

State Highway 249 System

Quarterly Traffic and Operating Report

For the Fiscal Quarter ended February 29, 2024



Relating to Each Outstanding Issue with CUSIP Prefixes 88283N
Filed by the Texas Transportation Commission on April 30, 2024



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1.0 Disclaimer

Information in this report regarding the State Highway 249 System (SH 249 or System) has been compiled and provided by the Texas Department of Transportation (the Department or TxDOT) based upon records and other sources which are believed by TxDOT to be reliable pursuant to Section 709 of the Master Trust Agreement for the Bonds. TxDOT does not make any representation or warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes, or other obligations payable, in whole or in part, from the sources pledged to the payment of SH 249 outstanding debt obligations.

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

References to website addresses presented in this report are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into or made a part of this report. Many of the website links referenced in this report are also available at the end of this report in the section titled "Relevant Links" herein.

The information contained in this report is provided as of the respective dates and for the periods specified herein, and the filing of this report does not, under any circumstances, imply that there has been no change in the affairs of the System or TxDOT since the specified date or dates as of which such information is provided. The historical information set forth in this report may not be indicative of future results or performance.

Capitalized terms used in this report and not otherwise defined have the meaning given to such terms in the Official Statement, dated February 14, 2019, with respect to the Texas Transportation Commission State Highway 249 System First Tier Toll Revenue Bonds, Series 2019A, and Taxable Series 2019B (the SH 249 2019 Official Statement); see Relevant Links herein.

