

State Highway 99 Grand Parkway System

Annual Continuing Disclosure Report

For the Fiscal Year ended August 31, 2021



Relating to Each Outstanding Issue with CUSIP Prefix 38611T and CUSIP 38612PAA2
Filed by the Grand Parkway Transportation Corporation on February 28, 2022
Pursuant to Continuing Disclosure Undertakings for Compliance with SEC Rule 15c2-12



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1.0 Disclaimer

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 on [the Corporation’s EMMA home page](#). 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.

On March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency and the Texas Governor declared COVID-19 an imminent threat of disaster for all counties in Texas. The situation continues to evolve; for additional information on these events in Texas, reference is made to the website of the Governor at <https://gov.texas.gov/> and the quarterly Bond Appendix and any supplements thereto as prepared by the Texas Comptroller of Public Accounts which are on file with the MSRB’s EMMA system. The Texas Transportation Commission (the “Commission”) and the Texas Department of Transportation (“TxDOT”) continue to monitor the spread of COVID-19 and are working with local, state, and national agencies to address the potential impact of COVID-19.

The information contained in this Annual Report is provided as of the respective dates and for the periods specified herein, and the filing of this Annual Report does not, under any circumstances, imply that there has been no change in the affairs of the Grand Parkway System, GPTC or TxDOT since the specified date or dates as of which such information is provided. The full impact of the COVID-19 pandemic and the scope of any adverse impact on the Grand Parkway System, Revenues of the System, GPTC and TxDOT cannot be fully determined at this time. The pandemic has adversely affected travel, commerce, and financial markets globally and may continue to adversely affect economic output worldwide and in Texas, including within the counties traversed by the Grand Parkway System. Accordingly, the historical information set forth in this Annual Report may not be indicative of future results or performance due to these and other factors.

2.0 Annual Financial Information and Operating Data Required by the Undertaking

A. Toll Equity Loan Agreement-MAAA, TELA-Supported Debt Service, and Jr. Operating Expenses (In Thousands)

The following table details the Maximum Available Annual Amount ("MAAA"), Annual TELA-Supported Debt Service, and TELA Supported Junior Operating Expense in each year through the final maturity of the TELA Bonds as of August 31, 2021.

FYE 31-Aug	TELA Supported Net Debt Service ¹	Estimated TELA Supported Junior Operating Expenses ²	Annual TELA Supported Debt Service and Estimated TELA Supported Junior Operating Expenses	TELA Maximum Available Annual Amount ("MAAA")	TELA MAAA / Annual TELA Supported Debt Service and Projected TELA Supported Junior Operating Expenses ³
	A	B	C = A + B	D	E = D / C
2022	\$78,930	\$42,048	\$120,978	\$120,982	100.0%
2023	122,862	43,163	166,025	166,028	100.0%
2024	224,182	43,791	267,973	269,511	100.6%
2025	137,293	44,940	182,233	199,855	109.7%
2026	137,291	46,563	183,854	201,488	109.6%
2027	137,295	48,396	185,691	203,331	109.5%
2028	137,294	50,417	187,711	205,364	109.4%
2029	137,293	52,249	189,542	207,206	109.3%
2030	139,332	54,080	193,412	211,098	109.1%
2031	152,590	56,102	208,692	226,469	108.5%
2032	160,906	57,755	218,661	236,492	108.2%
2033	166,196	60,178	226,374	244,249	107.9%
2034	176,506	62,689	239,195	257,143	107.5%
2035	187,380	64,897	252,277	270,304	107.1%
2036	196,207	67,142	263,349	281,437	106.9%
2037	202,074	69,181	271,255	289,387	106.7%
2038	209,086	71,708	280,794	298,981	106.5%
2039	212,642	73,597	286,239	304,461	106.4%
2040	213,330	75,658	288,988	307,224	106.3%
2041	212,512	78,250	290,762	309,008	106.3%
2042	209,484	80,349	289,833	308,073	106.3%
2043	186,374	83,010	269,384	287,509	106.7%
2044	140,259	85,333	225,592	243,464	107.9%
2045	203,896	87,362	291,258	309,508	106.3%
2046	199,714	89,123	288,837	307,071	106.3%
2047	191,839	91,121	282,960	301,161	106.4%
2048	187,284	94,019	281,303	299,492	106.5%
2049	178,318	96,095	274,413	292,564	106.6%
2050	164,378	97,939	262,317	280,401	106.9%
2051	338,220	99,991	438,211	457,303	104.4%
2052	435,750	101,840	537,590	557,253	103.7%
2053	426,437	103,831	530,268	549,886	103.7%
Total	\$6,203,155	\$2,272,817	\$8,475,972	\$9,003,701	

Totals may not compute due to rounding.

