



GRAND PARKWAY SYSTEM

Annual Continuing Disclosure Report

For the Fiscal Year Ended August 31, 2018

Filed by February 28, 2019

Filed by Grand Parkway Transportation Corporation
Pursuant to Continuing Disclosure Undertakings
For Compliance with SEC Rule 15c2-12

**Grand Parkway System
Annual Continuing Disclosure Report
For the Fiscal Year Ended August 31, 2018**

Filed by Grand Parkway Transportation Corporation

**Relating to Each Outstanding Issue of the Grand Parkway Transportation Corporation
With CUSIP Prefix 38611T and CUSIP No. 38612PAA2**

The financial information and operating data contained in this report (this "Annual Report") with respect to the Grand Parkway Transportation Corporation (the "Corporation" or "GPTC") and the Grand Parkway System (also referred to as the "System") is being provided in accordance with the contractual continuing disclosure undertakings (collectively, the "Undertaking") of the Corporation described in the various official statements and offering memorandums (collectively, the "Official Statements") for the Corporation's outstanding municipal debt issues (each an "Issue"). Pursuant to the rules of the Municipal Securities Rulemaking Board (the "MSRB"), the participating underwriters for each Issue were required to file a copy of the Official Statement for each Issue with the MSRB, copies of which are available on the MSRB's Electronic Municipal Market Access system ("EMMA") website. All documents referenced in this Annual Report as having been filed on EMMA may be accessed at the Corporation's EMMA home page by clicking [here](#). The Official Statements should not be considered to speak as of any date other than the respective date indicated in each such document. Capitalized terms used in this Annual Report and not otherwise defined herein shall have the meanings given in the Official Statements.

Information the Corporation has agreed to provide pursuant to the Undertaking may be reported in full text herein or may be incorporated by reference to certain other publicly available documents. This Annual Report contains information prescribed by the Undertaking, and the Corporation does not make any representation or warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes or other obligations payable, in whole or in part, from the sources pledged to the payment of the Issues. 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 are not incorporated into, and are not part of, this Annual Report.

The financial information and operating data to be provided annually as described under the heading "Continuing Disclosure of Information - The Corporation - Annual Reports" in the Official Statements are as specified below. The titles, formatting and numbering of the tables contained in this Annual Report may deviate from the comparable tables contained in the Official Statements. Certain information contained in this Annual Report, including the information herein under the section entitled "Supplemental Information", is not required to be provided by the Undertaking and should not be construed as obligating the Corporation to provide such additional information in its future continuing disclosure filings.

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I. Annual Financial Information and Operating Data Update Required by the Undertaking

A. Toll Equity Loan Agreement – MAAA, TELA-Supported Debt Service & Jr. Operating Expenses

The following table sets out the Maximum Available Annual Amount ("MAAA"), Annual TELA-Supported Debt Service and TELA Supported Junior Operating Expenses in each year through the final maturity of the TELA Bonds, as of August 31, 2018.

(In Thousands)

