

NEW ISSUE - Book-Entry-Only

RATINGS: *Fitch*: "AAA"*Moody's*: "Aaa"*Kroll*: "AAA"

The Series 2020 Bonds (defined herein) are not obligations described in Section 103(a) of the Internal Revenue Code of 1986. Interest on the Series 2020 Bonds is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein.



\$794,235,000



TEXAS TRANSPORTATION COMMISSION

STATE OF TEXAS HIGHWAY IMPROVEMENT

GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2020

Dated: Date of Initial Delivery**Due: April 1, as shown on the inside cover page**

The "Texas Transportation Commission State of Texas Highway Improvement General Obligation Refunding Bonds, Taxable Series 2020" (the "Series 2020 Bonds") are general obligations of the State of Texas (the "State") issued by the Texas Transportation Commission (the "Commission"), the governing body of the Texas Department of Transportation (the "Department" or "TxDOT"), an agency of the State. The Series 2020 Bonds are being issued pursuant to the authority granted to the Commission, acting on behalf of the State, by Article III, Section 49-p of the Texas Constitution (the "Constitutional Provision"), Section 222.004 of the Texas Transportation Code (the "Enabling Act") and Chapters 1207 and 1371 of the Texas Government Code; a "Master Resolution Establishing the Texas Transportation Commission Highway Improvement General Obligation Financing Program" (the "Master Resolution"), adopted by minute order of the Commission on January 28, 2010, as supplemented by a "Fifth Supplemental Resolution" thereto, adopted by minute order of the Commission on July 25, 2019; and an Award Certificate of a Department Representative authorized by the Fifth Supplemental Resolution (the "Award Certificate"). The Master Resolution, the Fifth Supplemental Resolution and the Award Certificate are collectively referred to herein as the "Resolution." The Master Resolution establishes the Texas Transportation Commission Highway Improvement General Obligation Financing Program (the "Program") to provide a financing structure for the issuance of obligations secured by and payable solely from the general obligation pledge of the State, including the first money coming into the State treasury each fiscal year, not otherwise appropriated by the Texas Constitution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS" herein. The Series 2020 Bonds are being issued to: (i) advance refund certain Previously Issued Bonds (as defined herein) described on SCHEDULE 1 – Refunded Bonds hereto (which are defined herein collectively as the "Refunded Bonds"), to achieve debt service savings, and (ii) pay the costs of issuing the Series 2020 Bonds. See "PLAN OF FINANCE."

Interest on the Series 2020 Bonds will accrue from the Date of Initial Delivery (defined below), will be calculated on the basis of a 360-day year composed of twelve 30-day months, and will be payable on April 1 and October 1 of each year, commencing October 1, 2020, until maturity or prior redemption. The Series 2020 Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Series 2020 Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Series 2020 Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Series 2020 Bonds will be payable by the paying agent/registrars (the "Paying Agent/Registrar"), initially U.S. Bank National Association, Dallas, Texas, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent remittance to the beneficial owners of the Series 2020 Bonds. See "DESCRIPTION OF THE SERIES 2020 BONDS – Paying Agent/Registrar" and "APPENDIX D – DTC Book-Entry-Only System and Global Clearance Procedures."

THE SERIES 2020 BONDS ARE GENERAL OBLIGATIONS OF THE STATE AND ARE SECURED BY THE FULL FAITH AND CREDIT OF THE STATE. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS" and "GENERAL INFORMATION REGARDING THE STATE" herein and "APPENDIX A – The State" attached hereto for general information regarding the State, including information concerning outstanding general obligation debt of the State.

The Series 2020 Bonds are subject to redemption prior to maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2020 BONDS – Redemption Provisions."

This cover page contains information for quick reference only. It is not a summary of the Series 2020 Bonds. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision.

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS AND PRICES

See Inside Cover Page

The Series 2020 Bonds are offered for delivery when, as, and if issued by the Commission and accepted by the underwriters of the Series 2020 Bonds shown below (collectively, the "Underwriters"). The issuance of the Series 2020 Bonds is subject to the approval of the Attorney General of the State and the opinion of McCall, Parkhurst & Horton LLP, Austin, Texas, Bond Counsel to the Commission. Certain legal matters will be passed upon for the Commission by the General Counsel to the Commission and by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Locke Lord LLP and Kassahn & Ortiz, P.C. It is expected that the Series 2020 Bonds will be delivered on or about July 8, 2020 (the "Date of Initial Delivery"), through the facilities of DTC.

CITIGROUP

Barclays
Raymond James

Jefferies
UBS

RAMIREZ & CO., INC.

Mesirow Financial, Inc.
Wells Fargo Securities

MATURITY SCHEDULE

\$794,235,000

TEXAS TRANSPORTATION COMMISSION STATE OF TEXAS HIGHWAY IMPROVEMENT GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2020

\$468,480,000 Serial Bonds

Maturity (April 1)⁽¹⁾	Principal Amount	Interest Rate	Initial Yield	Initial Price	CUSIP⁽²⁾	ISIN⁽²⁾	Common Code⁽³⁾
2022	\$ 505,000	5.000%	0.495%	107.752	882830AA0	US882830AA05	219510349
2023	23,100,000	5.000%	0.574%	111.973	882830AB8	US882830AB87	219510365
2024	24,260,000	5.000%	0.738%	115.653	882830AC6	US882830AC60	219510373
2025	25,465,000	5.000%	0.838%	119.262	882830AD4	US882830AD44	219510390
2026	26,740,000	5.000%	1.105%	121.569	882830AE2	US882830AE27	219510411
2027	68,885,000	5.000%	1.255%	124.096	882830AF9	US882830AF91	219510438
2028	41,400,000	5.000%	1.540%	125.123	882830AG7	US882830AG74	219510462
2029	42,710,000	5.000%	1.670%	126.945	882830AH5	US882830AH57	219510519
2030	42,750,000	5.000%	1.720%	129.270	882830AJ1	US882830AJ14	219510527
2031	42,785,000	5.000%	1.780%	131.323	882830AK8	US882830AK86	219510586
2032	42,825,000	5.000%	1.880%	132.704	882830AL6	US882830AL69	219510934
2033	43,285,000	5.000%	1.930%	134.502	882830AM4	US882830AM43	219510942
2034	43,770,000	5.000%	1.990%	136.005	882830AN2	US882830AN26	219510977

**\$325,755,000 2.562% Term Bonds due April 1, 2042, Initial Yield 2.562%, Initial Price 100.00, CUSIP No. 882830AP7,
ISIN No. US882830AP73, Common Code 219511027⁽¹⁾⁽²⁾⁽³⁾**

(Interest accrues from the Date of Initial Delivery of the Series 2020 Bonds)

- (1) The Series 2020 Bonds are subject to redemption prior to maturity as more fully described herein. See “DESCRIPTION OF THE SERIES 2020 BONDS – Redemption Provisions.”
- (2) CUSIP is a registered trademark of the American Bankers Association. CUSIP and ISIN data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. The CUSIP and/or ISIN number for a specific maturity is subject to being changed after the execution and delivery of the Series 2020 Bonds as a result of various subsequent actions, including but not limited to, a refunding in whole or in part of such maturity, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2020 Bonds. None of the Department, the Commission, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the CUSIP and ISIN numbers shown herein.
- (3) The Common Codes are provided herein by Euroclear Bank S.A./N.V. Common Codes are provided for convenience of reference only. None of the Department, the Commission, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the Common Codes shown herein.

STATE OF TEXAS OFFICIALS

Greg Abbott	Governor
Dan Patrick	Lieutenant Governor
Ken Paxton	Attorney General
Glenn Hegar	Comptroller of Public Accounts
George P. Bush	Commissioner of the General Land Office
Sid Miller	Commissioner of Agriculture

TEXAS TRANSPORTATION COMMISSION

Name	Title	Term Expires
J. Bruce Bugg, Jr.	Chairman	February 1, 2021
Alvin New	Commissioner	February 1, 2021
Laura Ryan	Commissioner	February 1, 2023
Victor Vandergriff ⁽¹⁾	Commissioner	February 1, 2019
Robert C. Vaughn	Commissioner	February 1, 2025

TEXAS DEPARTMENT OF TRANSPORTATION-SELECTED PERSONNEL

Name	Position	Total Years of Service with the Department
James M. Bass	Executive Director	35 years
Marc D. Williams, P.E.	Deputy Executive Director	8 years
Brian D. Ragland, CPA	Chief Financial Officer	14 years
Benjamin H. Asher	Director, Project Finance, Debt and Strategic Contracts Division	8 years
Stephen Stewart, CPA	Director, Financial Management Division	8 years
Jeff Graham	General Counsel	8 years

CONSULTANTS AND ADVISORS

Financial Advisor Estrada Hinojosa & Company, Inc.
Bond Counsel McCall, Parkhurst & Horton L.L.P.
Disclosure Counsel Orrick, Herrington & Sutcliffe LLP
Paying Agent/Registrar and Escrow Agent U.S. Bank National Association

For additional information regarding the Commission or the Department, please contact either:

Mr. Brian D. Ragland, CPA
Chief Financial Officer
Texas Department of Transportation
125 E. 11th Street
Austin, Texas 78701-2483
(512) 305-9512

Mr. Paul Jack
Senior Managing Director
Estrada Hinojosa & Company, Inc.
3103 Bee Caves Road, Suite 133
Austin, Texas 78746
(512) 605-2444

⁽¹⁾ Mr. Vandergriff resigned as Commissioner on February 9, 2018. Pursuant to State law, Mr. Vandergriff continues to perform the duties of Commissioner until the earlier of (i) the date such Commissioner's successor shall be duly appointed and qualified or (ii) the last day of the first regular session of the State Legislature that begins after the expiration of such Commissioner's term (which date is May 31, 2021).

SALE AND DISTRIBUTION OF THE SERIES 2020 BONDS

Use of Official Statement

No dealer, broker, salesman, or other person has been authorized by the Commission, the Commission's Financial Advisor or the underwriters set forth on the cover page hereof (collectively, the "Underwriters") to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Commission, the Commission's Financial Advisor or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Commission since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the Commission's undertakings and the undertakings of the Texas Comptroller of Public Accounts (the "Comptroller") to provide certain information on a continuing basis.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used for any other purpose. In no instance may this Official Statement be reproduced or used in part.

Certain information set forth in this Official Statement has been furnished by the State, the Commission and other sources which are believed to be reliable by the Commission, but such information is not to be construed as a representation by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2020 BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

NONE OF THE STATE, THE DEPARTMENT, THE COMMISSION, THE COMMISSION'S FINANCIAL ADVISOR OR THE UNDERWRITERS MAKE ANY REPRESENTATION AS TO THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT UNDER THE CAPTION "INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES" OR IN "APPENDIX D – DTC BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES."

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

The financial and other information contained herein has been obtained from the Commission's records and other sources which the Commission believes to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and the Resolution contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Marketability

THE PRICE AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2020 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER SUCH SERIES 2020

BONDS ARE RELEASED FOR SALE, AND SUCH SERIES 2020 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH SERIES 2020 BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE SERIES 2020 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2020 BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

THE SERIES 2020 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the Series 2020 Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder, nor have the Series 2020 Bonds been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein. Furthermore, the Series 2020 Bonds have not been registered or qualified under the securities laws of any other jurisdiction (domestic or foreign).

The Commission assumes no responsibility for registration or qualification for sale or other disposition of the Series 2020 Bonds under the securities laws of any jurisdiction (domestic or foreign) in which the Series 2020 Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Series 2020 Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

The statements contained in this Official Statement, and in other information provided by the Commission or the Comptroller, that are not purely historical, are forward-looking statements, including statements regarding the Commission’s or Comptroller’s expectations, hopes, intentions, or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to the Commission or the Comptroller on the date of this Official Statement or the date of the Bond Appendix, State CAFR, or event notice, respectively, or such other dates of such forward-looking statements as described herein, as applicable, and none of the Commission, the Department, or the Comptroller assume any obligation to update any such forward-looking statements. See “OTHER INFORMATION – Forward-Looking Statements.”

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 (or in any other document expressly incorporated herein) are not incorporated into, and are not part of, this Official Statement, including for purposes of, and as that term is defined in, Rule 15c2-12 of the SEC.

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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES HEREIN TO THE “ISSUER” MEAN THE COMMISSION AND REFERENCES TO “BONDS” OR “SECURITIES” MEAN THE SERIES 2020 BONDS OFFERED HEREBY.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”)

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF EUROPEAN COMMISSION REGULATION 809/2004 OR EUROPEAN COMMISSION DIRECTIVE 2003/71/EC (AS AMENDED, INCLUDING BY EUROPEAN COMMISSION DIRECTIVE 2010/73/EU, AS APPLICABLE) (THE “PROSPECTUS DIRECTIVE”). IT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 3 OF THE PROSPECTUS DIRECTIVE, AS IMPLEMENTED IN MEMBER STATES OF THE EEA, FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR SUCH OFFERS. THIS OFFICIAL STATEMENT IS ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EEA WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE AND ANY RELEVANT IMPLEMENTING MEASURE IN EACH MEMBER STATE OF THE EEA (“QUALIFIED INVESTORS”). THIS OFFICIAL STATEMENT MUST NOT BE ACTED ON OR RELIED ON IN ANY SUCH MEMBER STATE OF THE EEA BY PERSONS WHO ARE NOT QUALIFIED INVESTORS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO QUALIFIED INVESTORS IN ANY MEMBER STATE OF THE EEA AND WILL NOT BE ENGAGED IN WITH ANY OTHER PERSONS.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS IN THE UNITED KINGDOM THAT ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE WHO ARE ALSO (I) INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”) OR (II) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS, INCLUDING IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA APPLIES TO THE ISSUER. THIS OFFICIAL STATEMENT AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSONS IN THE UNITED KINGDOM. IN THE UNITED KINGDOM, ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE BONDS (EXCEPT FOR BONDS WHICH ARE A “STRUCTURED PRODUCT” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (“SECURITIES AND FUTURES ORDINANCE”)) MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY

DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (“COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE”) OR (II) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

NOTICE TO INVESTORS IN SWITZERLAND

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE (“SIX”) OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT HAS BEEN PREPARED WITHOUT REGARD TO THE DISCLOSURE STANDARDS FOR ISSUANCE OF PROSPECTUSES UNDER ART. 652A OR ART. 1156 OF THE SWISS CODE OF OBLIGATIONS OR THE DISCLOSURE STANDARDS FOR LISTING PROSPECTUSES UNDER ART. 27 FF. OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

NOTICE TO INVESTORS IN SINGAPORE

THIS OFFICIAL STATEMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL USED IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE “SFA”) PURSUANT TO SECTION 274 OF THE SFA, (II) TO A RELEVANT PERSON PURSUANT (AS DEFINED IN SECTION 275(2) OF THE SFA) TO SECTION 275(1), OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275, OF THE SFA, OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA. WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON THAT IS: (A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF

WHOM IS AN ACCREDITED INVESTOR; OR (B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS (EACH AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275 OF THE SFA EXCEPT: (I) TO AN INSTITUTIONAL INVESTOR OR TO A RELEVANT PERSON, OR TO ANY PERSON ARISING FROM AN OFFER REFERRED TO IN SECTION 275(1A) OR SECTION 276(4)(I)(B) OF THE SFA; (II) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER; (III) WHERE THE TRANSFER IS BY OPERATION OF LAW; (IV) AS SPECIFIED IN SECTION 276(7) OF THE SFA; OR (V) AS SPECIFIED IN REGULATION 37A OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SECURITIES AND SECURITIES-BASED DERIVATIVE CONTRACTS) REGULATIONS 2018 OF SINGAPORE.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA

IN CONNECTION WITH SECTION 309B OF THE SFA AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE "CMP REGULATIONS 2018"), THE ISSUER HAS DETERMINED, AND HEREBY NOTIFIES ALL RELEVANT PERSONS (AS DEFINED IN SECTION 309A(1) OF THE SFA), THAT THE BONDS ARE 'PRESCRIBED CAPITAL MARKETS PRODUCTS' (AS DEFINED IN THE CMP REGULATIONS 2018) AND ARE EXCLUDED INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA-N16: NOTICE ON RECOMMENDATIONS ON INVESTMENT PRODUCTS).

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

NOTICE TO INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY "RESIDENT" OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE G OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA (“QIIS”). A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

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OFFICIAL STATEMENT

relating to

\$794,235,000

TEXAS TRANSPORTATION COMMISSION STATE OF TEXAS HIGHWAY IMPROVEMENT GENERAL OBLIGATION REFUNDING BONDS, TAXABLE SERIES 2020

INTRODUCTION

The purpose of this Official Statement (which includes the cover page, inside cover page, the Schedule and Appendices hereto, and the information incorporated by reference into this Official Statement as described in “GENERAL INFORMATION REGARDING THE STATE”) is to furnish information concerning the offering of the “Texas Transportation Commission State of Texas Highway Improvement General Obligation Refunding Bonds, Taxable Series 2020” (the “Series 2020 Bonds”), which are being issued by the Texas Transportation Commission (the “Commission”), the governing body of the Texas Department of Transportation (the “Department”), an agency of the State of Texas (the “State”), in the aggregate principal amount set forth above. The Series 2020 Bonds are being issued pursuant to the authority granted to the Commission by Article III, Section 49-p of the Texas Constitution (the “Constitutional Provision”), Section 222.004 of the Texas Transportation Code (the “Enabling Act”) and Chapters 1207 and 1371 of the Texas Government Code; the “Master Resolution Establishing the Texas Transportation Commission Highway Improvement General Obligation Financing Program” (the “Master Resolution”), adopted by minute order of the Commission on January 28, 2010, as supplemented by a “Fifth Supplemental Resolution” thereto (the “Fifth Supplemental Resolution”), adopted by minute order of the Commission on July 25, 2019; and an Award Certificate of a Department Representative authorized by the Fifth Supplemental Resolution (the “Award Certificate”). The Master Resolution, the Fifth Supplemental Resolution and the Award Certificate are collectively referred to herein as the “Resolution.” Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution, as set forth in “APPENDIX B – Select Provisions of the Resolution – Select and Conformed Definitions in the Master Resolution and the Fifth Supplemental Resolution.”

The Master Resolution establishes the Texas Transportation Commission Highway Improvement General Obligation Financing Program (the “Program”) to provide a financing structure for the issuance of obligations secured by and payable solely from the general obligation pledge of the State pursuant to the Constitutional Provision and the Enabling Act, including the first money coming into the State treasury each fiscal year, not otherwise appropriated by the Texas Constitution. The Series 2020 Bonds, the Previously Issued Bonds (as hereinafter defined) and other bonds issued under the Program are collectively referred to herein as the “Bonds.” See “PLAN OF FINANCE.”

PURSUANT TO THE CONSTITUTIONAL PROVISION, THE SERIES 2020 BONDS CONSTITUTE GENERAL OBLIGATIONS OF THE STATE AND THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE PAYMENT OF THE SERIES 2020 BONDS. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – General Obligation Pledge.”

This Official Statement includes descriptions of the Series 2020 Bonds, the Commission, the Department, the State, and certain other matters, along with summaries and excerpts of portions of the Resolution. The excerpts and summaries of documents contained herein do not purport to be complete or verbatim and are qualified in their entirety by reference to the respective documents. The Resolution is available for inspection at the office of the Department, DeWitt C. Greer State Office Building, 125 East 11th Street, Austin, Texas 78701.

This Official Statement speaks only as of its date, except information in the Bond Appendix (defined herein), State CAFR (defined herein) and any notice incorporated herein by reference speak only as of the date specified in each such document, and the information contained herein is subject to change. A copy of this Official Statement will be submitted by the Underwriters to the Municipal Securities Rulemaking Board (the “MSRB”) and will be available through the MSRB’s Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for information regarding the EMMA system and for a description of the Commission’s undertaking and the undertaking of the Texas Comptroller of Public Accounts (the “Comptroller”) to provide certain information on a continuing basis.

PLAN OF FINANCE

General

The Constitutional Provision, adopted by the voters of the State on November 6, 2007, authorizes the Commission to issue general obligation bonds of the State in an aggregate principal amount not to exceed \$5 billion. The Master Resolution establishes the Program in an aggregate principal amount not to exceed \$5 billion subject to the limitations and requirements of the Constitutional Provision, the Enabling Act, the General Appropriations Act, other applicable provisions of State law, the Master Resolution and each Supplement. The Master Resolution may be amended, without the consent of Bondholders, to increase the principal amount of Bonds issued under the Program by the Commission upon a finding by the Commission that the increase is authorized by the Texas Constitution and State law.