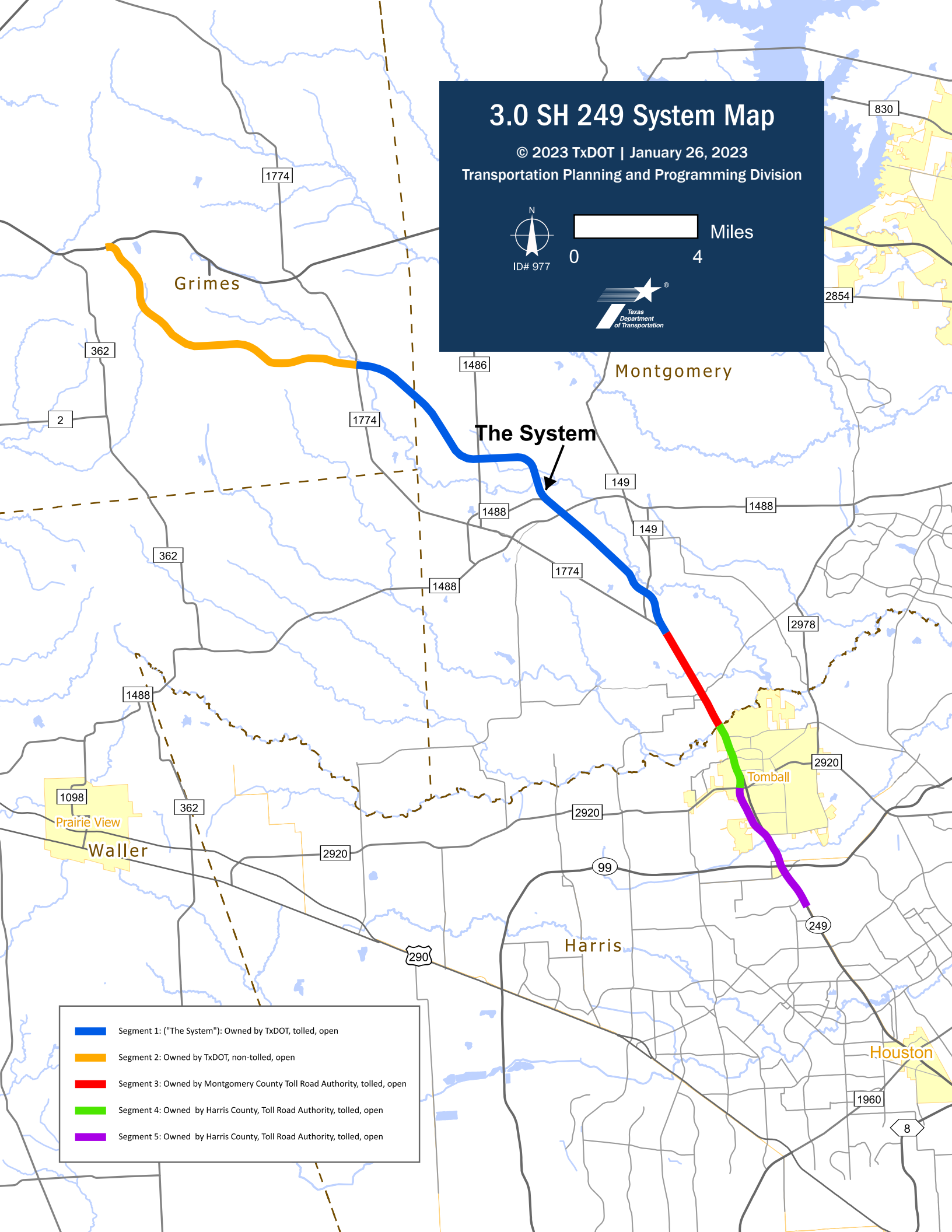
2.0 Report Notes

- Transaction and toll revenue trends may not correlate exactly on a monthly or quarterly basis due to the following factors:
 - A transaction occurs when a vehicle passes through a tolling point and is reported in the month in which it occurs.
 - Transaction counts are generated through the roadway toll management system, and toll revenue is derived from back-office system reports.
 - Each transaction may result in a different amount of collected toll revenue depending on the rate charged for the number of axles, type of transaction (ETC or Non-ETC defined herein), and tolling point.
 - Seasonal impacts, such as holidays and the number of weekdays in each month, have an impact on month-to-month changes in toll revenue and transactions.
 - Transactions include counts when the lane system is placed into “event” mode (suspended transactions), which means tolling is turned off to facilitate traffic management during traffic incidents or other emergencies.
 - Toll waiver transactions are reported in the period they occur.
- The System Fiscal Year begins September 1 of each year and ends on August 31 of the following year.
- A Fiscal Year end adjustment is made to toll revenue in the Department's Annual Comprehensive Financial Report (Department ACFR) to reflect Non-ETC toll revenues earned but not collected, less an allowance for doubtful accounts. Thus, total annual toll revenues in the Department ACFR reflect the toll revenue earned, adjusted for an allowance for doubtful accounts, during the Fiscal Year for transactions that occurred in that Fiscal Year.
- Positive variances indicate actual revenues exceed prior year amounts and, if applicable, actual expenses are lower than prior year amounts.
- Totals may not sum due to rounding.






3.0 SH 249 System Map

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Transportation Planning and Programming Division



The System

-  Segment 1: ("The System"): Owned by TxDOT, tolled, open
-  Segment 2: Owned by TxDOT, non-tolled, open
-  Segment 3: Owned by Montgomery County Toll Road Authority, tolled, open
-  Segment 4: Owned by Harris County, Toll Road Authority, tolled, open
-  Segment 5: Owned by Harris County, Toll Road Authority, tolled, open

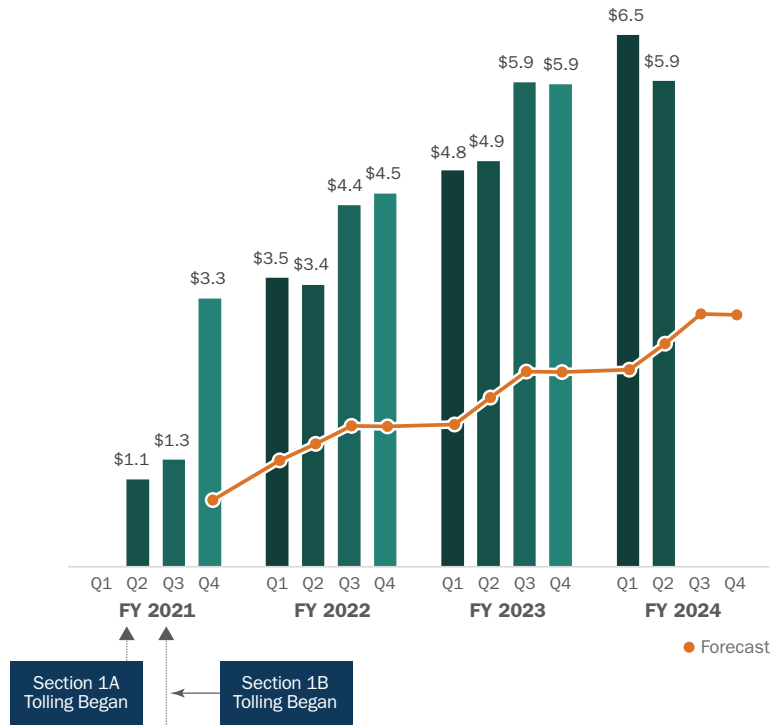
4.0 Executive Summary (In Millions)