NOTE: POS notes should be good, need to add to footnote 1 indicated that it excludes the refunded bonds and includes estimated debt service for the refunding bonds, preliminary and subject to change.

¹ 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 8.00% following the Initial Term Fixed Rate Period.

² 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 incorporated by reference into the final Official Statement dated February 11, 2020 relating to the obligations of the Corporation described therein (the "2020 Bonds Official Statement").

The Corporation's Fiscal Year 2022 adopted budget for TELA Supported Junior Operating Expenses is \$56,267,000. 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.

³ The ability of the Trustee to obtain advances under the TELA is subject to the TELA Limitations and other provisions of the TELA.

B. Pro Forma Debt Service Requirements (In Thousands)

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, 2021, and therefore excludes debt service on the 2018 BANs.

FYE 31- Aug	First Tier Debt Service ¹			TELA-Supported Subordinate Tier Debt Service ²			Total System Debt Service
	Principal	Interest	Total First Tier Debt Service	Principal	Net Interest/ Compounded Interest	Total TELA- Supported Subordinate Tier Net Debt Service	
2022		\$ 40,695	\$ 40,695	\$ 18,485	\$ 60,445	\$ 78,930	\$ 119,625
2023		40,695	40,695	18,780	104,082	122,862	163,558
2024		40,695	40,695	19,085	118,825	137,910	178,605
2025		40,695	40,695	2,780	133,706	136,486	177,182
2026		40,695	40,695	2,825	133,659	136,484	177,180
2027	\$ 935	40,686	41,621	2,880	133,608	136,488	178,108
2028	985	40,665	41,650	2,935	133,552	136,487	178,137
2029	1,025	40,643	41,668	2,995	133,491	136,486	178,154
2030	1,075	40,618	41,693	4,331	134,193	138,525	180,217
2031	1,120	40,591	41,711	16,111	135,672	151,783	193,494
2032	1,505	40,553	42,058	23,450	136,649	160,099	202,157
2033	1,965	40,495	42,460	27,933	137,456	165,389	207,849
2034	2,725	40,405	43,130	37,737	137,962	175,699	218,830
2035	3,715	40,272	43,987	48,558	138,015	186,573	230,560
2036	4,795	40,086	44,881	57,766	137,635	195,400	240,281
2037	6,225	39,845	46,070	70,998	130,269	201,267	247,337
2038	8,905	39,523	48,428	94,840	113,439	208,279	256,706
2039	12,900	39,062	51,962	103,375	108,460	211,835	263,797
2040	18,325	38,407	56,732	109,415	103,108	212,523	269,256
2041	25,190	37,498	62,688	114,230	97,475	211,705	274,393
2042	33,770	36,271	70,041	117,035	91,642	208,677	278,718
2043	43,920	34,664	78,584	118,365	85,732	204,097	282,681
2044	55,760	32,610	88,370	121,885	79,768	201,653	290,022
2045	69,215	30,125	99,340	92,342	106,558	198,900	298,240
2046	84,550	27,149	111,699	94,612	100,106	194,718	306,417
2047	101,680	23,535	125,215	93,827	93,015	186,843	312,058
2048	120,695	19,211	139,906	96,605	85,682	182,288	322,194
2049	141,515	14,104	155,619	114,183	59,139	173,322	328,941
2050	164,275	8,139	172,414	118,980	41,099	160,079	332,494
2051	93,860	3,489	97,349	301,610	33,565	335,175	432,523
2052	18,010	1,742	19,752	412,485	21,347	433,832	453,584
2053	42,890	720	43,610	418,595	7,169	425,764	469,373
Total	\$1,061,530	\$1,034,582	\$2,096,112	\$2,880,035	\$3,266,524	\$6,146,558	\$8,242,670

Totals may not compute due to rounding.

¹ All interest shown is net of capitalized interest. The 2019 TIFIA Loan Agreement was refinanced and replaced on August 19, 2021, with a new TIFIA Loan Agreement (the "2021 TIFIA Loan Agreement"). This table excludes debt service on the 2021 TIFIA Note. The 2021 TIFIA Note is in an aggregate principal amount up to \$605,330,000 and evidences the Corporation's obligation to repay amounts borrowed under the 2021 TIFIA Loan Agreement. No amounts have been borrowed under the 2021 TIFIA Loan Agreement as of the date of this Annual Report. The 2021 TIFIA Note will constitute a First Tier Obligation in the event the 2021 TIFIA Loan Agreement is drawn upon, and the proceeds are anticipated to be used to refinance all or a portion of the 2018 BANs.