The Commission has previously issued eight series of Bonds under the Program pursuant to the Constitutional Provision (defined below as the “Previously Issued Bonds”), which consist of the Commission’s State of Texas Highway Improvement General Obligation Bonds, Taxable Series 2010A (Build America Bonds - Direct Payment); State of Texas Highway Improvement General Obligation Bonds, Series 2010B; State of Texas Highway Improvement General Obligation Bonds, Series 2012A; State of Texas Highway Improvement General Obligation Bonds, Taxable Series 2012B; State of Texas Highway Improvement General Obligation Bonds, Series 2014; State of Texas Highway Improvement General Obligation Bonds, Series 2016; State of Texas Highway Improvement General Obligation Bonds, Series 2016A; and State of Texas Highway Improvement General Obligation Refunding Bonds, Taxable Series 2019 (collectively, the “Previously Issued Bonds”), in the original aggregate principal amount of \$5,065,320,000. As of April 1, 2020, \$3,616,465,000 in aggregate principal amount of such Previously Issued Bonds are outstanding. The issuance of the Series 2016A Bonds described above represented the remaining voted authorization pursuant to the Constitutional Provision, and, therefore, the Commission is not currently authorized to issue any additional new money general obligation bonds of the State pursuant to the Constitutional Provision. For information concerning other general obligation debt of the State, see the caption “State Debt” within the Bond Appendix, which is incorporated by reference into and made a part of this Official Statement as if set forth herein. See “GENERAL INFORMATION REGARDING THE STATE” and “APPENDIX A – The State.”

Under the Fifth Supplemental Resolution, the Commission has authorized the issuance in one or more series of additional Bonds under the Program for refunding purposes. The Series 2020 Bonds are the second series of obligations issued or executed under the Fifth Supplemental Resolution and the ninth series of obligations issued under the Program. The Series 2020 Bonds are being issued to: (i) advance refund certain Previously Issued Bonds described on SCHEDULE I – Refunded Bonds hereto (collectively, the “Refunded Bonds”), to achieve debt service savings, and (ii) pay the costs of issuing the Series 2020 Bonds. See “PLAN OF FINANCE – Refunded Bonds.”

Refunded Bonds

A portion of the proceeds of the Series 2020 Bonds, together with a cash contribution by the Commission, will be used to purchase a portfolio of obligations authorized under Texas law (the “Escrowed Securities”) to be deposited, along with certain uninvested proceeds of the Series 2020 Bonds, in escrow with U.S. Bank National Association, Dallas, Texas (the “Escrow Agent”), pursuant to an Escrow Agreement (the “Escrow Agreement”) between the Commission and the Escrow Agent. The maturing principal of and interest on the Escrowed Securities will be sufficient together with uninvested funds to pay, when due, the principal of and interest on the Refunded Bonds prior to and on their respective redemption dates. See “SCHEDULE I – Refunded Bonds” attached hereto for additional information concerning the Refunded Bonds.

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Escrowed Securities, together with the uninvested funds, to provide for the payment of the Refunded Bonds will be verified by AMTEC Corp. (the “Verification Agent”). See “OTHER INFORMATION – Verification of Mathematical Accuracy” herein.

Money or Escrowed Securities on deposit in the escrow fund (the “Escrow Fund”) established by the Escrow Agreement and held by the Escrow Agent will not be available to pay debt service on the Series 2020 Bonds.

Simultaneously with the issuance of the Series 2020 Bonds, the Commission will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to their stated maturity on the first optional redemption date, on which date money will be made available to redeem the Refunded Bonds from funds held under the Escrow Agreement and the Commission will have no further

responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrowed Securities.

By the deposit of the Escrowed Securities and uninvested funds with the Escrow Agent pursuant to the Escrow Agreement, the Commission will have entered into firm banking and financial arrangements for the discharge, defeasance, and final payment of the Refunded Bonds in accordance with applicable law and the terms of the Master Resolution and the applicable Supplement authorizing their issuance. Bond Counsel will render an opinion on the date of issuance of the Series 2020 Bonds to the effect that, in reliance upon the report of the Verification Agent, and as a result of such firm banking and financial arrangements, the Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided in escrow therefor.

Issuance of Additional General Obligation Bonds

Various State entities, including the Commission, have issued and are authorized to issue general obligation bonds or other obligations of the State. In addition, by constitutional amendment or proposition, the voters of the State may authorize the issuance of additional general obligation bonds or other indebtedness for which the full faith, credit and taxing power of the State are pledged. See “PLAN OF FINANCE – General,” “THE COMMISSION AND THE DEPARTMENT – Other Financing Programs – Texas Mobility Fund” and “APPENDIX A – The State.” The Commission is not currently authorized to issue any additional new money general obligation bonds of the State pursuant to the Constitutional Provision.

Bond Review Board Approval

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Commission, must be formally approved by the Texas Bond Review Board (the “Bond Review Board”) prior to their issuance, unless certain exemption criteria set forth in the Bond Review Board’s rules are satisfied. The Bond Review Board is composed of the Governor of the State (the “Governor”), the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller. The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee. By letter dated April 30, 2020, the Bond Review Board provided written notification to the Commission that the issuance of the Series 2020 Bonds meets the exemption criteria set forth in the Bond Review Board’s rules and that the Bond Review Board decided not to exercise its option to require the Commission to follow the formal approval process pursuant to the Bond Review Board’s rules.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2020 Bonds, together with other lawfully available funds of the Commission, are estimated to be applied as follows:

Sources of Funds

Principal Amount	\$794,235,000.00
Original Issue Premium	126,396,146.15
Commission’s Contribution	<u>10,393,954.28</u>
Total Sources	\$931,025,100.43

Uses of Funds

Deposit to Escrow Fund	\$927,306,060.67
Underwriters’ Discount	3,057,318.61
Costs of Issuance	<u>661,721.15</u>
Total Uses	\$931,025,100.43

DESCRIPTION OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds will accrue interest from the date of their initial delivery (the “Date of Initial Delivery”), and such interest will be payable on April 1 and October 1 of each year, commencing October 1, 2020, until maturity or prior redemption, and such interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Series 2020 Bonds will be issued in book-entry form under a book-entry-only system operated by Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), described in “APPENDIX D – DTC Book-Entry-Only System and Global Clearance Procedures.” Beneficial owners of the Series 2020 Bonds will not receive physical delivery of the Series 2020 Bond certificates. The Series 2020 Bonds will be issued in fully registered form in denominations of \$5,000 of principal amount and integral multiples thereof within a maturity, and will mature in the principal amounts on the dates shown on the inside cover page of this Official Statement. The Series 2020 Bonds will be dated the Date of Initial Delivery.

Payment of the Series 2020 Bonds

Principal of, interest and redemption premium, if any, on the Series 2020 Bonds due and payable by reason of maturity, redemption, or otherwise, will be payable only to the owner thereof appearing on the Security Register (the “Owner”), and, to the extent permitted by law, neither the Commission nor the Paying Agent/Registrar, nor any agent of either, will be affected by notice to the contrary.

Principal of and redemption premium, if any, on the Series 2020 Bonds will be payable only upon the presentation and surrender of the Series 2020 Bonds to the Paying Agent/Registrar at its designated office. Interest on the Series 2020 Bonds will be paid to the Owner whose name appears in the Security Register at the close of business on the Record Date (as hereinafter defined) and will be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar to the address of the Owner appearing in the Security Register on the Record Date or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Owner. The “Record Date” for the Series 2020 Bonds means the 15th day of March and the 15th day of September of each year preceding the next scheduled interest payment date. If any such Record Date is not a business day then the Record Date is the business day next preceding such date. Notwithstanding the foregoing, so long as Cede & Co. (or other DTC nominee) is the registered owner of the Series 2020 Bonds, all payments will be made as described in “APPENDIX D – DTC Book-Entry-Only System and Global Clearance Procedures.”

In the event of a nonpayment of interest on a scheduled payment date on a Series 2020 Bond, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Commission. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which will be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Owner of a Series 2020 Bond appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Series 2020 Bonds is U.S. Bank National Association, Dallas, Texas (the “Paying Agent/Registrar”). The Commission agrees and covenants to cause to be kept and maintained by the Paying Agent/Registrar a Security Register, in accordance with the terms and provisions of the Paying Agent/Registrar Agreement and such reasonable rules and regulations as the Paying Agent/Registrar and the Commission may prescribe.

The Commission expressly reserves the right to appoint one or more successor Paying Agent/Registrars, by filing with the Paying Agent/Registrar a certified copy of a resolution or minute order of the Commission making such appointment. The Commission further expressly reserves the right to terminate the appointment of the Paying Agent/Registrar by filing a certified copy of a resolution or minute order of the Commission giving notice of the Commission’s termination of the Commission’s agreement with such Paying Agent/Registrar and appointing a successor. The Commission covenants to maintain and provide a Paying Agent/Registrar at all times until the Series 2020 Bonds are paid and discharged, and any successor Paying Agent/Registrar will be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Series 2020 Bonds. If a Paying Agent/Registrar is replaced, such Paying

Agent/Registrar, promptly upon the appointment of the successor, will deliver the Security Register (or a copy thereof) and all other pertinent books and records relating to the Series 2020 Bonds to the successor Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar, the Commission agrees promptly to cause a written notice thereof to be sent to each Owner by United States mail, first-class postage prepaid, which notice will also give the address of the new Paying Agent/Registrar.

Redemption Provisions

Optional Redemption at Par. The Series 2020 Bonds maturing on April 1, 2042 are subject to redemption, prior to their scheduled maturity, with funds derived from any available source, in whole or in part, at the option of the Commission in authorized denominations, at the redemption price of par plus interest accrued to the date of redemption, and without premium, on April 1, 2030 (the “Par Call Date”), or any date thereafter.

Optional Redemption at Make-Whole Redemption Price. The Series 2020 Bonds are subject to redemption, in whole or in part, at the option of the Commission at the “Make-Whole Redemption Price” (as defined below), on any date with respect to the Series 2020 Bonds maturing on April 1 in the years 2022 through 2034 and on any date prior to the Par Call Date with respect to the Series 2020 Bonds maturing on April 1, 2042. The Commission will retain an independent certified public accountant or an independent municipal advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Paying Agent/Registrar may conclusively rely on such independent certified public accountant’s or independent municipal advisor’s calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the Commission nor the Paying Agent/Registrar will have any liability for such reliance. The determination of the Make-Whole Redemption Price by such independent certified public accountant or independent municipal advisor will be conclusive and binding on the Commission, the Department, the Paying Agent/Registrar and the holders of the Series 2020 Bonds absent manifest error.

The “Make-Whole Redemption Price” means the greater of (1) 100% of the principal amount of the Series 2020 Bonds to be redeemed or (2) the sum of the present value of the remaining scheduled payments of principal of and interest to the maturity date of such Series 2020 Bonds to be redeemed, not including any portion of those payments of interest thereon accrued and unpaid as of the date on which the Series 2020 Bonds are to be redeemed, discounted to the date on which the Series 2020 Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the “Treasury Rate” (as defined below) plus 20 basis points, plus, in each case, accrued and unpaid interest on the Series 2020 Bonds to be redeemed on the date of redemption.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2020 Bond, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2020 Bond to be redeemed.

Mandatory Sinking Fund Redemption. The Series 2020 Bonds maturing on April 1, 2042 (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity. The Term Bonds must be redeemed by the Paying Agent/Registrar in authorized denominations at the redemption price of par plus interest accrued to the date of redemption, and without premium, on the dates and in the principal amounts as set forth in the following schedule:

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Term Bonds
Maturing April 1, 2042

Redemption Date (April 1)	Principal Amount
2035	\$44,280,000
2036	43,315,000
2037	42,320,000
2038	41,305,000
2039	40,265,000
2040	39,195,000
2041	38,100,000
2042*	36,975,000

* Stated maturity

The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to the operation of mandatory sinking fund redemption provisions will be reduced, at the option of the Commission, by the principal amount of any Term Bond scheduled for redemption on such redemption date, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) has been acquired by the Commission and delivered to the Paying Agent/Registrar for cancellation, (2) has been acquired and canceled by the Paying Agent/Registrar, at the direction of the Commission, at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of acquisition thereof, or (3) has been redeemed pursuant to the optional redemption provisions and not previously credited to a scheduled mandatory sinking fund redemption.

Selection of Bonds to be Redeemed

If less than all of the Series 2020 Bonds are to be redeemed at the option of the Commission, the particular maturities of Series 2020 Bonds, or mandatory sinking fund installment in the case of a Term Bond, to be redeemed will be determined by the Commission in its sole discretion. If the Series 2020 Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of such the Series 2020 Bonds, if less than all of the Series 2020 Bonds of any maturity, or mandatory sinking fund installment in the case of a Term Bond, are to be redeemed, the particular Series 2020 Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2020 Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2020 Bonds will be selected for redemption, in accordance with DTC procedures, by lot or such other method then required by DTC; provided that any such redemption must be performed such that all Series 2020 Bonds remaining outstanding will be in authorized denominations. For purposes of the calculation of the “pro rata pass-through distribution of principal,” “pro rata” means, for any amount of principal to be paid, the application of a fraction to each denomination of the Series 2020 Bond where (a) the numerator of which is equal to the amount due to the respective owner on a payment date, and (b) the denominator of which is equal to the total original par amount of Series 2020 Bonds. **The Commission intends that redemption allocations made by DTC with respect to the Series 2020 Bonds be made on a pro rata pass-through distribution of principal basis as described above.** However, neither the Commission nor the Underwriters can provide any assurance that DTC, DTC’s direct and indirect participants or any other intermediary will allocate the redemption of the Series 2020 Bonds on such basis. If the Series 2020 Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2020 Bonds, as applicable, equal to the original face amount then beneficially held by that owner, registered in such owner’s name. Thereafter, in connection with the redemption of less than all of the Series 2020 Bonds of any maturity, or mandatory sinking fund installment in the case of a Term Bond, the maturities or mandatory sinking fund installments to be redeemed will be selected by the Paying Agent/Registrar on a pro-rata basis, based on the portion of the original face amount of any such Series 2020 Bonds to be redeemed.

If a Series 2020 Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, the Series 2020 Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption or Defeasance

Unless waived by any Owner of the Series 2020 Bonds to be redeemed or defeased, the Commission will give notice of optional redemption or defeasance to the Paying Agent/Registrar at least thirty-five (35) days prior to a redemption date in the case of a redemption of Series 2020 Bonds (unless a lesser period is acceptable to the Paying Agent/Registrar) and on the defeasance date in the case of a defeasance of Series 2020 Bonds and the Paying Agent/Registrar will give notice of optional redemption of Series 2020 Bonds or notice of defeasance of Series 2020 Bonds by United States mail, first-class postage prepaid, at least thirty (30) days, but not more than sixty (60) days, prior to such redemption date and within thirty (30) days after a defeasance date to each registered securities depository and to any national information service that disseminates such notices. Any notice sent to the registered securities depositories or such national information services will be sent so that it is received at least two days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar will also send a notice of prepayment or redemption to the Owner of any Series 2020 Bond who has not sent the Series 2020 Bonds in for redemption sixty (60) days after the redemption date. Any notice sent as described above will be effective whether or not the Owner receives it.

With respect to any optional redemption of the Series 2020 Bonds, unless certain prerequisites to such redemption required by the Fifth Supplemental Resolution have been met and money sufficient to pay the principal of, premium, if any, and interest on the Series 2020 Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the Commission, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the Commission will not redeem such Series 2020 Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Series 2020 Bonds have not been redeemed.

Purchase in Lieu of Redemption

If and to the extent that the Series 2020 Bonds are subject to optional redemption, all or a portion of the Series 2020 Bonds to be redeemed, as specified in the notice of redemption, may be purchased by the Paying Agent/Registrar at the direction of the Department Representative on the date which would be the redemption date if such Series 2020 Bonds were redeemed rather than purchased in lieu thereof at a purchase price equal to the redemption price which would have been applicable to such Series 2020 Bonds on the redemption date for the account of the Commission and at the direction of the Department Representative who shall give the Paying Agent/Registrar notice at least forty-five (45) days prior to the scheduled redemption date for the Series 2020 Bonds accompanied by a Favorable Opinion of Bond Counsel. In the event the Paying Agent/Registrar is so directed to purchase Series 2020 Bonds in lieu of optional redemption, no notice to the Owners of the Series 2020 Bonds to be so purchased (other than the notice of redemption otherwise required hereunder) shall be required, and the Paying Agent/Registrar shall be authorized to apply to such purchase the funds which would have been used to pay the redemption price for such Series 2020 Bonds if such Series 2020 Bonds had been redeemed rather than purchased. Each Series 2020 Bond so purchased shall not be canceled or discharged and shall be registered in the name of the Commission and such purchase is not intended to extinguish or merge such debt. The Series 2020 Bonds to be purchased as described above which are not delivered to the Paying Agent/Registrar on the purchase date shall be deemed to have been so purchased and not optionally redeemed on the purchase date and shall cease to accrue interest as to the former Owner on the purchase date.

Limitation on Transfer of Bonds Called for Redemption

Neither the Commission nor the Paying Agent/Registrar will be required to issue or transfer to an assignee of an Owner any Series 2020 Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Series 2020 Bond; provided, however, that such limitation on transfer will not be applicable to an exchange by the Owner of the unredeemed balance of a Series 2020 Bond called for redemption in part.

Redemption Through The Depository Trust Company

The Paying Agent/Registrar and the Commission, so long as a book-entry-only system is used for the Series 2020 Bonds, will send only to DTC any notice of optional redemption (with respect to the Series 2020 Bonds), notice of proposed amendment to the Resolution, or other notices with respect to the Series 2020 Bonds. Any failure by DTC to advise any Direct Participant (defined herein), or of any Direct Participant or Indirect Participant (defined

herein) to notify the Beneficial Owner (defined herein), will not affect the validity of the redemption of the Series 2020 Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Series 2020 Bonds by the Commission will reduce the outstanding principal amount of such Series 2020 Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of Direct Participants in accordance with its rules or other agreements with Direct Participants and then Direct Participants and Indirect Participants may implement a redemption of such Series 2020 Bonds from the Beneficial Owners. Any such selection of Series 2020 Bonds to be redeemed will not be governed by the Fifth Supplemental Resolution and will not be conducted by the Commission or the Paying Agent/Registrar. Neither the Commission nor the Paying Agent/Registrar will have any responsibility to Direct Participants, Indirect Participants, or the persons for whom Direct Participants act as nominees, with respect to the payments on the Series 2020 Bonds or the providing of notice to Direct Participants, Indirect Participants, or Beneficial Owners of the selection of portions of the Series 2020 Bonds for redemption. See “APPENDIX D – DTC Book-Entry-Only System and Global Clearance Procedures.”

Transfer, Exchange and Registration

The Paying Agent/Registrar will obtain, record, and maintain in the Security Register the name and address of each Owner, and any Series 2020 Bond may, in accordance with its terms and the terms of the Fifth Supplemental Resolution, be transferred or exchanged for Series 2020 Bonds in authorized denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”) upon the Security Register by the Owner, in person or by his duly authorized agent, upon surrender of such Series 2020 Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Owner or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Series 2020 Bond at the designated office of the Paying Agent/Registrar, there will be registered and delivered in the name of the designated transferee or transferees, one or more new Series 2020 Bonds, executed on behalf of, and furnished by, the Commission, of Authorized Denominations and having the same Maturity and of a like aggregate principal amount as the Series 2020 Bond or Bonds surrendered for transfer.

At the option of the Owner, the Series 2020 Bonds may be exchanged for other Series 2020 Bonds of Authorized Denominations and having the same Maturity, bearing the same rate of interest, and of like tenor and aggregate principal amount as the Series 2020 Bonds surrendered for exchange, upon surrender of the Series 2020 Bonds to be exchanged at the designated office of the Paying Agent/Registrar. Whenever any Series 2020 Bonds are surrendered for exchange, new Series 2020 Bonds will be registered and delivered, executed on behalf of, and furnished by, the Commission to the Owner requesting the exchange.

