

GRAND PARKWAY TRANSPORTATION CORPORATION
Traffic And Operating Report*
For the Quarter Ending: August 31, 2018



**Unaudited preliminary document and subject to change.*

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GRAND PARKWAY TRANSPORTATION CORPORATION

Traffic And Operating Report*

For the Quarter Ending: August 31, 2018

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

(In thousands)

		Monthly			Quarter Ended August 31, 2018				Fiscal Year-to-Date August 31, 2018			
		June-18	July-18	August-18	Actuals	Budget ⁵	\$ Variance ⁵	% Var ⁵	Actuals	Budget ⁵	\$ Variance ⁵	% Var ⁵
System Revenue												
Toll Revenue	1,7,8	\$ 15,890	\$ 15,587	\$ 16,634	\$ 48,111	\$ 28,073	\$ 20,038	71%	\$ 170,716	\$ 102,658	\$ 68,058	66%
Fee Revenue	1,7		34		34		34	NA	3,595		3,595	NA
Investment Income/Misc.	2	466	2,357	2,646	5,468	750	4,718	629%	14,812	3,000	11,812	394%
Total Revenue		\$ 16,356	\$ 17,978	\$ 19,280	\$ 53,613	\$ 28,823	\$ 24,790	86%	\$ 189,123	\$ 105,658	\$ 83,465	79%
System Expenses/ Expenditures												
Junior O&M Expenses	1,3	\$ 4,288	\$ 3,018	\$ 4,344	\$ 11,650	\$ 10,061	\$ (1,589)	-16%	\$ 37,127	\$ 36,429	\$ (698)	-2%
Capital Expenditures	4	201			201	5,864	5,663	97%	201	7,564	7,363	97%
Total Expenses/Expenditures		\$ 4,489	\$ 3,018	\$ 4,344	\$ 11,851	\$ 15,925	\$ 4,074	26%	\$ 37,328	\$ 43,993	\$ 6,665	15%
System Transactions												
Auto	1,6	13,203	13,023	14,009	40,236				156,228			
Truck	1,6	748	777	831	2,356				8,091			
Total Transactions		13,951	13,800	14,840	42,592				164,319			
Proceeds from Sale of System Assets												
None												

Totals may not add due to rounding.

See footnote explanations on following pages.

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

Footnotes

¹ System Revenue, Expenses and Transactions

CUSIOP Implementation and Related Systems Integration Update:

Implementation of the Central United States Interoperability (CUSIOP) agreement and related systems integrations began May 13, 2017. The integration of systems resulted in periodic delays in posting transactions, revenues, expenditures, invoicing, and settlement of interoperability tolls and fees. Non-electronic toll collection (“non-ETC”) invoicing was suspended from April 22, 2018 through June 30, 2018, resulting in delayed revenue from associated transactions during the suspension.

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 electronic toll collection (“ETC”) transactions, which are derived from Conduent 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. Non-ETC toll and fee revenues are recognized and reported when cash payment is received. For example, a non-ETC 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%.

Operations & Maintenance 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 & Miscellaneous Income:

- Investment Income reflects earnings from certain funds received in the month reported, net of purchased accrued interest and adjusted for interest earnings, but not received in trust accounts until after period end.
- Miscellaneous income represents insurance proceeds related to impact of flooding during construction of Segments F-1, F-2 and G in FY 2015.

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

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

Footnotes (continued)

