



# CENTRAL TEXAS TURNPIKE SYSTEM

---

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

For the Fiscal Quarter Ended August 31, 2022

Filed by Texas Transportation Commission

Filed on November 18, 2022

**Texas Transportation Commission  
Central Texas Turnpike System  
Voluntary Notice  
Relating to Interim Operating Results  
For the Fiscal Quarter ended August 31, 2022  
Relating to Each Outstanding Issue with CUSIP Prefixes 88283K and 882762  
November 18, 2022**

**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 ("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 transactions attributable to the transition have been substantially resolved. A portion of the revenues relating to the PBM toll transactions that occurred on the System during Fiscal Year 2022 may not be recognized due to certain limitations relating to the transition to the new TxDOT Back Office System.

As reported in prior quarters, the Toll Revenue amount reported for August 2021 included an accrual of approximately \$17.5 million for a portion of the PBM toll transactions that occurred on the System during Fiscal Year 2021. Cash payments equal to such accrual were received by the Custodian and were subsequently remitted to the Trustee in April 2022. During the first half of Fiscal Year 2022, the Custodian received approximately \$20.2 million in cash payments relating to a portion of the PBM toll transactions that occurred on the System; however, such payments were not remitted to CTTS's trustee under the master trust indenture (the "Trustee") during the same reporting period. Cash payments equal to such amount were subsequently received in May 2022.

During the third quarter of Fiscal Year 2022, the custodian received payments of approximately \$10.3 million relating to a portion of the PBM toll transactions that occurred on the System; however, such payments were not remitted to the System's trustee by May 31, 2022. Cash payments equal to such amount were received in July 2022 and are included in toll revenues reported in this notice. PBM toll revenue received during the fourth quarter Fiscal Year 2022 was remitted to the System's trustee during the same period and is also included in this notice.

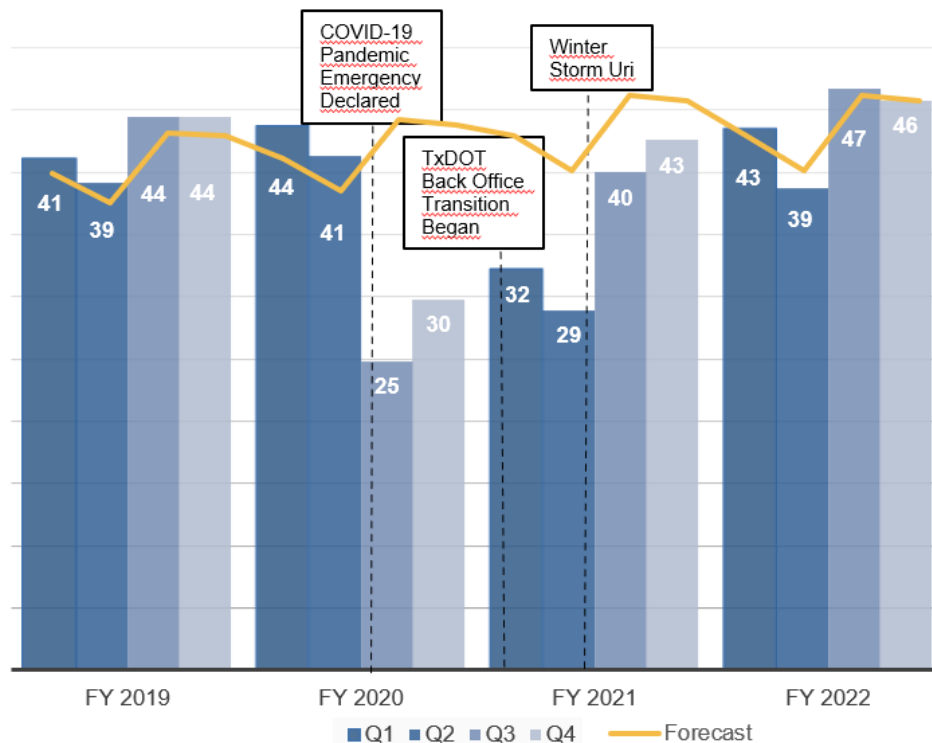
Citing continued challenges with an upgraded Back Office System delivered by the back office services provider (IBM), TxDOT terminated its remaining contract with IBM in August 2021, effective November 29, 2021. TxDOT has obtained new interim technology providers to assist with stabilizing and improving 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.

