

GRAND PARKWAY TRANSPORTATION CORPORATION
MONTHLY TRAFFIC AND OPERATING REPORT*

For the Period Ending: August 31, 2017



* Unaudited preliminary document and subject to change.

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SYSTEM REVENUE AND EXPENSES

\$ Thousands

	Monthly Actuals 8/31/2017	Fiscal Year		
		YTD Actual	YTD Budgeted ⁽⁷⁾	YTD Variance ⁽⁸⁾
System Revenue				
Toll Revenue ^{(1), (10), (11)}	\$ 13,795	\$ 144,853	\$ 81,858	\$ 62,995
Fee Revenue ^{(1), (2), (11)}	1,051	12,905	-	12,905
Investment Income ⁽³⁾	434	3,669	2,000	1,669
Total Revenue	\$ 15,280	\$ 161,427	\$ 83,858	\$ 77,569
System Expenses/Expenditures				
Senior O&M Expenses ⁽⁴⁾	-	-	-	-
Junior O&M Expenses ⁽⁵⁾	\$ 1,729	\$ 26,716	\$ 34,562	7,846
Capital Expenditures ⁽⁶⁾	-	-	284	284
Total Expenses/Expenditures	\$ 1,729	\$ 26,716	\$ 34,846	\$ 8,130

PROCEEDS FROM SALE OF SYSTEM ASSETS

None

SYSTEM TRANSACTIONS⁽¹⁰⁾

	8/31/2017	%	Year to Date	%
Auto ⁽⁹⁾	10,602,563	95.5%	126,961,616	95.2%
Truck ⁽⁹⁾	497,931	4.5%	6,418,337	4.8%
Total Transactions	11,100,494		133,379,953	

See footnote explanations on the next page.

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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. 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, 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 begins 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

⁽¹⁾ Toll Revenue Recognition:

Revenues for Electronic Toll Collection (ETC) transactions 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. In addition, under the new CUSIOP agreement business rules, there may be some ETC transactions which do not meet the business rules at the time the transaction occurs and, as a result, may experience processing delays. In these cases, revenues are collected and recognized in future periods, similar to a violation transaction. Violation revenues are recognized 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. Revenue does not reflect fiscal year-end adjustments in the Annual Financial Report, which may or may not be greater than 10%.

Interoperability of Toll Systems:

- In order to meet the requirements of the Moving Ahead for Progress in the 21st Century Act (MAP-21), TxDOT signed the Agreement Regarding Interoperability of Toll Systems and Transponders which supersedes and replaces in its entirety the previous interoperability agreements. Minute Order 114466, adopted by the Commission on January 28, 2016, authorized the executive director to enter into an agreement with other toll entities across the United States, to ensure the interoperability of electronic toll collection programs. The TxDOT executive director signed on March 7, 2017. The start date for Central United States Interoperability (CUSIOP) is May 13, 2017. Minute Order 114961, adopted by the Commission on June 29, 2017, authorized the executive director to enter into an agreement with Florida Turnpike Enterprise (Southeast United States Interoperability Hub), and potentially, other toll entities across the United States.
- As previously disclosed, the implementation of the CUSIOP agreement and related systems integration that began May 13, 2017 is ongoing and technical issues are still being resolved. The Corporation has experienced delayed posting of transactions, revenues and expenditures. The receipt of fee revenues may also be delayed due to suspension of invoice mailing from July 20, 2017 to September 18, 2017 while technical difficulties were being resolved. In addition, violation escalation was suspended on July 20, 2017 and has not been reinstated as of the date of this report. These fees are reported on a cash basis, when received. There has been an approximately one month delay in the settlement and exchange of tolls and fees between the partnering agencies and this may have resulted in a higher number of ETC transactions whose collection and related revenue recognition is delayed to a future period. Note that fee revenue is not included in the 2013 GPTC Traffic and Revenue Forecast dated June 26, 2013 from which variances to the budgeted toll revenues are reported.

⁽²⁾ Fee Revenues: Reflects Fee Revenue received in the month reported.

⁽³⁾ Investment Income: Reflects Investment Income from certain funds received in the month reported, net of purchased accrued interest.

⁽⁴⁾ O&M Expenses: There currently are no Senior O&M expenses for the Grand Parkway System (the "System").

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(5) Expense Recognition:

Reflects expenses paid in the month reported. Any prior month adjustments are included in current month. 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%. As noted previously, expenses reported include an estimate of interoperability fee expenses and transactional processing expenses that would have been paid if the related transaction posting had not been delayed by the CUSIOP implementation.