Forecasted toll revenue and transactions are based on the projections provided in the SH 249 Comprehensive Traffic and Toll Revenue Study dated December 13, 2018 (the 2018 T&R Study) and included as Appendix E to the SH 249 2019 Official Statement. Forecast and actual toll revenue presented in this Executive Summary exclude interest income and other revenues. The actual and forecast revenue and transactions are as of the dates and for the periods indicated.

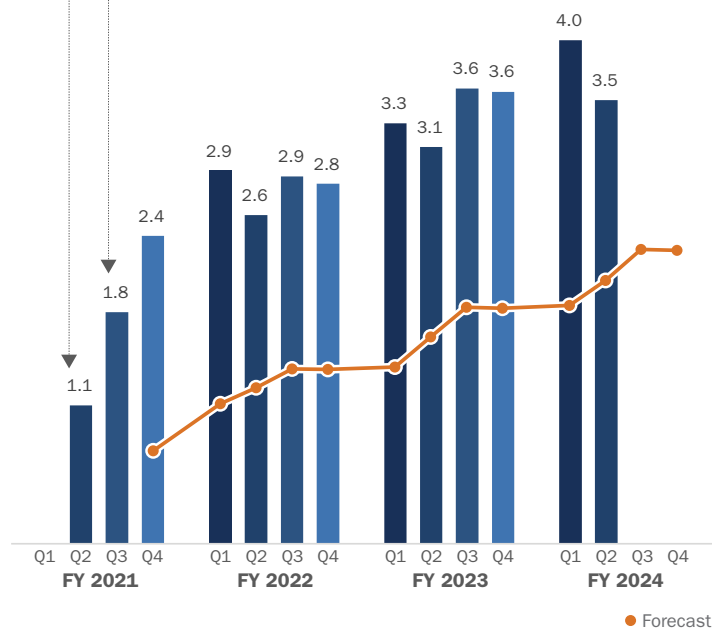
For purposes of managing the design and construction, Segment 1 of the System is further divided into two Sections comprising of: Section 1A from FM 1774 in Pinehurst to FM 1488, a distance of 6.4 miles; and Section 1B from FM 1488 to FM 1774 near Todd Mission, a distance of 8.4 miles. The 2018 T&R Study provides a forecast for toll revenue and transactions assuming tolling would begin on July 1, 2021 (Q4). Tolling began in December 2020 for Section 1A and in March 2021 for Section 1B.

For the fiscal quarter ending February 29, 2024, the 2018 T&R Study projected toll revenues of \$2.8 million with 1.8 million toll transactions. Actual toll revenue collected for the same period was approximately \$5.9 million, with nearly 3.5 million transactions.

