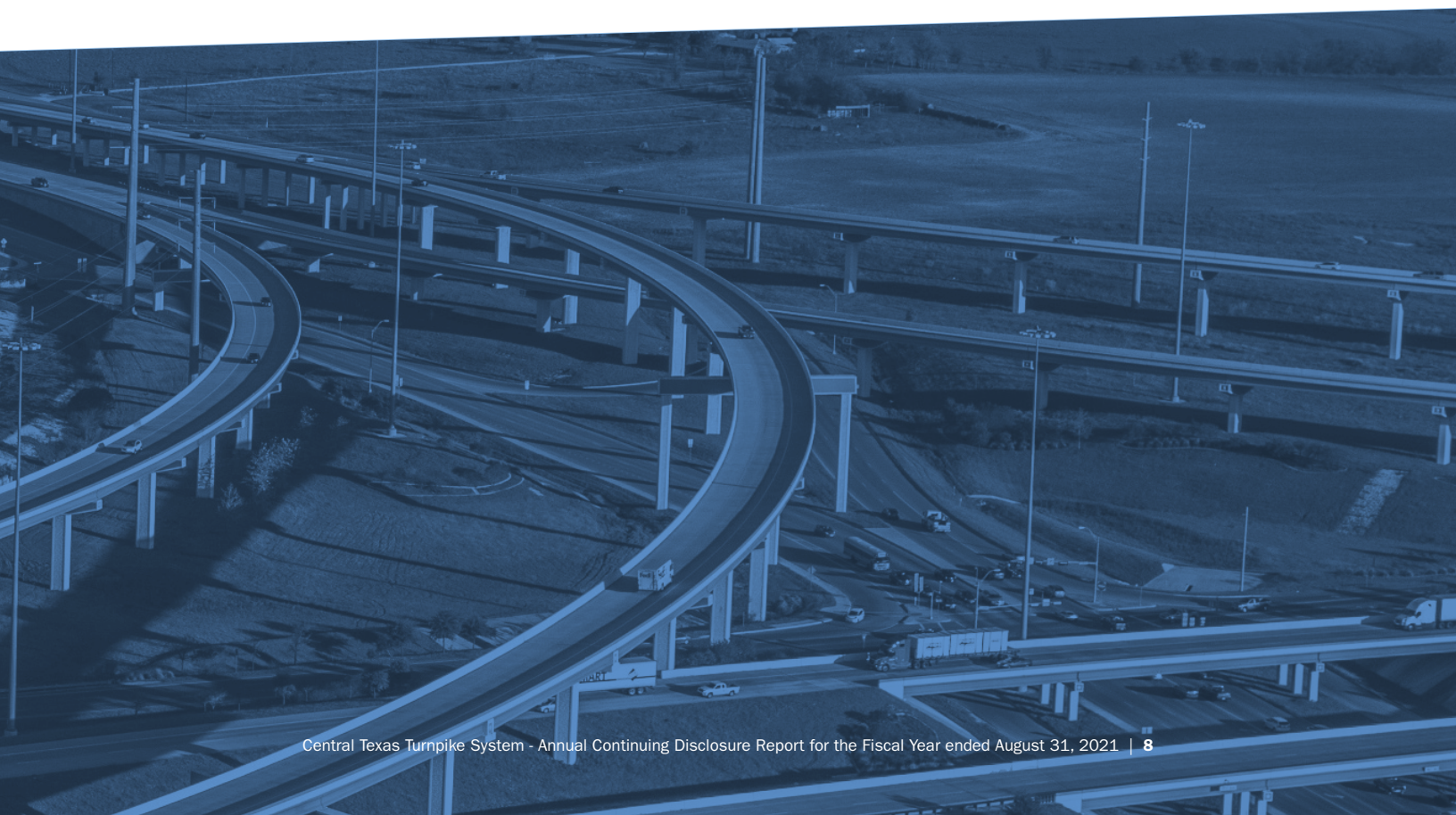
revenues in excess of debt service from and to the extent of funds available in the General Reserve Fund. Beginning in Fiscal Year 2017, System expenses were paid directly from the System Operating, Maintenance, and Reserve Maintenance accounts and reimbursements to the SHF were not necessary. For further information regarding the Department and the SHF, refer to the SHF disclosures which are available online at the [SHF EMMA issuer homepage](#).

The SHF Annual Continuing Disclosure Report for the Fiscal Year Ended August 31, 2021 may be found online at the Commission SHF EMMA issuer homepage for CUSIP prefix 88283L and is incorporated by reference into and made a part of this Annual Report.

ii. TxDOT Annual Comprehensive Financial Report

The [TxDOT Annual Comprehensive Financial Report \(“ACFR”\)](#) for the Fiscal Year Ended August 31, 2021 may be found online at the SHF EMMA issuer homepage for CUSIP prefix

88283L and is incorporated by reference into and made a part of this Annual Report.



3.0 Other Information

A. TxDOT Back Office

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 report, 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.