All Series 2020 Bonds issued upon any transfer or exchange of Series 2020 Bonds will be delivered at the designated office of the Paying Agent/Registrar or sent by United States mail, first-class, postage prepaid to the Owners or the designee thereof, and, upon the registration and delivery thereof, the same will be the valid obligations of the Commission, evidencing the same debt, and entitled to the same benefits under the Resolution as the Series 2020 Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Series 2020 Bonds pursuant to the Fifth Supplemental Resolution will be made without expense or service charge to the Owner, except as otherwise provided in the Fifth Supplemental Resolution, and except that the Paying Agent/Registrar will require payment by the Owner requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Series 2020 Bonds canceled by reason of an exchange or transfer are defined as “Predecessor Bonds,” evidencing all or a portion, as the case may be, of the same debt evidenced by the new Series 2020 Bond or Bonds registered and delivered in the exchange or transfer. Additionally, the term “Predecessor Bonds” includes any mutilated Series 2020 Bond that is surrendered to the Paying Agent/Registrar or any Series 2020 Bond for which satisfactory evidence of the loss of which has been received by the Commission and the Paying Agent/Registrar and, in either case, in lieu of which a Series 2020 Bond has or Series 2020 Bonds have been registered and delivered pursuant to the Fifth Supplemental Resolution.

In the event that the date for any payment on the Series 2020 Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the designated office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day that is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to close. Payment on

such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date that payment was due.

See “APPENDIX D – DTC Book-Entry-Only System and Global Clearance Procedures” for a description of the system to be utilized initially in regard to the ownership and transferability of the Series 2020 Bonds.

Defeasance

Deemed Paid. The principal of and/or the interest and redemption premium, if any, on any Series 2020 Bonds shall be deemed to be “Defeased Bonds” within the meaning of the Master Resolution and the Fifth Supplemental Resolution, when payment of the principal of such Series 2020 Bonds, plus interest and redemption premium, if any, thereon to the due date or dates (whether such due date or dates be by reason of maturity, redemption or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such Series 2020 Bonds or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Commission with the Paying Agent/Registrar for such Series 2020 Bonds or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as Series 2020 Bonds shall be deemed to be Defeased Bonds under the Resolution, such Defeased Bonds and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the Security (as defined herein) as provided in the Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

Retention of Rights. To the extent that the Commission has defeased any Outstanding Series 2020 Bonds to their stated maturity pursuant to the provisions of the Fifth Supplemental Resolution, the Commission retains the right under State law to later call those Defeased Bonds for redemption in accordance with the provisions of the Fifth Supplemental Resolution and the Award Certificate relating to the Defeased Bonds. The Commission may call such Defeased Bonds for redemption upon complying with the provisions of State law and upon the satisfaction of certain provisions of the Fifth Supplemental Resolution with respect to such Defeased Bonds as though such Defeased Bonds were being defeased at the time of the exercise of the option to redeem the Defeased Bonds, and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bonds.

Amendments to the Master Resolution without Consent of Owners

The Master Resolution and the rights and obligations of the Commission and of the Owners may be modified or amended at any time without notice to or the consent of any Owner, solely for any one or more of the following purposes: (i) to add to the covenants and agreements of the Commission contained in the Master Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Commission in the Master Resolution; (ii) to cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in the Master Resolution, upon receipt by the Commission of an Opinion of Counsel, that the same is needed for such purpose, and will more clearly express the intent of the Master Resolution; (iii) to supplement the Security for the Outstanding Bonds in accordance with the Constitutional Provision and State law; (iv) to make such other changes in the provisions thereof as the Commission may deem necessary or desirable and which shall not, in the judgment of the Commission, materially adversely affect the interests of the Owners; (v) to make any changes or amendments requested by the State Attorney General’s Office or the Bond Review Board as a condition to the approval of a series or issue of Bonds, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners; (vi) to make any changes or amendments requested by any bond rating agency then rating or requested to rate Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners; or (vii) to change the maximum principal amount of Bonds issued under the Program or change or supplement the purposes for which Bonds can be issued or Credit Agreements executed.

Amendments to the Master Resolution with Consent of Owners

Subject to the Master Resolution, the Owners aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described above, to the Master

Resolution which may be deemed necessary or desirable by the Commission; provided, however, that nothing contained in the Master Resolution shall permit or be construed to permit, without the approval of all Owners (unless such amendment shall be determined by the Commission to affect only certain Owners, in which case such amendment shall not be made without the approval of the Owners so affected), the amendment of the terms and conditions in the Master Resolution so as to: (i) grant to the Owners of any Outstanding Bonds a priority over the owners of any other Outstanding Bonds; or (ii) materially adversely affect the rights of the Owners of less than all Bonds then Outstanding; or (iii) change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment; or (iv) make any change in the maturity of any Outstanding Bonds; or (v) reduce the rate of interest borne by any Outstanding Bonds; or (vi) reduce the amount of the principal payable on any Outstanding Bonds; or (vii) modify the terms of payment of the amounts required to meet any financial obligations of the Commission relating to the Program, including payments due on or with respect to the payment of any Outstanding Bonds, or impose any conditions with respect to such; or (viii) amend the above-described provisions.

Amendments to Fifth Supplemental Resolution without Consent of Owners

Subject to the provisions of the Master Resolution, the Fifth Supplemental Resolution, and the rights and obligations of the Commission and of the Owners of the Series 2020 Bonds, the Fifth Supplemental Resolution may be modified or amended at any time without notice to or the consent of any Owner of the Series 2020 Bonds, solely for any one or more of the following purposes: (i) to add to the covenants and agreements of the Commission contained in the Fifth Supplemental Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Commission in the Fifth Supplemental Resolution; (ii) to cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in the Fifth Supplemental Resolution, upon receipt by the Commission of an Opinion of Counsel, that the same is needed for such purpose, and will more clearly express the intent of the Fifth Supplemental Resolution; (iii) to supplement the Security for the Series 2020 Bonds or a Credit Agreement; (iv) to make such other changes in the provisions of the Fifth Supplemental Resolution, as the Commission may deem necessary or desirable and which will not, in the judgment of the Commission, materially adversely affect the interests of the Owners of the Outstanding Series 2020 Bonds; (v) to make any changes or amendments requested by the State Attorney General's Office or the Bond Review Board as a condition to the approval of the Series 2020 Bonds, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners of the Outstanding Series 2020 Bonds; or (vi) to make any changes or amendments requested by any bond rating agency then rating or requested to rate the Series 2020 Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners of the Outstanding Series 2020 Bonds.

Amendments to Fifth Supplemental Resolution with Consent of Owners

Subject to the other provisions of the Fifth Supplemental Resolution and the Master Resolution, the Owners of Outstanding Series 2020 Bonds aggregating a majority in Outstanding Principal Amount of the Series 2020 Bonds have the right from time to time to approve any amendment, other than amendments described in the immediately preceding section, to the Fifth Supplemental Resolution that may be deemed necessary or desirable by the Commission; provided, however, that this may not be construed to permit, without the approval of the Owners of all of the Outstanding Series 2020 Bonds, the amendment of the terms and conditions in the Fifth Supplemental Resolution or in the Series 2020 Bonds, so as to: (i) make any change in the maturity of the Outstanding Series 2020 Bonds; (ii) reduce the rate of interest borne by the Outstanding Series 2020 Bonds; (iii) reduce the amount of the principal payable on the Outstanding Series 2020 Bonds; (iv) modify the terms of payment of principal of or interest on the Outstanding Series 2020 Bonds, or impose any conditions with respect to such payment; (v) affect the rights of the Owners of less than all of the Series 2020 Bonds then Outstanding; or (vi) change the minimum percentage of the Outstanding Principal Amount of the Series 2020 Bonds necessary for consent to such amendment.

Prior to the effective date of any such amendment, a copy of such amendment will be promptly furnished to the rating agencies then rating the Series 2020 Bonds and the Paying Agent/Registrar.

Notice of a proposed amendment requiring consent of the Owners must be published in a financial newspaper or journal of general circulation in the City of New York, New York (including, but not limited to, *The Bond Buyer* or *The Wall Street Journal*) or in the State (including, but not limited to, *The Texas Bond Reporter*), once during each calendar week for at least two successive calendar weeks or disseminated by electronic means customarily used to convey notices of redemption. Such publication is not required, however, if the Commission gives or causes to be given such notice in writing to each Owner of the Series 2020 Bonds. A copy of such notice must be provided in writing to each rating agency maintaining a rating on the Series 2020 Bonds.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Series 2020 Bonds are in the book-entry-only system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct Participant or Indirect Participant acquires an interest in the Series 2020 Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS

General

Pursuant to the Master Resolution, any series of Bonds issued under the Program shall be secured by and payable solely from a pledge of the following (collectively, the “Security”): (i) the general obligation pledge of the State pursuant to the Constitutional Provision, including the first money coming into the State treasury each fiscal year, not otherwise appropriated by the Texas Constitution, in an amount sufficient to pay principal of and interest on the Bonds that mature or become due during the fiscal year, including an amount sufficient to make payment under a related Credit Agreement; (ii) all amounts in the Interest and Sinking Fund; (iii) all of the proceeds of the foregoing, including, without limitation, investments thereof; and (iv) any applicable Credit Agreement to the extent set forth in such Credit Agreement.

Pursuant to the Master Resolution, the Commission has assigned and pledged the Security to the payment of the Annual Debt Service Requirements on Bonds, including the obligations due under and in connection with any Credit Agreement, to the extent set forth therein and in the related Supplement, and the Commission has further pledged the Security to the establishment and maintenance of any funds, accounts or subaccounts which may be provided to secure the repayment of any series of Bonds, including the obligations due under and in connection with any Credit Agreement, to the extent set forth therein and in the related Supplement. Pursuant to the Constitutional Provision, the amounts constituting Security are appropriated when received by the State and may be used for the purposes provided by State law, including the Constitutional Provision, the General Appropriations Act and the Enabling Act.

Neither the Commission nor the State has ever defaulted on the payment of principal of or interest on its bonds or other debt obligations. The Series 2020 Bonds constitute the ninth series of Bonds issued or executed by the Commission on behalf of the State under the Program. See “PLAN OF FINANCE – General” herein.

General Obligation Pledge

THE SERIES 2020 BONDS ARE GENERAL OBLIGATIONS OF THE STATE AND, AS PROVIDED IN THE CONSTITUTIONAL PROVISION, THE ENABLING ACT AND THE RESOLUTION, THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE PAYMENT OF THE SERIES 2020 BONDS. For a reference to information describing the financial condition of the State, see “GENERAL INFORMATION REGARDING THE STATE” herein and “APPENDIX A – The State” attached hereto.

The Constitutional Provision provides that, while any of the Bonds or interest on the Bonds is outstanding and unpaid, there is appropriated out of the first money coming into the State treasury each fiscal year, not otherwise appropriated by the Texas Constitution, an amount sufficient to pay the principal of and interest on the Bonds that mature or become due during the fiscal year, including an amount sufficient to make payments under a related Credit Agreement.

Perfection

Chapter 1208, Texas Government Code, applies to the issuance of any series of Bonds and the pledge of the Security granted by the Commission under the Master Resolution and in any applicable Supplement, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while any Bonds are outstanding and unpaid such that the pledge of the Security granted by the Commission under the Master Resolution and in any applicable Supplement is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve for the owners of Bonds the perfection of the security interest in said pledge, the Commission has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Credit Agreements

The Enabling Act and the Resolution authorize the Commission at any time to enter into one or more Credit Agreements. The Master Resolution provides that, to the extent permitted by law, and as provided in a Supplement, the Commission may enter into one or more Credit Agreements upon the delivery to the Commission of an Officer's Certificate to the effect that (i) the Credit Agreement is in the best interest of the Commission and (ii) to the best of his or her knowledge, the Commission and the Department have not failed to comply with the covenants contained in the Master Resolution and any Supplement, to any material extent, and are not in default, to any material extent, in the performance and observance of any of the terms, provisions and conditions thereof or under any existing Credit Agreement. Each Credit Agreement must be approved by the Commission, to the extent required by law, either pursuant to a Supplement or by other action.

The Commission currently is not a party to any Credit Agreement with respect to Bonds issued under the Program, and the Commission does not currently intend to enter into any Credit Agreement with respect to Bonds issued under the Program. However, the Commission has the ability to enter into Credit Agreements at any time for the Series 2020 Bonds or other series of Bonds issued under the Program.

Application of Certain BAB Subsidy Payments

Pursuant to the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), the Commission issued its "Texas Transportation Commission State of Texas Highway Improvement General Obligation Bonds, Taxable Series 2010A (Build America Bonds - Direct Payment)" (the "Series 2010A Bonds") as taxable "Build America Bonds" (or "BABs") and elected to receive a subsidy payment from the U.S. Treasury equal to 35% of the amount of each interest payment on the Series 2010A Bonds (the "BAB Subsidy Payments").

Subject to any required State appropriation, the Commission has covenanted to deposit all collections of BAB Subsidy Payments into a Build America Bonds Subaccount within the Interest and Sinking Fund (the "2010A Subaccount"). Funds in the 2010A Subaccount may be used solely for the purpose of paying principal of and interest on the Series 2010A Bonds, and such funds may not be used to pay debt service on any other Bonds. The Department expects to receive future appropriations, to the extent required by applicable law, of the BAB Subsidy Payments in connection with the annual debt service requirements for the Series 2010A Bonds. The BAB Subsidy Payments have been appropriated to the Department by the State for the Series 2010A Bonds for the 2020-2021 biennium, and the Department expects to receive future appropriations of the BAB Subsidy Payments in connection with annual debt service payments for the Series 2010A Bonds.

The receipt of the BAB Subsidy Payments by the Commission is subject to certain requirements, including the filing of a form with the Internal Revenue Service prior to each interest payment date for the Series 2010A Bonds. In the event of a failure to file a necessary form with the Internal Revenue Service in a timely manner, the Commission may not receive a BAB Subsidy Payment. BAB Subsidy Payments are also subject to offset against certain amounts that may, for reasons unrelated to the Series 2010A Bonds, be owed by the State to an agency of the United States. In addition, the Commission can give no assurances regarding future changes in legislation or United States Treasury regulations or the netting of other liabilities of the State against BAB Subsidy Payments which may affect the timing or amount of the BAB Subsidy Payments. Accordingly, there is no assurance that the anticipated BAB Subsidy Payments will be received as anticipated. See "– Effects of Federal Sequestration on the Series 2010A Bonds" below.

THE BAB SUBSIDY PAYMENTS ARE NOT FULL FAITH AND CREDIT OBLIGATIONS OF THE UNITED STATES OF AMERICA AND DO NOT CONSTITUTE PART OF THE SECURITY FOR THE SERIES 2020 BONDS.

Effects of Federal Sequestration on the Series 2010A Bonds

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Bipartisan Budget Act of 2013, certain automatic reductions in federal spending (the "Sequester Cuts") took effect as of March 1, 2013. The Sequester Cuts affected the subsidy payments to be made by the federal government to issuers of "direct-pay" tax credit bonds, such as BABs (including the Series 2010A Bonds). As a result of the Sequester Cuts, the BAB Subsidy Payments received by the Commission for the Series 2010A Bonds in State fiscal years 2014 through 2019 were reduced by amounts ranging between approximately \$802,757 and \$997,174 for each such fiscal year. (The BAB Subsidy Payments received by the Commission in fiscal year 2013 for the Series 2010A Bonds were not reduced.) The BAB Subsidy Payment in respect of the October 1, 2019 debt service payment and the April 1, 2020 debt service payment on the Series 2010A Bonds was reduced by approximately \$338,193 and \$360,853, respectively. A 5.9% reduction in BAB Subsidy Payments has been announced by the federal government for the

federal fiscal year ending September 30, 2020, and will apply to the BAB Subsidy Payment to be received by the Commission in respect of the October 1, 2020 debt service payment on the Series 2010A Bonds. If the Sequester Cuts continue, the State will be required to expend additional funds constituting the Security in order to pay debt service on the Series 2010A Bonds resulting from a reduction in BAB Subsidy Payments.

On August 2, 2019, the Bipartisan Budget Act of 2013 was amended by Congress to, among other things, extend the planned Sequester Cuts through federal fiscal year 2029; however, at this time, the Commission and the Department make no representations as to whether the Sequester Cuts will remain in effect and cause a reduction in receipt of federal funds or BAB Subsidy Payments for any future year.

Enforcement

The Resolution does not provide for any specific remedies relating to the enforcement of the obligations of the Commission, and the State has not waived sovereign immunity with respect to the enforcement of the obligations of the Commission and the State relating to the Series 2020 Bonds. Any owner of Series 2020 Bonds, in the event of default in connection with any covenant contained in the Resolution or in any Supplement, or default in the payment of Annual Debt Service Requirements due in connection with the Series 2020 Bonds, or other costs and expenses related thereto, may require the Commission, the Department, its officials and employees, and any appropriate official of the State, to carry out, respect, or enforce the covenants and obligations of the Master Resolution or any Supplement, by the use and filing of mandamus proceedings in any court of competent jurisdiction in Travis County, Texas against the Commission, the Department, its officials and employees, or any appropriate official of the State.

The remedy of mandamus is (i) available only if the covenants and obligations to be enforced are not uncertain or disputed and (ii) controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Series 2020 Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interests of the owners of the Series 2020 Bonds upon any failure of the Commission or the State to perform in accordance with the terms of the Resolution or upon any other condition, and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the owners of the Series 2020 Bonds. No assurance can be given that a mandamus or other legal action to enforce a default under the Resolution would be successful. The opinion of Bond Counsel will state that all opinions relative to the enforceability of the Series 2020 Bonds are qualified with respect to customary rights of debtors relative to their creditors. See “APPENDIX C – Form of Opinion of Bond Counsel.”

Limitation of Liability of Officials of the Commission

No present or future member of the Commission or agent or employee of the Department, in his or her individual capacity, and neither the members of the Commission nor any official executing the Series 2020 Bonds will be liable personally for payment on the Series 2020 Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2020 Bonds.

Creation of Accounts and Subaccounts With Respect to the Program

The Master Resolution created: (i) the General Obligation Interest and Sinking Fund (the “Interest and Sinking Fund”) and (ii) the General Obligation Proceeds Fund (the “Proceeds Fund”). The Fifth Supplemental Resolution creates an Escrow Fund for the Series 2020 Bonds (the “Escrow Fund”).

Interest and Sinking Fund. The Master Resolution requires the Commission to cause to be deposited into the Interest and Sinking Fund, from funds that are available for such purpose under the Constitutional Provision, an amount that is sufficient (together with any other funds on deposit therein) to provide for the timely payment of Bonds not later than the Business Day preceding each date on which any Bonds come due. The Department Representative is authorized to direct any such deposit to be made on an earlier date. Amounts on deposit in the Interest and Sinking Fund must be applied at such time and in such amounts as required for the timely payment of any series of Bonds. Additionally, in connection with the issuance of the Series 2010A Bonds, the Commission created the 2010A Subaccount of the Interest and Sinking Fund and covenanted that all BAB Subsidy Payments will be deposited into such subaccount. Funds in the 2010A Subaccount may be used solely for the purpose of paying principal of and interest on the Series 2010A Bonds, and such funds may not be used to pay debt service on any other Bonds issued under the Program pursuant to the Constitutional Provision, including the Series 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Application of Certain BAB Subsidy Payments” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – Effects of Federal Sequestration on the Series 2010A Bonds.”

Bond Proceeds Fund. Proceeds from the issuance of a series of Bonds are required to be deposited from time to time upon the issuance of such Bonds as provided by the applicable Supplement into the Proceeds Fund created with respect to such series of Bonds or into the State Infrastructure Bank account as further set forth in the applicable Supplement. Such proceeds and the interest thereon remain in the Proceeds Fund until expended to accomplish the purposes for which any series of Bonds were issued or until otherwise utilized as provided in the applicable Supplement. Amounts in the Proceeds Fund or the State Infrastructure Bank account do not constitute Security.

Escrow Fund. The Fifth Supplemental Resolution establishes the Escrow Fund for the Refunded Bonds. The Escrow Fund is a separate fund held pursuant to the Escrow Agreement with the Escrow Agent. Funds in the Escrow Fund may be used solely to pay principal of and interest and premium, if any, on the Refunded Bonds, and such funds may not be used to pay debt service on any other Bonds, including the Series 2020 Bonds. See “PLAN OF FINANCE – Refunded Bonds.”

Other Accounts. In connection with the issuance of any series of Bonds or for other purposes, the Commission may establish one or more additional funds, accounts or subaccounts for other purposes.