Actual and Forecast Quarterly Toll Revenue



Actual and Forecast Quarterly Toll Transactions



5.0 System Revenues, Expenses, and Transactions (In Thousands)

| | Prior Year Comparisons | | | | | | | | | | |
|---------------------------|------------------------|-----------------|-----------------|-----------------------|-----------------|------------------|------------|----------------------------------|------------------|------------------|------------|
| | Quarter by Month | | | Quarter Ending Feb 29 | | | | Fiscal Year to Date as of Feb 29 | | | |
| | Dec-23 | Jan-24 | Feb-24 | 2024 | 2023 | \$/# Variance | % Var | 2024 | 2023 | \$/# Variance | % Var |
| Revenues | | | | | | | | | | | |
| Toll Revenue | \$ 2,016 | \$ 1,886 | \$ 1,994 | \$ 5,897 | \$ 4,924 | \$ 973 | 20% | \$ 12,350 | \$ 9,735 | \$ 2,614 | 27% |
| Investment & Other Income | 244 | 267 | 311 | 822 | 467 | 355 | 76% | 1,947 | 818 | 1,129 | 138% |
| Total Revenues | \$ 2,261 | \$ 2,153 | \$ 2,305 | \$ 6,719 | \$ 5,390 | \$ 1,328 | 25% | \$ 14,297 | \$ 10,553 | \$ 3,744 | 35% |
| Expenses | | | | | | | | | | | |
| O&M Expense | \$ 694 | \$ 463 | \$ 430 | \$ 1,587 | N/A | N/A | N/A | \$ 2,712 | N/A | N/A | N/A |
| Major Maintenance | - | - | - | - | N/A | N/A | N/A | 0 | N/A | N/A | N/A |
| Total Expenses | \$ 694 | \$ 463 | \$ 430 | \$ 1,587 | N/A | N/A | N/A | \$ 2,712 | N/A | N/A | N/A |
| Transactions | | | | | | | | | | | |
| Auto | 1,154 | 1,004 | 1,086 | 3,244 | 2,919 | 325 | 11% | 6,949 | 6,022 | 927 | 15% |
| Truck | 81 | 74 | 88 | 243 | 201 | 42 | 21% | 495 | 405 | 90 | 22% |
| Total Transactions | 1,234 | 1,079 | 1,174 | 3,486 | 3,120 | 367 | 12% | 7,445 | 6,427 | 1,017 | 16% |

Totals may not sum due to rounding.

Toll and Fee Revenue Recognition

Revenues for electronic toll collection (ETC) transactions are generally recognized when they are earned, which is at the time the transaction is reconciled through a back-office system for a valid ETC transaction (requiring a properly installed transponder and a sufficiently funded account). ETC transactions occurring in a given month may be deferred to a future month due to processing delays and other factors. Non-ETC toll revenues are recognized and reported when cash payment is received. For example, a Non-ETC transaction may be recorded in one month, but revenue for that transaction may not be recognized and reported until a later month. Additionally, revenue does not reflect Fiscal Year-end adjustments in the Department ACFR.

Investment and Other Income

Investment and Other Income include amounts received from any sales of property included in the System.

Operations and Maintenance Expense Recognition

Operating and Maintenance (O&M) Expenses are generally reported in the month paid, which may cause timing variances as compared to accrual basis accounting.

Per the Master Trust Agreement, all revenues, remaining after deposits are made to the System debt service accounts, were required to be deposited into the Rate Stabilization Fund until \$20 million was transferred.

While this requirement was in place, the System did not report expenses that were being paid by TxDOT pursuant to its covenant in the Master Trust Agreement to cover shortfalls in the Operating and Maintenance Account.

The Rate Stabilization Fund was fully funded prior to the first day of Fiscal Year 2024. In addition, the debt service, operating and maintenance, and major maintenance accounts were all pre-funded at 100 percent of their Fiscal Year 2024 budgeted amounts and as a result, the System has begun to report related expenses in Fiscal Year 2024.

Transactions

Transactions reported in the table above are shown for two-axle vehicles (Auto) and greater than two-axle (Truck) classes. Total transactions reported include all toll transactions (ETC and Non-ETC) that occurred on the System during the reporting period, regardless of whether the revenues relating to such transactions were recognized during such period.

6.0 Outstanding Obligations (In Thousands)

| | Bonds Issued (Original Par) | Total Principal Repaid to Date | Outstanding Par | Outstanding Value with Accretion ¹ |
|---------------------------------------|--------------------------------|-----------------------------------|--------------------|---|
| First Tier Toll Revenue Bonds | | | | |
| Series 2019-A | | | | |
| Current Interest Bonds | \$144,085 | - | \$144,085 | \$144,085 |
| Capital Appreciation Bonds | 92,372 | - | 92,372 | 117,280 |
| Series 2019-B | 12,795 | - | 12,795 | 12,795 |
| Total First Tier Revenue Bonds | \$249,252 | - | \$249,252 | \$274,160 |

¹ The accreted value for the Series 2019-A Capital Appreciation Bonds reflects the accreted value as of February 29, 2024.