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

(7) Budget Data:

Budgets are based on the Annual Budget approved by the Grand Parkway Transportation Corporation ("GPTC") board in August 2016. Budget for Toll Revenues reflects the 2013 GPTC Traffic and Revenue Forecast dated June 26, 2013.

(8) 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.

(9) Transactions: Auto reflects transactions for 2 axle vehicles only and Truck reflects transactions for 3+ axle vehicles.

(10) Transaction and Revenue Trends:

Transaction and revenue trends may not exactly correlate mainly due to the following factors:

- Transaction counts are generated through the roadway Toll Management System (TMS) and revenues are derived from Conduit Vector back office reports.
- On a monthly basis, transactions (when a vehicle passes through a toll facility, plaza or ramp) are reported in the period in which they occur.
- Revenues for Electronic Toll Collection (ETC) transactions 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. In addition, under the new CUSIOP agreement business rules, there may be some ETC transactions which do not meet the business rules at the time the transaction occurs and, as a result, may experience processing delays. In these cases, revenues are collected and recognized in future periods.
- Revenues from fees related to violations are recognized 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, and violation fee amounts may escalate over time.
- Each transaction represents a different amount of revenue depending on the rate charged for the type of vehicle, type of transaction, and tolling point.

(11) 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, TxDOT currently anticipates requesting the Texas Transportation Commission (the "Commission") 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.

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TOLL RATE SCHEDULE

Roadway	Segment Miles ⁽¹⁾	Full Length Toll Rates ⁽²⁾			Toll Rates per Mile ⁽²⁾		
		January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2015	January 1, 2016	January 1, 2017
Segment D/E ⁽³⁾	17.0	\$2.95	\$3.01	\$3.07	\$ 0.188	\$0.192	\$0.196
Segment F1	12.1		\$2.30	\$2.35		\$0.192	\$0.196
Segment F2	12.2		\$2.31	\$2.36		\$0.192	\$0.196
Segment G ⁽⁴⁾	13.5		\$2.82	\$2.88		\$0.205	\$0.209

(1) Segment miles reflects project defined segment lengths that differ from the tolled on/off lengths for toll gantries.

(2) Toll Rates are based on tolled miles.

(3) Segment miles reflect toll-free section

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

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 the department to calculate and report the annual toll rate escalation percentage to the GPTC and the commission each year on or before the October Texas Transportation Commission (the "Commission") meeting.

The most recent toll rate escalation, effective on January 1, 2017, was a 2% increase to the current base toll rate and was adopted by the Commission through minute order 114575, dated October 27, 2016.

Annual Toll Rates for all years shown were adjusted in accordance with the toll rate escalation policy.

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.

Segments F-1, F-2 and G were opened in 2016.

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OUTSTANDING OBLIGATIONS

\$ Thousands

Description of Issue	Bonds Issued Original Par	Principal Paid August 31, 2017	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
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 07/31/17	Deposits				Disbursements			Net Change in Value	Net Change	Market Value 08/31/17
			Revenue	Invest. Earn.(1)	Fin'g & Contrib's	Trsf In	Vendor Pmts	Debt Service	Trsf Out			
Revenue		(2) \$ 133.5	\$ 2.8	-	-	0.6	\$ -	-	(136.9)	\$ 0.1	\$ (133.4)	\$ -
Construction												
Tax-Exempt Bond Proceeds		(2) 63.0	-	-	-	-	(35.6)	-	-	0.1	(35.5)	27.5
Taxable Bond Proceeds		(2) 272.0	-	0.2	-	-	(11.2)	-	-	-	(11.0)	260.9
Contributions	n/a	3.1	-	-	-	-	(2.4)	-	-	-	(2.4)	0.7
First Tier Debt Service Fund												
Interest Account	2013A	-	-	-	-	10.8	-	-	-	-	10.8	10.8
Redemption Account	2013A	-	-	-	-	-	-	-	-	-	-	-
Reserve Fund	2013A	18.1	-	-	-	-	-	-	(0.1)	-	(0.1)	18.0
Sub. Tier Debt Service Fund												
Interest Account	2013B-E & 2014A-C	(3) 2.1	-	-	-	76.9	-	-	-	-	76.9	78.9
Redemption Account	2013B-E & 2014A-C	(3) -	-	-	-	-	-	-	(0.0)	-	(0.0)	-
Reserve Fund	2013B-E & 2014A-C	-	-	-	-	-	-	-	-	-	-	-
Jr. O&M Fund		(2) 10.7	-	-	-	35.5	(2.4)	-	-	-	33.1	43.8
O&M Reserve		(2) 8.7	-	-	-	0.4	-	-	-	-	0.4	9.1
Rate Stabilization Fund		(2) 100.5	-	-	-	-	-	-	(0.6)	0.1	(0.5)	100.0
Major Maintenance Fund		(2) 0.6	-	-	-	7.0	-	-	-	0.0	7.0	7.6
Grand Parkway Enhancement Fund		(2) 11.0	-	-	-	6.5	-	-	-	-	6.5	17.5
Total		\$ 623.2	\$ 2.8	0.2	-	137.6	\$ (51.6)	-	(137.6)	\$ 0.3	\$ (48.3)	\$ 574.8

