

GRAND PARKWAY TRANSPORTATION CORPORATION
Monthly Traffic And Operating Report*
For the Period Ending: January 31, 2018



* Unaudited preliminary document and subject to change.



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SYSTEM REVENUE AND EXPENSES

\$ Thousands

	Monthly Actuals		Fiscal Year		
	January 31, 2018		YTD Actuals	YTD Budgeted ⁽⁵⁾	YTD Variance ⁽⁵⁾
System Revenue					
Toll Revenue ^{(1), (7)}	\$	12,569	\$ 63,729	\$ 39,754	\$ 23,975
Fee Revenue ^{(1), (7)}		497	3,016		3,016
Investment Income ⁽²⁾		209	2,083	1,250	833
Total Revenue	\$	13,275	\$ 68,828	\$ 41,004	\$ 27,824
System Expenses/Expenditures					
Senior O&M Expenses ⁽³⁾					
Junior O&M Expenses ⁽¹⁾	\$	3,285	\$ 12,484	\$ 13,862	\$ 1,378
Capital Expenditures ⁽⁴⁾				1,260	1,260
Total Expenses/Expenditures	\$	3,285	\$ 12,484	\$ 15,122	\$ 2,638

SYSTEM TRANSACTIONS⁽¹⁾

Thousands

	Monthly Actuals		YTD Actuals	
	January 31, 2018	%		%
Auto ^{(1), (6)}	11,449	95.2%	63,305	95.7%
Truck ^{(1), (6)}	573	4.8%	2,842	4.3%
Total Transactions	12,022		66,147	

PROCEEDS FROM SALE OF SYSTEM ASSETS

None

See footnote explanations beginning on the next page.

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Footnotes to Page 3

⁽¹⁾System Revenue, Expenses and Transactions

CUSIOP Implementation and Related Systems Integration:

As previously disclosed, the Texas Department of Transportation (“TxDOT”) and certain other partnering agencies implemented the terms of the new Central United States Interoperability (“CUSIOP”) agreement in May 2017. The implementation of the CUSIOP agreement and related systems integration has resulted in temporary interruptions to certain customer service and billing functions, including delayed toll postings, revenue and expense recognition, statement processing, invoicing for violations and escalation of past due transactions to the collections process. During certain months there has been a delay in the timing of settlement and exchange of toll revenues and interoperability fees among the partnering agencies under the CUSIOP agreement, which has resulted in a temporary delay in revenue recognition and collection of certain electronic toll collection (“ETC”) transactions to future periods.

The foregoing issues have been substantially resolved, and TxDOT and the partnering agencies are in the process of completing the related systems integration in connection with the implementation of the CUSIOP agreement. The foregoing issues did not, and are not anticipated to, adversely impact the ability of the Grand Parkway Transportation Corporation (“GPTC”) to comply with its covenants under the Trust Agreement for the Grand Parkway System, including all covenants related to tolls. On or before the last day of fiscal year 2017, the trustee under the Trust Agreement for the Grand Parkway System transferred all remaining revenues from the Revenue Fund to the credit of the funds and accounts under the Trust Agreement in the amounts necessary to pay all scheduled debt service and all operations and maintenance expenses budgeted for the Grand Parkway System for fiscal year 2018. See “Trust Account Balances & Activity at Market Value” in this report.

Toll and Fee Revenue Recognition:

Revenues for ETC transactions, which are derived from Conduit Vector back office reports, are generally recognized when they are earned, which is at the time the transaction occurs for a valid ETC transaction (which requires a properly installed transponder and a sufficiently funded account). However, recognition of toll revenues for transactions occurring in a given month may be deferred to a future month due to processing delays and other factors. Violation toll and fee revenues are recognized and reported when cash payment is received. For example, a violation transaction may be reported in one month, but revenue for that transaction may not be received until a later month. Additionally, revenue does not reflect fiscal year-end adjustments in the Annual Financial Report, which may or may not be greater than 10%.

O&M Expense Recognition:

Expenses are generally reported in the month paid. Expenses exclude amortization and do not reflect fiscal year end adjustments in the Annual Financial Report, which may or may not be greater than 10%.