7.0 Debt Service Coverage (In Thousands)

| | Fiscal Year Ended August 31 | | |
|--|-----------------------------|------------------|------------------|
| | 2021 | 2022 | 2023 |
| Revenues¹ | | | |
| Toll Revenue | \$ 5,768 | \$ 15,849 | \$ 21,863 |
| Investment & Other Income ² | 92 | 363 | 1,598 |
| Total Revenue | \$ 5,860 | \$ 16,212 | \$ 23,460 |
| Current Debt Service ³ | - | \$ 3,218 | \$ 4,324 |
| First Tier Debt Service Coverage Ratio ³ | n/a | 5.04x | 5.43x |
| Revenues in Excess of Current Debt Service | \$ 5,860 | \$ 12,995 | \$ 19,137 |
| System Operating and Maintenance Expenses, Major Maintenance Expenditures, and Capital Expenditures ⁴ | - | - | - |
| Deposits⁵ | | | |
| Debt Service Accounts ⁶ | \$ 3,218 | \$ 4,324 | \$ 5,435 |
| Rate Stabilization Fund | 2,006 | 9,527 | 7,414 |
| Operating and Maintenance, and Major Maintenance Accounts | - | - | 10,727 |
| Total Deposits | \$ 5,224 | \$ 13,851 | \$ 23,576 |

Totals may not sum due to rounding.

¹ Revenues are reported on the accrual basis of accounting.

² Interest income excludes certain interest income which is not pledged for the payment of debt service.

³ Debt service is shown net of amounts funded from capitalized interest. Fiscal Year 2021 System debt service was 100% funded from capitalized interest, therefore, calculation of First Tier Debt Service Ratio is not applicable for Fiscal Year 2021.

⁴ For more information, see Section "5.0 System Revenues,

Expenses, and Transactions (In Thousands)- Operations and Maintenance Expense Recognition".

⁵ Fiscal Year 2021 and Fiscal Year 2022 deposit amounts in the table above have been updated from amounts incorrectly reported in the SH 249 Annual Continuing Disclosure Report for the Fiscal Years ended August 31, 2021 and August 31, 2022.

⁶ Fiscal Year Revenues plus allocable Fiscal Year capitalized interest were deposited into the First Tier Debt Service accounts to fund scheduled subsequent Fiscal Year debt service 100% for all Fiscal Years reported in the table above.

8.0 Auto Toll Rates by Calendar Year (In Nominal Dollars)

| Segment 1 | Full Length Toll Rates | | Per Mile Toll Rates | |
|------------|------------------------|---------|---------------------|---------|
| | CY 2023 | CY 2024 | CY 2023 | CY 2024 |
| Segment 1A | \$1.89 | \$1.95 | \$0.30 | \$0.30 |
| Segment 1B | \$2.47 | \$2.54 | \$0.30 | \$0.30 |

The Auto toll rates shown are for ETC transactions and take effect January 1 of each calendar year (CY). The Full Length Toll Rates are the summation of the base Auto tolls charged when paying with TxTag at all mainline gantries when traveling the full length of each section. Non-ETC transactions apply a 50 percent surcharge over the ETC rates shown.

The Commission’s toll rate escalation policy for the SH 249 System authorizes the TxDOT Executive Director to annually escalate toll rates on SH 249 by the escalation percentage indicated in the consumer price index (CPI-W) in effect on October 1st each year. The resulting toll rates will become effective automatically

on January 1 of the next calendar year and will be implemented by the Executive Director unless the Commission affirmatively votes prior to January 1 to modify the toll rate escalation percentage. At the Commission’s meeting in October 2023, TxDOT reported to the Commission that the SH 249 toll rate escalation percentage was calculated to be 2.86% for CY 2023. See more information regarding the CY 2024 toll rate escalation, in “Relevant Links: SH 249 Annual Toll Rate Escalation.”