The Toll Revenue amount reported for Fiscal Year 2021 in "Table of Revenues, Expenses, and Debt Service Coverage" in this Annual Report does not include any revenues relating to PBM transactions that have occurred on the System since November 17, 2020, except for an accrual of approximately \$17.5 million. Cash payments equal to the amount of this accrual have been received by the custodian pursuant to the Master Lockbox and Custodial Account Agreement (the "Custodian"); however, as of the date of this Annual Report, such amount has not been remitted to CTTS's trustee under the master trust indenture (the "Trustee"). A portion of the revenues relating to the PBM toll transactions that have occurred on the System since November 17, 2020 was not able to be recognized for Fiscal Year 2021 due to certain limitations relating to the transition to the new TxDOT Back Office System.

During the first quarter of Fiscal Year 2022, the Custodian received cash payments relating to a portion of the PBM toll transactions that have occurred on the System; however, as of this date of this Annual Report, such payments have not been remitted to the Trustee. Such payments may be recognized in future periods. A portion of the revenues relating to the PBM toll transactions that occurred on the System during the first quarter of Fiscal Year 2022 may not be recognized due to certain limitations relating to the transition to the new TxDOT Back Office System.

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 is in the process of evaluating alternative service provider options that would assume responsibilities from the interim team.

Crowe LLP ("Crowe"), the independent auditor of TxDOT's financial statements for the Fiscal Year ended August 31, 2021, delivered its Independent Auditor's Report thereon containing its unmodified opinion with respect to such financial statements. In connection with planning and performing such audit, Crowe identified a material weakness in TxDOT's internal controls over the implementation of its new Back Office System, which was separately reported to the Commission and TxDOT. TxDOT has responded to Crowe's findings and is implementing corrective actions. The audited financial statements of TxDOT for the Fiscal Year ended August 31, 2021, including the Independent Auditor's Report thereon, are contained in TxDOT's Annual Comprehensive Financial Report for such Fiscal Year, which is accessible on the MSRB's EMMA system.

B. Additions to the System

SH 130 Expansion Project Update

The Commission adopted Minute Order 114813 on January 26, 2017 authorizing TxDOT to proceed with the SH 130 expansion project to add an additional toll lane in each direction from SH 45N to SH 71, payable from the capital contribution account of the construction fund created under the CTTS indenture for that purpose. This project was divided into the following two separate construction contracts for letting:

- **Segment 2 (SH 45N to US 290)**

The project was let by TxDOT on December 6, 2017. The contract was awarded to OHL USA, Inc. in April 2018. The System disbursed a total of \$40 million project-to-date disbursements as of August 31, 2021. Remaining construction costs of approximately \$2 million are anticipated. Segment 2 expansion substantial completion occurred in November 2021.

- **Segment 3 (US 290 to SH 71)**

The project was let by TxDOT on October 3, 2018. The contract was awarded to OHL USA, Inc. in December 2018. The System disbursed a total of \$57 million project-to-date disbursements as of August 31, 2021. Remaining construction costs of approximately \$3 million are anticipated. Segment 3 expansion substantial completion occurred in October 2021.

SH 130 and US 290 Direct Connector Update

The Commission adopted Minute Order 114958 on June 29, 2017, authorizing construction and funding for a direct connector between SH 130 and the Central Texas Regional Mobility Authority's (CTRMA) US 290 toll project (290 Toll). Two additional direct connectors between SH 130 and 290 Toll were authorized and are a part of the CTRMA system. The SH 130 direct connector and related improvements that will be part of the SH 130 element of the CTTS will connect eastbound 290 Toll to southbound SH 130. On June 18, 2018, TxDOT and CTRMA executed agreements for the construction and delivery of the direct connectors. Pursuant to these agreements, CTRMA is responsible for construction of all direct connectors and related improvements and TxDOT is responsible, through available funds of CTTS, for the costs of constructing the SH 130 director connector and related remaining improvements which total cost is currently estimated at approximately \$28 million. Construction began December 2018 and reached substantial completion in May 2021. The System disbursed a total of nearly \$22 million project-to-date disbursements as of August 31, 2021.

C. Changes in Administration

Executive Director of TxDOT

Effective June 1, 2021, Marc D. Williams, P.E. was appointed Executive Director of TxDOT.

Chief Financial Officer of TxDOT

Effective April 7, 2021, Stephen Stewart, CPA, was appointed Chief Financial Officer of TxDOT.

4.0 Relevant Links

Reports should not be considered to speak as of any date other than the date indicated in such document.

EMMA Website	www.emma.msrb.org
CTTS EMMA Issuer Homepage	www.emma.msrb.org/IssuerHomePage/Issuer?id=FE6B1DF57C7936E2E043151ED20A6141&type=M
CTTS AFR (Fiscal Year 2021)	https://emma.msrb.org/P21598432.pdf
CTTS Annual Inspection Report (Fiscal Year 2021)	https://emma.msrb.org/P31519414.pdf
CTTS Toll Rate Schedules	https://emma.msrb.org/P11632066.pdf
CTTS 2020 Official Statement	https://emma.msrb.org/ES1353999-ES1055504-ES1460844.pdf
SHF EMMA Issuer Homepage	www.emma.msrb.org/IssuerHomePage/Issuer?id=FE6AF031FB2E2FD1E043151ED20ABC22&type=M
TxDOT ACFR for Fiscal Year 2021	https://emma.msrb.org/P21599038.pdf
TxDOT Website	www.txdot.gov
TxDOT Investor Relations Website	www.txdot.gov/inside-txdot/division/debt/investors.html

5.0 Contact Information

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