

GRAND PARKWAY TRANSPORTATION CORPORATION
MONTHLY TRAFFIC AND OPERATING REPORT*
For the Period Ending: September 30, 2017



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SYSTEM REVENUE AND EXPENSES

\$ Thousands	Monthly Actuals 9/30/2017	Fiscal Year		
		YTD Actual	YTD Budgeted ⁽⁵⁾	YTD Variance ⁽⁵⁾
System Revenue				
Toll Revenue ^{(1), (7)}	\$ 7,953	\$ 7,953	\$ 7,663	\$ 290
Fee Revenue ^{(1), (7)}	496	496	-	496
Investment Income ⁽²⁾	401	401	250	151
Total Revenue	\$ 8,850	\$ 8,850	\$ 7,913	\$ 937
System Expenses/Expenditures				
Senior O&M Expenses ⁽³⁾	-	-	-	-
Junior O&M Expenses ⁽¹⁾	\$ 2,208	\$ 2,208	\$ 2,671	463
Capital Expenditures ⁽⁴⁾	-	-	630	630
Total Expenses/Expenditures	\$ 2,208	\$ 2,208	\$ 3,301	\$ 1,093

SYSTEM TRANSACTIONS⁽¹⁾

# Thousands	9/30/2017	%	Year to Date	%
Auto ⁽⁶⁾	13,714	97.2%	13,714	97.2%
Truck ⁽⁶⁾	393	2.8%	393	2.8%
Total Transactions	14,106		14,106	

PROCEEDS FROM SALE OF SYSTEM ASSETS

None

See footnote explanations beginning on the next page.

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FOOTNOTES TO SYSTEM REVENUE, EXPENSES, TRANSACTIONS, AND PROCEEDS FROM SALE OF SYSTEM ASSETS

Special Update Regarding Hurricane Harvey

The Governor declared a state of disaster on August 23, 2017 for the Houston region due to Hurricane Harvey and the resulting flooding. To facilitate evacuation and rescue efforts, tolls were suspended on the Grand Parkway System as of 6:00 a.m. Sunday, August 27, 2017. Tolling resumed at 4:15 a.m. Thursday, September 14, 2017 for all tolling locations except for the southbound entrance ramp and northbound exit ramp at Clay Road, which resumed tolling at 10:15 a.m. Tuesday, September 26, 2017. This resulted in suspension of tolling for approximately five days in August and thirteen days in September. Inspections of the Grand Parkway System regarding damage from Hurricane Harvey confirmed that only minor damage occurred, which is expected to result in typical maintenance and repairs in an amount to total less than \$500,000.

As of August 31, 2017, the Grand Parkway Transportation Corporation (“GPTC”) has set aside adequate funds to pay all required debt service and budgeted expenses for operations and maintenance of the Grand Parkway System for the entire fiscal year 2018, which began September 1, 2017. In addition to other reserves maintained by the GPTC, the GPTC maintains a \$100 million Rate Stabilization Fund that provides liquidity for such interruptions and self-insurance for property damage and other needs, if necessary.

SYSTEM REVENUE AND EXPENSES

⁽⁴⁾ Revenue and Expense Recognition:

As previously disclosed, the implementation of the new Central United States Interoperability (“CUSIOP”) agreement and related systems integration that began May 13, 2017 is ongoing and technical issues are still being resolved. The GPTC does not currently anticipate this will have any impact on GPTC’s ability to comply with its covenants under the Trust Agreement for the Grand Parkway System, including all covenants related to tolls.

Due to implementation of the new CUSIOP agreement, the Corporation has experienced delayed posting of revenues and expenditures. The receipt of certain fee revenues were delayed due to suspension of invoice mailing from July 20, 2017 to September 18, 2017 while technical difficulties were being resolved. In addition, violation escalations were suspended on July 20, 2017 and have not been reinstated as of the date of this report. Court processes are continuing with the past due violation transactions already in the collection process as of July 20, 2017. There has been an approximately one month delay in the typical timing for the settlement and exchange of tolls and interoperability expenses between the partnering agencies and this may have resulted in a higher number of ETC transactions whose collection and related revenue and expense recognition is delayed to a future period.