FYE 31-Aug	TELA Supported	Estimated TELA Supported	Annual TELA Supported Debt Service and	TELA Maximum Available Annual Amount ("MAAA")	TELA MAAA / Annual TELA
	Net Debt Service ¹	Junior Operating Expenses ²	Estimated TELA Supported Junior Operating Expenses		Supported Debt Service and Estimated TELA Supported Junior Operating Expenses ³
	A	B	C = A + B	D	E = D / C
2019	\$ 78,934	\$ 37,948	\$ 116,882	\$ 116,882	100.0
2020	78,934	39,734	118,668	118,668	100.0
2021	78,934	41,214	120,148	120,148	100.0
2022	78,934	42,048	120,982	120,982	100.0
2023	122,865	43,163	166,028	166,028	100.0
2024	219,602	43,791	263,393	269,511	102.3
2025	148,779	44,940	193,719	199,855	103.2
2026	148,779	46,563	195,342	201,488	103.1
2027	148,779	48,396	197,175	203,331	103.1
2028	148,779	50,417	199,196	205,364	103.1
2029	148,779	52,249	201,028	207,206	103.1
2030	150,818	54,080	204,898	211,098	103.0
2031	164,079	56,102	220,181	226,469	102.9
2032	172,391	57,755	230,146	236,492	102.8
2033	177,682	60,178	237,860	244,249	102.7
2034	187,991	62,689	250,680	257,143	102.6
2035	198,869	64,897	263,766	270,304	102.5
2036	207,693	67,142	274,835	281,437	102.4
2037	213,559	69,181	282,740	289,387	102.4
2038	220,571	71,708	292,279	298,981	102.3
2039	224,131	73,597	297,728	304,461	102.3
2040	224,817	75,658	300,475	307,224	102.2
2041	223,999	78,250	302,249	309,008	102.2
2042	220,970	80,349	301,319	308,073	102.2
2043	197,863	83,010	280,873	287,509	102.4
2044	151,746	85,333	237,079	243,464	102.7
2045	215,385	87,362	302,747	309,508	102.2
2046	211,200	89,123	300,323	307,071	102.2
2047	203,326	91,121	294,447	301,161	102.3
2048	198,769	94,019	292,788	299,492	102.3
2049	189,804	96,095	285,899	292,564	102.3
2050	176,563	97,939	274,502	280,401	102.1
2051	351,658	99,991	451,649	457,303	101.3
2052	450,316	101,840	552,156	557,253	100.9
2053	442,244	103,831	546,075	549,886	100.7
Total	\$ 6,778,542	\$ 2,391,713	\$ 9,170,255	\$ 9,359,398	

Note: Totals may not add due to rounding.

Notes:

- Includes debt service on all TELA Supported Bonds and is shown net of capitalized interest. Debt service on the Series 2016 Bonds is shown in accordance with the terms thereof, maturing October 1, 2023. Interest on the Series 2018B Bonds is assumed at 5.00% following the Initial Term Fixed Rate Period
- TELA Supported Junior Operating Expenses consist of all Junior Operating Expenses for the System facilities that comprise the Initial Project (including the estimated Junior Operating Expenses for the SH 249 Connectors) and constitute "Operating Expenses" under the TELA. No assurances can be provided that the SH 249 Connectors will eventually be constructed. Amounts are obtained from the Grand Parkway Engineer's Report Segment H and I, dated April 2, 2018, prepared by HNTB Corporation, which is contained in the 2018 Bonds Official Statement (as defined on page 6 of this Annual Report). The Corporation's fiscal year 2019 adopted budget for TELA Supported Junior Operating Expenses is \$44,050,000. If actual Revenues of the Grand Parkway System and/or TELA Supported Junior Operating Expenses differ from their estimates, the MAAA may not be sufficient to cover both TELA Supported Junior Operating Expenses and TELA Supported Debt Service.
- The ability of the Trustee to obtain advances under the TELA is subject to the TELA Limitations and other provisions of the TELA.

Annual Continuing Disclosure Report for Fiscal Year Ended August 31, 2018 – Grand Parkway System

B. Pro Forma Debt Service Requirements

The table below provides the total debt service requirements for the outstanding obligations of the Corporation secured by the Revenues of the Grand Parkway System as of August 31, 2018, and therefore the table below excludes debt service on the 2018 BANs (as defined on page 6 of this Annual Report).

(In Thousands)

