

GRAND PARKWAY TRANSPORTATION CORPORATION
Monthly Traffic And Operating Report*
For the Period Ending: February 28, 2018



* Unaudited preliminary document and subject to change.

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System Revenue, Expenses, Transactions & Proceeds from Sales of System Assets

SYSTEM REVENUE AND EXPENSES

\$ Thousands	Monthly Actuals		Fiscal Year		
	February 28, 2018		YTD Actuals	YTD Budgeted ⁵	YTD Variance ⁵
System Revenue					
Toll Revenue ^{1,7}	\$	10,278	\$ 74,007	\$ 47,492	\$ 26,515
Fee Revenue ^{1,7}		300	3,316		3,316
Investment Income ²		742	2,825	1,500	1,325
Total Revenue	\$	11,320	\$ 80,148	\$ 48,992	\$ 31,156
System Expenses/Expenditures					
Senior O&M Expenses ³					
Junior O&M Expenses ¹	\$	4,187	\$ 16,671	\$ 16,705	\$ 34
Capital Expenditures ⁴				1,260	1,260
Total Expenses/Expenditures	\$	4,187	\$ 16,671	\$ 17,965	\$ 1,294

SYSTEM TRANSACTIONS

# Thousands	Monthly Actuals		YTD Actuals	
	February 28, 2018	%		%
Auto ^{1,6}	11,593	95.4%	74,898	95.7%
Truck ^{1,6}	561	4.6%	3,403	4.3%
Total Transactions	12,154		78,301	

PROCEEDS FROM SALE OF SYSTEM ASSETS

None

See footnote explanations beginning on the next page.

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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.

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.

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

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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.

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.

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 Miles¹	Full Length Toll Rates²		Toll Rates per Mile²	
		January 1, 2017	January 1, 2018	January 1, 2017	January 1, 2018
Segment D/E³	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 G⁴	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

<u>Description of Issue</u>	<u>Bonds Issued Original Par</u>	<u>Principal Paid Current Period</u>	<u>Total Principal Repaid</u>	<u>Outstanding Original Par</u>
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
	<u>1,414,935</u>	<u>-</u>	<u>-</u>	<u>1,414,935</u>
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	<u>\$ 2,901,165</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 2,901,165</u>

⁽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 01/31/18	Deposits			Trsf In/ (Out)	Disbursements		Net Change in Value	Net Change	Market Value 02/28/18		
			Revenue	Invest. Earn	Misc		Vendor Pmts	Debt Service					
Revenue		\$ 62.5	\$ 16.3	✓ \$ 0.3	✓ \$ 3.2	✓ \$ -	\$ -	\$ -	\$ (0.2)	\$ 19.6	\$ 82.1		
Construction													
Tax-Exempt Bond Proceeds		26.5		✓			(0.1)		0.2	0.1	26.6		
Taxable Bond Proceeds		227.2		0.2	✓		(0.9)		(0.1)	(0.8)	226.4		
Local Gov. 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		39.7									39.7		
Reserve Fund													
Jr. O&M Fund		42.4		✓					0.1	0.1	42.5		
O&M Reserve		9.1		✓					0.1	0.1	9.2		
Rate Stabilization Fund		100.3		0.1	✓				0.1	0.2	100.5		
Major Maintenance Fund		7.6		✓							7.6		
Grand Parkway Enhancement Fund		17.6		✓							17.6		
Total		\$ 557.0	\$ 16.3	\$ 0.6	\$ 3.2	\$ -	\$ (1.0)	\$ -	\$ 0.2	\$ 19.3	\$ 576.3		

Totals may not compute due to rounding

Notes:

- 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.
- Deposits: Investment earnings reflect cash-basis investment earnings, offset by purchased accrued interest.
- Revenues denoted by a "✓" are included in Revenues of the System.