Flow of Funds

Interest and Sinking Fund. Pursuant to the Master Resolution, the Commission will cause to be deposited into the Interest and Sinking Fund, solely from the Security including funds that are available for such purpose under the Constitutional Provision, an amount that is sufficient (together with any other funds on deposit therein) to provide for the timely payment of Bonds not later than the Business Day preceding each date on which any Bonds come due. The Department Representative may direct any such deposit to be made on an earlier date. If, on any date that funds in the Interest and Sinking Fund are required (pursuant to the Master Resolution or any Supplement) to be withdrawn for the payment of Bonds, the Interest and Sinking Fund does not contain sufficient funds for such purpose, an amount of immediately available funds sufficient (together with the funds then on deposit in the Interest and Sinking Fund) to pay such Bonds shall be transmitted by the Comptroller to the appropriate payee(s) for such purpose from funds made available under the Constitutional Provision, at such time as will cause such Bonds to be timely paid.

Proceeds Fund. Furthermore, the Master Resolution provides that proceeds from the issuance of a series of Bonds shall be deposited from time to time upon the issuance of such Bonds as provided by the applicable Supplement into the Proceeds Fund created with respect to such series of Bonds or into the State Infrastructure Bank account as further set forth in the applicable Supplement. Such proceeds and the interest thereon shall remain in the Proceeds Fund until expended to accomplish the purposes for which any series of Bonds were issued or until otherwise utilized as provided in the applicable Supplement. Amounts in the Proceeds Fund or the State Infrastructure Bank account do not constitute Security.

Authorization of Comptroller. The Master Resolution authorizes and directs the Comptroller to make the deposits and transfers required under all provisions of the Master Resolution and any Supplement as requested or instructed by a Department Representative in accordance with applicable State law, and further authorizes and directs the Comptroller to make current funds available to pay the principal amount of and interest on all Bonds as they mature and come due and payable. The Commission, through the Department Representative, has agreed to cooperate with and aid the Comptroller by calculating the amounts to be deposited in or transferred to the appropriate accounts and ascertaining the amounts to be remitted to the respective Paying Agent to meet the requirements for the due and punctual payment of any series of Bonds as they become due and payable.

Investment of Funds

Moneys in all funds, accounts and subaccounts established pursuant to the Master Resolution and any Supplement may be invested or reinvested by the Comptroller in accordance with applicable State law. Such State law is subject to change. The investments of each fund, account and subaccount must be made under conditions that will timely provide money sufficient to satisfy the Comptroller’s and the Commission’s obligations under the Master Resolution and under any Supplement. For additional information with respect to the State’s investments, see “APPENDIX A – The State.”

Appropriation of Proposition 7 Revenues for the Payment of Debt Service on the Bonds for the 2020-2021 State Biennium

The General Appropriations Act of the State for the 2020-2021 biennium appropriates Proposition 7 Revenues (as defined and described below) for the payment of principal of and interest on general obligation bonds issued as authorized by the Constitutional Provision (which includes the Series 2020 Bonds, the Previously Issued

Bonds and any additional bonds issued pursuant to the Constitutional Provision). See “PLAN OF FINANCE – General.”

Article VIII, Section 7-c of the State Constitution (“Section 7-c”) directs the Comptroller in each State fiscal year to deposit to the credit of the State Highway Fund \$2.5 billion of the net revenue derived from the imposition of State sales and use tax on certain taxable items that exceeds the first \$28 billion of that revenue coming into the State treasury in that State fiscal year, effective for the State fiscal year beginning September 1, 2017 through the State fiscal year ending August 31, 2032. Additionally, Section 7-c directs the Comptroller in each State fiscal year to deposit to the credit of the State Highway Fund an amount equal to 35% of the net revenue derived from the State tax imposed on the sale, use, or rental of a motor vehicle that exceeds the first \$5 billion of that revenue coming into the State treasury in that State fiscal year, effective for the State fiscal year beginning September 1, 2019 through the State fiscal year ending August 31, 2029. Such revenues deposited to the credit of the State Highway Fund are collectively referred to herein as “Proposition 7 Revenues.” Section 7-c also contains provisions that authorize the State Legislature to direct the Comptroller to reduce the transfers authorized by Section 7-c into the State Highway Fund, and to extend, in 10-year increments, the duty of the Comptroller to make deposits into the State Highway Fund pursuant to Section 7-c. For additional information regarding the State Highway Fund, see “THE COMMISSION AND THE DEPARTMENT – Other Financing Programs – State Highway Fund.”

Pursuant to Section 7-c, Proposition 7 Revenues may be appropriated only (i) to construct, maintain or acquire rights-of-way for public roadways other than toll roads or (ii) to repay the principal of and interest on general obligation bonds issued as authorized by the Constitutional Provision. The General Appropriations Act of the State for the 2020-2021 biennium appropriates Proposition 7 Revenues for both of these purposes.

Proposition 7 Revenues will constitute Security for the Bonds in accordance with the terms of the Master Resolution only in the event, and to the extent, Proposition 7 Revenues are collected and deposited to the credit of the Interest and Sinking Fund. No assurances can be provided that any Proposition 7 Revenues (i) will be collected and deposited to the credit of the Interest and Sinking Fund, or (ii) will be appropriated by the State Legislature to pay the debt service on the Bonds beyond the 2020-2021 biennium. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – General.” Pursuant to the terms of the Fifth Supplemental Resolution, on or before each payment date for the Series 2020 Bonds, the Commission is obligated to cause to be available to the Paying Agent/Registrar, from funds that are available for such purpose under the Constitutional Provision or from any other lawfully available source, money sufficient to pay the principal of and interest on the Series 2020 Bonds.

THE SERIES 2020 BONDS ARE GENERAL OBLIGATIONS OF THE STATE AND, AS PROVIDED IN THE CONSTITUTIONAL PROVISION, THE ENABLING ACT AND THE RESOLUTION, THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE PAYMENT OF THE SERIES 2020 BONDS. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – General Obligation Pledge.”

THE COMMISSION AND THE DEPARTMENT

The Commission

The Commission is the policy-making body governing the Department and is composed of five commissioners appointed by the Governor with the advice and consent of the Texas Senate. Commissioners serve staggered six-year terms. One member is designated by the Governor as the Chair and serves as the presiding officer of the Commission. A person is not eligible to be a member of the Commission if the person or the person’s spouse is employed by or manages a business that is regulated by or receives funds from the Department; directly or indirectly owns or controls more than a 10% interest in a business that is regulated by or receives funds from the Department; uses or receives a substantial amount of goods, services, or funds from the Department; or is registered, certified, or licensed by the Department.

The State Legislature created the “State Highway Commission” on April 4, 1917, for the purpose of adopting and implementing a comprehensive system of state highways and promoting the construction of a State highway system by cooperation with counties or independently by the State Highway Commission. In 1975, the State Legislature changed the name of the State Highway Commission to the “State Highway and Public Transportation Commission.” In 1991, the State Legislature changed the name again to the “Texas Transportation Commission,” as it remains today.

The current members of the Commission are listed below. Their terms end on the dates specified on page iii of this Official Statement.

J. Bruce Bugg, Jr., Chairman

Mr. Bugg was appointed to the Commission by Governor Abbott on February 13, 2015. Mr. Bugg is chairman and trustee of The Tobin Endowment, a private charitable foundation, in San Antonio, Texas and chairman and co-founder of the Bexar County Performing Arts Center Foundation, owner of the \$205 million Tobin Center for the Performing Arts in San Antonio. Mr. Bugg currently serves as a member of the board of directors of the San Antonio Chamber of Commerce, the board of trustees of the Texas Biomedical Research Institute and board of trustees of St. Mary's Hall, a private school in San Antonio, Texas, and chairman of the Endowment Investment Committee and a member of the board of directors of The Santa Fe Opera in Santa Fe, New Mexico. He is former chairman of the board of Governors of Cancer Therapy & Research Center, former officer and trustee of the Texas Research and Technology Foundation, and a trustee emeritus of the board of Trustees of the McNay Art Museum. Mr. Bugg is also chairman, president and chief executive officer of Southwest Bancshares, Inc., a Texas bank holding company for The Bank of San Antonio, and chairman of The Bank of San Antonio; and chairman, president and chief executive officer of Texas Hill Country Bancshares, Inc., a Texas bank holding company for Texas Hill Country Bank. In addition, Mr. Bugg also serves as chairman of San Antonio Capital & Trust Co., L.L.C. and chairman and chief executive officer of Argyle Investment Co., L.L.C., a private investment firm. Mr. Bugg was appointed to serve as chairman and president of the Texas Economic Development Corporation and a senior advisor to Governor Perry on the State of Texas' economic development strategies and initiatives from 2012 to May, 2014. Prior to this appointment, Mr. Bugg was appointed to serve as the Governor's appointee on the board of directors of Humanities Texas in Austin, Texas. Mr. Bugg is a member of the State Bar of Texas and holds Juris Doctorate and Bachelor of Business Administration degrees from Southern Methodist University.

Alvin New, Commissioner

Mr. New was appointed to the Commission by Governor Abbott on February 20, 2018. Mr. New is a business investor, rancher and former Mayor of the City of San Angelo, Texas. He is a life-long resident of West Texas and was born in Brownfield, Texas. Mr. New has lived mostly in or near San Angelo since 1981. Mr. New spent most of his career with Town & Country Food Stores. He started as a clerk while getting his business administration degree from Angelo State University. Mr. New worked his way up to chief executive officer and part owner. He and his partners sold their stake in the convenience store chain about a decade ago. Mr. New currently serves as a member of the Texas Tech University Foundation Board and the Goodfellow Air Force Base Advisory Council. Mr. New earned his bachelor's degree in business administration in management from Angelo State University.

Laura Ryan, Commissioner

Ms. Ryan was initially appointed to the Commission by Governor Abbott in July of 2016 and was reappointed to the Commission by Governor Abbott in March of 2017. Ms. Ryan is vice president of market representation and dealer development for Gulf States Toyota, Inc. She previously served as a member of the TxDMV Board and was also designated by the Governor as chair of the TxDMV Board. During her tenure as chair of the TxDMV Board, Ms. Ryan initiated many processes to make the TxDMV more innovative, customer-oriented, and efficient. Ms. Ryan has held various executive level positions during her twenty-plus years in the automotive industry, including both manufacture and retail operations. Ms. Ryan is involved with her community through several volunteer and charity organizations such as Boys and Girls Country, Operation Interdependence, and National Charity League. Ms. Ryan attended Penn State University and has been engaged in the following continuous executive education programs: Gallup Organization Strengths Training, University of Texas Future Leaders, and Columbia University - Finance.

Victor Vandergriff, Commissioner^(*)

Mr. Vandergriff was appointed to the Commission by Governor Perry in March of 2013. Mr. Vandergriff is an attorney and private businessman specializing in business development and legislative issues. From 2009 to 2013, Mr. Vandergriff served as the chairman of the TxDMV Board. He was also a board member for the North Texas Tollway Authority from 2007 to 2013 and served as chairman from 2010 to 2011. He formerly served as Vice President of V.T., Inc. and Automotive Investment Group, the largest private retail automotive group in the United States. He was involved as an owner, dealer and executive manager in the automobile industry for more than 25 years. Mr. Vandergriff and his family have owned and operated automobile dealerships for more than 80 years in the Dallas-Fort Worth region. Mr. Vandergriff attended The University of Southern California, where he received a degree from the School of Public Administration in Public Affairs. He received his law degree from Southern Methodist University in Dallas.

Robert C. Vaughn, Commissioner

Mr. Vaughn was appointed to the Commission by Governor Abbott on August 12, 2019. Mr. Vaughn is the owner of Vaughn Capital Partners LLC and Vaughn Petroleum Ltd. He has served as chair of the TexNet Technical Advisory Committee. He is a member of the University of Texas System Chancellor's Council Executive Committee and the University of Texas at Austin McDonald Observatory and Department of Astronomy Board of Visitors. He is a life member of the University of Texas at Austin Development Board and serves on the Longhorn Foundation Advisory Council. Mr. Vaughn serves on a variety of nonprofit boards, including the Culver Educational Foundation and Perot Museum of Nature and Science, and as a trustee for The First Tee. He holds a Bachelor of Business Administration from the University of Texas at Austin.

The Department

The Department is a public authority and body politic and corporate created in 1917 as the "Texas Highway Department" by an act of the State Legislature to administer federal funds for highway construction and maintenance. In 1975, the State Legislature merged the Texas Highway Department with the "Texas Mass Transportation Commission" to form the "State Department of Highways and Public Transportation," and in 1991, the State Legislature combined the State Department of Highways and Public Transportation, the Department of Aviation, and the Texas Motor Vehicle Commission to create the Department. In 2009, the State Legislature created the Department of Motor Vehicles as a separate State agency, and moved vehicle title and registration; motor carrier registration and enforcement; licensing of motor vehicle dealers, manufacturers, distributors, and other similar entities; and auto theft reduction efforts from the Department to the Department of Motor Vehicles.

The mission of the Department is "Connecting You With Texas". The Department's core goals and objectives are: to implement effective planning and forecasting processes that deliver the right projects on time and on budget; to focus on the customer because people are at the center of everything the Department does; to foster stewardship by ensuring efficient use of State resources; to optimize system performance by developing and operating an integrated transportation system that provides reliable and accessible mobility and enables economic growth; to preserve its assets by delivering preventative maintenance for the Department's system and capital assets to protect its investments; to champion a culture of safety; and to value its employees by respecting and caring for their well-being and development.

The Department is headquartered in Austin, Texas, with 34 divisions and 25 district offices located throughout the State. Each district is responsible for the planning, design, construction, operation and maintenance of its area's transportation systems. The Department is managed by an Executive Director, subject to and under the direction of the Commission. The Executive Director and other key Department personnel are listed below.

^(*) Mr. Vandergriff resigned as Commissioner on February 9, 2018. Pursuant to State law, Mr. Vandergriff continues to perform the duties of Commissioner until the earlier of (i) the date such Commissioner's successor shall be duly appointed and qualified or (ii) the last day of the first regular session of the State Legislature that begins after the expiration of such Commissioner's term (which date is May 31, 2021).

James M. Bass, Executive Director

Effective January 1, 2016, James M. Bass was appointed Executive Director by the Commission on December 17, 2015. Under the direction of the Commission, Mr. Bass manages, directs and implements Department policies, programs and operating strategies. Mr. Bass also represents the Department before the State Legislature and other entities. Prior to his appointment as Executive Director, Mr. Bass served as the Department's Chief Financial Officer. Mr. Bass began his career with the Department in 1985 in the Fort Worth District where he maintained records and audited field measurements. He also worked part-time as an engineering aide for the Austin District while earning his bachelor's degree in accounting from The University of Texas at Austin. After graduation in 1991, Mr. Bass served as an accounting clerk in the Department's financial planning operations division (the "Finance Division"). In 1997, Mr. Bass became a manager in the Budget and Forecasting Branch, and in that position was responsible for preparation of the Department's Legislative Appropriations Request and Operating Budget, and working with the Texas Legislative Budget Board, State Auditor's Office, and the Comptroller. He also worked on the Department's Cash Forecasting System for the State Highway Fund. Mr. Bass was named Finance Division Director in 1999 and his title was changed to Chief Financial Officer in 2005. Mr. Bass also served as Interim Executive Director of the Department from January 17, 2014 to April 23, 2014.

Marc D. Williams, P.E., Deputy Executive Director

As Deputy Executive Director, Mr. Williams is responsible for assisting the Executive Director in all phases of directing, managing, and implementing the Department's policies, programs, and operating strategies. He assists in oversight of the management and operation of all transportation systems for which the agency is responsible to ensure that systems are adequate, safe, and constructed and maintained for the traveling public in the most cost-effective manner. Mr. Williams started with the Department in February 2012 as the Director of Planning within the Department's Planning and Projects Office. His career experience in transportation planning and program efforts includes public and private-sector organizations involving state, county and local jurisdictions. Mr. Williams has served in leadership positions with two state departments of transportation as well as worked with national private-sector transportation engineering organizations. His professional assignments have included directing statewide transportation planning and programming efforts as well as managing project specific highway and multimodal transportation plans and programs. Mr. Williams has worked extensively with public and agency outreach, transportation plans of various modes, regional and corridor-level plans and programs, environmental planning and approval, economics and finance, project design and development, along with work in the areas of construction management, operations and maintenance. Mr. Williams received both a Master's degree in Civil Engineering and a Bachelor's degree in Civil Engineering from Texas A&M University.

Brian D. Ragland, CPA, Chief Financial Officer

Mr. Ragland was selected as the Department's Chief Financial Officer on March 11, 2016. Mr. Ragland has financial oversight responsibility for the Department including the Department's Financial Management Division; Project Finance, Debt and Strategic Contracts Division; and Toll Operations Division. Mr. Ragland began his career with The University of Texas System Administration as an accountant/auditor in their Oil and Gas department and then became the Financial Manager of their Employee Group Insurance section where he served until 1996. He then became Chief Financial Officer for the State Preservation Board where he oversaw all financial, human resources, enterprise, and information resource functions of that agency. Mr. Ragland began his career with the Department as the Director of the Department's Claims Management Section of the Financial Management Division in 2003. He left the Department in 2005 to pursue an opportunity as Senior Vice President and Chief Financial Officer of Walden Affordable Group, LLC, an affordable housing management firm but returned to the Department in 2008 as the Director of the Financial Management Division. Mr. Ragland served as an elected trustee of the Employees Retirement System of Texas from September 1, 2011 until August 31, 2017. Mr. Ragland received a bachelor's degree in Accounting from The University of Texas at Austin in 1990 and a Masters of Business Administration degree from Southwest Texas State University in 1999. He is a licensed Certified Public Accountant and a member of the American Institute of CPAs (AICPA), the Texas State Agency Business Administrators Association (TSABAA) and the State Agency Coordinating Council (SACC).

Benjamin H. Asher, Director, Project Finance, Debt and Strategic Contracts Division

As director of the Project Finance, Debt and Strategic Contracts Division, Mr. Asher is responsible for the management of the Department's project financing, debt management and strategic contracts programs. This includes the management of the Department's various debt and financial assistance programs, including TIFIA loan activity, the State Infrastructure Bank, toll equity, and pass-through financings, as well as several aspects of the Department's alternative delivery programs, including procurement and contract processes. Mr. Asher and his team partner with the Department districts and State and local entities to finance and deliver major transportation projects throughout the State. Prior to joining the Department in June 2012, Mr. Asher worked for Public Resources Advisory Group, an independent financial advisory firm, most recently as a partner and senior managing director in New York. Previously, Mr. Asher worked in investment banking on a broad range of financings. Mr. Asher received his Bachelor of Arts in history from Columbia University and an M.B.A. in finance from Columbia University Graduate School of Business.

Stephen Stewart, CPA, Director, Financial Management Division

As the Department's Director of the Financial Management Division, Mr. Stewart is responsible for the management and control of budget, revenue, disbursements, and accounting for the Department as well as letting management of all transportation projects. Mr. Stewart has over 16 years of state governmental experience and has been involved with many key initiatives since he began with the Department in March of 2012. Mr. Stewart has held previous roles as Manager of Financial Reporting and Director of Accounting positions within the Financial Management Division. Within each of those roles, he has worked to collaborate with other districts, divisions, and other State agencies to produce required audited financial statements and statutory reports needed for the Department as well as assisting with the implementation of the PeopleSoft Financial Supply Chain Management (FSCM) system. Prior to joining the Department, Mr. Stewart worked for the Comptroller assisting in the production of the State's Comprehensive Annual Financial Report where he gained insight and experience working with various agencies across the State. Aside from governmental accounting, Mr. Stewart has also gained business and management experience from owning his own CPA firm which focused on bookkeeping and tax services. Prior to his accounting experiences, Mr. Stewart worked at Texas State University in the information technology division as a network administrator and systems programmer where he was responsible for administration of Active Directory domains consisting of over 70,000 users and various SAP, e-mail, and database servers. Mr. Stewart received a Bachelor's degree in Computer Science from Southwest Texas State University in 2003 and a Master's degree in Accounting from Texas State University in 2007. He is a licensed Certified Public Accountant and a member of the American Institute of CPAs (AICPA).