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 Quarter ended August 31, 2022;
- Revenue and Expenses for the Fiscal Quarter ended August 31, 2022;
- Historic Debt Service Coverages for CTTS and Debt Service Coverages for the Fiscal Year 2022;
- CTTS Outstanding Obligations as of August 31, 2022;
- CTTS Auto Toll Rates by Calendar Year for 2021 and 2022;
- CTTS Fund and Account Balances as of August 31, 2022.

## 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.



\* Forecasted transactions are based on the forecast provided by the Commission's CTTS Traffic Consultant in the Central Texas Turnpike System 2018 Traffic & Revenue Study dated August 29, 2018 (the "2018 T&R Study") as affirmed by such Traffic Consultant's update letter dated January 21, 2020 (the "Update Letter") prepared in connection with the issuance by the Commission of its Central Texas Turnpike System First Tier Revenue Refunding Bonds, Series 2020-A, Taxable Series 2020-B and Taxable Series 2020-C (the "Refunding Bonds"). Both the 2018 T&R Study and the Update Letter are attached as Exhibit E to the Official Statement dated February 20, 2020 for the Refunding Bonds which Official Statement is accessible on the Electronic Municipal Market Access (EMMA) system maintained by the Municipal Securities Rulemaking Board. All projections have been seasonally adjusted to better represent quarterly trends established over recent years.

## TRANSACTIONS BY FACILITY AND AXLE (IN THOUSANDS)

By Facility					
Month	Loop 1	SH 45N	SH 130	SH 45SE	TOTAL
Sep	2,133	4,402	6,812	572	13,919
Oct	2,254	4,649	7,558	654	15,115
Nov	2,135	4,419	7,221	608	14,383
Dec	2,205	4,617	7,224	594	14,639
Jan	1,888	3,970	5,813	461	12,132
Feb	1,817	3,784	5,825	482	11,908
Mar	2,300	4,778	7,793	642	15,514
Apr	2,297	4,779	7,730	638	15,446
May	2,349	4,912	7,827	632	15,720
Jun	2,274	4,665	7,617	606	15,162
Jul	2,202	4,545	7,573	597	14,916
Aug	2,341	4,842	7,865	618	15,666
Total	26,195	54,361	86,860	7,104	174,520

Transaction by Axle			
Month	Truck	Auto	Total
Sep	1,482	12,437	13,919
Oct	1,508	13,607	15,115
Nov	1,485	12,898	14,383
Dec	1,469	13,170	14,639
Jan	1,287	10,845	12,132
Feb	1,251	10,657	11,908
Mar	1,693	13,820	15,514
Apr	1,611	13,835	15,446
May	1,599	14,121	15,720
Jun	1,659	13,503	15,162
Jul	1,559	13,357	14,916
Aug	1,685	13,981	15,666
Total	18,288	156,232	174,520

Totals may not sum due to rounding.

## REVENUE AND EXPENSES (IN THOUSANDS)

	Prior Year Comparisons							
	Current Quarter				Fiscal Year to Date			
	FY 2022	FY 2021	\$ Variance	% Var	FY 2022	FY 2021	\$ Variance	% Var
<b>Revenues</b>								
Toll Revenue	\$ 66,873	\$ 51,470	\$ 15,403	30%	\$ 205,844	\$ 150,873	\$ 54,971	36%
Fee Revenue	10,837	20,518	(9,681)	-47%	43,388	30,996	12,392	40%
Interest & Other Revenue	4,585	1,943	2,642	136%	8,643	7,040	1,602	23%
<b>Total Revenue</b>	<b>\$ 82,295</b>	<b>\$ 73,931</b>	<b>\$ 8,364</b>	<b>11%</b>	<b>\$ 257,874</b>	<b>\$ 188,909</b>	<b>\$ 68,965</b>	<b>37%</b>
<b>Expenses</b>								
O&M Expense	\$ 34,614	\$ 14,392	\$ (20,222)	-141%	\$ 118,228	\$ 63,357	\$ (54,871)	-87%
Major Maintenance	4,951	1,072	(3,879)	-362%	14,059	18,889	4,829	26%
<b>Total Expenses</b>	<b>\$ 39,566</b>	<b>\$ 15,464</b>	<b>\$ (24,101)</b>	<b>-156%</b>	<b>\$ 132,287</b>	<b>\$ 82,245</b>	<b>\$ (50,042)</b>	<b>-61%</b>