Revenue, Expense and Transaction Trends:

Transaction, revenue and expense trends may not exactly correlate on a monthly basis due to the following factors: (i) toll transactions (when a vehicle passes through a tolling point) are reported in the period in which they occur; (ii) toll revenues for valid ETC transactions are generally recognized at the time the transaction occurs (which requires a properly installed transponder and a sufficiently funded account); however, recognition of toll revenues for transactions occurring in a given month may be deferred to a future month due to processing delays and other factors as stated above; (iii) toll and fee revenues for non-ETC transactions may be received later than the month in which the transaction occurred due to the time necessary for billing and processing such transactions; (iv) expenses may include costs related to transactions occurring in prior months; and (v) the issues impacting the reporting of revenues and expenses from prior months are different and thus are not correlated.

⁽²⁾ **Investment Income:** Reflects Investment Income from certain funds received in the month reported, net of purchased accrued interest.

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(3) **Senior O&M Expenses:** There currently are no Senior O&M expenses.

(4) **Capital Expenditures:** Reflects Capital Expenditures paid in the month reported. Any prior month adjustments are included in current month.

(5) **Budget:**

FY2018 Annual Budget

Budgets are based on the FY2018 Annual Budget approved by the GPTC board in August 2017, specifically:

- Budget for Toll Revenues is based on the 2013 GPTC Traffic and Revenue Forecast dated June 26, 2013 (“2013 T&R Forecast”).
- Budget for Fee Revenue is not included as fees were not included the 2013 T&R Forecast.
- Budget for Junior O&M Expense is based on GPTC estimated transactions based on prior year trends and anticipated changes, not the transactions in the 2013 T&R Forecast.

Budget Variances:

Positive variances indicate actual revenues exceed budget and actual expenses are lower than budget. The relatively high budget variances for expenses are primarily a result of greenfield project cost estimates being conservative, as they are based on new activities, without the benefit of benchmarking to historical data.

(6) **Transactions:**

Auto reflects transactions for 2 axle vehicles only and Truck reflects transactions for 3+ axle vehicles. As previously disclosed, tolling was suspended for five days in August and thirteen days in September to facilitate evacuation and rescue efforts in connection with Hurricane Harvey. Total transactions reported include all transactions, regardless of tolling.

(7) **Legislative Update:**

The 85th Texas Legislature passed SB 312, which was signed into law by the Governor on June 9, 2017. SB 312 continues the existence of TxDOT until September 1, 2029 and contains a number of operational matters, including new provisions related to the invoicing by TxDOT of non-tag (or non-ETC) toll transactions on certain TxDOT operated toll roads which include the Grand Parkway System. The new provisions, among other things, impose limitations on the amount of fees that can be assessed by TxDOT. As a result of SB 312, the Texas Transportation Commission (the “Commission”) has proposed, and adopted, rule changes that will allow TxDOT to comply with the changes to toll collection and billing procedures prescribed in SB 312. The new rules include an administrative fee of \$4 per unpaid invoice with a maximum of \$48 in administrative fees per person in a 12-month period. Under the statute a person may only be taken to court once in a one-year period.

TxDOT currently anticipates the new toll collection and billing rules and procedures to be fully implemented in time to apply to tolls incurred on and after March 1, 2018. The GPTC does not currently anticipate that the changes required by SB 312 will have an adverse impact on the GPTC’s ability to comply with its covenants under the Trust Agreement for the Grand Parkway System, including the covenants as to tolls, or the Commission’s ability to comply with its obligations under the Toll Rate Agreement with the GPTC, including the toll rate covenants of the Commission set forth in the Toll Rate Agreement. Beginning on November 1, 2017, TxDOT elected not to impose any violation fees for toll transactions occurring on the Grand Parkway System in anticipation of the changes to its toll collection and billing procedures required by SB 312; however, TxDOT has continued to invoice during such period for the toll amounts incurred on the Grand Parkway System by customers without a valid and sufficiently funded transponder account. TxDOT anticipates resuming the imposition of fees for the Grand Parkway System in conformity with the requirements of SB 312 on March 1, 2018.