9.0 Account Balances and Activity (In Thousands)

| Description | Market Value 11/30/23 | Revenue | Investments & Misc. | Transfers In / (Out) | Deposits / (Disbursements) | Total Change | Market Value 02/29/24 |
|--|--------------------------|-----------------|------------------------|-------------------------|-------------------------------|-----------------|--------------------------|
| Revenue Fund | \$ 6,443 | \$ 6,179 | \$ 127 | - | - | \$ 6,306 | \$ 12,749 |
| First Tier Debt Service Funds: | | | | | | | |
| Interest Account ¹ | 7,978 | - | 84 | - | (3,899) | (3,816) | 4,162 |
| Series 2019A Capitalized Interest ¹ | 1,873 | - | 26 | - | - | 26 | 1,899 |
| Series 2019A Reserve ¹ | 22,741 | - | 191 | - | - | 191 | 22,932 |
| Series 2019B Reserve ¹ | 1,371 | - | 19 | - | - | 19 | 1,390 |
| Rate Stabilization Fund | 30,628 | - | 340 | - | - | 340 | 30,968 |
| Construction Fund | 3,198 | - | 44 | - | - | 44 | 3,242 |
| Accounts held outside the Trust: ² | | | | | | | |
| Operating and Maintenance Accounts | 11,336 | - | 143 | - | (2,115) | (1,972) | 9,364 |
| Major Maintenance Accounts | 714 | - | 9 | - | - | 9 | 723 |
| Grand Total | \$ 86,280 | \$ 6,179 | \$ 983 | - | (\$ 6,014) | \$ 1,148 | \$ 87,429 |

Totals may not sum due to rounding.

¹ Deposits into funds or accounts are excluded from Revenues of the System.

² Pursuant to Section 513 and 515 of the Master Trust Agreement, the Operating and Maintenance Account and Major Maintenance Account are held separate and apart from other SH 249 funds and accounts. The accounts were created pursuant to the Master Trust Agreement, and balances of such accounts are held under the custody of the Texas Comptroller of Public Accounts and the Texas Treasury Safekeeping Trust Company.

Account Balances and Activity reflect actual balances at market value of, and actual posted activity for, funds and accounts established pursuant to the Master Trust Agreement. Revenue earned but not yet received (except for interest income on some investments) and expenses incurred but not yet paid are not reported in the above table. Toll revenues and interoperability fees for transactions occurring in a particular month are generally invoiced and paid among the partnering agencies under the Central Interoperability Agreement by the end of the following month; however, the timing of invoicing and payment among the partnering agencies may extend beyond thirty days from the end of the month in which the related transactions occurred.

Investment income generally reflect cash-basis receipts, offset by purchased accrued interest and adjusted for interest earned on TexPool investments, but not received in trust accounts until after period end.

Prior to the first day of Fiscal Year 2024, all accounts equaled or exceeded their required balances as set by the Master Trust Agreement, including the Rate Stabilization Fund. As of the first day of Fiscal Year 2024, the debt service, operations and maintenance, and major maintenance accounts were all pre-funded at 100 percent of their Fiscal Year 2024 budgeted amounts.