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

**Toll Revenue:** Actual Toll Revenue reported for Fiscal Years 2020, 2021, and 2022 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 Fiscal Year 2020 and continuing through Fiscal Year 2022. A portion of Revenues relating to PBM received in the third quarter of Fiscal Year 2022 was deposited in the CTTS Trust after May 31, 2022 and is included in the fourth quarter Toll Revenue in the table above. Revenue relating to PBM received in the fourth quarter of Fiscal Year 2022 was deposited in the CTTS Trust and is also included in the table above. See "TXDOT BACK OFFICE SYSTEM TRANSITION UPDATE."

**Fee Revenue:** Fee Revenue was impacted by the COVID-19 pandemic beginning mid-year Fiscal Year 2020 and continuing through Fiscal Year 2022. 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:** Operating and Maintenance Expense (O&M Expense) is reported on a cash basis and thus timing of invoices received and corresponding payments to vendors may vary between reporting periods. Operating expenses primarily increased during the current reporting period as Fiscal Year 2021 activities did not represent the full implementation of expenses related to the Back Office System, Toll Operations, and Customer Service activities.

**Major Maintenance:** Fiscal Year 2021 Major Maintenance included roadway overlay work on SH 130 Segment 4 and the SH 45N Frontage roads which was budgeted for in the Fiscal Year 2021 budget. Both Major Maintenance activities were funded by existing reserves. Fiscal Year 2022 Major Maintenance includes continued overlay work on SH 45N Frontage roads as well as pavement repairs, striping, signage, and illumination projects on various segments of the CTTS System.

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

## DEBT SERVICE COVERAGE (IN THOUSANDS)

	Fiscal Years Ended August 31			
	2019	2020	2021	2022
<b>Revenues <sup>(1)</sup></b>				
Toll Revenue <sup>(2)</sup>	\$ 220,690	\$ 184,217	\$ 150,873	\$ 213,137
Fee Revenue <sup>(3)</sup>	32,760	35,021	30,996	43,388
Interest & Other Revenue <sup>(4)</sup>	12,097	9,601	6,440	7,444
<b>Total Revenue</b>	<b>\$ 265,546</b>	<b>\$ 228,839</b>	<b>\$ 188,309</b>	<b>\$ 263,968</b>
<b>Debt Service <sup>(5)</sup></b>				
First Tier Obligation	\$ 69,550	\$ 68,007	\$ 72,200	\$ 78,870
Second Tier Obligation	57,866	57,866	57,866	60,066
<b>Total Debt Service</b>	<b>\$ 127,416</b>	<b>\$ 125,873</b>	<b>\$ 130,066</b>	<b>\$ 138,936</b>
<b>First Tier Debt Service Coverage Ratio</b>	3.64x	3.82x	3.36x	3.35x
<b>Total Debt Service Coverage Ratio</b>	1.90x	2.08x	1.82x	1.90x

Fiscal Year 2022 amounts are unaudited and subject to change. Totals may not sum due to rounding.

- (1) Revenues 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. Cash payments equal to such accrual amount were received by the Custodian and were subsequently remitted to the Trustee in April 2022. See "TXDOT BACK OFFICE SYSTEM TRANSITION UPDATE."
- (3) 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.
- (4) Interest income excludes certain interest income which is not pledged for the payment of debt service.
- (5) The debt service presented is based on scheduled cash payments of outstanding debt. Differences in debt service with the CTTS Annual Financial Report are based on GAAP rules applicable to enterprise funds. See "OUTSTANDING OBLIGATIONS" herein.