Jeff Graham, General Counsel

Mr. Graham assumed the position of General Counsel on July 16, 2012. Under his direction, the General Counsel Division renders legal advice to the Commission and the Department. He also drafts Department rules, reviews legislation, and serves as counsel at Commission meetings. Previously, Mr. Graham served as Division Chief for the Financial and Taxation Litigation Division, under Texas Attorney General Greg Abbott. Prior to that, he served as the Division Chief for the Financial Litigation Division of the Office of Attorney General. In 2011, the Taxation Division and the Texas Workforce Commission Section were added to the Financial Litigation Division, resulting in the combined Financial and Taxation Litigation Division. In 2012, the Charitable Trust Section was also added to his portfolio. Jeff began his career at the Office of the Attorney General in 1997, and has lived in Austin since 1986. He is a graduate of Washington University School of Law in St. Louis, Missouri and The University of Texas at Austin.

Sunset Review

The Texas Sunset Act (Chapter 325, Texas Government Code) (the "Sunset Act") provides that virtually all agencies of the State, including TxDOT, are subject to periodic review by the State Legislature, and that each agency subject to sunset review will be abolished unless the State Legislature specifically determines to continue its existence. TxDOT will be subject to its next sunset review in 2029. Pursuant to the Sunset Act, the State Legislature specifically recognizes the State's continuing obligation to pay bonded indebtedness and all other obligations incurred by TxDOT. Accordingly, in the event that a sunset review results in TxDOT being abolished, the Governor would be required by law to designate an appropriate state agency that would continue to carry out all covenants contained in TxDOT's bonded indebtedness (and in all other obligations) and the performance of all other obligations to complete the construction of projects or the performance of other obligations of TxDOT, including lease, contract and other written obligations. The designated State agency would provide payment from the sources of payment of TxDOT's bonded

indebtedness in accordance with the terms thereof and would provide payment from the sources of payment of all other obligations in accordance with their terms, until the principal of and interest on such bonded indebtedness are paid in full and all other obligations, including lease, contract and other written obligations, are performed and paid in full.

Other Financing Programs

The Commission has implemented programs designed to accelerate the development and construction of highways through the issuance of debt payable from various sources of security. The Commission uses numerous financing vehicles to implement this strategy.

Set forth below is a summary of several of the financing programs and financing alternatives that have been utilized and are available to the Commission (in addition to the Program) to finance, assist in the financing of, or otherwise facilitate the development and construction of highway projects. **None of such financing programs are part of the Program and, except for obligations issued under the Mobility Fund Program (as defined below), such financing programs are not secured by the full faith and credit of the State. Additionally, none of such financing programs provide a source of security for the Series 2020 Bonds or any other series of Bonds issued under the Program, and the Security is not pledged to secure the payment of any obligations described under this caption, except that, as described above, the obligations issued under the Mobility Fund Program are secured by the full faith and credit of the State.**

Texas Mobility Fund. The State Legislature established the Texas Mobility Fund (the “Mobility Fund”) pursuant to Article III, Section 49-k of the Texas Constitution and Subchapter M of Chapter 201, Texas Transportation Code (the “Mobility Fund Act”). The Mobility Fund is administered by the Commission to provide a method of financing the construction, reconstruction, acquisition, and expansion of State highways, including costs of any necessary design and costs of acquisition of rights-of-way. The Mobility Fund may also be used to provide participation by the Department in the payment of all or a portion of the costs of constructing and providing certain public transportation projects. As of April 1, 2020, Mobility Fund obligations in the aggregate principal amount of approximately \$5.8 billion were outstanding out of the \$7.5 billion maximum aggregate principal amount of obligations currently authorized for the Texas Mobility Fund Revenue Financing Program (the “Mobility Fund Program”). The Commission may issue additional Mobility Fund obligations for refunding purposes within the next twelve months. With the passage of HB 122 (as defined and described below), the Commission does not currently anticipate increasing the existing Mobility Fund Program capacity.

House Bill No. 122 (“HB 122”), which was enacted during the regular session of the 84th Legislature and became effective on June 10, 2015, amends the Mobility Fund Act to provide that no additional Mobility Fund Program obligations may be issued or incurred after January 1, 2015, except for obligations issued to refund (i) outstanding obligations to provide savings to the State and (ii) outstanding variable rate obligations and to renew or replace credit agreements relating to outstanding variable rate obligations. Additionally, HB 122 provides that money in the Mobility Fund, in excess of amounts required by the proceedings authorizing obligations and credit agreements to be retained on deposit, may not be used for toll roads.

Obligations issued under the Mobility Fund Program are secured by certain revenue sources that have been allocated by the State Legislature for the benefit of the Mobility Fund, including, but not limited to, driver’s license fees, driver record information fees, motor vehicle inspection fees and certificate of title fees. In addition, obligations issued under the Mobility Fund Program are further secured by the full faith and credit of the State to payments due on such obligations and, therefore, should the revenue and money dedicated to and on deposit in the Mobility Fund be insufficient to make payments due on such obligations, an amount that is sufficient to make payments due on such obligations would be appropriated pursuant to Article III, Section 49-k of the Texas Constitution.

Obligations issued by the Commission under the Mobility Fund are not part of the Program, but in addition to the revenues pledged from the Mobility Fund, such obligations are secured by the full faith and credit of the State as described above.

State Highway Fund. The State Highway Fund (the “State Highway Fund”) is the general source for a substantial portion of funding for the State highway system, the Department and the administration of State laws relating to traffic and safety on public roads. The State Highway Fund receives revenue from a variety of sources, including, without limitation, certain federal transportation program funds received from the United States Department of Transportation, State motor fuels tax funds, State motor vehicle registration funds and State motor lubricants tax funds. The State Highway Fund is the general operating fund of the Department through which, generally, all revenues

dedicated or appropriated to the purposes of the Department are deposited and all of the Department's administration, maintenance and operating expenses are paid.

Senior Obligations. Section 49-n of Article III, Texas Constitution, as approved by voters in the State in 2003 ("Section 49-n"), permits the State Legislature to authorize the Commission to issue bonds and other public securities to fund State highway improvement projects payable from certain revenues deposited to the credit of the State Highway Fund. Section 222.003, Texas Transportation Code (the "State Highway Fund Revenue Bond Act") was amended by the State Legislature in 2007 to increase the maximum principal amount of bonds and other public securities, if any (collectively, "Senior Obligations"), that may be issued by the Commission pursuant to Section 49-n. The Commission is currently authorized to issue Senior Obligations in an aggregate principal amount not to exceed \$6 billion; provided that the Commission may not issue more than \$1.5 billion aggregate principal amount of Senior Obligations in any year. Further, the State Highway Fund Revenue Bond Act currently provides that Senior Obligations may not have a principal amount or terms that, at the time Senior Obligations are issued, are expected by the Commission to cause annual debt service expenditures with respect to Senior Obligations to exceed 10% of the amount deposited to the credit of the State Highway Fund in the immediately preceding year. Section 49-n does not restrict the authority of the State Legislature to modify or remove the limitations on the issuance of Senior Obligations contained in the State Highway Fund Revenue Bond Act. As described above, no authorized amount currently remains under the State Highway Fund Revenue Bond Act for new money purposes, unless such Act is amended by the State Legislature to modify or remove such limitation.

As of April 1, 2020, approximately \$3.7 billion in aggregate principal amount of Senior Obligations in the form of State Highway Fund Revenue Bonds was outstanding. Senior Obligations are currently rated "Aaa" by Moody's Investors Service, Inc. and "AAA" by S&P Global Inc.

Subordinate Obligations. The State Constitution (Article III, Section 49-m) and Section 201.115 of the Texas Transportation Code ("Section 201.115") currently authorize the Commission to borrow money from any source to carry out the functions of the Department. A loan incurred pursuant to Section 201.115 may be in the form of an agreement, a note, a contract, or another form, as determined by the Commission. The term of a loan may not exceed two years, and the amount of a loan, combined with any other loans issued and outstanding pursuant to Section 201.115, may not exceed an amount that is two times the average monthly revenue deposited to the State Highway Fund for the 12 months preceding the month in which the loan is made. A loan incurred pursuant to Section 201.115 is payable from legislative appropriation of amounts on deposit in the State Highway Fund for that purpose. As of the date of this Official Statement, the Department has no outstanding loan balances pursuant to Section 201.115.

Additionally, pursuant to the Texas Transportation Code, Sections 201.961, et seq., the Commission may issue highway tax and revenue anticipation notes ("HTRANs") if the Commission anticipates a temporary cash flow shortfall in the State Highway Fund during any fiscal year. The HTRANs are subject to the approval of the Cash Management Committee (consisting of the Governor, the Lieutenant Governor, the Speaker of the House (a non-voting member), and the Comptroller), which also approves cash flow borrowings of the State. HTRANs must mature during the fiscal biennium in which they are issued. HTRANs and related credit agreements are payable from amounts on deposit in the State Highway Fund. To date, the Commission has not issued, and does not expect to issue, any HTRANs.

Other Obligations and Commitments. In addition to the State Highway Fund financing programs described above, there are a number of obligations and commitments that the Commission and the Department have incurred and expect to incur in the future and that are to be paid or are expected to be paid from the State Highway Fund, including toll equity obligations and pass-through toll agreements. Toll equity obligations and pass-through toll agreement commitments are not part of the Program and are not secured by the Security.

Turnpike Financings. The Commission, using the resources of the Department, has the statutory authority to study, plan, design, construct, finance, operate, and maintain turnpikes in all 254 counties in the State. Any such turnpike projects are part of the state highway system. The Commission has the authority to issue turnpike revenue bonds to pay all or a part of the costs of a turnpike project, to enter into certain comprehensive development agreements for projects, and to acquire right-of-way. Obligations issued by the Commission or its instrumentalities to finance turnpike projects are not part of the Program and are not secured by the Security.

State Infrastructure Bank. Under Subchapter D of Chapter 222, Texas Transportation Code, the Commission may issue revenue bonds for the purpose of providing money for the "State Infrastructure Bank" as an account in the State Highway Fund which is used to provide financial assistance and loans to public or private entities for qualified projects. Such revenue bonds are special obligations of the Commission payable only from income and receipts of

the State Infrastructure Bank. State Infrastructure Bank revenue bonds are not part of the Program and are not secured by the Security. No State Infrastructure Bank revenue bonds have been issued to date.

Private Activity Bonds. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (“SAFETEA-LU”), amended section 142 of the Code to permit the use of up to \$15 billion of tax-exempt private activity bonds (“PABs”) to finance facilities for qualified highway or surface freight transfer projects. The Commission created the Texas Private Activity Bond Surface Transportation Corporation (the “Corporation”) as a transportation corporation under Chapter 431, Texas Transportation Code, for the purpose of issuing PABs for transportation projects developed or to be developed under comprehensive development agreements entered into by the Department. As of April 1, 2020, the Corporation had approximately \$3.0 billion in aggregate principal amount of PABs outstanding. PABs are not part of the Program and are not secured by the Security.

GENERAL INFORMATION REGARDING THE STATE

Available Information

The Texas Comptroller of Public Accounts (the “Comptroller”) prepares (a) a quarterly appendix (the “Bond Appendix”), which sets forth certain information regarding the State (including its government, finances, economic profile, and other matters) for use by State entities when issuing debt, (b) an annual Comprehensive Annual Financial Report (the “State CAFR”), which includes financial statements audited by the State Auditor, and (c) from time to time notices of certain events as described under “CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of the Comptroller – Event Notices.” All such documents are provided to the MSRB and are publicly accessible as described in “APPENDIX A – The State.” The most current such documents are described in “APPENDIX A – The State” and are incorporated herein by reference. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to make timely payment of debt service on the Series 2020 Bonds, or the value of the Series 2020 Bonds, or that any specific information should be accorded any particular significance.

Constitutional Limitation on Debt

Article III, Section 49-j of the Texas Constitution prohibits the State Legislature from authorizing additional State debt payable from the general revenue fund, including authorized but unissued bonds and lease purchase contracts in excess of \$250,000 but excluding debt reasonably expected to be paid from other sources, if the resulting maximum annual debt service in any State fiscal year on such State debt payable from the general revenue fund exceeds 5% of the average amount of general fund revenues for the three immediately preceding fiscal years, excluding revenues constitutionally dedicated for purposes other than payment of State debt. Prior to the date of delivery of the Series 2020 Bonds, the Bond Review Board is expected to certify that the maximum annual debt service in any fiscal year on debt payable from the general revenue fund, including the debt service on the Series 2020 Bonds, does not exceed 5% of the average of the amount of general revenue fund revenues, excluding revenues constitutionally dedicated for purposes other than payment of debt, for the three preceding fiscal years. See “APPENDIX A – The State” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS – General Obligation Pledge.”

Infectious Disease Outbreak (COVID-19)

The World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and the State. The Pandemic has adversely affected travel, commerce and financial markets globally and has adversely impacted economic output worldwide and in the State. The Pandemic and its impact are ongoing, and a continued spread of COVID-19, and the measures instituted to control the Pandemic, may further adversely impact economic output worldwide and in the State to an extent that cannot currently be predicted. Accordingly, the historical financial information and operating data set forth in this Official Statement for the dates as of and for the periods that occurred before the Pandemic and the measures instituted to control the Pandemic are not indicative of future results or performance due to these and other factors.

In connection with the Pandemic, on May 20, 2020 the Governor, Lieutenant Governor, and Speaker of the House requested that each State agency and institution of higher education submit by June 15, 2020 a plan identifying savings sufficient to reduce their respective general and general revenue related appropriations by five percent for the 2020-2021 biennium.

For additional information regarding the impact of the Pandemic on the State, and other actions taken by the State in connection with the Pandemic, see “INFECTIOUS DISEASE OUTBREAK – COVID-19” in the May 2020 Bond Appendix, as supplemented, referenced in “APPENDIX A – The State.”

LEGAL MATTERS

Legal Opinions

The Commission will compile complete transcripts of proceedings incident to the authorization and issuance of the Series 2020 Bonds, including the approving opinion of the Attorney General of the State to the effect that the Series 2020 Bonds are valid and legally binding obligations of the Commission, payable solely from the Security, and based upon examination of such transcripts of proceedings, the legal opinion to like effect of McCall, Parkhurst & Horton L.L.P., Bond Counsel. In its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions “PLAN OF FINANCE – General,” “PLAN OF FINANCE – Refunded Bonds,” “DESCRIPTION OF THE SERIES 2020 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS,” “LEGAL MATTERS – Legal Opinions,” “LEGAL MATTERS – Eligibility for Investment in Texas,” “LEGAL MATTERS – Registration and Qualification of the Series 2020 Bonds for Sale,” “TAX MATTERS,” “CONTINUING DISCLOSURE OF INFORMATION” (except for “– Continuing Disclosure Undertaking of the Comptroller,” “– Compliance with Prior Undertakings of the Commission” and any information describing or otherwise pertaining to the continuing disclosure undertaking of the Comptroller, as to which no opinion will be expressed), APPENDIX B – Select Provisions of the Resolution and APPENDIX C - Form of Opinion of Bond Counsel and such firm is of the opinion that such information relating to the Series 2020 Bonds and the Resolution is a fair and accurate summary of the information purported to be shown therein and is correct as to matters of law. In connection with the transactions described herein, Bond Counsel and Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel, represent only the Commission. The legal fees to be paid to Bond Counsel, and the legal fees to be paid to each of Disclosure Counsel and co-counsel to the Underwriters, for services rendered in connection with the issuance of the Series 2020 Bonds are contingent on the sale and delivery thereof. The legal opinion of Bond Counsel in the form set forth in APPENDIX C - Form of Opinion of Bond Counsel will accompany the Series 2020 Bonds deposited with DTC. Certain legal matters will be passed upon for the Commission by Disclosure Counsel and the General Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Locke Lord LLP and Kassahn & Ortiz, P.C.

Bond Counsel and Disclosure Counsel each represent the Commission or the Underwriters of the Series 2020 Bonds from time to time on matters not related to the Series 2020 Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering legal opinions, attorneys do not become insurers or guarantors of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of opinions guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation

There is no litigation, proceeding, inquiry, or investigation pending or threatened by or before any court or other governmental authority or entity of which the Commission has notice or, to the Department’s knowledge, any basis therefor, against or affecting the Commission or the Department that (i) would affect the existence of the Department or the Commission or the right of the present commissioners and officers of the Commission or the Department to hold their offices, (ii) would affect the validity or enforceability of the provisions pursuant to which the Series 2020 Bonds are being issued, or (iii) would have a material adverse effect upon the power of the Commission to issue the Series 2020 Bonds.

The State is a party to various legal proceedings relating to its operation and government functions, but unrelated to the Series 2020 Bonds or the Security for the Bonds. As set forth in the Bond Appendix, as of its date, in the opinion of the Comptroller, based on information provided by the State Attorney General as to the existence and legal status of such legal proceedings, none of such proceedings, except for those specifically disclosed in the Bond Appendix, if finally decided adversely to the State, could possibly have a materially adverse effect on the long-term financial condition of the State. For information concerning litigation affecting the State, see the caption “Litigation” within the Bond Appendix, which is incorporated by reference into and made a part of this Official Statement as if set forth herein. See “GENERAL INFORMATION REGARDING THE STATE” and “APPENDIX A – The State.”

Eligibility for Investment in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Series 2020 Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business & Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Series 2020 Bonds are legal investments for State banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The Series 2020 Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code), the Series 2020 Bonds may have to be assigned a rating of not less than “A” or its equivalent as to the investment quality by a national rating agency before the Series 2020 Bonds are eligible investments for sinking funds or other public funds of such political subdivisions.

The Commission makes no representation that the Series 2020 Bonds will be acceptable to banks, savings and loan associations or public entities for investment purposes or to secure deposits of public funds. The Commission has not made any review of laws in other states to determine whether the Series 2020 Bonds are legal investments for various institutions in those states. Prospective purchasers are urged to carefully evaluate the investment quality of the Series 2020 Bonds and the acceptability of the Series 2020 Bonds for investment or collateral purposes.

Registration and Qualification of the Series 2020 Bonds for Sale

No registration statement relating to the Series 2020 Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder, nor have the Series 2020 Bonds been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein. Furthermore, the Series 2020 Bonds have not been registered or qualified under the securities laws of any other jurisdiction (domestic or foreign). The Commission assumes no responsibility for registration or qualification of the Series 2020 Bonds under the securities laws of any jurisdiction in which the Series 2020 Bonds may be offered, sold, assigned, pledged, hypothecated, or otherwise transferred. It is the obligation of the purchaser to register or qualify sale of the Series 2020 Bonds under the securities laws of any jurisdiction which so requires. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Series 2020 Bonds will not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

TAX MATTERS

General

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Series 2020 Bonds and is based on the Internal Revenue Code of 1986 (the “Code”), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service (“IRS”) and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Series 2020 Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Series 2020 Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the “U.S. dollar.” This summary is further limited to investors who will hold the Series 2020 Bonds

as “capital assets” (generally, property held for investment) within the meaning of section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term “U.S. Holder” means a beneficial owner of a Series 2020 Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source, or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term “Non-U.S. Holder” means a beneficial owner of a Series 2020 Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF SERIES 2020 BONDS IN LIGHT OF THE HOLDER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE SERIES 2020 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2020 BONDS BEFORE DETERMINING WHETHER TO PURCHASE SERIES 2020 BONDS, INCLUDING UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE. THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

Certain U.S. Federal Income Tax Consequences to U.S. Holders

Periodic Interest Payments and Original Issue Discount. The Series 2020 Bonds are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Series 2020 Bonds or original issue discount, if any, accruing on the Series 2020 Bonds will be includable in “gross income” within the meaning of section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Series 2020 Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Series 2020 Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner’s tax basis in the Series 2020 Bonds. Generally, a U.S. Holder’s tax basis in the Series 2020 Bonds will be the owner’s initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Series 2020 Bonds has been held for more than one year.

Defeasance of the Series 2020 Bonds. Defeasance of any Series 2020 Bond may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

State, Local and Other Tax Consequences. Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Series 2020 Bonds under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Series 2020 Bonds. PROSPECTIVE PURCHASERS OF THE SERIES 2020 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Series 2020 Bond, will not be subject to U.S. federal income or withholding tax in respect of a Series 2020 Bond, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such

exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Series 2020 Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Series 2020 Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the withholding or backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

CONTINUING DISCLOSURE OF INFORMATION

Each of the Commission and the Comptroller has entered into a separate undertaking for the benefit of the holders and beneficial owners of the Series 2020 Bonds to provide certain updated information and notices to the MSRB through its EMMA system, as described below.