- ⁴ **Capital Expenditures:** \$6.7 million of the total Capital Expenditures budgeted for FY 2018 related to the development by TxDOT of a new in-house, toll operations back office system. Subsequent to the adoption of the FY 2018 Budget, TxDOT determined not to allocate any of such costs to GPTC.
- ⁵ **FY2018 Annual Budget:**
Budgeted amounts are based on the FY 2018 Annual Budget approved by the GPTC board in August 2017, specifically: (i) Budget for Toll Revenue is based on the 2013 GPTC Traffic and Revenue Forecast dated June 26, 2013 (“2013 T&R Forecast”); and (ii) Budget for Junior O&M Expenses is based on GPTC estimated transactions based on prior year trends and anticipated changes, not the transactions in the 2013 T&R Forecast. GPTC does not budget amounts for Fee Revenue. Positive variances indicate actual revenues exceed budget and actual expenses are lower than budget.
GPTC issued its Subordinate Tier Toll Revenue Bonds, Series 2018A (TELA Supported) and Subordinate Tier Toll Revenue Put Bonds, Series 2018B (TELA Supported) (collectively, the “2018 Bonds”) in May 2018. Additional information regarding the 2018 Bonds can be obtained by viewing the Official Statement dated May 16, 2018 relating to the 2018 Bonds (“2018 Bonds Official Statement”). The 2018 Bonds Official Statement contains updated forecasts of toll transactions and toll revenues, and operation and maintenance expenses, for the Grand Parkway System. The 2018 Bonds Official Statement has been filed with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system, and can be accessed by clicking [here](#). The 2018 Bonds Official Statement speaks only as of its dated date or such other dates indicated therein and is not incorporated into or made a part of this report.
- ⁶ **Transactions:**
Auto reflects transactions for 2 axle vehicles only and Truck reflects transactions for 3+ axle vehicles. 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 adopted rule changes that 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.
The changes to toll collection and billing procedures under SB 312 began applying to toll transactions incurred on the Grand Parkway System, and other toll roads operated by TxDOT, on March 1, 2018. In anticipation of the changes to its toll collection and billing procedures required by SB 312, TxDOT elected not to impose any violation fees for toll transactions occurring on the Grand Parkway System for the period beginning on November 1, 2017 and ending on February 28, 2018; however, TxDOT 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.
- ⁸ **Traffic & Operating Year-to-Date Actuals:**
Actual Toll Revenue reported for Year-to-Date August 31, 2018 includes an adjustment to Actual Toll Revenue reported for May 2018 in the Traffic and Operating Report for the Quarter Ending May 31, 2018. Actual Toll Revenue for May 2018 was revised from \$18.4 million to \$14.5 million.

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 segment defined 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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GRAND PARKWAY TRANSPORTATION CORPORATION

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Outstanding Obligations

(In 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 ⁽¹⁾	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
Subordinate Tier Toll Revenue Bonds Series 2018A (TELA Supported)	712,100			712,100
Subordinate Tier Toll Revenue Put Bonds Series 2018B (TELA Supported)	166,525			166,525
Bond Anticipation Notes Series 2018 ⁽²⁾	605,330			605,330
Total	\$ 4,385,120	\$ -	\$ -	\$ 4,385,120

⁽¹⁾ Does not include accreted interest.

⁽²⁾ GPTC issued its Bond Anticipation Notes, Series 2018 ("2018 BANs") in May 2018. The 2018 BANs were not issued pursuant to the Master Trust Agreement securing the other outstanding obligations of GPTC listed in the foregoing table and are not secured by the Trust Estate established therein. Additional information regarding the 2018 BANs can be obtained by viewing the Offering Memorandum dated May 16, 2018 relating to the 2018 BANs ("2018 BANs Offering Memorandum"), which is accessible on the MSRB's EMMA system and can be found by clicking [here](#). The 2018 BANs Offering Memorandum speaks only as of its dated date or such other dates indicated therein and is not incorporated into or made a part of this report.

GRAND PARKWAY TRANSPORTATION CORPORATION

Traffic And Operating Report*

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Summary of Account Balances & Activity

(In millions)

