



February 20, 2024

Dear Bondowner:

The Texas Transportation Commission (the "**Commission**") appreciates your investment in our State of Texas Highway Improvement General Obligation Refunding Bonds, Taxable Series 2019 and State of Texas Highway Improvement General Obligation Refunding Bonds, Taxable Series 2020 listed hereto in **Attachment A** (collectively, the "**Target Bonds**"). Terms used in this letter and not defined herein have the same meanings assigned to them in the Commission's Invitation to Tender dated February 20, 2024 (the "**Invitation**").

You are receiving this letter because the Commission is offering *to purchase your Target Bonds for cash* (the "**Tender Offer**") in connection with a potential refinancing of certain of the Commission's outstanding debt.

The Tender Offer is further described in the Invitation, and is subject to the terms and conditions described therein. Information concerning the Commission and its proposed issuance of its State of Texas Highway Improvement General Obligation Refunding Bonds, Series 2024 (the "**Series 2024 Bonds**"), which will be issued to fund, among other purposes, the Aggregate Purchase Price of the tendered Target Bonds accepted by the Commission for purchase pursuant to the Invitation, is described in the Commission's Preliminary Official Statement dated February 20, 2024 (the "**Series 2024 Bonds POS**") and attached as Appendix A to the Invitation. *Please see below for directions regarding how to access the Invitation and related offer documents via the web.*

## **Background**

The Tender Offer is part of a plan by the Commission to refinance certain of its outstanding indebtedness, including the purchase of some or all of the Target Bonds, for debt service savings (the "**Refunding Plan**"), as described in the Series 2024 Bonds POS. The Series 2024 Bonds, if issued, will produce no more than approximately \$1.013 billion in bond proceeds (the "**Cap Amount**") which will be used to finance the Refunding Plan and to pay the costs and expenses of the Tender Offer and issuing the Series 2024 Bonds. The Commission intends to purchase up to all of the Target Bonds validly tendered pursuant to the Invitation, though depending upon the results of this Tender Offer and other factors including the Financing Conditions and the Cap Amount, the Commission, in its sole discretion, may elect to purchase less than all of the Target Bonds so tendered. The Commission anticipates paying for the Target Bonds validly tendered and accepted for purchase pursuant to the Invitation, together with the costs related thereto, from proceeds of the Series 2024 Bonds anticipated to be issued on the Settlement Date (as set forth in the Invitation). Interest on Target Bonds validly tendered and purchased to but not including the Settlement Date ("**Accrued Interest**") is expected to be paid from available funds of the Commission.

## **What Price is the Commission Offering to Purchase My Target Bonds?**

Each Bondowner is invited to offer to sell to the Commission, for payment in cash, all or part of its beneficial ownership interests in the Target Bonds in the tables on page (ii) of the Invitation and Attachment A hereto. The Offer Purchase Price for Bondowners of the Target Bonds will be based on a Fixed Spread to be added to the yield on certain benchmark United States Treasury Securities. **In no event will the Commission purchase Target Bonds at a price in excess of 100% of the principal amount of such Target Bonds. Please see the Invitation (as well as Attachment A) for the Indicative Fixed Spreads that the Commission intends to offer for your Target Bonds.**



Please note that the Indicative Fixed Spreads, in addition to the illustrative Offer Purchase Prices, which have been provided for convenience only in the Invitation, are subject to change. On or about February 27, 2024, the Commission expects to publish the Pricing Notice (described in the Invitation), which will either confirm or amend the Indicative Fixed Spread for each Target Bond subject to the Invitation. On March 6, 2024, the Commission expects to determine the Offer Purchase Prices for the Target Bonds pursuant to the calculations described in the Invitation and will publish the resulting respective Offer Purchase Prices. **Should any Offer Purchase Price for any Target Bond exceed 100% of the principal amount (par value) calculated as described in the Invitation, the Offer Purchase Price shall be capped to par.**

**The Commission has no obligation to accept for purchase any tendered Target Bonds, and the Commission's obligation to accept for purchase Target Bonds validly tendered (and not validly withdrawn) pursuant to the Invitation are subject to the satisfaction of or waiver of the conditions described in the Invitation on or prior to the Settlement Date.**

*In deciding whether, and if so, how to respond to the Tender Offer, you should contact your broker, account executive, financial advisor and/or other professional to discuss the Tender Offer and the options available to you.*

#### **What Happens if I Choose Not to Participate?**

Bondowners of Target Bonds, who do not accept the Tender Offer, as well as Bondowners of Target Bonds who tender their Target Bonds for purchase that the Commission chooses not to accept, will remain outstanding and the Bondowner will continue to hold such Target Bonds in their account. See the Invitation under the heading "Additional Considerations".

***The deadline to offer your Target Bonds for purchase is Monday, March 4, 2024, at 5:00 p.m., New York City time, unless extended or earlier terminated.*** Should you wish to participate in the Tender Offer, please contact your bank, broker or other financial advisor in advance of this date so that they may have sufficient time to relay your instructions to the Commission prior to expiration of the Tender Offer.