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TOLL RATE SCHEDULE					
Roadway	Segment Miles ⁽¹⁾	Full Length Toll Rates ⁽²⁾		Toll Rates per Mile ⁽²⁾	
		January 1, 2017	January 1, 2018	January 1, 2017	January 1, 2018
Segment D/E ⁽³⁾	17.0	\$3.07	\$3.13	\$0.20	\$0.20
Segment F1	12.1	\$2.35	\$2.40	\$0.20	\$0.20
Segment F2	12.2	\$2.36	\$2.40	\$0.20	\$0.20
Segment G ⁽⁴⁾	13.5	\$2.88	\$2.94	\$0.21	\$0.21

(1) Segment miles reflects project defined segment lengths that differ from the tolled on/off lengths for toll gantries. Segments F-1, F-2 and G opened in 2016.

(2) Toll Rates are based on tolled miles, and reflect the following:

- GPTC has adopted the toll policy currently utilized in Harris and Fort Bend Counties that features automatic annual toll increases of the greater of 2% or regional CPI-W. In addition, the initial opening toll rate was pegged to Harris County's current rate. The policy provides for TxDOT to calculate and report the annual toll rate escalation percentage to the GPTC and the Commission each year on or before the October Commission meeting.
- Annual Toll Rates for all years shown were adjusted in accordance with the toll rate escalation policy, which reflect a 2% increase on January 1, 2017 and a 2.01% increase effective January 1, 2018.
- The rates shown are for ETC transactions for two-axle vehicles.
- The full length toll rates include mainline plaza rates for each roadway and exclude entrance and exit ramp charges.

(3) Segment miles reflect toll-free section.

(4) Reflects minimum toll rate allocation at a gantry location.

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OUTSTANDING OBLIGATIONS

\$ Thousands

Description of Issue	Bonds Issued Original Par	Principal Paid Current Period	Total Principal Repaid	Outstanding Original Par
First Tier Toll Revenue Bonds, Series 2013A	\$ 200,000			\$ 200,000
TIFIA Loan Agreement and Second Tier Toll Revenue Promissory Revenue Note	840,645			840,645
Subordinate Tier Toll Revenue Bonds, Series 2013B (TELA Supported)				
Current Interest Bonds	1,137,935			1,137,935
Convertible Capital Appreciation Bonds ⁽¹⁾	277,000			277,000
	1,414,935	-	-	1,414,935
Subordinate Tier Toll Revenue Bonds, Taxable Series 2013E (TELA Supported)	361,810			361,810
Subordinate Tier Toll Revenue Bond Refunding Series 2016 (TELA Supported)	83,775			83,775
 Total	\$ 2,901,165	\$ -	-	\$ 2,901,165

⁽¹⁾ Does not include accreted interest.

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TRUST ACCOUNT BALANCES & ACTIVITY AT MARKET VALUE

\$ millions

Fund/Account Name	Associated Bond Series	Market Value 12/31/17	Deposits			Trsf In/ (Out)	Disbursements		Net Change in Value	Net Change	Market Value 01/31/18
			Revenue	Invest. Earn(1)	Fin'g		Vendor Pmts	Debt Service			
Revenue	(2)	\$ 59.9	\$ 2.5	\$ (0.1)	\$ -	\$ -	\$ -	\$ 0.2	\$ 2.6	\$ 62.5	
Construction											
Tax-Exempt Bond Proceeds	(2)	26.5	0.1				(0.1)			26.5	
Taxable Bond Proceeds	(2)	230.4		0.2			(3.5)	0.1	(3.2)	227.2	
Local Government Contributions		0.7								0.7	
First Tier Debt Service Fund	2013A										
Interest Account		5.4								5.4	
Reserve Fund		18.0								18.0	
Sub. Tier Debt Service Fund	2013B&E, 2016 & TIFIA										
Interest Account		39.6						0.1	0.1	39.7	
Reserve Fund											
Jr. O&M Fund	(2)	42.5					(0.1)		(0.1)	42.4	
O&M Reserve	(2)	9.1								9.1	
Rate Stabilization Fund	(2)	100.4		0.1				(0.2)	(0.1)	100.3	
Major Maintenance Fund	(2)	7.6								7.6	
Grand Parkway Enhancement Fund	(2)	17.5						0.1	0.1	17.6	
Total		\$ 557.6	\$ 2.6	\$ 0.2	\$ -	\$ -	\$ (3.7)	\$ -	\$ 0.3	\$ (0.6)	\$ 557.0

Totals may not compute due to rounding

Note: Trust Account Balances and Activity show actual balances and actual posted activity. Revenue earned but not yet received 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 CUSIOP 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.