Continuing Disclosure Undertaking of the Commission

General. In the Fifth Supplemental Resolution, the Commission has made the following agreement for the benefit of the holders and beneficial owners of the Series 2020 Bonds. The Commission is required to observe the agreement for so long as, but only for so long as, it remains an Obligated Person (as defined below) with respect to the Series 2020 Bonds within the meaning of Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"), except that the Commission in any event will give notice of any defeasance deposit that causes the Series 2020 Bonds no longer to be outstanding. Under the agreement, the Commission will be obligated to provide timely notice of certain specified events to the MSRB. The information will be available to investors through the MSRB's EMMA system, free of charge at www.emma.msrb.org.

Annual Reports. Updated financial information and operating data with respect to the State of the general type included in the Bond Appendix will be provided pursuant to the continuing disclosure undertaking of the Comptroller as set forth in the Agreement (as hereinafter defined). See "– Continuing Disclosure Undertaking of the Comptroller."

Event Notices. The Commission will notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Series 2020 Bonds: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material within the meaning of the federal securities laws; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2020 Bonds, or other events affecting the tax status of the Series 2020 Bonds; (vii) modifications to rights of holders of the Series 2020 Bonds, if material within the meaning of the federal securities laws; (viii) Series 2020 Bond calls, if material within the meaning of federal securities laws, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Series 2020 Bonds, if material within the meaning of the federal securities laws; (xi) rating changes; (xii) bankruptcy, insolvency, receivership, or similar event of an Obligated Person; (xiii) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws. For

these purposes, any event described in the immediately preceding clause (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an Obligated Person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Obligated Person in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the asset or business of the Obligated Person. Neither the Series 2020 Bonds nor the Resolution make any provision for a trustee, debt service reserves or credit or liquidity enhancement.

As used in this “– Event Notices” caption, “Obligated Person” is defined in the Fifth Supplemental Resolution to mean any person, including the Commission, who is either generally or through an enterprise, fund, or account of such person, committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2020 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

Should the Rule be amended to obligate the Commission to make filings with or provide notices to entities other than the MSRB, the Commission has agreed to undertake such obligation with respect to the Series 2020 Bonds in accordance with the Rule as amended.

Continuing Disclosure Undertaking of the Comptroller

General. The Comptroller has entered into an Amended and Restated Continuing Disclosure Agreement with the Bond Review Board dated as of March 12, 2019 (the “Agreement”). The Commission and the legal and beneficial owners of the Series 2020 Bonds are third party beneficiaries of the Agreement. The Comptroller is required to observe this agreement in respect to any issue of Securities, as defined in the Agreement (which includes the Series 2020 Bonds), for so long as the State remains an “obligated person” with respect to the Series 2020 Bonds within the meaning of the Rule. Under the Agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB as described below.

Annual Reports. The Comptroller will provide certain updated financial information and operating data to the MSRB annually, in an electronic format as prescribed by the MSRB. Under the Agreement, the Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type referred to in the Bond Appendix. The Comptroller will update and provide this information to the MSRB within 195 days after the end of each fiscal year of the State.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s EMMA website or filed with the SEC, as permitted by the Rule. The updated information provided by the Comptroller will be provided on a cash basis and will not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

The State’s current fiscal year end is August 31. Accordingly, the Comptroller must provide updated information within 195 days thereof in each year unless the State changes its fiscal year. If the State changes its fiscal year, the Comptroller will notify the MSRB of the change prior to the next date by which the Comptroller otherwise would be required to provide financial information and operating data as described above.

Quarterly Reports. Although it is not contractually committed to do so, the Comptroller currently prepares and files with the MSRB a quarterly disclosure appendix (defined herein as the Bond Appendix) for use by State entities when issuing debt. Certain tables within the Bond Appendix are updated on a quarterly basis while other tables within the Bond Appendix are updated on a semiannual or annual basis. The Bond Appendix is not audited and provides financial data on a cash basis. The Comptroller generally files an updated Bond Appendix with the MSRB within two weeks after each January 31, April 30, July 31, and October 31, and the Comptroller may file voluntary notices of significant events with the MSRB between the filing dates of Bond Appendices, although there is no assurance that it will continue such voluntary filings at such times or at all in the future.

Event Notices. The Comptroller will also provide notice to the MSRB, in an electronic format as prescribed by the MSRB, of any of the following events with respect to the Series 2020 Bonds on a timely basis no later than ten

(10) business days after the occurrence of the event: (a) the incurrence of a financial obligation (as defined in the Rule, including certain debt, debt-like, and debt-related obligations) of the State, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation, any of which affect security holders, if material; or (b) a default, event of acceleration, termination event, modification of terms, or other similar event under the terms of any such financial obligation of the State, any of which reflect financial difficulties.

The Comptroller will also provide timely notice to the MSRB of its failure to provide information, data, or financial statements in accordance with its Agreement.

Availability of Information

The Commission and the Comptroller have agreed to provide the foregoing information and notices only as described above. The Commission and the Comptroller will be required to file their respective continuing disclosure information using the MSRB's EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

The quarterly Bond Appendix, if and when filed, the State's CAFR, annual financial and operating information, and event notices, if any, filed by the Comptroller using the MSRB's EMMA system may be obtained by using the EMMA Advanced Search function and entering the term "State of Texas Comptroller" in the Issuer Name field within the Security Information search filter. The most recently prepared Bond Appendix, State CAFR and notices may also be accessed on the Comptroller's website at: <http://www.comptroller.texas.gov/programs/systems/treasury-ops/index.php>.

Limitations and Amendments

The Commission and the Comptroller have agreed to update information and to provide notices of certain specified events only as described above. Neither is responsible for performance of the other's agreement, and neither has agreed to provide other information that may be relevant or material to a complete presentation of the Commission's or the State's financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. Neither makes any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2020 Bonds at any future date. Each disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although the holders of the Series 2020 Bonds may seek a writ of mandamus to compel the Commission and the Comptroller to comply with their respective agreements.

The Commission may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Commission, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Series 2020 Bonds in the primary offering thereof in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (ii) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Fifth Supplemental Resolution that authorizes such an amendment) of the outstanding Series 2020 Bonds consent to such amendment or (b) a person unaffiliated with the Commission (such as nationally-recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and the beneficial owners of such Series 2020 Bonds. The Commission may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2020 Bonds in the primary offering of the Series 2020 Bonds. If the Commission so amends its agreement, the Commission must provide an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided. The Commission will provide such information to the MSRB within 195 days after the end of such fiscal year.

The Comptroller may amend the Agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations of the State if (i) the Agreement, as amended, would have permitted an underwriter to purchase or sell Series 2020 Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of outstanding Series 2020 Bonds consent to such amendment or (b) a person unaffiliated

with the State, the Comptroller, the Bond Review Board and the Commission (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered owners of the Series 2020 Bonds. If the Comptroller so amends the Agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “– Continuing Disclosure Undertaking of the Comptroller – Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings of the Commission

The Commission has previously entered into certain continuing disclosure agreements pursuant to the requirements of the Rule, related to bonds or other obligations issued directly by the Commission that are secured by or payable from various sources of funds. In addition, the Department has previously entered into certain continuing disclosure agreements (which are referred to herein collectively as the “PT/TE Undertakings”) pursuant to the requirements of the Rule, related to bonds or other obligations issued by other entities, the payment of which is supported in whole or in part by payments made by the Department to such other entities pursuant to the terms of certain pass-through toll agreements or toll equity loan agreements, as applicable, entered into between such other entities and the Department. During the previous five years, the Department has not fully complied with certain PT/TE Undertakings as described below (which information below is presented irrespective of materiality).

Pursuant to the terms of certain of the PT/TE Undertakings, after the sale by the Department of bonds or other obligations that are secured in whole or in part by the State Highway Fund, the Department is obligated to notify the MSRB, in a timely manner, of any final official statement in connection with the offering and sale of such bonds or other obligations. Certain of the PT/TE Undertakings obligate the Department to file only such final official statements with the MSRB, and certain of the PT/TE Undertakings obligate the Department to file both these final official statements and notice of such official statements with the MSRB. In addition, certain of the PT/TE Undertakings obligate the Department to provide identifying information as prescribed by the MSRB with respect to these filings, and certain of the PT/TE Undertakings do not obligate the Department to provide such identifying information. The Department previously interpreted the foregoing filing obligations under the PT/TE Undertakings as appropriately satisfied upon the timely filing of any such final official statements with the MSRB by the underwriters with respect to the bonds or other obligations that were offered and sold pursuant to such official statements. During the previous five years, the Commission has issued multiple series of bonds that are secured by and payable from certain revenues deposited to the credit of the State Highway Fund (collectively, the “SHF Bonds”) and which were offered and sold pursuant to separate, final official statements. The Department did not file these final official statements, or separate notices of such official statements, with identifying information as required by certain of the PT/TE Undertakings. The final official statements relating to the SHF Bonds were, however, accessible on EMMA (through the filing thereof by the underwriters with respect to the SHF Bonds), and information regarding the issuance of the SHF Bonds was provided to investors through the Department’s subsequent filings of annual financial information and operating data as required by the PT/TE Undertakings, though not made, in some instances, in a timely manner in respect of the date the SHF Bonds were offered and sold. The Department subsequently made a filing on EMMA in satisfaction of the foregoing filing obligations under the PT/TE Undertakings and has filed a related failure to file notice on EMMA with respect to the bonds for which TxDOT is obligated to provide such notice pursuant to the terms of the respective PT/TE Undertakings.

The Department’s annual filings of financial information and operating data for Fiscal Year 2015, as required by the PT/TE Undertakings, were accessible to investors through the annual filings made by the Department for that year with respect to the SHF Bonds, and to certain investors by accessing the financial disclosures tab under the homepage link for the respective issuers on EMMA. In addition, the final official statements provided to certain investors contained information (such as the six-digit CUSIP prefix) for how investors may access the annual filings made by the Department with respect to the SHF Bonds. However, the Department’s annual filings of financial information and operating data for Fiscal Year 2015, as required by the PT/TE Undertakings, did not reference the nine-digit CUSIP number for certain bonds and, accordingly, such filings were not accessible through the continuing disclosure tab for those bonds on EMMA. In addition, the Department’s annual filing of financial information and operating data for Fiscal Year 2016 was not filed in a timely manner for certain bonds as required by the PT/TE Undertakings. The Department subsequently linked such annual filings for Fiscal Year 2015 on EMMA to the nine-digit CUSIP numbers of the bonds for which such annual filings were not made and has filed a failure to file notice on EMMA related to the foregoing matters.

The PT/TE Undertakings obligate the Department to provide its financial statements on an annual basis. The Department filed its audited financial statements for Fiscal Year 2016 on EMMA in a timely manner with respect to

the SHF Bonds. The Department intended to incorporate by reference the previously filed Fiscal Year 2016 audited financial statements in its annual filing for Fiscal Year 2016 (the “Department 2016 Annual Filing”), which contains updated annual financial information and operating data required by the PT/TE Undertakings. The Department 2016 Annual Filing stated that the Department’s audited financial statements for Fiscal Year 2016 were previously filed with the MSRB on December 30, 2016 with respect to the outstanding SHF Bonds, and that such financial statements may be accessed using the MSRB’s EMMA system at www.emma.msrb.org. The Department 2016 Annual Filing also provided the six-digit CUSIP prefix for the SHF Bonds, for which the Department’s financial statements had been previously filed on EMMA in a timely manner as described above. Further, the final official statements provided to certain investors contained information (such as the six-digit CUSIP prefix) for how investors may access the annual filings made by the Department with respect to the SHF Bonds. Although the Department 2016 Annual Filing did not contain a hyperlink or web address specific to the location of the Department’s audited financial statements for such period on the MSRB’s EMMA system, the Department does not believe that the failure to provide such hyperlink or web address constitutes a failure to comply with the PT/TE Undertakings, due to the facts and circumstances described above. The Department subsequently submitted a filing on EMMA that provides a hyperlink to the specific location of the Department’s audited financial statements for Fiscal Year 2016 on the MSRB’s EMMA system.

OTHER INFORMATION

Ratings

Fitch Ratings, Inc. (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and Kroll Bond Rating Agency, Inc. (“Kroll”) have assigned ratings of “AAA,” “Aaa” and “AAA,” respectively, to the Series 2020 Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such companies at the time the ratings are given, and the Commission makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2020 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Underwriting

Citigroup Global Markets Inc., acting on behalf of itself and the other underwriters listed on the front cover page of this Official Statement (collectively, the “Underwriters”), has agreed, subject to certain conditions, to purchase the Series 2020 Bonds from the Commission at a price of \$917,573,827.54 (representing the original aggregate principal amount of the Series 2020 Bonds, plus an original issue premium of \$126,396,146.15 and less an underwriting discount of \$3,057,318.61). The Underwriters will be obligated to purchase all of the Series 2020 Bonds if any Series 2020 Bonds are purchased. The Series 2020 Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Series 2020 Bonds into investment trusts) and others at prices lower than the public offering prices of the Series 2020 Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following paragraphs for inclusion in this Official Statement, and neither the Commission nor the Department take any responsibility for the accuracy thereof.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, asset management and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Commission and the State and to persons and entities with relationships with the Commission and the State, for which they received or will receive customary fees and expenses. Under certain circumstances, certain of the Underwriters and their affiliates may have certain creditor and/or other rights against the Commission or the State in connection with such activities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions including, but not limited to, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the

accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Commission or the State (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Commission or the State. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc., one of the Underwriters of the Series 2020 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Jefferies LLC, one of the Underwriters of the Series 2020 Bonds, has entered into an agreement (the “E*Trade Agreement”) with E*TRADE Securities LLC (“E*TRADE”) for the retail distribution of municipal securities. Pursuant to the E*Trade Agreement, Jefferies LLC may sell a portion of the Series 2020 Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

UBS Financial Services Inc. (“UBS FSI”), one of the Underwriters of the Series 2020 Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC (“UBS Securities”) for the distribution of certain municipal securities offerings, including the Series 2020 Bonds. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with respect to the Series 2020 Bonds with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the Underwriters of the Series 2020 Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Series 2020 Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2020 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Verification of Mathematical Accuracy

AMTEC Corp. (the “Verification Agent”) will verify from the information provided to them by the Financial Advisor, the mathematical accuracy as of the date of the closing on the Series 2020 Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the Financial Advisor’s schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest, and call premium payment requirements, if any, of the Refunded Bonds. The Verification Agent will express no opinion on the assumptions provided to them.

Forward-Looking Statements

The statements contained in this Official Statement (which includes the cover page, the inside cover page, the Schedule and Appendices hereto, and the information incorporated by reference into this Official Statement as described in “APPENDIX A – The State”) that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Commission’s and the Comptroller’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the

Commission and the Comptroller on the date of this Official Statement or the date of the Bond Appendix, the State CAFR or event notice, respectively, and the Commission and the Comptroller assume no obligation to update any such forward-looking statements. It is important to note that the Commission's and the State's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Commission and the Comptroller. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Financial Advisor

Estrada Hinojosa & Company, Inc. is serving as the Financial Advisor to the Commission (the "Financial Advisor") in connection with the issuance of the Series 2020 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2020 Bonds is not contingent upon the issuance and delivery of the Series 2020 Bonds. The Financial Advisor has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2020 Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

Approval of Official Statement

The Fifth Supplemental Resolution approved the form and content of this Official Statement and authorized its further use in the reoffering of the Series 2020 Bonds by the Underwriters.

TEXAS TRANSPORTATION COMMISSION

By: /s/ Brian D. Ragland, CPA

Chief Financial Officer

Texas Department of Transportation

SCHEDULE I

REFUNDED BONDS*

Texas Transportation Commission State of Texas Highway Improvement General Obligation Bonds, Series 2012A

<u>Maturity Date</u> <u>(April 1)</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
2023	5.000%	\$ 22,570,000	April 1, 2022	100%	8827227G0
2024	5.000%	23,700,000	April 1, 2022	100%	8827227H8
2025	5.000%	24,880,000	April 1, 2022	100%	8827227J4
2026	5.000%	26,125,000	April 1, 2022	100%	8827227K1
2027	5.000%	27,435,000	April 1, 2022	100%	8827227L9

Texas Transportation Commission State of Texas Highway Improvement General Obligation Bonds, Series 2014

<u>Maturity Date</u> <u>(April 1)</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP</u>
2027	5.000%	\$ 42,000,000	April 1, 2024	100%	882723RE1
2028	5.000%	42,000,000	April 1, 2024	100%	882723RF8
2029	5.000%	42,000,000	April 1, 2024	100%	882723RG6
2030	5.000%	42,000,000	April 1, 2024	100%	882723RH4
2031	5.000%	42,000,000	April 1, 2024	100%	882723RJ0
2032	4.000%	42,000,000	April 1, 2024	100%	882723RK7
2033	4.000%	42,000,000	April 1, 2024	100%	882723RL5
2034	4.000%	42,000,000	April 1, 2024	100%	882723RM3
2035	5.000%	42,000,000	April 1, 2024	100%	882723RN1
2036	5.000%	42,000,000	April 1, 2024	100%	882723RP6
***	***	***	***	***	***
2039	5.000%	126,000,000 ⁽¹⁾	April 1, 2024	100%	882723RQ4
***	***	***	***	***	***
2042	5.000%	126,000,000 ⁽²⁾	April 1, 2024	100%	882724QT7

* The refunding of any of the Refunded Bonds is contingent upon the sale and delivery of the Series 2020 Bonds. See "PLAN OF FINANCE – Refunded Bonds."

- (1) Represents the April 1, 2037 through April 1, 2039 sinking fund installments for the term bonds stated to mature on April 1, 2039.
- (2) Represents the April 1, 2040 through April 1, 2042 sinking fund installments for the term bonds stated to mature on April 1, 2044. The April 1, 2043 and April 1, 2044 sinking fund installments were defeased with a portion of the proceeds of the Commission's State of Texas Highway Improvement General Obligation Refunding Bonds, Taxable Series 2019.

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APPENDIX A

THE STATE

As described in this Official Statement under “CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of the Comptroller,” the Comptroller is required to file updated annual financial and operating data, audited financial statements of the State when received, and timely notice of certain events with the MSRB, and the Comptroller voluntarily files quarterly Bond Appendices and occasional notices of significant events.

This Official Statement hereby incorporates by reference the previously filed documents listed below, except for any information superseded by information that is included directly in this Official Statement or incorporated by reference in a subsequent document, as well as any future filings that the Comptroller makes with the MSRB through EMMA prior to the termination of the offering of the Series 2020 Bonds under this Official Statement:

- (i) State of Texas Comprehensive Annual Financial Report (“State CAFR”) for the fiscal year ended August 31, 2019;
- (ii) Appendix A: The State of Texas (May 2020, as supplemented); and
- (iii) Each notice, if any, filed with the MSRB by the Comptroller since the end of the fiscal year of the State addressed in the foregoing State CAFR.

These documents and any subsequently filed documents, if any, may be obtained by accessing EMMA at <https://emma.msrb.org/>, using the EMMA Advanced Search function and entering the term “State of Texas Comptroller” in the Issuer Name field within the Security Information search filter. The documents may also be accessed on the Comptroller’s website at <https://comptroller.texas.gov/programs/systems/treasury-ops/index.php>. For further information, see “CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of the Comptroller” in this Official Statement.

Information in the Bond Appendix, State CAFR, and any notice incorporated herein by reference is provided as of the date specified in the document. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to pay principal of and interest on the Series 2020 Bonds when due, or the value of the Series 2020 Bonds, or that any specific information should be accorded any particular significance.

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APPENDIX B

SELECT PROVISIONS OF THE RESOLUTION

The following capitalized terms appearing in this Official Statement have the meanings set forth below, unless the context otherwise requires. A reference to any of these terms in the singular number includes the plural and vice versa.

Select and Conformed Definitions in the Master Resolution and the Fifth Supplemental Resolution

“Acts” means The Constitutional Provision, the Enabling Act, the General Appropriations Act, Chapters 1207 and 1371, Texas Government Code and other applicable provisions of State law.