This brief letter does not provide all of the information that you will need to consider the Commission's Tender Offer. The Tender Offer is only being made pursuant to the Invitation. ***Bondowners should carefully read the entire Invitation, the Series 2024 Bonds POS, the Pricing Notice (to be published on or about February 27, 2024), and all appendices to both documents, because these documents contain information, including the various terms of and conditions to the Tender Offer that Bondowners should consider before making any decision regarding tendering their Target Bonds.***

The Invitation along with the Series 2024 Bonds POS, attached as Appendix A thereto, are available electronically on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website, currently located at <http://emma.msrb.org>, using the CUSIP numbers for the Target Bonds listed in this Attachment A and the Invitation, as well as the website of the Information Agent at [www.globic.com/txdot](http://www.globic.com/txdot). Throughout the term of and upon expiration of the Tender Offer, the Commission will post notices regarding the Tender Offer at these same weblinks.



Institutional investors with questions about the Tender Offer should contact the Dealer Manager at:

**Jefferies LLC**  
Attn: Municipal Syndicate Desk  
Tel: (800) 567-8567  
Email: [muni\\_underwriting@jefferies.com](mailto:muni_underwriting@jefferies.com)

Individual investors and their brokers, account executives, financial advisors and/or other appropriate professionals with questions about the Tender Offer should contact the Information Agent, Robert Stevens of Globic Advisors, at: (212) 227-9622 or by email: [rstevens@globic.com](mailto:rstevens@globic.com).

Please note that the Commission retains the right to modify or withdraw the Tender Offer as more fully described in the Invitation.

Thank you for taking the time to consider the Commission's Tender Offer.

**TEXAS TRANSPORTATION COMMISSION**

## Attachment A

### TARGET BONDS SUBJECT TO TENDER OFFER FOR CASH

**TEXAS TRANSPORTATION COMMISSION  
STATE OF TEXAS  
HIGHWAY IMPROVEMENT GENERAL OBLIGATION REFUNDING BONDS,  
TAXABLE SERIES 2019**

CUSIP No <sup>(1)</sup>	Maturity Date (April 1)	Average Life Date <sup>(2)</sup>	Interest Rate (%)	Outstanding Principal Amount	Par Call Date	Benchmark Treasury Security <sup>(3)</sup>	Indicative Fixed Spreads <sup>(4)</sup>
882724QD2	2025	N/A	4.000	\$3,795,000	N/A	2-Year	+0.0 bps
882724QE0	2026	N/A	4.000	3,945,000	N/A	2-Year	+0.0 bps
882724QF7	2027	N/A	4.000	4,100,000	N/A	3-Year	+0.0 bps
882724QG5	2028	N/A	3.000	33,070,000	N/A	5-Year	-25.0 bps
882724QH3	2029	N/A	3.000	34,065,000	N/A	5-Year	-22.0 bps
882724QJ9	2030	N/A	2.604	35,080,000	04/01/2029	7-Year	-17.0 bps
882724QK6	2031	N/A	2.704	36,000,000	04/01/2029	7-Year	-12.5 bps
882724QL4	2032	N/A	2.804	36,970,000	04/01/2029	10-Year	-10.0 bps
882724QM2	2033	N/A	2.884	38,005,000	04/01/2029	10-Year	-5.0 bps
882724QN0	2034	N/A	2.964	39,105,000	04/01/2029	10-Year	+3.0 bps
882724QP5	2044	09/02/2039	3.211	427,655,000	04/01/2029	10-Year	+39.0 bps

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

CUSIP No <sup>(1)</sup>	Maturity Date (April 1)	Average Life Date <sup>(2)</sup>	Interest Rate (%)	Outstanding Principal Amount	Par Call Date	Benchmark Treasury Security <sup>(3)</sup>	Indicative Fixed Spreads <sup>(4)</sup>
882830AP7	2042	08/12/2038	2.562	\$325,755,000	04/01/2030	10-Year	+37.0 bps

- (1) CUSIP is a registered trademark of FactSet. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and the Commission is not responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.
- (2) Average life date is shown for the Target Term Bonds (as defined herein) only. The Target Term Bonds will be priced to their respective average life dates.
- (3) Each Benchmark Treasury Security (as defined herein) will be the most recently auctioned "on-the-run" United States Treasury Security for the maturity indicated as of the date and time that the Offer Purchase Price for the Target Bonds is set, currently expected to be approximately 10:00 a.m. ET on March 6, 2024.
- (4) Indicative Fixed Spreads (as defined herein) are preliminary and subject to change. Actual Fixed Spreads for each CUSIP number will appear in the Pricing Notice. **FOR THE AVOIDANCE OF DOUBT, IF THE DETERMINED OFFER PURCHASE PRICE FOR ANY MATURITY AND CORRESPONDING CUSIP OF THE TENDERED BONDS IS MORE THAN 100%, THEN THE OFFER PURCHASE PRICE WILL BE CAPPED AT 100%. SEE Section 2, "Information to Bondowners - Tender Consideration - Determination of Offer Purchase Prices" IN THE INVITATION.**