- (1) Includes cash-basis investment earnings, offset by purchased accrued interest.
- (2) Net cash-basis investment income for certain funds included in Revenues of the System.

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DETAILED INVESTMENT REPORT

\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value
Revenue Account					
	Cash	\$ 97,508	0.00%	02/01/18	\$ 97,508
	MM	117,524	1.20%	02/01/18	117,524
	Texpool	14,828,076	1.30%	02/01/18	14,828,076
	T-Note	22,640,000	1.00%	08/15/18	22,555,100
	T-Note	25,000,000	1.00%	08/15/18	24,906,250
Revenue Account Total		\$ 62,683,108			\$ 62,504,458
Construction Tax-Exempt Fund					
	MM	\$ 76	1.20%	02/01/18	\$ 76
	Texpool	26,534,040	1.30%	02/01/18	26,534,040
Construction Tax-Exempt Fund Total		\$ 26,534,116			\$ 26,534,116
Construction Taxable Fund					
	MM	\$ 220,703	1.20%	02/01/18	\$ 220,703
	Texpool	196,914,524	1.30%	02/01/18	196,914,524
	T-Bill	30,000,000	0.00%	03/15/18	29,953,500
Construction Taxable Fund Total		\$ 227,135,227			\$ 227,088,727
Local Government Harris CO MUD 287 Construction Account					
	MM	\$ 9	1.20%	02/01/18	\$ 9
	Texpool	710,246	1.30%	02/01/18	710,246
Local Government Harris CO MUD 287 Construction Account Total		\$ 710,255			\$ 710,255
First Tier Interest Fund					
	MM	\$ 63	1.20%	02/01/18	\$ 63
	Texpool	5,434,789	1.30%	02/01/18	5,434,789
First Tier Interest Fund Total		\$ 5,434,852			\$ 5,434,852
First Tier Debt Service Reserve Fund					
	Texpool	18,047,262	1.30%	02/01/18	18,047,262
First Tier Debt Service Reserve Fund Total		\$ 18,047,262			\$ 18,047,262

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\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value
Subordinate Tier Interest Fund					
	MM	\$ 2	1.20%	02/01/18	\$ 2
	Texpool	39,646,018	1.30%	02/01/18	39,646,018
Subordinate Tier Interest Fund Total		\$ 39,646,021			\$ 39,646,021
Junior O & M Fund					
	Texpool	42,408,492	1.30%	02/01/18	42,408,492
Junior O & M Fund Total		\$ 42,408,492			\$ 42,408,492
O & M Reserve Fund					
	Texpool	9,148,825	1.30%	02/01/18	9,148,825
O & M Reserve Fund Total		\$ 9,148,825			\$ 9,148,825
Rate Stabilization Fund					
	MM	\$ 8,267	1.20%	02/01/18	\$ 8,267
	Texpool	55,576,645	1.30%	02/01/18	55,576,645
	T-Note	15,000,000	1.00%	08/15/18	14,943,750
	T-Note	15,000,000	0.75%	10/31/18	14,882,250
	T-Note	15,000,000	1.38%	11/30/18	14,936,100
Rate Stabilization Fund Total		\$ 100,584,913			\$ 100,347,013
Major Maintenance Fund					
	Texpool	7,593,274	1.30%	02/01/18	7,593,274
Major Maintenance Fund Total		\$ 7,593,274			\$ 7,593,274
Grand Parkway Enhancement Fund					
	Texpool	17,558,196	1.30%	02/01/18	17,558,196
Grand Parkway Enhancement Fund Total		\$ 17,558,196			\$ 17,558,196
Grand Total		\$ 557,484,541			\$ 557,021,491

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