FYE Aug-31	First Tier Series Debt Service			Second Tier Debt Service ¹			TELA-Supported Subordinate Tier Debt Service ²			Total System Debt Service
	Principal	Interest	Total First Tier Debt Service	Principal	Interest/ Accreted Interest	Total Second Tier Debt Service	Principal	Net Interest/ Compounded Interest	Total TELA- Supported Subordinate Tier Debt Service	
2019		\$ 10,821	\$ 10,821					\$ 78,934	\$ 78,934	\$ 89,755
2020		10,821	10,821					78,934	78,934	89,755
2021		10,821	10,821		34,528	34,528		78,934	78,934	124,282
2022		10,821	10,821		34,575	34,575		78,934	78,934	124,329
2023		10,821	10,821		34,575	34,575		122,865	122,865	168,261
2024		10,821	10,821		34,622	34,622		137,910	137,910	183,353
2025		10,821	10,821		34,528	34,528		152,968	152,968	198,317
2026		10,821	10,821	360	34,618	34,978		152,968	152,968	198,767
2027		10,821	10,821	835	34,659	35,494		152,968	152,968	199,283
2028		10,821	10,821	1,315	34,728	36,043		152,968	152,968	199,832
2029		10,821	10,821	1,790	34,634	36,424		152,968	152,968	200,213
2030		10,821	10,821	2,270	34,664	36,934	2,090	152,916	155,006	202,761
2031		10,821	10,821	2,745	34,626	37,371	15,800	152,468	168,268	216,460
2032	330	10,813	11,143	3,295	34,624	37,919	25,150	151,430	176,580	225,642
2033	740	10,785	11,525	3,865	34,462	38,327	31,905	149,965	181,870	231,722
2034	1,180	10,736	11,916	4,445	34,417	38,862	44,190	147,990	192,180	242,958
2035	1,660	10,663	12,323	5,010	34,300	39,310	57,730	145,328	203,058	254,691
2036	2,175	10,565	12,740	5,585	34,207	39,792	69,905	141,977	211,882	264,414
2037	2,735	10,439	13,174	6,545	34,000	40,545	79,690	138,058	217,748	271,467
2038	3,340	10,283	13,623	8,455	34,002	42,457	91,105	133,655	224,760	280,840
2039	3,990	10,096	14,086	11,510	34,013	45,523	99,530	128,790	228,320	287,928
2040	4,690	9,873	14,563	15,740	34,079	49,819	105,450	123,556	229,006	293,389
2041	5,445	9,613	15,058	21,280	33,994	55,274	110,140	118,048	228,188	298,521
2042	6,255	9,314	15,569	28,155	33,967	62,122	112,810	112,349	225,159	302,850
2043	7,125	8,971	16,096	36,370	33,770	70,140	114,005	106,577	220,582	306,818
2044	8,065	8,582	16,647	45,945	33,431	79,376	117,380	100,755	218,135	314,158
2045	9,065	8,126	17,191	57,030	32,765	89,795	120,870	94,515	215,385	322,370
2046	10,175	7,596	17,771	69,645	31,930	101,575	123,380	87,820	211,200	330,546
2047	11,365	7,004	18,369	83,775	30,716	114,491	122,255	81,071	203,326	336,187
2048	12,645	6,344	18,989	99,445	29,122	128,567	124,485	74,284	198,769	346,325
2049	14,015	5,611	19,626	116,640	27,001	143,641	122,180	67,624	189,804	353,070
2050	15,490	4,799	20,289	135,365	24,409	159,774	115,135	61,428	176,563	356,626
2051	17,065	3,904	20,969	154,230	21,797	176,027	101,050	50,608	171,658	356,654
2052	18,755	2,919	21,674				81,270	32,046	150,316	356,990
2053	43,695	1,838	45,533				426,800	15,444	442,244	487,777
Total	\$200,000	\$319,546	\$519,546	\$840,645	\$1,010,762	\$1,851,407	\$2,951,305	\$3,910,050	\$6,861,355	\$9,232,308

Totals may not add due to rounding.

Notes:

¹ Represents the "2014 TIFIA Loan" (as defined in the 2018 Bonds Official Statement), which is a Second Tier Obligation under the Trust Agreement

² Net of capitalized interest. Assumes that the Series 2016 Bonds will be refunded on the maturity date thereof with Subordinate Tier TELA Obligations bearing interest at a rate of 5.00%, with mandatory sinking fund installments in 2042 and 2043. Assumes that the Series 2018B Bonds will be remarketed and bear interest at a rate of 5.00% following the Initial Term Fixed Rate Period.

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C. Historical Revenues, Expenses and Debt Service Coverage¹

The table below provides historical actual toll revenues, expenses and debt service coverage.