Toll and Fee Revenue:

Revenues for Electronic Toll Collection (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 mounted transponder and a sufficiently funded account. However, the toll operations of the Grand Parkway System involve complex interactions both within the TxDOT Toll Operations Division as well as with the systems of partnering agencies. For various reasons involving system transitions, system integration issues, and temporary suspensions of violation invoicing, reported revenue for a given month can include revenue from transactions occurring in prior months. In these cases, revenues may be recognized in future periods when collected, similar to a violation transaction. 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%.

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FOOTNOTES TO SYSTEM REVENUE, EXPENSES, TRANSACTIONS, AND PROCEEDS FROM SALE OF SYSTEM ASSETS

Revenue, Expense and Transaction Trends:

Transaction, revenue and expense trends may not exactly correlate due to the factors regarding revenue and expense recognition noted above. In addition:

- Transaction counts are generated through the roadway Toll Management System (TMS) and are reported in the month they occur; and
- As previously noted, revenues may include revenues earned from transactions in prior months and expenses may include costs related to transactions occurring in prior months. The issues impacting the reporting of revenues from prior months are different than those impacting expenses from prior months 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.

⁽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 described above, tolling was suspended for five days in August and thirteen days in September. 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 the Texas Department of Transportation (“TxDOT”) until September 1, 2029 and contains a number of operational matters, including new provisions related to the invoicing by TxDOT of non-tag toll transactions on certain TxDOT operated toll roads which include the Grand Parkway System. The new provisions, among other things, impact 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 is expected to adopt, rule changes that will allow TxDOT to comply with the changes to toll collection and billing procedures prescribed in SB 312. TxDOT currently anticipates the new toll collection and billing rules and procedures to be fully implemented in time to apply to tolls incurred on or after March 1, 2018. The GPTC does not currently anticipate the change will have any 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.

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	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

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TRUST ACCOUNT BALANCES & ACTIVITY AT MARKET VALUE

\$ millions

Fund/Account Name	Associated Bond Series	Market Value 08/31/17	Deposits				Disbursements			Net Change in Value	Net Change	Market Value 09/30/17
			Revenue	Invest. Earnings (1)	Fin'g & Contrib's	Trsf - In	Vendor Pmts	Debt Service	Trsf - Out			
Revenue	(2)	\$ -	\$ 14.0	0.1	-	-	\$ -	-	-	\$ -	\$ 14.1	\$ 14.1
Construction												
Tax-Exempt Bond Proceeds	(2)	27.5	-	-	-	-	(0.1)	-	-	-	(0.1)	27.4
Taxable Bond Proceeds	(2)	260.9	-	0.2	-	-	(11.9)	-	-	-	(11.7)	249.2
Local Government Contributions	n/a (2)	0.7	-	-	-	-	-	-	-	-	-	0.7
First Tier Debt Service Fund												
Interest Account	2013A	10.8	-	-	-	-	-	-	-	-	-	10.8
Reserve Fund	2013A	18.0	-	-	-	-	-	-	-	-	-	18.0
Sub. Tier Debt Service Fund												
Interest Account	2013B-E, 2016 & TIFIA	78.9	-	-	-	-	-	-	-	-	-	78.9
Jr. O&M Fund	(2)	43.8	-	-	-	-	-	-	-	-	-	43.8
O&M Reserve	(2)	9.1	-	-	-	-	-	-	-	-	-	9.1
Rate Stabilization Fund	(2)	100.0	-	0.1	-	-	-	-	-	-	0.1	100.1
Major Maintenance Fund	(2)	7.6	-	-	-	-	-	-	-	-	-	7.6
Grand Parkway Enhancement Fund	(2)	17.5	-	-	-	-	-	-	-	-	-	17.5
Total		\$ 574.8	\$ 14.0	0.4	-	-	\$ (12.0)	-	-	\$ -	\$ 2.4	\$ 577.2

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.