“Annual Debt Service Requirements” means, for any Fiscal Year, (i) the principal of, premium, if any, and interest on all Bonds coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the Commission on such Bonds, or be payable in respect of any required purchase of such Bonds by the Commission) plus (ii) all payments required to be made by the Commission under each Credit Agreement constituting Bonds (net of any credits as provided in (7) below) in such Fiscal Year, and minus (iii) all amounts on deposit to the credit of the Interest and Sinking Fund from original proceeds from the sale of Bonds or from any other lawfully available source and, for such purposes, any one or more of the following rules shall apply at the election of the Commission; provided, however, that this definition shall never be applied in a manner which results in Annual Debt Service Requirements for any Fiscal Year being an amount that is less than the aggregate amount actually required to be paid in such Fiscal Year with respect to Outstanding Bonds:

(1) Committed Take Out. If the Commission has entered into a Credit Agreement constituting a binding commitment within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such debt is subject to required purchase, all pursuant to arrangements whereby the Commission’s obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharge or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added to such calculation, and the remaining provisions of this definition shall be applied to such added Funded Debt;

(2) Balloon Debt. If the principal, including the accretion of interest resulting from original issue discount or compounding of interest (collectively, “Principal”), of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Commission) in any Fiscal Year either is equal to at least 25% of the total Principal of such Funded Debt or exceeds by more than 50% the greatest amount of Principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such Principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as “Balloon Debt”), the amount of Principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to either (i) the debt service calculated using the Principal of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation or (ii) an amortization which, in the judgment of the Department Representative, the Department reasonably expects to amortize the Balloon Debt;

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if a Department Representative shall deliver to the Commission an Officer’s Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such Officer’s Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other payments due on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon

Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the Commission has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of, premium, if any, and interest on Bonds, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal, premium, if any, or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including, without limitation, capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Bonds;

(5) Variable Rate. As to any Bonds that bear interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement, at the election of the Commission, the interest rate for such Bonds shall be determined to be either (i) an interest rate equal to the average rate borne by such Bonds (or by comparable debt in the event that such Bonds have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (ii) if the Bonds bear interest at tax-exempt rates, an interest rate equal to the 24 month average of the Bond Market Association Bond Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the Commission determines most closely replicates such index as set forth in a certificate of a Department Representative, (iii) if the Bonds bear interest at taxable rates, an interest rate equal to the 24 month average of the Bond Market Association Bond Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the Commission determines most closely replicates such index as set forth in a certificate of a Department Representative, (iv) that interest rate which, in the judgment of the Chief Financial Officer, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject Bonds, is the average rate anticipated to be in effect with respect to such Bonds or (v) that interest rate which, in the judgment of the Chief Financial Officer, based upon the interest rate methodology in the applicable Credit Agreement if calculating payments under a Credit Agreement in accordance with paragraph 7 of this definition, is the average rate anticipated to be in effect;

(6) Short-Term Obligations. Notwithstanding anything in the foregoing to the contrary, with respect to any Bonds issued as Short-Term Obligations, the debt service on such Bonds shall be calculated assuming that such Bonds will be refunded and refinanced to mature over a 30-year period with level debt service at then current market rates; provided, however, that to the extent permitted by law, if in the judgment of the Chief Financial Officer, as set forth in an Officer's Certificate delivered to the Commission, the result of the foregoing calculation is inconsistent with the reasonable expectations of the Commission, the interest on such Bonds shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(7) Credit Agreement Payments. If the Commission has entered into a Credit Agreement in connection with an issue of Bonds, payments due under any such Credit Agreement (other than payments for fees and expenses) from either the Commission or the provider of a Credit Agreement shall be included in such calculation, except to the extent that the payments are already taken into account under clauses (1) through (6) above and any payments otherwise included under clauses (1) through (6) above which are to be replaced by payments under such a Credit Agreement, from either the Commission or the provider under a Credit Agreement, shall be excluded from such calculation.

"Authorized Representative" means the Executive Director and the Deputy Executive Director of the Department or such other individuals so designated by the Commission to perform the duties of an Authorized Representative under the Master Resolution and the Fifth Supplement.

"Bonds" means bonds, notes and other public securities issued in one or more series pursuant to the Constitutional Provision, the Enabling Act and governed by the Master Resolution, and includes the Series 2020 Bonds.

“Business Day” means any day except (i) a Saturday, Sunday or legal holiday, (ii) any other day on which commercial banks and trust companies in the City of New York, or any City in which the principal office of the Commission or the Paying Agent, are authorized or required to remain closed, or are closed for any other reason, or (iii) a day on which the New York Stock Exchange is closed.

“Chapter 1371” means Chapter 1371, Texas Government Code.

“Chief Financial Officer” means the Chief Financial Officer of the Department or such other officer or employee of the Department or such other individual so designated by the Commission to perform the duties of Chief Financial Officer under the Fifth Supplement and Master Resolution.

“Code” means the Internal Revenue Code of 1986, as amended, and the rulings, regulations, and procedures (including temporary, proposed, and final regulations and procedures) promulgated thereunder.

“Commission” means the Texas Transportation Commission and its successors and assigns.

“Comptroller” means the Comptroller of Public Accounts of the State and its successors and assigns.

“Constitutional Provision” means Article III, Section 49-p of the Texas Constitution.

“Credit Agreement” means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Bonds, purchase or sale agreements, interest rate swap, cap and/or floor agreement or commitment, or other contract or agreement authorized, recognized, and approved by the Commission as a Credit Agreement in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of Bonds, the interest on Bonds, or both.

“Defeasance Securities” means (i) Federal Securities, and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commission adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Series 2020 Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

“Defeased Bonds” means any Bonds and the interest thereon deemed to be paid, retired, and no longer Outstanding pursuant to the provisions of the applicable Supplement authorizing such Bonds; and thus, no longer secured by, payable from, or entitled to the benefits of the Security.

“Department” means the Texas Department of Transportation or its successors.

“Department Representative” means an Authorized Representative, the Chief Financial Officer, the Director, Project Finance, Debt and Strategic Contracts Division or such other officer or employee of the Department so designated by the Commission to perform the duties of Department Representative under the Master Resolution.

“DTC” means The Depository Trust Company, New York, New York, or any successor securities depository.

“DTC Participant” means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Electronic Means” means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

“Enabling Act” means Section 222.004 of the Texas Transportation Code as enabling legislation for the Constitutional Provision.

“Favorable Opinion of Bond Counsel” means with respect to any action the occurrence of which requires such an opinion, an unqualified opinion of Bond Counsel to the effect that such action is permitted under the Acts, the Master Resolution and the Fifth Supplement.

“Federal Securities” means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

“Fifth Supplement” means the Fifth Supplemental Resolution, which was adopted pursuant to authority reserved by the Commission under the Master Resolution and adopted by Minute Order of the Commission on July 25, 2019, as may be amended or supplemented from time to time.

“Financing Program” means the “Texas Transportation Commission Highway Improvement General Obligation Financing Program”.

“Fiscal Year” means the fiscal year of the Department, currently the period commencing the first day of September and ending on the last day of August of the following year.

“Funded Debt” means all Bonds or Credit Agreements created, assumed or guaranteed by the Commission that matures by its terms (in the absence of the exercise of any earlier right of demand), or is renewable at the option of the Commission to a date, more than one year after the original creation, assumption or guarantee of such Bonds or Credit Agreement by the Commission.

“General Appropriations Act” means the appropriations act of the State for the applicable biennium.

“General Counsel” means general counsel to the Department, including any duly authorized designee of the general counsel to the Department.

“Highest Lawful Rate” means the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Commission in the exercise of its borrowing powers (prescribed by Chapter 1204, Texas Government Code, or any successor provisions).

“Holder” or “Bondholder” or “owner” means the (i) registered owner of any Bonds registered as to ownership, (ii) holder of any Bonds payable to bearer or (iii) obligee or counter party (other than the Commission) pursuant to any Credit Agreement.

“Interest and Sinking Fund” has the meaning assigned to that term in Section 3(c) of the Master Resolution.

“Issuance Date” means the date of delivery of a Series of the Bonds to the initial purchaser(s) thereof against payment therefor.

“Master Resolution” means the “Master Resolution Establishing the Texas Transportation Commission Highway Improvement General Obligation Financing Program,” adopted by Minute Order of the Commission on January 28, 2010, as may be amended or supplemented from time to time.

“Maturity” when used with respect to any Bonds means the date on which the principal of such Bonds or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by call for redemption, or otherwise.

“Maturity Date” means the final maturity date of any series of Bonds which shall be such date as established pursuant to the Fifth Supplement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Officer’s Certificate” means a certificate signed by a Department Representative.

“Opinion of Counsel” means a written opinion of counsel which shall be acceptable to the Commission.

“Outstanding” when used with respect to Bonds means, as of the date of determination, all Bonds theretofore delivered under the Master Resolution or any Supplement, except:

(1) Bonds theretofore cancelled and delivered to the Commission or delivered to the Paying Agent or the Registrar for cancellation;

(2) Bonds deemed to be Defeased Bonds;

(3) Bonds upon transfer of or in exchange for and in lieu of which other Bonds have been authenticated and delivered pursuant to the Master Resolution or any Supplement; and

(4) Bonds under which the obligations of the Commission have been released, discharged, or extinguished in accordance with the terms thereof; provided, however, that unless the same is acquired for purposes of cancellation, Bonds owned by the Commission and Bonds purchased with funds advanced

pursuant to a Credit Agreement shall be deemed to be Outstanding as though they were owned by any other owner.

“Outstanding Principal Amount” means, as of any record date established by a Registrar in connection with a proposed amendment of the Master Resolution or any Supplement, with respect to all Bonds or to a series of Bonds that is in the form of bonds, notes, or other similar instruments that have a stated principal amount, the outstanding and unpaid principal amount of such Bonds on which interest is paid on a current basis and the outstanding and unpaid principal and compounded interest on such Bonds paying accrued, accreted, or compounded interest only at maturity and, with respect to Credit Agreements shall total the amount, if any, then due under such Credit Agreement if it was to be terminated as of the date of calculation of Outstanding Principal Amount as determined by the Department Representative.

“Owner” means the registered owners of the Bonds as shown on the Security Register and to the extent set forth in a Credit Agreement relating to the Bonds, the party contracting with the Commission under a Credit Agreement.

“Paying Agent” means the agent selected and appointed by the Commission for purposes of paying the principal of, premium, if any, and interest on the Bonds to the Owners thereof, as identified in the Fifth Supplement and any successor to such agent.

“Paying Agent/Registrar” means, collectively, the Paying Agent and the Registrar designated in the Fifth Supplement or any successor to such agent.

“Principal Payment Date” means any date upon which the principal amount of the Bonds is due hereunder at Maturity or on any Redemption Date.

“Proceeds Fund” has the meaning assigned to that term in Section 3 of the Master Resolution and includes any account or subaccount thereof.

“Rebate Fund” means the fund by that name described in Section 4.02 of the Fifth Supplement.

“Registrar” means the agent selected and appointed by the Commission for purposes of keeping and maintaining books and records relating to the registration, transfer, exchange, and payment of the Bonds and interest thereon, as identified in Section 2.03 of the Fifth Supplement and any successor to such agent.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Section” unless the context clearly requires otherwise, refers to a Section of the Fifth Supplement.

“Security” has the meaning assigned to that term in Section 2(a) of the Master Resolution.

“Security Register” means the books and records kept and maintained by the Registrar relating to the registration, transfer, exchange, and payment of the Bonds and the interest thereon.

“Series” means a separate series of the Bonds as specified by or pursuant to the terms of the Fifth Supplement.

“Series 2020 Bonds” means a series of the Bonds being issued pursuant to the Fifth Supplement.

“State” means the State of Texas.

“State Infrastructure Bank account” means the account within the State Highway Fund created pursuant to Subchapter D, Chapter 222 of the Texas Transportation Code and includes one or more subaccounts created pursuant to Section 222.076 of the Texas Transportation Code capitalized with State funds only.

“Stated Maturity” when used with respect to any Bonds or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Bonds or such installment of interest as a fixed date on which the principal of such Bonds or any installment thereof or the fixed date on which such installment of interest is due and payable.

“Supplement” means a resolution supplemental to, and authorized and executed pursuant to the terms of, the Master Resolution as may be supplemented or amended from time to time as authorized by the Commission and such Supplement.

“Taxable Bonds” means a Series of Bonds bearing interest at a taxable rate.

“Term of Issue” means with respect to any Balloon Debt a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) thirty years.

“Texas Transportation Commission Highway Improvement General Obligation Financing Program” or “Financing Program” means the Texas Transportation Commission Highway Improvement General Obligation Financing Program established by the Master Resolution.

Select Excerpts of the Master Resolution

Section 1. ESTABLISHMENT OF FINANCING PROGRAM AND ISSUANCE OF BONDS. As authorized by the Constitutional Provision, the Enabling Act, and other applicable provisions of State law, the General Obligation Financing Program is hereby established for the purpose of providing a financing structure for the issuance of multiple series of Bonds and the execution of Credit Agreements by the Commission secured by and payable from a general obligation pledge of the State. This Master Resolution is intended to establish a master financing program under which Bonds and Credit Agreements of the Financing Program can be issued or incurred. The Financing Program is initially established in the aggregate principal amount of Bonds outstanding at any time of not to exceed \$5 billion, subject to the limitations and requirements of the Constitutional Provision, the Enabling Act, the General Appropriations Act and other applicable provisions of State law, this Master Resolution, and each Supplement (the “Controlling Provisions”). Each issue or series of Bonds shall be issued, or Credit Agreements shall be executed, pursuant to a Supplement and no Bonds shall be issued unless the Commission has complied with the Controlling Provisions.

Each Supplement shall provide for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of each issue or series of Bonds and any other matters related to any series of Bonds not inconsistent with the Controlling Provisions.

Section 2. SECURITY AND PLEDGE. (a) Pledge. Any series of Bonds shall be secured by and payable solely from a pledge of the following (collectively, the “Security”): (i) the general obligation pledge of the State including the first money coming into the State treasury each fiscal year, not otherwise appropriated by the Texas Constitution, an amount sufficient to pay principal of and interest on the Bonds that mature or become due during the fiscal year, including an amount sufficient to make payment under a related Credit Agreement; (ii) all amounts in the Interest and Sinking Fund; (iii) all of the proceeds of the foregoing, including, without limitation, investments thereof; and (iv) any applicable Credit Agreement to the extent set forth in such Credit Agreement. The Commission hereby assigns and pledges the Security to the payment of the Annual Debt Service Requirements on Bonds including the obligations due under and in connection with any Credit Agreement, to the extent set forth therein and in the related Supplement, and the Security is further pledged to the establishment and maintenance of any funds, accounts or subaccounts which may be provided to secure the repayment of any series of Bonds including the obligations due under and in connection with any Credit Agreement, to the extent set forth therein and in the related Supplement, in accordance with this Master Resolution and any Supplement. Pursuant to the Constitutional Provision, the amounts constituting Security are appropriated when received by the State and may be used for the purposes provided by State law, including the Constitutional Provision, the General Appropriations Act and the Enabling Act.

(b) Credit Agreements. Credit Agreements entered into as provided in section 5 hereof and all or any portion of the obligations thereunder may, pursuant to their terms, be secured by a pledge of the Security as determined by the Department Representative.

(c) Perfection. Chapter 1208, Texas Government Code, applies to the issuance of any series of Bonds and the pledge of the Security granted by the Commission under this Section and in any applicable Supplement, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while any Bonds are outstanding and unpaid such that the pledge of the Security granted by the Commission under this Section and in any applicable Supplement is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve for the owners of Bonds the perfection of the security interest in said pledge, the Commission agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 3. FUNDS. (a) Creation of Funds. The Commission hereby establishes and affirms the creation of the following accounts held by the Comptroller, to-wit:

- (i) the General Obligation Interest and Sinking Fund (the “Interest and Sinking Fund”) and
- (ii) the General Obligation Proceeds Fund (the “Proceeds Fund”).

(b) Application of Constitutionally Appropriated Funds. The Commission shall cause to be deposited into the Interest and Sinking Fund, from funds that are available for such purpose under the Constitutional Provision, an amount that is sufficient (together with any other funds on deposit therein) to provide for the timely payment of Bonds not later than the Business Day preceding each date on which any Bonds come due. The Department Representative may direct any such deposit to be made on an earlier date.

If, on any date that funds in the Interest and Sinking Fund are required (pursuant to this Master Resolution or any Supplement) to be withdrawn for the payment of Bonds, the Interest and Sinking Fund does not contain sufficient funds for such purpose, an amount of immediately available funds sufficient (together with the funds then on deposit in the Interest and Sinking Fund) to pay such Bonds shall be transmitted to the appropriate payee(s) for such purpose from funds made available under the Constitutional Provision, at such time as will cause such Bonds to be timely paid.

(c) Interest and Sinking Fund. Amounts on deposit in the Interest and Sinking Fund shall be applied at such time and in such amounts as required for the timely payment of any series of Bonds.

(d) Proceeds. Proceeds from the issuance of a series of Bonds shall be deposited from time to time upon the issuance of such Bonds as provided by the applicable Supplement into the Proceeds Fund created with respect to such series of Bonds or into the State Infrastructure Bank account as further set forth in the applicable Supplement. Such proceeds and the interest thereon shall remain in the Proceeds Fund until expended to accomplish the purposes for which any series of Bonds were issued or until otherwise utilized as provided in the applicable Supplement. Amounts in the Proceeds Fund or the State Infrastructure Bank account do not constitute Security.

(e) Other Accounts or Funds. The Commission reserves the right to establish, in connection with the issuance of any series of Bonds or for other purposes, one or more additional funds, accounts or subaccounts for such other purposes as the Commission may determine from time to time. The Commission may, at its option, declare in the action establishing the fund, account or subaccount that the amounts in such additional fund, account or subaccount will be either included within or excluded from the Security.

(f) Authorization of Comptroller. The Comptroller is hereby authorized and directed to make the deposits and transfers required under all provisions of this Master Resolution and any Supplement as requested or instructed by a Department Representative in accordance with applicable State law. The Comptroller is hereby authorized and directed to make current funds available to pay the principal amount of and interest on all Bonds as they mature and come due and payable. Remittances to any Paying Agent must be made in accordance with any Paying Agent Agreement. The Commission, through the Department Representative, agrees to cooperate with and aid the Comptroller in calculating the amounts to be deposited in or transferred to the appropriate accounts and in ascertaining the amounts to be remitted to the respective Paying Agent to meet the requirements for the due and punctual payment of any series of Bonds as they become due and payable.

Section 4. GENERAL REPRESENTATIONS AND COVENANTS. The Commission further represents, covenants, and agrees that while Bonds or interest thereon is Outstanding:

(a) Performance. The Commission will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Master Resolution and in each Supplement, and in each and every Bond or evidence thereof and will take such action as is reasonably possible to cause the Comptroller and each other agency of the State to perform each and every duty imposed upon the Comptroller or such agency by law with respect to any series of Bonds.

(b) Mandatory Redemption. The Commission will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, any Bonds which by its terms is mandatorily required to be redeemed prior to maturity, when and as required.

(c) Determination of Annual Debt Service Requirements. For all purposes of this Master Resolution, the judgment of the Chief Financial Officer shall be deemed final in the determination of the Annual Debt Service Requirements of the Financing Program.

(d) Lawful Authority. The Commission is lawfully authorized to pledge the Security herein pledged in the manner prescribed herein, and has lawfully exercised such right.

(e) Investments. Moneys in all funds, accounts and subaccounts established pursuant to this Master Resolution and any Supplement will be invested or reinvested by the Comptroller in accordance with applicable State law. The investments of each fund, account and subaccount shall be made under conditions that will timely provide money sufficient to satisfy the Comptroller's and the Commission's obligations hereunder and under any Supplement. The proceeds received from the disposition of any investment acquired with the funds and any income received from such investment, shall be deposited into such fund, provided, however, that investment proceeds of funds in the Proceeds Fund may be retained in such fund or transferred to the Interest and Sinking Fund. Uninvested funds, if any, shall be secured in the manner and to the extent required by State law.

(f) Inspection of Records. The Commission will permit any owner or owners of twenty-five percent (25%) or more of the then Outstanding Principal Amount of Bonds at all reasonable times to inspect all records, accounts, and data of the Commission and the Department relating to the Financing Program, except such records as federal or State law may designate as privileged and exempt from disclosure.

Section 5. ISSUANCE OF ONE OR MORE SERIES OF BONDS. (a) General. The Commission reserves and shall have the right and power to issue or incur one or more series of Bonds for any purpose authorized by law, including the refunding of any series of Bonds, pursuant to the provisions of this Master Resolution and Supplements to be hereafter authorized. The Commission hereby covenants and agrees to comply with all constitutional and statutory requirements of State law and, to the extent applicable, federal law governing the issuance of any series of Bonds.

