

GRAND PARKWAY TRANSPORTATION CORPORATION
MONTHLY TRAFFIC AND OPERATING REPORT*
For the Period Ending: October 31, 2017



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SYSTEM REVENUE AND EXPENSES

\$ Thousands

	Monthly Actuals		Fiscal Year		
	October 31, 2017		YTD Actual	YTD Budgeted ⁽⁵⁾	YTD Variance ⁽⁵⁾
System Revenue					
Toll Revenue ^{(1), (7)}	\$	13,487	\$ 21,440	\$ 15,869	\$ 5,571
Fee Revenue ^{(1), (7)}		913	1,409	-	1,409
Investment Income ⁽²⁾		386	787	500	287
Total Revenue	\$	14,786	\$ 23,636	\$ 16,369	\$ 7,267
System Expenses/Expenditures					
Senior O&M Expenses ⁽³⁾		-	-	-	-
Junior O&M Expenses ⁽¹⁾	\$	1,624	\$ 3,832	\$ 5,443	1,611
Capital Expenditures ⁽⁴⁾		-	-	1,260	1,260
Total Expenses/Expenditures	\$	1,624	\$ 3,832	\$ 6,703	\$ 2,871

SYSTEM TRANSACTIONS⁽¹⁾

# Thousands	Monthly Actuals			
	October 31, 2017	%	YTD Actual	%
Auto ⁽⁶⁾	13,130	95.0%	26,844	96.1%
Truck ⁽⁶⁾	692	5.0%	1,084	3.9%
Total Transactions	13,822		27,928	

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

SYSTEM REVENUE AND EXPENSES

⁽¹⁾ **Revenue and Expense Recognition:**

As previously disclosed, the terms of the new Central United States Interoperability (“CUSIOP”) agreement were implemented in May 2017 and the related systems integration is ongoing and technical issues are still being resolved. The Grand Parkway Transportation Corporation (“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%.

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.

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(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 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 and 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. Beginning on November 1, 2017, TxDOT has suspended 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. TxDOT anticipates resuming the imposition of violation fees for the Grand Parkway System in conformity with the requirements of SB 312 on or before 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	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 09/30/17	Deposits			Trsf In/ (Out)	Disbursements		Net Change in Value	Net Change	Market Value 10/31/17
			Revenue	Invest. Earn(1)	Fin'g		Vendor Pmts	Debt Service			
Revenue	(2)	\$ 14.1	\$ 22.4	-	-	\$ -	\$ -	-	\$ 0.1	\$ 22.5	\$ 36.6
Construction											
Tax-Exempt Bond Proceeds	(2)	27.4	-	-	-	-	(0.3)	-	-	(0.3)	27.1
Taxable Bond Proceeds	(2)	249.2	-	0.2	-	-	(5.0)	-	-	(4.8)	244.4
Local Government Contributions		0.7	-	-	-	-	-	-	-	-	0.7
First Tier Debt Service Fund	2013A										
Interest Account		10.8	-	-	-	-	-	(5.4)	-	(5.4)	5.4
Redemption Account		-	-	-	-	-	-	-	-	-	-
Reserve Fund		18.0	-	-	-	-	-	-	-	-	18.0
Sub. Tier Debt Service Fund	2013B&E, 2016 & TIFIA										
Interest Account		78.9	-	0.1	-	-	-	(39.5)	-	(39.4)	39.5
Redemption Account		-	-	-	-	-	-	-	-	-	-
Reserve Fund		-	-	-	-	-	-	-	-	-	-
Jr. O&M Fund	(2)	43.8	-	-	-	-	(1.5)	-	0.1	(1.4)	42.4
O&M Reserve	(2)	9.1	-	-	-	-	-	-	-	-	9.1
Rate Stabilization Fund	(2)	100.1	-	0.1	-	-	-	-	-	0.1	100.2
Major Maintenance Fund	(2)	7.6	-	-	-	-	-	-	-	-	7.6
Grand Parkway Enhancement Fund	(2)	17.5	-	-	-	-	-	-	-	-	17.5
Total		\$ 577.2	\$ 22.4	0.4	-	\$ -	\$ (6.8)	(44.9)	\$ 0.2	\$ (28.7)	\$ 548.5

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	Texpool	\$ 36,595,441	1.03%	11/01/17	\$ 36,595,441
Revenue Account Total		\$ 36,595,441			\$ 36,595,441
Construction Tax-Exempt Fund	MM	\$ 243,029	0.93%	11/01/17	\$ 243,029
	Texpool	26,835,647	1.03%	11/01/17	26,835,647
Construction Tax-Exempt Fund Total		\$ 27,078,676			\$ 27,078,676
Construction Taxable Fund	Texpool	\$ 174,263,571	1.03%	11/01/17	\$ 174,263,571
	MM	10,145,669	0.90%	11/01/17	10,145,669
	T-Note	10,000,000	0.88%	11/15/17	9,999,300
	T-Note	50,000,000	1.00%	12/15/17	49,989,500
Construction Taxable Fund Total		\$ 244,409,240			\$ 244,398,040
Local Government Harris CO MUD 287 Tax Exempt Construction Sub Account	MM	\$ 9	0.92%	11/01/17	\$ 9
	Texpool	708,304	1.03%	11/01/17	708,304
Local Government Harris CO MUD 287 Tax Exempt Construction Sub Account Total		\$ 708,313			\$ 708,313

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\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value
First Tier Interest Fund					
	MM	\$ 61	0.93%	11/01/17	\$ 61
	Texpool	5,419,780	1.03%	11/01/17	5,419,780
First Tier Interest Fund Total		\$ 5,419,841			\$ 5,419,841
First Tier Debt Service Reserve Fund					
	MM	\$ 509	0.90%	11/01/17	\$ 509
	Texpool	17,997,413	1.03%	11/01/17	17,997,413
First Tier Debt Service Reserve Fund Total		\$ 17,997,922			\$ 17,997,922
Subordinate Tier Interest Fund					
	MM	\$ 2	0.90%	11/01/17	\$ 2
	Texpool	39,536,518	1.03%	11/01/17	39,536,518
Subordinate Tier Interest Fund Total		\$ 39,536,521			\$ 39,536,521
Junior O & M Fund					
	MM	\$ 250	0.92%	11/01/17	\$ 250
	Texpool	42,396,563	1.03%	11/01/17	42,396,563
Junior O & M Fund Total		\$ 42,396,814			\$ 42,396,814

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DETAILED INVESTMENT REPORT

\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value
O & M Reserve Fund	Texpool	\$ 9,123,812	1.03%	11/01/17	\$ 9,123,812
O & M Reserve Fund Total		\$ 9,123,812			\$ 9,123,812
Rate Stabilization Fund	Texpool	\$ 55,239,753	1.03%	11/01/17	\$ 55,239,753
	MM	58,328	0.90%	11/01/17	58,328
	T-Bill	15,000,000	0.00%	11/09/17	14,996,850
	T-Note	15,000,000	0.88%	11/15/17	14,998,950
	T-Note	15,000,000	0.75%	10/31/18	14,889,300
Rate Stabilization Fund Total		\$ 100,298,081			\$ 100,183,181
Major Maintenance Fund	Texpool	\$ 7,572,515	1.03%	11/01/17	\$ 7,572,515
Major Maintenance Fund Total		\$ 7,572,515			\$ 7,572,515
Grand Parkway Enhancement Fund	Texpool	\$ 17,510,193	1.03%	11/01/17	\$ 17,510,193
Grand Parkway Enhancement Fund Total		\$ 17,510,193			\$ 17,510,193
Grand Total		\$ 548,647,369			\$ 548,521,269