² Net of capitalized interest. Assumes that (i) 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, and (ii) the Series 2018B Bonds will be remarketed and bear interest at a rate of 5.00% following the Initial Term Fixed Rate Period.

C. Historical Revenues, Expenses, and Debt Service Coverage¹ (In Thousands)

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

	Fiscal Year Ended August 31,				
	2017	2018	2019	2020	2021
Revenues of the System					
Toll Revenue	\$ 145,325	\$ 171,631	\$ 201,208	\$ 183,749	\$ 189,466
Fee Revenue ²	12,905	3,592	5	-	-
Interest and Investment Income ³	3,372	11,265	27,609	17,507	5,413
Total	\$ 161,602	\$ 186,488	\$ 228,822	\$ 201,256	\$ 194,879
Senior Operating Expenses⁴	-	-	-	-	-
Senior Net Revenues	\$ 161,602	\$ 186,488	\$ 228,822	\$ 201,256	\$ 194,879
Debt Service					
First Tier Obligations ⁵	\$ 5,371	\$ 10,821	\$ 10,821	\$ 10,030	\$ 44,308
Subordinate Tier Obligations ⁵	35,174	78,934	78,934	73,424	78,932
Total Debt Service	\$ 40,545	\$ 89,755	\$ 89,755	\$ 83,454	\$ 123,240
Coverage of First Tier Debt Service by Senior Net Revenues	30.09x	17.23x	21.15x	20.07x	4.4x
Coverage of Total First and Subordinate Tier Debt Service by Senior Net Revenues	3.99x	2.08x	2.55x	2.41x	1.58x
Current Revenues in Excess of Current Debt Service	\$ 121,058	\$ 96,733	\$ 139,067	\$ 117,801	\$ 71,639
Junior Operating Expenses^{4, 6}	\$ 29,879	\$ 36,496	\$ 43,709	\$ 46,778	\$ 50,748
Annual Revenues in Excess of Debt Service and Junior Operating Expenses⁷	\$ 91,179	\$ 60,237	\$ 95,358	\$ 71,024	\$ 20,891

Totals may not compute due to rounding.

¹ Revenues and expenses are reported on the accrual basis of accounting. Amounts were obtained from the Corporation's audited financial statements.

² Fee revenue includes revenues from TxDOT 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. During Fiscal Year 2019, TxDOT began retaining all fees and charges to offset the cost of toll collections. No fee revenues were received by the Corporation for Fiscal Years 2020 and 2021.

³ Primarily comprised of interest earnings on the Construction Fund and the Rate Stabilization Fund.

⁴ There were no Senior Operating Expenses for the System for Fiscal Years 2017 through 2021. 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.

⁵ Debt service amounts are net of capitalized interest and exclude debt service on the 2018 BANs.

⁶ Amounts shown for Junior Operating Expenses do not include depreciation or amortization. There were no Major Maintenance Expenses incurred by the Corporation for Fiscal Year 2017. The Corporation incurred approximately \$201,000, \$388,000, \$8,608,000, and \$6,247,000 in Major Maintenance Expenses in Fiscal Years 2018, 2019, 2020, and 2021, respectively.

⁷ Amounts represent the Revenues of the System in excess of debt service and Junior Operating Expenses for each Fiscal Year shown, and therefore do not reflect carryover balances of excess Revenues from prior Fiscal Years.

3.0 Construction Progress Reports

Copies of the progress reports required under the Trust Agreement are available on EMMA, and the GPTC Construction Progress Report for the H and I Project as

of November 30, 2021 (the most recent) is available by clicking [here](#).

4.0 Annual Financial Report

The Fiscal Year 2021 audited annual financial report (“AFR”) of the Corporation is available on [EMMA](#) and is incorporated

by reference into and made a part of this Annual Report.

5.0 Other Information

A. TxDOT Back Office System Transition

On November 17, 2020, TxDOT began transition activities from Conduent’s Vector Back Office System to the new TxDOT Back Office System. This transition has required interruptions to customer service activities including delayed reconciliation of electronic toll collections (“ETC”) transactions through the new TxDOT Back Office System, statement processing, billing of non-ETC transactions, and escalations of past due transactions. All delays in the reconciliation of ETC transactions attributable to the transition have been substantially resolved. As of the date of this Annual Report, TxDOT continues to experience interruptions to customer service activities, including processing and billing delays relating to non-ETC toll transactions occurring on the System.