Description	Market Value 06/01/18	Revenue	Investments & Misc.	Financing	Transfers In / (Out)	Vendor Pmts	Debt Service	Net Change In Value	Net Change	Market Value 08/31/18
Trust Accounts										
Revenue	\$ 139.0	\$ 59.4	\$ 0.9		\$ (199.1)			\$ 0.1	\$ (138.7)	\$ 0.3
Construction										
Tax-Exempt Bond Proceeds (D-G)	26.5		0.2			(1.4)		(0.2)	(1.4)	25.1
Taxable Bond Proceeds (D-G)	150.2		0.6					0.1	0.7	150.9
Tax-Exempt Bond Proceeds (H&I)	824.7		2.6			(10.9)		0.6	(7.7)	817.0
Taxable Bond Proceeds (H&I)	12.2		0.3						0.3	12.5
Subtier Capitalized Bond Interest	168.5		0.6 x					0.1	0.7	169.2
Local Gov. Contributions										
First Tier Debt Service Fund										
Interest Account				x	10.8				10.8	10.8
Reserve Fund	18.1		0.1 x		(0.2)				(0.1)	18.0
Sub. Tier Debt Service Fund										
Interest Account	0.3			x	78.6				78.6	78.9
Jr. O&M Fund										
O&M Reserve	9.2		0.1		1.8	(11.0)		(0.1)	1.8	11.0
Rate Stabilization Fund	151.0		0.6		0.5				1.1	152.1
Major Maintenance Fund	7.6							0.1	0.1	7.7
Grand Parkway Enhancement Fund	17.6		0.1		63.4			0.1	63.6	81.2
	\$ 1,544.1	\$ 59.4	\$ 6.1			\$ (23.3)		\$ 0.9	\$ 43.1	\$ 1,587.2
BANs Proceeds Held Outside the Trust										
Construction										
Tax-Exempt BANs Proceeds (H&I)	525.5		1.5			(6.8)		0.4	(4.9)	520.6
Subtier Capitalized BANs Interest	141.3		0.6 x						0.6	141.9
	\$ 666.8		\$ 2.1			\$ (6.8)		\$ 0.4	\$ (4.3)	\$ 662.5
Grand Total	\$ 2,210.9	\$ 59.4	\$ 8.2		\$ 0.0	\$ (30.1)		\$ 1.3	\$ 38.8	\$ 2,249.7

Totals may not compute due to rounding

Notes:

- Account Balances and Activity show actual balances at market value and actual posted activity. Revenue earned but not yet received (except for interest income on TexPool investments) 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:
 - Financing represents proceeds from the 2018 Bonds and 2018 BANs. The 2018 BAN proceeds are held outside of the Master Trust Agreement securing the other outstanding obligations of GPTC.
 - Investment earnings generally reflect cash-basis receipts, offset by purchased accrued interest and adjusted for interest earned on TexPool investments, but not received in trust accounts until after period end. Miscellaneous deposits represent insurance proceeds related to impact of flooding during construction in FY2015 of Segments F-1, F-2 and G.
 - Deposits denoted by a "x" are excluded from Revenues of the System.

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CORPORATION**
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Investment Report

(In dollars)

Account Name	Security Type¹	Par	Coupon%	Maturity	Market Value²
Trust Accounts					
Revenue Account					
	MM	\$ 121,877	1.820%	09/04/18	\$ 121,877
	Texpool	202,203	1.921%	09/04/18	202,203
Revenue Total		\$ 324,080			\$ 324,080
Construction Accounts					
Tax-Exempt Bond Proceeds (D-G) Fund					
	Texpool	25,136,233	1.921%	09/04/18	25,136,233
Tax-Exempt Bond Proceeds (D-G) Fund Total		\$ 25,136,233			\$ 25,136,233
Taxable Bond Proceeds (D-G) Fund					
	Texpool	\$ 80,902,187	1.921%	09/04/18	\$ 80,902,187
	FHDN	15,000,000	0.000%	10/05/18	14,973,600
	FHDN	10,000,000	0.000%	11/07/18	9,962,800
	T-Note	40,000,000	1.000%	11/30/18	39,893,600
	T-Bill	5,200,000	0.000%	12/20/18	5,167,760
Taxable Bond Proceeds (D-G) Fund Total		\$ 151,102,187			\$ 150,899,947
Tax-Exempt Bond Proceeds (H&I) Fund					
	Texpool	\$ 361,887,838	1.921%	09/04/18	\$ 361,887,838
	T-Bill	123,000,000	0.000%	09/27/18	122,849,940
	T-Bill	50,000,000	0.000%	11/08/18	49,816,000
	T-Bill	25,000,000	0.000%	12/20/18	24,845,000
	T-Bill	50,000,000	0.000%	01/17/19	49,594,500
	T-Bill	40,000,000	0.000%	02/28/19	39,563,600
	T-Note	50,000,000	1.250%	04/30/19	49,642,500
	T-Note	50,000,000	1.125%	05/31/19	49,541,000
	T-Note	30,000,000	1.500%	05/31/19	29,805,600
	T-Note	40,000,000	0.750%	07/15/19	39,426,400
Tax-Exempt Bond Proceeds (H&I) Fund Total		\$ 819,887,838			\$ 816,972,378
Taxable Bond Proceeds (H&I) Fund					
	Texpool	12,463,125	1.921%	09/04/18	12,463,125
Taxable Bond Proceeds (H&I) Fund Total		\$ 12,463,125			\$ 12,463,125
Subtier Capitalized Bond Interest					
	Texpool	\$ 125,578,005	1.921%	09/04/18	\$ 125,578,005
	T-Note	22,000,000	1.625%	03/31/19	21,915,740
	FHDN	22,000,000	0.000%	04/01/19	21,707,620
Subtier Capitalized Bond Interest Total		\$ 169,578,005			\$ 169,201,365
Debt Service Accounts					
First Tier Debt Service Fund: Interest Account					
	Texpool	10,822,881	1.921%	09/04/18	10,822,881
First Tier Debt Service Fund: Interest Account Total		\$ 10,822,881			\$ 10,822,881
First Tier Debt Service Fund: Reserve Fund					
	Texpool	18,022,444	1.921%	09/04/18	18,022,444
First Tier Debt Service Reserve Fund Total		\$ 18,022,444			\$ 18,022,444
Sub. Tier Debt Service Fund: Interest Account					
	Texpool	78,947,163	1.921%	09/04/18	78,947,163
Sub. Tier Debt Service Fund: Interest Account Total		\$ 78,947,163			\$ 78,947,163