10.0 Investment Report as of February 29, 2024 (In Thousands)

| Account Name | Security Type | Coupon / Yield | Maturity | Book Value (\$) | Market Value (\$) |
|--|---------------|----------------|----------|------------------|-------------------|
| Revenue Fund | | | | | |
| | Money Market | 5.21% | N/A | \$ 1,286 | \$ 1,286 |
| | TexPool Prime | 5.50% | N/A | 11,463 | 11,463 |
| Revenue Fund Total | | | | \$ 12,749 | \$ 12,749 |
| First Tier Debt Service Funds | | | | | |
| First Tier Interest Account | TexPool Prime | 5.50% | N/A | \$ 4,162 | \$ 4,162 |
| First Tier Interest Account Total | | | | \$ 4,162 | \$ 4,162 |
| Series 2019A Capitalized Interest | TexPool Prime | 5.50% | N/A | \$ 1,899 | \$ 1,899 |
| Series 2019A Capitalized Interest Total | | | | \$ 1,899 | \$ 1,899 |
| Series 2019A Reserve | TexPool Prime | 5.50% | N/A | \$ 1,469 | \$ 1,469 |
| | FHLB | 0.75% | 01/27/25 | 2,499 | 2,450 |
| | FHLB | 1.00% | 08/01/25 | 5,500 | 5,292 |
| | FFCB | 1.33% | 11/03/26 | 10,000 | 9,148 |
| | FHLB | 1.38% | 11/18/26 | 5,000 | 4,573 |
| Series 2019A Reserve Total | | | | \$ 24,468 | \$ 22,932 |
| Series 2019B Reserve | TexPool Prime | 5.50% | N/A | \$ 1,390 | \$ 1,390 |
| Series 2019B Reserve Total | | | | \$ 1,390 | \$ 1,390 |
| Rate Stabilization Fund | | | | | |
| | TexPool Prime | 5.50% | N/A | \$ 25,970 | \$ 25,970 |
| | FHLMC | 6.10% | 10/30/28 | 5,000 | 4,998 |
| Rate Stabilization Fund Total | | | | \$ 30,970 | \$ 30,968 |
| Construction Fund | | | | | |
| | TexPool Prime | 5.50% | N/A | \$ 3,242 | \$ 3,242 |
| Construction Fund Total | | | | \$ 3,242 | \$ 3,242 |
| Accounts Held by Texas State Comptroller | | | | | |
| Operating and Maintenance Account | Cash | 4.92% | N/A | \$ 7,615 | \$ 7,615 |
| Major Maintenance Account | Cash | 4.92% | N/A | 580 | 580 |
| Accounts Held by Texas State Comptroller | | | | \$ 8,195 | \$ 8,195 |
| Accounts Held by Texas Treasury Safekeeping Trust Company | | | | | |
| Operating and Maintenance Account | Repo Pool | 5.27% | N/A | \$ 1,749 | \$ 1,749 |
| Major Maintenance Account | Repo Pool | 5.27% | N/A | 142 | 142 |
| Accounts Held by Texas Treasury Safekeeping Trust Company Total | | | | \$ 1,891 | \$ 1,891 |
| Grand Total | | | | \$ 88,966 | \$ 87,429 |

Market Value includes interest earned on TexPool and TexPool Prime investments but not received in Trust Accounts until after period end. Accounts Held by Texas Treasury Safekeeping Trust Company are held separate and apart from the other SH 249 funds and accounts held by the Trustee.

11.0 Other Information

TxDOT has been evaluating alternative back office system tolling service provider options to perform the services currently provided by TxDOT and its existing System service providers. In October 2023, TxDOT signed an Implementation Services Agreement with Harris County Toll Road Authority (HCTRA) to further evaluate the possibility of HCTRA performing tolling services for the

System and other toll roads owned or operated by TxDOT. There are no assurances that TxDOT will ultimately transition the back office system operations to another tolling service provider. TxDOT and its existing System service providers will continue providing back office system tolling services until any transition to HCTRA or any other tolling service provider occurs.



12.0 Relevant Links

Additional information regarding the System is available using the web addresses provided below. Such reports and additional information should not be considered to speak as of any date other than the date indicated in such document.

| | |
|--|---|
| EMMA Website | www.emma.msrb.org |
| SH 249 EMMA Issuer Homepage | https://emma.msrb.org/IssuerHomePage/Issuer?id=82D0858ED4F00CCFE053151E6E0A8F97 |
| SH 249 Annual Continuing Disclosure (Fiscal Year 2023) | https://emma.msrb.org/P21808197.pdf |
| SH 249 Annual Inspection Report (Fiscal Year 2023) | https://emma.msrb.org/P31535396.pdf |
| SH 249 2019 Official Statement | https://emma.msrb.org/ES1373659.pdf |
| 2023 Department ACFR | https://emma.msrb.org/P11751556.pdf |
| TxDOT Investor Relations Website | https://www.txdot.gov/about/financial-management/investor-relations/investor-relations-disclaimer.html |
| SH 249 Annual Toll Rate Escalation | https://emma.msrb.org/P21742443-P21338114-P21772507.pdf |

13.0 Contact Information

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