The Toll Revenue amount reported for Fiscal Year 2021 in the table in subsection C. of Section 2.0 of this Annual Report does not include any revenues relating to non-ETC transactions that have occurred on the System since November 17, 2020, except for an accrual of approximately \$4.3 million. Cash payments equal to the amount of this accrual have been received by the custodian pursuant to the Master Lockbox and Custodial Account Agreement (the “Custodian”); however, as of the date of this Annual Report, such amount has not been remitted to GPTC’s trustee under the Master Trust Agreement (the “Trustee”). A portion of the revenues relating to the non-ETC toll transactions that have

occurred on the System since November 17, 2020 was not able to be recognized for Fiscal Year 2021 due to certain limitations relating to the transition to the new TxDOT Back Office System.

During the first quarter of Fiscal Year 2022, the Custodian received cash payments relating to a portion of the non-ETC toll transactions that have occurred on the System; however, as of this date of this Annual Report, such payments have not been remitted to the Trustee. Such payments may be recognized in future periods.

A portion of the revenues relating to the non-ETC toll transactions that occurred on the System during the first quarter of Fiscal Year 2022 may not be recognized due to certain limitations relating to the transition to the new TxDOT Back Office System.

Citing continued challenges with an upgraded Back Office System delivered by the back office services provider (IBM), TxDOT terminated its remaining contract with IBM in August 2021, effective November 29, 2021. TxDOT has obtained new interim technology providers to assist with stabilizing and improving TxDOT’s Back Office System to manage customer data and toll transactions. TxDOT is in the process of evaluating alternative service provider options that would assume responsibilities from the interim team.

Crowe LLP (“Crowe”), the independent auditor of TxDOT’s financial statements for the Fiscal Year ended August 31, 2021, delivered its Independent Auditor’s Report thereon containing its unmodified opinion with respect to such financial statements. In connection with planning and performing such audit, Crowe identified a material weakness in TxDOT’s internal controls over the implementation of its new Back Office System, which was separately reported

to the Commission and TxDOT. TxDOT has responded to Crowe’s findings and is implementing corrective actions. The audited financial statements of TxDOT for the Fiscal Year ended August 31, 2021, including the Independent Auditor’s Report thereon, are contained in TxDOT’s Annual Comprehensive Financial Report for such Fiscal Year, which is accessible on the MSRB’s EMMA system.

B. Changes in Administration

Chief Financial Officer of TxDOT

Effective April 7, 2021, Stephen Stewart, CPA, was appointed Chief Financial Officer of TxDOT.

Executive Director of TxDOT

Effective June 1, 2021, Marc D. Williams, P.E. was appointed Executive Director of TxDOT.

Appointment of GPTC Board of Directors

Effective June 1, 2021, Stephen Stewart, CPA was appointed to the GPTC board of directors, with a term ending August 31, 2021.

Effective July 21, 2021, Stephen Stewart, CPA was elected President of the GPTC board of directors.

Effective September 1, 2021, Stephen Stewart, Rich McMonagle, and Brian Barth were re-appointed to the GPTC board of directors to serve a six-year term expiring on August 31, 2027.

6.0 Relevant Links

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

EMMA Grand Parkway Issuer Homepage	https://emma.msrb.org/IssuerHomePage/Issuer?id=FE6B36B2ABF03965E043151ED20A5A56&type=M
GPTC Investor Relations Website	http://www.dot.state.tx.us/grandparkwaysystem/investor-relations.htm
Grand Parkway Traffic and Operating Report Quarter 1 Fiscal Year 2022	https://emma.msrb.org/P21610839.pdf
Grand Parkway Construction Progress Report Quarter 1 Fiscal Year 2022	https://emma.msrb.org/P21541164-P21191275-P21609828.pdf
Grand Parkway AFR (Fiscal Year 2021)	https://emma.msrb.org/P21527273-P21180876-P21598113.pdf
2020 Bonds Official Statement	https://emma.msrb.org/ER1428362.pdf
Grand Parkway System Toll Rate Schedules	https://www.tntag.org/tntagstorefront/en/learnmore/houstonAreaTolls
Grand Parkway System Rates per Tolloed Segment Lengths (T&O Table 6)	https://emma.msrb.org/P21610839.pdf
EMMA State Highway Fund Issuer Homepage	www.emma.msrb.org/IssuerHomePage/Issuer?id=FE6AF031FB2E2FD1E043151ED20ABC22&type=M

7.0 Contact Information

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