(In Thousands)

	Fiscal Years Ended		
	August 31, 2016	August 31, 2017	August 31, 2018
Revenues of the System			
Toll Revenue	\$78,117	\$145,325	\$171,631
Fee Revenue ²	5,773	12,905	3,592
Interest & Investment Income ³	1,744	3,372	11,265
Total	<u>\$85,634</u>	<u>\$161,602</u>	<u>\$186,488</u>
Senior Operating Expenses ⁴	<u>0</u>	<u>0</u>	<u>0</u>
Senior Net Revenues	\$85,634	\$161,602	\$186,488
Debt Service			
First Tier Obligations ⁵	\$0	\$5,371	\$10,821
Second Tier Obligations ⁵	0	0	0
Subordinate Tier Obligations ⁵	0	35,174	78,934
Total Debt Service	<u>\$0</u>	<u>\$40,545</u>	<u>\$89,755</u>
Coverage of First Tier Debt Service by Senior Net Revenues	NA	30.09x	17.23x
Coverage of First and Second Tier Debt Service by Senior Net Revenues	NA	30.09x	17.23x
Coverage of Total First, Second and Subordinate Tier Debt Service by Senior Net Revenues	<u>NA</u>	<u>3.99x</u>	<u>2.08x</u>
Current Revenues in Excess of Current Debt Service	<u>\$85,634</u>	<u>\$121,058</u>	<u>\$96,733</u>
Junior Operating Expenses ^{4,6}	<u>\$14,403</u>	<u>\$29,879</u>	<u>\$36,496</u>
Total Current Fiscal Year Available Revenues ⁷	<u>\$71,231</u>	<u>\$91,179</u>	<u>\$60,237</u>

Totals may not add due to rounding.

Notes:

- Revenues and expenses are reported on the accrual basis of accounting. Amounts were obtained from the Corporation's audited financial statements.
- Fee revenue includes revenues from TxDOT violation fees and charges. Fee revenues are recognized in the Corporation's audited financial statements when earned, which is at the time cash payment is received.
- Primarily comprised of interest earnings on the Construction Fund and the Rate Stabilization Fund. Fiscal Year 2018 includes insurance proceeds related to impact of flooding during construction of Segments F-1, F-2 and G in FY 2015
- There were no Senior Operating Expenses for the System for Fiscal Years 2016, 2017 or 2018. The operation and maintenance expenses for the System facilities that comprise the Initial Project have been designated as Junior Operating Expenses and constitute TELA Supported Junior Operating Expenses. The operation and maintenance expenses for the H and I Project and the System facilities that comprise Segment I-2A have been designated as Senior Operating Expenses; however, such expenses of Segment I-2A will not become the responsibility of the Corporation until the H and I Project has achieved substantial completion pursuant to the terms of the Design Build Agreement.
- Debt service amounts are net of capitalized interest and exclude debt service on the 2018 BANs. There was no debt service due on outstanding Obligations in excess of capitalized interest for Fiscal Year 2016, and there were no Second Tier Obligations outstanding during Fiscal Year 2016. The full amount of the 2014 TIFIA Loan, which is a Second Tier Obligation, was drawn upon in December 2016. No debt service was due on the 2014 TIFIA Loan during Fiscal Years 2017 or 2018.
- Amounts shown for Junior Operating Expenses do not include depreciation or amortization. There were no Major Maintenance Expenses incurred by the Corporation for Fiscal Years 2016 or 2017. The Corporation incurred approximately \$201,000 in Major Maintenance Expenses in Fiscal Year 2018.
- Revenues in excess of current debt service less Junior Operating Expenses, for a particular year.

The updated, actual financial information for the table entitled "Actual and Estimated Revenues, Expenses & Debt Service Coverage", as reported in prior continuing disclosure annual reports, is presented in the table above.

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II. Construction Progress Reports

Copies of the progress reports required under the Trust Agreement are available on EMMA and are incorporated by reference into and made a part of this Annual Report.

The GPTC Quarterly Construction Progress Reports for Segments H and I are available as follows:

- Initial GPTC Construction Progress Report as of August 31, 2018 is available by clicking [here](#).
- GPTC Construction Progress Report as of November 30, 2018 (the most recent) is available by clicking [here](#).