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	\$ 109,281	1.00%	09/01/17	\$ 109,281
Revenue Account Total		\$ 109,281			\$ 109,281
Construction Tax-Exempt Fund					
	MM	\$ 18	0.91%	09/01/17	\$ 18
	Texpool	\$ 27,500,093	1.00%	09/01/17	\$ 27,500,093
Construction Tax-Exempt Fund Total		\$ 27,500,110			\$ 27,500,110
Construction Taxable Fund					
	Texpool	\$ 185,121,475	1.00%	09/01/17	\$ 185,121,475
	FHLMC	\$ 6,000,000	1.00%	09/29/17	\$ 6,000,000
	T-Note	\$ 9,974,000	0.75%	10/31/17	\$ 9,968,814
	T-Note	\$ 10,000,000	0.88%	11/15/17	\$ 9,996,000
	T-Note	\$ 50,000,000	1.00%	12/15/17	\$ 49,985,500
Construction Taxable Fund Total		\$ 261,095,475			\$ 261,071,788
Local Government Harris CO MUD 287 Tax Exempt Construction Sub Account					
	MM	\$ 9	0.89%	09/01/17	\$ 9
	Texpool	\$ 707,714	1.00%	09/01/17	\$ 707,714
Local Government Harris CO MUD 287 Tax Exempt Construction Sub Account Total		\$ 707,723			\$ 707,723

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\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value**
First Tier Interest Fund					
	MM	\$ 81,207	0.91%	09/01/17	\$ 81,207
	Texpool	\$ 10,740,116	1.00%	09/01/17	\$ 10,740,116
First Tier Interest Fund Total		\$ 10,821,323			\$ 10,821,323
First Tier Debt Service Reserve Fund					
	MM	\$ 508	0.86%	09/01/17	\$ 508
	Texpool	\$ 17,982,409	1.00%	09/01/17	\$ 17,982,409
First Tier Debt Service Reserve Fund Total		\$ 17,982,917			\$ 17,982,917
Subordinate Tier Interest Fund					
	MM	\$ 3,132	0.87%	09/01/17	\$ 3,132
	Texpool	\$ 78,934,277	1.00%	09/01/17	\$ 78,934,277
Subordinate Tier Interest Fund Total		\$ 78,937,409			\$ 78,937,409
Junior O & M Fund					
	MM	\$ 250	0.89%	09/01/17	\$ 250
	Texpool	\$ 43,831,364	1.00%	09/01/17	\$ 43,831,364
Junior O & M Fund Total		\$ 43,831,614			\$ 43,831,614

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\$ Dollars

Account Name	Security Type	Par	Coupon%	Maturity	Market Value**
O & M Reserve Fund	Texpool	\$ 9,116,206	1.00%	09/01/17	\$ 9,116,206
O & M Reserve Fund Total		\$ 9,116,206			\$ 9,116,206
Rate Stabilization Fund	MM	\$ 26	0.87%	09/01/17	\$ 26
	Texpool	\$ 55,193,701	1.00%	09/01/17	\$ 55,193,701
	T-Bill	\$ 15,000,000	0.00%	11/09/17	\$ 14,973,300
	T-Note	\$ 15,000,000	0.88%	11/15/17	\$ 14,994,000
	T-Note	\$ 15,000,000	0.75%	10/31/18	\$ 14,909,700
Rate Stabilization Fund Total		\$ 100,193,727			\$ 100,070,727
Major Maintenance Fund	Texpool	\$ 7,566,202	1.00%	09/01/17	\$ 7,566,202
Major Maintenance Fund Total		\$ 7,566,202			\$ 7,566,202
Grand Parkway Enhancement Fund	Texpool	\$ 17,495,595	1.00%	09/01/17	\$ 17,495,595
Grand Parkway Enhancement Fund Total		\$ 17,495,595			\$ 17,495,595
Grand Total		\$ 575,357,582			\$ 575,210,895

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