See footnote explanations on the next page

**GRAND PARKWAY TRANSPORTATION
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Investment Report (continued)

(In dollars)

Account Name	Security Type ¹	Par	Coupon%	Maturity	Market Value ²
Reserves, RSF & Enhancement Fund Accounts					
Jr. O&M Fund	Texpool	52,492,691	1.921%	09/04/18	52,492,691
Jr. O&M Fund Total		\$ 52,492,691			\$ 52,492,691
O&M Reserve Fund	Texpool	11,042,647	1.921%	09/04/18	11,042,647
O&M Reserve Fund Total		\$ 11,042,647			\$ 11,042,647
Rate Stabilization Fund	Texpool	\$ 57,547,678	1.921%	09/04/18	\$ 57,547,678
	T-Note	15,000,000	0.750%	10/31/18	14,970,000
	T-Note	15,000,000	1.375%	11/30/18	14,973,300
	T-Note	10,000,000	1.000%	11/30/18	9,973,400
	T-Note	15,000,000	1.625%	06/30/19	14,901,600
	T-Note	40,000,000	1.625%	07/31/19	39,703,200
Rate Stabilization Fund Total		\$ 152,547,678			\$ 152,069,178
Major Maintenance Fund	Texpool	7,677,017	1.921%	09/04/18	7,677,017
Major Maintenance Fund Total		\$ 7,677,017			\$ 7,677,017
Grand Parkway Enhancement Fund	Texpool	\$ 51,365,514	1.921%	09/04/18	\$ 51,365,514
	T-Note	30,000,000	1.625%	02/15/19	29,800,800
Grand Parkway Enhancement Fund Total		\$ 81,365,514			\$ 81,166,314
Total Trust Accounts		\$ 1,591,409,542			\$ 1,587,237,463
<u>BANs Proceeds Held Outside the Trust</u>					
Construction Accounts					
Tax-Exempt BANs Proceeds (H&I)	Texpool	\$ 187,788,983	1.921%	09/04/18	\$ 187,788,983
	T-Bill	100,000,000	0.000%	09/27/18	99,878,000
	T-Bill	50,000,000	0.000%	12/20/18	49,690,000
	T-Bill	30,000,000	0.000%	01/17/19	29,756,700
	T-Note	35,000,000	1.125%	05/31/19	34,678,700
	T-Note	30,000,000	1.500%	05/31/19	29,805,600
	T-Note	50,000,000	1.250%	06/30/19	49,529,500
	T-Note	40,000,000	0.750%	07/15/19	39,426,400
Tax-Exempt BANs Proceeds (H&I) Total		\$ 522,788,983			\$ 520,553,883
Subtier Capitalized BANs Interest	Texpool	\$ 112,074,710	1.921%	09/04/18	\$ 112,074,710
	T-Note	15,100,000	1.625%	03/31/19	15,042,167
	FHDN	15,000,000	0.000%	04/01/19	14,800,650
Subtier Capitalized BANs Interest Total		\$ 142,174,710			\$ 141,917,527
Total BANs Accounts		\$ 664,963,693			\$ 662,471,410
Grand Total		\$ 2,256,373,235			\$ 2,249,708,873

Totals may not add due to rounding.

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

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