(b) Credit Agreements. To the extent permitted by law, and as provided in a Supplement, the Commission may enter into one or more Credit Agreements upon the delivery to the Commission of an Officer's Certificate to the effect that (i) the Credit Agreement is in the best interest of the Commission and (ii) to the best of his or her knowledge, the Commission and the Department have not failed to comply with the covenants contained in this Master Resolution and any Supplement, to any material extent, and are not in default, to any material extent, in the performance and observance of any of the terms, provisions and conditions hereof, thereof or under any existing Credit Agreement. Each Credit Agreement shall be approved by the Commission, to the extent required by law, either pursuant to a Supplement or by other action.

(c) Increase in Financing Program. The principal amount of Bonds issued under the Financing Program, as authorized by Section 1, may be increased by the Commission upon a finding by the Commission to the effect that the increase is authorized by the Texas Constitution and State law.

Section 6. WAIVER OF CERTAIN COVENANTS. The Commission may omit in any particular instance to comply with any covenant or condition set forth in Sections 4 and 5 hereof if before or after the time for such compliance the owners of the same percentage in Outstanding Principal Amount, the consent of which would be required to amend the applicable provisions to permit such noncompliance, shall either waive such compliance in the particular instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived and, until such waiver shall become effective, the obligations of the Commission and the duties of the Commission in respect of any such covenant or condition shall remain in full force and effect. For the purpose of this Section, the Commission may determine in each Supplement the treatment of who may act as an "owner", "Holder", or "Bondholder" and other matters relating to such Bonds, including designating in the relevant Supplement or award certificate any municipal bond insurance company providing an insurance policy on the payment of the principal of and interest on any series of Bonds or the provider under a Credit Agreement as the sole owner of such Bonds.

Section 7. INDIVIDUALS NOT LIABLE. All covenants, stipulations, obligations, and agreements of the Commission contained in this Master Resolution and any Supplement shall be deemed to be covenants, stipulations, obligations, and agreements of the Financing Program, the Commission and the Department to the full extent authorized or permitted by the Constitution and State law. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Commission or agent or employee of the Department in his or her individual capacity and neither the members of the Commission, nor any officer, employee, or agent of the Department, shall be liable personally on any Bonds when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 8. EVENTS OF DEFAULT AND REMEDIES. (a) Events of Default. Each of the following occurrences or events for the purpose of this Master Resolution is hereby declared to be an Event of Default: (i) the failure to make payment of the principal of or interest on any of the Bonds or Credit Agreements when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the Commission or the State, the failure to perform which materially, adversely affects the rights of the owners of the Bonds or Credit Agreements, including, but not limited to, their prospect or ability to be repaid in accordance with this Master Resolution, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the Commission.

(b) Remedies. The State has not waived sovereign immunity with respect to the enforcement of the obligations of the Commission and the State relating to any series of Bonds or Credit Agreements. Any owner of Bonds or Credit Agreements in the event of default in connection with any covenant contained herein or in any Supplement, or default in the payment of Annual Debt Service Requirements due in connection with any Bonds, or other costs and expenses related thereto, or Credit Agreements may require the Commission, the Department, its officials and employees, and any appropriate official of the State, to carry out, respect, or enforce the covenants and obligations of this Master Resolution or any Supplement, by the use and filing of mandamus proceedings in any court of competent jurisdiction in Travis County, Texas against the Commission, the Department, its officials and employees, or any appropriate official of the State.

Section 9. DEFEASANCE OF BONDS. Each Supplement authorizing Bonds may provide by its respective terms the circumstances and conditions under which such Bonds may be considered Defeased Bonds.

Section 10. AMENDMENT OF RESOLUTION. (a) Amendment Without Consent. This Master Resolution and the rights and obligations of the Commission and of the owners may be modified or amended at any time without notice to or the consent of any owner, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Commission contained in this Master Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Commission in this Master Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Master Resolution, upon receipt by the Commission of an Opinion of Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Master Resolution;

(iii) To supplement the Security for the Outstanding Bonds in accordance with the Constitutional Provision and State law;

(iv) To make such other changes in the provisions hereof as the Commission may deem necessary or desirable and which shall not, in the judgment of the Commission, materially adversely affect the interests of the owners;

(v) To make any changes or amendments requested by the State Attorney General's Office or the State Bond Review Board as a condition to the approval of a series or issue of Bonds, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the owners;

(vi) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the owners; or

(vii) To change the maximum principal amount of Bonds issued under the Financing Program as provided in Section 5(c) or change or supplement the purposes for which Bonds can be issued or Credit Agreements executed.

(b) Amendments With Consent. Subject to the provisions of Section 10(a) of this Master Resolution, the owners aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Master Resolution which may be deemed necessary or desirable by the Commission; provided, however, that nothing herein contained shall

permit or be construed to permit, without the approval of all owners (unless such amendment shall be determined by the Commission to affect only certain owners, in which case such amendment shall not be made without the approval of the owners so affected), the amendment of the terms and conditions in this Master Resolution so as to:

- (i) Grant to the owners of any Outstanding Bonds a priority over the owners of any other Outstanding Bonds; or
- (ii) Materially adversely affect the rights of the owners of less than all Bonds then Outstanding; or
- (iii) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment; or
- (iv) Make any change in the maturity of any Outstanding Bonds; or
- (v) Reduce the rate of interest borne by any Outstanding Bonds; or
- (vi) Reduce the amount of the principal payable on any Outstanding Bonds; or
- (vii) Modify the terms of payment of the amounts required to meet any financial obligations of the Commission relating to the Financing Program, including payments due on or with respect to the payment of any Outstanding Bonds, or impose any conditions with respect to such; or
- (viii) Amend this subsection (b) of this Section.

(c) Notice. If at any time the Commission shall desire to amend this Master Resolution pursuant to subsection (b) of this Section, the Commission shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in the City of New York, New York (including, but not limited to, The Bond Buyer or The Wall Street Journal) or in the State (including, but not limited to, The Texas Bond Reporter), once during each calendar week for at least two successive calendar weeks or disseminated by electronic means customarily used to convey notices of redemption. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Registrar for any Bonds for inspection by all owners of Bonds. Such publication is not required, however, if the Commission gives or causes to be given such notice in writing, by certified mail, to each owner of Bonds. A copy of such notice shall be provided in writing to each national rating agency maintaining a rating on any Bonds.

(d) Receipt of Consents. With respect to any amendment undertaken pursuant to subsection (b) above, whenever at any time the Commission shall receive an instrument or instruments executed by all of the owners or the owners of a majority in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Commission may adopt the amendatory resolution in substantially the same form.

(e) Effect of Amendments. Upon the adoption by the Commission of any resolution to amend this Master Resolution pursuant to the provisions of this Section, this Master Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Commission and all the owners shall thereafter be determined, exercised, and enforced under this Master Resolution, as amended.

(f) Consent Irrevocable. Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section or the date of such consent, whichever is later, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after the applicable period of time that a consent is irrevocable by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar for such Bonds and the Commission, but such revocation shall not be effective if the owners of the requisite amount of the Outstanding Principal Amount, prior to the attempted revocation, consented to and approved the amendment. Notwithstanding the foregoing, any consent given by an owner at the time of and in connection with the initial sale or incurrence of an issue or series Bonds by the Commission shall be irrevocable.

(g) Ownership. For the purpose of this Section, the Commission may determine in each Supplement the treatment of who may act as an “owner”, “Holder”, or “Bondholder” and other matters relating to all Bonds and Credit Agreements, including designating any municipal bond insurance company providing an insurance policy on the payment of Bonds or the provider or counterparty under a Credit Agreement as the sole owner of such Bonds.

(h) Amendments of Supplements. Each Supplement shall contain provisions governing the ability of the Commission to amend such Supplement; provided, however, that no amendment may be made to any Supplement for the purpose of granting to the owners under such Supplement a priority over the owners of any other Outstanding Bonds.

Select Excerpts and Conforming Provisions of the Fifth Supplemental Resolution

Section 1.02. ESTABLISHMENT OF FINANCING PROGRAM AND ISSUANCE OF BONDS. Fifth Supplement. By adoption of the Master Resolution, the Commission has established the Texas Transportation Commission Highway Improvement General Obligation Financing Program for the purpose of enabling the Commission to provide for the financing of the highway improvement projects including loans for highway improvement projects authorized by the Constitutional Provision, the Enabling Act, the General Appropriations Act, and any other applicable provisions of State law pursuant to which the Commission may issue and enter into obligations, including bonds, notes and other public securities and Credit Agreements, secured by and payable from a pledge of and lien on all or part of the Security. This Fifth Supplement provides for the authorization, form, characteristics, provisions of payment and redemption, and security of the Bonds, including the Series 2020 Bonds, and Credit Agreements. This Fifth Supplement is subject to the terms of the Master Resolution and the terms of the Master Resolution are incorporated herein by reference and as such are made a part hereof for all purposes.

Section 4.01. PAYMENTS. (a) Accrued Interest. Immediately after the delivery of each Series of Bonds, the Commission shall deposit any accrued interest received from the sale and delivery of such Bonds to the credit of the Interest and Sinking Fund.

(b) Debt Service Payments. Semiannually on or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided in the Award Certificate(s), the Commission shall cause to be available to the Paying Agent/Registrar, from funds that are available for such purpose under the Constitutional Provision, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Series 2020 Bonds and shall furnish the Commission with an appropriate certificate of cancellation.

Section 4.02. ESCROW FUND. A separate fund to be known as the Escrow Fund is hereby established by the Commission pursuant to the Escrow Agreement.

Section 6.01. AMENDMENTS OR MODIFICATIONS WITHOUT CONSENT OF OWNERS. Subject to the provisions of the Master Resolution, this Fifth Supplement and the rights and obligations of the Commission and of the Owners, this Fifth Supplement may be modified or amended at any time without notice to or the consent of any Owner, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Commission contained in this Fifth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Commission in this Fifth Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Fifth Supplement, upon receipt by the Commission of an Opinion of Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Fifth Supplement;

(iii) To supplement the Security for the Bonds or a Credit Agreement;

(iv) To make such other changes in the provisions hereof, as the Commission may deem necessary or desirable and which shall not, in the judgment of the Commission, materially adversely affect the interests of the Owners;

(v) To make any changes or amendments requested by the State Attorney General's Office or the State Bond Review Board as a condition to the approval of the Bonds, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners; or

(vi) To make any changes or amendments requested by any bond rating agency then rating or requested to rate the Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Commission, materially adversely affect the interests of the Owners of the Outstanding Bonds.

Section 6.02. AMENDMENTS OR MODIFICATIONS WITH CONSENT OF OWNERS.

(a) Amendments. Subject to the other provisions of this Fifth Supplement and the Master Resolution, the Owners aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Section 6.01 hereof, to this Fifth Supplement that may be deemed necessary or desirable by the Commission, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of all the Owners, the amendment of the terms and conditions in this Fifth Supplement or in the Bonds so as to:

(i) Make any change in the maturity of the Outstanding Bonds;

(ii) Reduce the rate of interest borne by Outstanding Bonds;

(iii) Reduce the amount of the principal payable on Outstanding Bonds;

(iv) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;

(v) Affect the rights of the Owners of less than all Bonds then Outstanding; or

(vi) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment.

(b) Notice. If at any time the Commission shall desire to amend this Fifth Supplement pursuant to Subsection (a), the Commission shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in the City of New York, New York (including, but not limited to, The Bond Buyer or The Wall Street Journal) or in the State (including, but not limited to, The Texas Bond Reporter), once during each calendar week for at least two successive calendar weeks or disseminated by electronic means customarily used to convey notices of redemption. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all Owners. Such publication is not required, however, if the Commission gives or causes to be given such notice in writing to each Owner. A copy of such notice shall be provided in writing to each rating agency maintaining a rating on the Bonds.

(c) Receipt of Consents. Whenever at any time the Commission shall receive an instrument or instruments executed by all of the Owners or the Owners aggregating a majority in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Commission may adopt the amendatory resolution in substantially the same form.

(d) Consent Irrevocable. Any consent given by any Owner pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the Owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying

Agent/Registrar and the Commission, but such revocation shall not be effective if the Owners of Outstanding Series 2020 Bonds aggregating a majority in Outstanding Principal Amount prior to the attempted revocation consented to and approved the amendment. Notwithstanding the foregoing, any consent given at the time of and in connection with the initial purchase of Bonds shall be irrevocable.

(e) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Security Register kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 7.01. DISPOSITION OF BOND PROCEEDS AND OTHER FUNDS. Proceeds from the sale of each Series of the Bonds shall, promptly upon receipt thereof, be applied by the Department Representative as follows:

- (i) any underwriting discount or fees and any Credit Agreement fees for each Series of Bonds may be retained by and/or wired directly to such parties;
- (ii) any accrued interest shall be deposited as provided in Section 4.01; and
- (iii) an amount sufficient to pay the remaining costs of issuance of the Bonds and the cost of highway improvement projects being financed with the proceeds of each Series of Bonds shall be deposited in a separate subaccount for each Series within the Proceeds Fund or the State Infrastructure Bank account as directed by the Department Representative.

Any sale proceeds of the Bonds remaining after making all deposits and payments provided for above shall be deposited into the Interest and Sinking Fund and applied to the payment of principal of and interest on the Bonds.

Section 7.03. DEFEASANCE OF BONDS. (a) Deemed Paid. The principal of and/or the interest and redemption premium, if any, on any Bonds shall be deemed to be Defeased Bonds within the meaning of the Master Resolution and this Fifth Supplement, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bonds, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Commission with the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as Bonds shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bonds and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the Security as provided in the Master Resolution and this Fifth Supplement, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Investments. The deposit under clause (ii) of subsection (a) of this Section shall be deemed a payment of Series 2020 Bonds as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with the Master Resolution and this Fifth Supplement. Any money so deposited with the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Commission also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Series 2020

Bonds and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the Commission for deposit to the Interest and Sinking Fund.

(c) Continuing Duty of Paying Agent and Registrar. Notwithstanding any provision of any other Section of this Fifth Supplement which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar for such Defeased Bonds shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Department shall make proper arrangements to provide and pay for such services as required by this Fifth Supplement.

(d) Amendment of this Section. Notwithstanding anything elsewhere in this Fifth Supplement, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar for such Bonds or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Retention of Rights. Notwithstanding the provisions of subsection (a) of this Section, to the extent that, upon the defeasance of the Defeased Bond to be paid at its maturity, the Commission retains the right under State law to later call that Defeased Bond for redemption in accordance with the provisions of this Fifth Supplement and the Award Certificate relating to the Defeased Bond, the Commission may call such Defeased Bond for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions of subsection (a) of this Section with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Section 7.05. FURTHER PROCEDURES. Each Department Representative is hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Commission all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Fifth Supplement, each Series of Bonds, the sale and delivery of each Series of Bonds, and fixing all details in connection therewith, and the Paying Agent/Registrar Agreement, and to approve the Official Statement, or supplements thereto, in connection with each Series of Bonds. In connection with the issuance and delivery of each Series of Bonds, the above-stated officers, with the advice of General Counsel and Bond Counsel to the Department, are hereby authorized to approve, subsequent to the date of the adoption of this Fifth Supplement, any amendments to the above named documents, and any technical amendments to this Fifth Supplement as permitted by Section 6.01 (v) or (vi) and a Department Representative is hereby authorized to execute this Fifth Supplement to evidence approval of such changes.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL



[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]

**TEXAS TRANSPORTATION COMMISSION
STATE OF TEXAS HIGHWAY IMPROVEMENT
GENERAL OBLIGATION REFUNDING BONDS,
TAXABLE SERIES 2020
\$794,235,000**

AS BOND COUNSEL for the Texas Transportation Commission (the “Commission”) the governing body of the Texas Department of Transportation (the “Department”), we have examined into the legality and validity of the issue of bonds described above (the “Bonds”), which bear interest from the dates and mature on the dates specified, all in accordance with the “Master Resolution Establishing the Texas Transportation Commission Highway Improvement General Obligation Financing Program” adopted by Minute Order No. 112100 of the Commission on January 28, 2010 (the “Master Resolution”) as supplemented by the “Fifth Supplemental Resolution to the Master Resolution Establishing the Texas Transportation Commission Highway Improvement General Obligation Financing Program” (the “Fifth Supplement”) adopted by Minute Order No. 115545 of the Commission on July 25, 2019 and the Award Certificate of the Department Representative dated June 17, 2020 (the “Award Certificate”) (the Master Resolution, the Fifth Supplement and the Award Certificate are collectively referred to as the “Resolution”). Capitalized terms used herein and not otherwise defined shall have the meanings given in the Resolution.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas (the “State”), a transcript of certified proceedings of the Commission, the Master Resolution, as supplemented by the Fifth Supplement, the Award Certificate and other pertinent instruments relating to the authorization, issuance and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Commission and the Department upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, it is our opinion that the Bonds have been duly authorized, issued and delivered, all in accordance with law; and that, except as may be limited by laws applicable to the Commission and the State relating to sovereign immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally enforceable general obligations of the State payable solely from the Security including money made available for such purpose pursuant to Article III, Section 49-p of the State Constitution.

THE COMMISSION has reserved the right to amend the Master Resolution and Fifth Supplement in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the Owners of a majority of all Bonds.

WE EXPRESS NO OPINION as to any federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Commission, and, in that capacity, we have been engaged by the Commission for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Commission or the State, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Commission and the Comptroller of Public Accounts of the State with respect to the current outstanding general obligation debt of the State and the sufficiency of the general obligation revenues pledged to the Bonds. Our role in connection with the Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

APPENDIX D

DTC BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

This Appendix describes how ownership of the Series 2020 Bonds is to be transferred and how the principal of, premium, if any, and interest on the Series 2020 Bonds are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Series 2020 Bonds are registered in its nominee name. The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) or Clearstream Banking, S.A. (“Clearstream”) (DTC, Euroclear and Clearstream together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been provided by the Clearing Systems for use in disclosure documents such as this Official Statement. The Commission and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Commission and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Series 2020 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2020 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

Clearing Systems

DTC Book Entry Only System. DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond certificate will be issued for each serial installment or maturity of the Series 2020 Bonds, and will be deposited with DTC. If, however, the aggregate principal amount of the issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into

the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2020 Bond documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Commission or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the Commission or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered.

To the extent permitted by law, the Commission may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020 Bond certificates will be printed and delivered to DTC.

Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

General. The Series 2020 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Series 2020 Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The Commission will not impose any fees in respect of holding the Series 2020 Bonds; however, holders of book-entry interests in the Series 2020 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement. Interests in the Series 2020 Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Series 2020 Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Series 2020 Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Series 2020 Bonds against payment (value as on the date of delivery of the Series 2020 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Series 2020 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Series 2020 Bonds following confirmation of receipt of payment to the Commission on the date of delivery of the Series 2020 Bonds.

Secondary Market Trading. Secondary market trades in the Series 2020 Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Series 2020 Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear

and Clearstream. Book-entry interests in the Series 2020 Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Series 2020 Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Series 2020 Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Series 2020 Bonds, or to receive or make a payment or delivery of Series 2020 Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. It is expected that the Series 2020 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification number, common code and CUSIP number for the Series 2020 Bonds are set out on the inside cover page of this Official Statement.

None of Euroclear, Clearstream or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Commission nor any of its agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the Series 2020 Bonds are registered in the name of DTC or its nominee, Cede & Co., the Commission and the Paying Agent/Registrar will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2020 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Series 2020 Bonds, references in this Official Statement to registered owners of the Series 2020 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2020 Bonds.

Because DTC is treated as the owner of the Series 2020 Bonds for substantially all purposes under the Master Resolution, beneficial owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of beneficial owners is unknown to the Commission, the Paying Agent/Registrar or DTC, it may be difficult to transmit information of potential interest to beneficial owners in an effective and timely manner. Beneficial owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2020 Bonds that may be transmitted by or through DTC.

Under the Master Resolution, payments made by the Paying Agent/Registrar to DTC or its nominee shall satisfy the obligations of the Commission under the Series 2020 Bonds to the extent of the payments so made.

Neither the Commission nor the Paying Agent/Registrar have any responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2020 Bonds;
- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Paying Agent/Registrar, of any notice with respect to any Bond including, without limitation, any notice of redemption with respect to any Bond;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Paying Agent/Registrar, of any amount with respect to the principal of, premium, if any, or interest on, any Bond; or

- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry-only system hereinabove described, the Commission and the Paying Agent/Registrar may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the Series 2020 Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal of, premium, if any, and interest on the Series 2020 Bonds;
- giving notices of redemption and other matters with respect to the Series 2020 Bonds;
- registering transfers with respect to the Series 2020 Bonds; and
- the selection of Series 2020 Bonds for redemption.

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