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DETAILED INVESTMENT REPORT¹

\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value ²
Revenue Account					
	MM	\$ 218,111	1.22%	03/01/18	\$ 218,111
	Texpool	14,506,389	1.34%	03/01/18	14,506,389
	T-Note	22,640,000	1.00%	08/15/18	22,551,478
	T-Note	25,000,000	1.00%	08/15/18	24,902,250
	T-Note	20,000,000	1.00%	08/15/18	19,921,800
Revenue Account Total		\$ 82,364,500			\$ 82,100,028
Construction Tax-Exempt Fund					
	MM	\$ 76	1.23%	03/01/18	\$ 76
	Texpool	26,581,770	1.34%	03/01/18	26,581,770
Construction Tax-Exempt Fund Total		\$ 26,581,846			\$ 26,581,846
Construction Taxable Fund					
	Texpool	\$ 156,732,707	1.34%	03/01/18	\$ 156,732,707
	T-Bill	15,000,000	0.00%	03/15/18	14,992,500
	T-Bill	15,000,000	0.00%	03/15/18	14,992,500
	T-Bill	40,000,000	0.00%	04/19/18	39,916,000
Construction Taxable Fund Total		\$ 226,732,707			\$ 226,633,707
Local Government Harris CO MUD 287 Construction Account					
	MM	\$ 9	1.22%	03/01/18	\$ 9
	Texpool	711,763	1.34%	03/01/18	711,763
Local Government Harris CO MUD 287 Construction Account Total		\$ 711,771			\$ 711,771
First Tier Interest Fund					
	MM	\$ 63	1.23%	03/01/18	\$ 63
	Texpool	5,446,393	1.34%	03/01/18	5,446,393
First Tier Interest Fund Total		\$ 5,446,456			\$ 5,446,456
First Tier Debt Service Reserve Fund					
	Texpool	18,085,795	1.34%	03/01/18	18,085,795
First Tier Debt Service Reserve Fund Total		\$ 18,085,795			\$ 18,085,795
Subordinate Tier Interest Fund					
	MM	\$ 2	1.22%	03/01/18	\$ 2
	Texpool	39,730,667	1.34%	03/01/18	39,730,667
Subordinate Tier Interest Fund Total		\$ 39,730,670			\$ 39,730,670

See footnote explanations on the next page.

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DETAILED INVESTMENT REPORT¹						
\$ Dollars						
Account Name	Security Type	Par	Coupon%	Maturity	Market Value ²	
Junior O & M Fund						
	MM	\$ 33,808	1.22%	03/01/18	\$ 33,808	
	Texpool	42,499,047	1.34%	03/01/18	42,499,047	
Junior O & M Fund Total		\$ 42,532,854			\$ 42,532,854	
O & M Reserve Fund						
	Texpool	9,168,358	1.34%	03/01/18	9,168,358	
O & M Reserve Fund Total		\$ 9,168,358			\$ 9,168,358	
Rate Stabilization Fund						
	MM	\$ 83,276	1.22%	03/01/18	\$ 83,276	
	Texpool	15,899,081	1.34%	03/01/18	15,899,081	
	Texpool	40,000,000	0.00%	06/21/18	39,796,000	
	T-Note	15,000,000	1.00%	08/15/18	14,941,350	
	T-Note	15,000,000	0.75%	10/31/18	14,879,250	
	T-Note	15,000,000	1.38%	11/30/18	14,929,050	
Rate Stabilization Fund Total		\$ 100,982,357			\$ 100,528,007	
Major Maintenance Fund						
	Texpool	7,609,487	1.34%	03/01/18	7,609,487	
Major Maintenance Fund Total		\$ 7,609,487			\$ 7,609,487	
Grand Parkway Enhancement Fund						
	Texpool	17,595,685	1.34%	03/01/18	17,595,685	
Grand Parkway Enhancement Fund Total		\$ 17,595,685			\$ 17,595,685	
Grand Total		\$ 577,542,487			\$ 576,724,664	

Totals may not add due to rounding.

¹ Investment options for GPTC's funds are limited by type of investments and length of investment maturities by the Texas Public Funds Investment Act and GPTC's investment policy, bond and loan agreement requirements.

² Market Value includes interest received on TexPool investments, but not reflected in Trust Accounts until after period end.

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