## OUTSTANDING OBLIGATIONS (IN THOUSANDS)

	Bonds Issued (Original Par)	Total Principal Repaid to Date	Outstanding Par	Outstanding Value with Accretion <sup>(1)</sup>
<b>First Tier Revenue Bonds</b>				
Series 2002-A Non-Callable				
Capital Appreciation Bonds	\$ 287,460	\$ (135,925)	\$ 151,535	\$ 468,126
Series 2012-A Refunding Bonds	585,330	(462,095)	123,235	123,235
Series 2015-B Refunding Bonds				
Current Interest Bonds	198,025		198,025	198,025
Capital Appreciation Bonds	27,995		27,995	128,504
Series 2020-A Refunding Bonds	179,475		179,475	179,475
Series 2020-B Refunding Put Bonds	225,000		225,000	225,000
Series 2020-C Refunding Bonds	279,305		279,305	279,305
Subtotal First Tier Revenue Bonds	1,782,590	(598,020)	1,184,570	1,601,669
<b>Second Tier Revenue Bonds</b>				
Series 2015-C Refunding Bonds	1,157,320	(2,200)	1,155,120	1,155,120
Total	\$ 2,939,910	\$ (600,220)	\$ 2,339,690	\$ 2,756,789

(1) The accreted value for outstanding capital appreciation bonds reflects the accreted value of the original par and premium (if applicable) as of August 31, 2022.

(2) First Tier Revenue Put Bonds, Taxable Series 2020-B were remarketed on the mandatory tender date of Aug. 15, 2022 through a private placement. The bonds were redesignated to tax-exempt bonds as the "Central Texas Turnpike System First Tier Revenue Refunding Bonds, Series 2020-B to bear interest in an Index Floating Rate Mode.

## 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 toll rates shown are for ETC transactions for two-axle vehicles ("Auto") and take effect January 1 of each calendar year (CY). The Full Length Toll Rates are the summation of the base auto tolls charged when paying with TxTag at all mainline gantries when traveling the full length of each facility. PBM transactions apply a 50% surcharge over the ETC rates shown. The toll rates in the table above are calculated to tenths of cents and then rounded to the nearest cent.

See "OTHER INFORMATION" for additional information on the CY 2023 toll rate escalation for CTTS.

## FUND AND ACCOUNT BALANCES AS OF AUGUST 31, 2022 (IN MILLIONS)

As of August 31, 2022, 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 2023 debt service requirements. In addition, the Operating, Maintenance and Major Maintenance accounts were funded, in excess of required amounts, at approximately 22% of the Fiscal Year 2023 Budget.

Fund/Account Description	Balance
Revenue Fund	\$ -
Debt Service Funds	153
Debt Service Reserve Funds	174
Rate Stabilization Fund	66
Capital Contribution Account	77
Operating, Maintenance, and Reserve Maintenance Accounts	96
<b>System Total</b>	<b>\$ 566</b>

TxDOT currently anticipates drawing down approximately \$ 10 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 Annual Continuing Disclosure for the Fiscal Year ending August 31, 2021 – 3.0 Other Information-A. Additions to the System”](#) for further detail on such improvement projects.

## OTHER INFORMATION

The Commission’s Toll Rate Escalation Policy for CTTS authorizes the TxDOT Executive Director to annually escalate toll rates on CTTS by the escalation percentage indicated in the Consumer Price Index-Urban (CPI-U) in effect on October 1st each year. The resulting toll rates will become effective automatically on January 1 of the next calendar year and will be implemented by the Executive Director unless the Commission affirmatively votes prior to January 1 to modify the toll rate escalation percentage. TxDOT reported to the Commission that the CTTS toll rate escalation percentage was calculated to be 8.30%. Pursuant to Minute Order 116329, dated September 22, 2022, the Commission determined that the reported toll rate escalation percentage is unusually high and modified the toll rate escalation percentage for CTTS to be 0.00% for CY 2023. In Minute Order 116380, dated November 16, 2022, the Commission further modified the toll rate escalation percentage for CTTS CY 2023 to be 2.40%. The CTTS Annual Toll Rate Escalation, effective January 1, 2023, may be found online at the [CTTS EMMA issuer homepage](#).