(1) Includes cash-basis investment earnings, offset by purchased accrued interest.

(2) Net cash-basis investment income for the month 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					
	MM	\$ 74,752	0.91%	10/02/17	\$ 74,752
	Texpool	14,071,203	1.02%	10/02/17	14,071,203
Revenue Account Total		\$ 14,145,955			\$ 14,145,955
Construction Tax-Exempt Fund					
	MM	\$ 23	0.91%	10/02/17	\$ 23
	Texpool	27,372,088	1.02%	10/02/17	27,372,088
Construction Tax-Exempt Fund Total		\$ 27,372,111			\$ 27,372,111
Construction Taxable Fund					
	Texpool	\$ 173,179,312	1.02%	10/02/17	\$ 173,179,312
	MM	6,030,993	0.88%	10/02/17	6,030,993
	T-Note	9,974,000	0.75%	10/31/17	9,971,706
	T-Note	10,000,000	0.88%	11/15/17	9,997,500
	T-Note	50,000,000	1.00%	12/15/17	49,985,500
Construction Taxable Fund Total		\$ 249,184,306			\$ 249,165,012
Local Government Harris CO MUD 287 Tax Exempt Construction Sub Account					
	MM	\$ 9	0.91%	10/02/17	\$ 9
	Texpool	707,714	1.02%	10/02/17	707,714
Local Government Harris CO MUD 287 Tax Exempt Construction Sub Account Total		\$ 707,723			\$ 707,723
First Tier Interest Fund					
	MM	\$ 81,209	0.91%	10/02/17	\$ 81,209
	Texpool	10,740,116	1.02%	10/02/17	10,740,116
First Tier Interest Fund Total		\$ 10,821,325			\$ 10,821,325
First Tier Debt Service Reserve Fund					
	MM	\$ 508	0.88%	10/02/17	\$ 508
	Texpool	17,982,409	1.02%	10/02/17	17,982,409
First Tier Debt Service Reserve Fund Total		\$ 17,982,918			\$ 17,982,918

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DETAILED INVESTMENT REPORT

\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value
Subordinate Tier Interest Fund					
	MM	\$ 3,134	0.88%	10/02/17	\$ 3,134
	Texpool	78,934,277	1.02%	10/02/17	78,934,277
Subordinate Tier Interest Fund Total		\$ 78,937,411			\$ 78,937,411
Junior O & M Fund					
	MM	\$ 250	0.91%	10/02/17	\$ 250
	Texpool	43,831,364	1.02%	10/02/17	43,831,364
Junior O & M Fund Total		\$ 43,831,614			\$ 43,831,614
O & M Reserve Fund					
	Texpool	9,116,206	1.02%	10/02/17	9,116,206
O & M Reserve Fund Total		\$ 9,116,206			\$ 9,116,206
Rate Stabilization Fund					
	Texpool	\$ 55,193,701	1.02%	10/02/17	\$ 55,193,701
	MM	2,077	0.88%	10/02/17	2,077
	T-Bill	15,000,000	0.00%	11/09/17	14,984,850
	T-Note	15,000,000	0.88%	11/15/17	14,996,250
	T-Note	15,000,000	0.75%	10/31/18	14,898,000
Rate Stabilization Fund Total		\$ 100,195,778			\$ 100,074,878
Major Maintenance Fund					
	Texpool	\$ 7,566,202	1.02%	10/02/17	\$ 7,566,202
Major Maintenance Fund Total		\$ 7,566,202			\$ 7,566,202
Grand Parkway Enhancement Fund					
	Texpool	\$ 17,495,595	1.02%	10/02/17	\$ 17,495,595
Grand Parkway Enhancement Fund Total		\$ 17,495,595			\$ 17,495,595
Grand Total		\$ 577,357,143			\$ 577,216,949