III. Annual Financial Statements

The Fiscal Year 2018 audited annual financial statements (“AFR”) of the Corporation are available on EMMA by clicking [here](#) and are incorporated by reference into and made a part of this Annual Report.

IV. Supplemental Information:

A. Series 2018 Financing for the H and I Project

On May 30, 2018, the Corporation issued the following obligations for the purpose of financing the costs of designing and constructing the H and I Project: Grand Parkway System Subordinate Tier Toll Revenue Bonds, Series 2018A (TELA Supported) and Grand Parkway System Subordinate Tier Toll Revenue Put Bonds, Series 2018B (TELA Supported) (collectively, the “2018 Bonds”); and Bond Anticipation Notes, Series 2018 (the “2018 BANs”).

Additional information regarding the 2018 Bonds can be obtained by viewing the Official Statement dated May 16, 2018 relating to the 2018 Bonds (the “2018 Bonds Official Statement”) by clicking [here](#), and additional information regarding the 2018 BANs can be obtained by viewing the Offering Memorandum dated May 16, 2018 relating to the 2018 BANs (the “2018 BANs Offering Memorandum”) by clicking [here](#).

B. Fitch Ratings Upgrade from “A-” to “A+” with Outlook Stable

On January 23, 2019, Fitch Ratings upgraded its rating on GPTC's 2013 First Tier Toll Revenue Bonds, 2018 BANs, and Second Tier 2014 TIFIA Loan that were outstanding on such date from "A-" to "A+" with the outlook stable for all such obligations.

C. 2019 TIFIA Loan

Pursuant to the Seventh Supplemental Agreement dated February 21, 2019, the Corporation entered into a Transportation Infrastructure Finance and Innovation Act Loan Agreement with the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau, pursuant to which the Corporation is authorized, subject to the conditions set forth therein, to borrow up to \$605,330,000 to pay or reimburse the Corporation for certain eligible costs related to the H and I Project (referred to herein as the “2019 TIFIA Loan”). The 2019 TIFIA Loan, if drawn upon, will be a First Tier Obligation, and the proceeds are anticipated to be used to refinance all or a portion of the Corporation’s outstanding 2018 BANs. Any disbursement of the proceeds of the 2019 TIFIA Loan would be subject to the satisfaction of certain conditions precedent. The loan agreement for the 2019 TIFIA Loan is available on EMMA and can be accessed by clicking [here](#). Additional information regarding the 2019 TIFIA Loan is available in the 2018 Bonds Official Statement and the 2018 BANs Offering Memorandum. The 2019 TIFIA Loan is referred to as the “H and I TIFIA Loan” in such offering documents.

An amendment to the 2014 TIFIA Loan Agreement, to conform certain terms to the terms of the 2019 TIFIA Loan Agreement, is under negotiation and is expected to be executed shortly after the execution of the 2019 TIFIA Loan Agreement.

V. Additional Relevant Links

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

Description	Link
GPTC EMMA Issuer Homepage	https://emma.msrb.org/IssuerHomePage/Issuer?id=FE6B36B2ABF03965E043151ED20A5A56&type=M
GPTC Website	http://www.grandparkwaysystem.org
GPTC Traffic and Operating Report (“T&O”) Fiscal Quarter Ended November, 30, 2018	https://emma.msrb.org/ER1190895-ER931701-ER1332688.pdf
GPTC Fiscal Year 2018 AFR	https://emma.msrb.org/ER1180571-ER922935-ER1323617.pdf
GPTC Toll Rate Schedules: Rates per toll plaza Rates per tolled segment lengths (T&O Table 5)	https://www.txtag.org/en/about/tollroad_grndpky_sh99.shtml https://emma.msrb.org/ER1190895-ER931701-ER1332688.pdf
State Highway Fund EMMA Issuer Homepage	www.emma.msrb.org/IssuerHomePage/Issuer?id=FE6AF031FB2E2FD1E043151ED20ABC22&type=M

VI. Contact Information

For additional information concerning this report, please contact:

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