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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

Commission file number: 000-50796

SP Plus Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**16-1171179**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

200 E. Randolph Street, Suite 7700
Chicago, Illinois 60601-7702
(Address of Principal Executive Offices, Including Zip Code)

(312) 274-2000
(Registrant’s Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐	Smaller reporting company ☐
			Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of October 31, 2018, there were 22,740,442 shares of common stock of the registrant outstanding.

SP PLUS CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
SP Plus Corporation
Condensed Consolidated Balance Sheets

(millions, except for share and per share data)	September 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Cash and cash equivalents	$ 20.2	$ 22.8
Notes and accounts receivable, net	136.4	122.3
Prepaid expenses and other	13.1	15.5
Total current assets	169.7	160.6
Leasehold improvements, equipment and construction in progress, net	26.3	27.4
Other assets		
Advances and deposits	4.2	4.1
Other intangible assets, net	50.1	54.1
Favorable acquired lease contracts, net	18.5	23.3
Equity investments in unconsolidated entities	9.9	18.6
Other assets, net	19.1	18.3
Deferred taxes	15.8	15.9
Cost of contracts, net	8.2	8.9
Goodwill	431.6	431.7
Total other assets	557.4	574.9
Total assets	$ 753.4	$ 762.9
Liabilities and stockholders' equity		
Accounts payable	$ 93.5	$ 102.8
Accrued rent	22.8	23.2
Compensation and payroll withholdings	22.4	22.2
Property, payroll and other taxes	10.0	6.8
Accrued insurance	18.0	18.9
Accrued expenses	30.4	25.5
Current portion of obligations under Restated Credit Facility and other long-term borrowings	20.9	20.6
Total current liabilities	218.0	220.0
Long-term borrowings, excluding current portion		
Obligations under Restated Credit Facility	85.8	132.0
Other long-term borrowings	1.1	1.2
	86.9	133.2
Unfavorable acquired lease contracts, net	26.3	31.5
Other long-term liabilities	63.5	65.1
Total noncurrent liabilities	176.7	229.8
Stockholders' equity		
Preferred stock, par value $0.01 per share; 5,000,000 shares authorized as of September 30, 2018 and December 31, 2017; no shares issued	—	—
Common stock, par value $0.001 per share; 50,000,000 shares authorized as of September 30, 2018 and December 31, 2017; 22,729,564 and 22,542,672 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	—	—
Treasury stock, at cost; 305,183 shares as of September 30, 2018 and December 31, 2017, respectively	(7.5)	(7.5)
Additional paid-in capital	256.7	254.6
Accumulated other comprehensive loss	(1.6)	(1.2)
Retained earnings	111.1	67.0
Total SP Plus Corporation stockholders' equity	358.7	312.9
Noncontrolling interest	—	0.2
Total stockholders' equity	358.7	313.1
Total liabilities and stockholders' equity	$ 753.4	$ 762.9

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Condensed Consolidated Statements of Income

(millions, except for share and per share data) (unaudited)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Parking services revenue				
Lease type contracts	$ 104.7	$ 140.9	$ 311.6	$ 422.6
Management type contracts	82.6	86.7	264.8	262.8
	187.3	227.6	576.4	685.4
Reimbursed management type contract revenue	174.8	165.1	514.8	512.7
Total parking services revenue	362.1	392.7	1,091.2	1,198.1
Cost of parking services				
Lease type contracts	94.2	131.0	283.2	387.0
Management type contracts	48.1	50.7	157.6	154.5
	142.3	181.7	440.8	541.5
Reimbursed management type contract expense	174.8	165.1	514.8	512.7
Total cost of parking services	317.1	346.8	955.6	1,054.2
Gross profit				
Lease type contracts	10.5	9.9	28.4	35.6
Management type contracts	34.5	36.0	107.2	108.3
Total gross profit	45.0	45.9	135.6	143.9
General and administrative expenses	18.7	19.6	63.3	63.3
Depreciation and amortization	4.2	4.9	12.7	16.3
Operating income	22.1	21.4	59.6	64.3
Other expenses (income)				
Interest expense	2.1	2.2	6.5	7.1
Interest income	(0.1)	(0.2)	(0.3)	(0.5)
Gain on sale of a business	—	—	—	(0.1)
Equity in losses (earnings) from investment in unconsolidated entity	—	0.1	(10.1)	0.5
Total other expenses (income)	2.0	2.1	(3.9)	7.0
Earnings before income taxes	20.1	19.3	63.5	57.3
Income tax expense	5.6	7.3	16.9	21.3
Net income	14.5	12.0	46.6	36.0
Less: Net income attributable to noncontrolling interest	1.0	0.8	2.5	2.6
Net income attributable to SP Plus Corporation	$ 13.5	$ 11.2	$ 44.1	$ 33.4
Common stock data				
Net income per common share				
Basic	$ 0.60	$ 0.51	$ 1.97	$ 1.51
Diluted	$ 0.60	$ 0.50	$ 1.95	$ 1.48
Weighted average shares outstanding				
Basic	22,439,884	22,203,023	22,370,789	22,186,556
Diluted	22,626,746	22,523,036	22,607,274	22,501,378

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	$ 14.5	$ 12.0	$ 46.6	$ 36.0
Other comprehensive income (expense)	0.1	0.1	(0.4)	0.2
Comprehensive income	14.6	12.1	46.2	36.2
Less: Comprehensive income attributable to noncontrolling interest	1.0	0.8	2.5	2.6
Comprehensive income attributable to SP Plus Corporation	$ 13.6	$ 11.3	$ 43.7	$ 33.6

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Condensed Consolidated Statements of Cash Flows

	Nine Months Ended	
(millions) (unaudited)	**September 30, 2018**	**September 30, 2017**
Operating activities		
Net income	$ 46.6	$ 36.0
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	13.4	16.9
Net accretion of acquired lease contracts	(0.5)	(1.2)
Loss on sale of equipment	—	0.1
Net equity in earnings of unconsolidated entities (net of distributions)	(0.4)	(8.6)
Gain on sale of equity method investment in unconsolidated entity	(10.1)	(0.1)
Amortization of debt issuance costs	0.6	0.6
Amortization of original discount on borrowings	0.4	0.4
Non-cash stock-based compensation	2.1	3.2
Provisions for losses on accounts receivable	0.2	0.2
Deferred income taxes	0.1	(1.5)
Changes in operating assets and liabilities		
Notes and accounts receivable	(14.4)	(4.6)
Prepaid assets	2.1	3.5
Other assets	(0.4)	(1.9)
Accounts payable	(9.2)	(14.1)
Accrued liabilities	5.1	(7.5)
Net cash provided by operating activities	35.6	21.4
Investing activities		
Purchase of leasehold improvements and equipment	(6.7)	(4.9)
Proceeds from sale of equipment and contract terminations	0.2	0.9
Proceeds from sale of equity method investment in unconsolidated entity	19.3	8.4
Cash received from sale of a business, net	—	0.6
Cost of contracts purchased	(0.8)	(0.6)
Net cash provided by investing activities	12.0	4.4
Financing activities		
Payments on revolver (Restated Credit Facility)	(101.6)	(308.7)
Proceeds from revolver (Restated Credit Facility)	104.8	301.5
Payments on term loan (Restated Credit Facility)	(50.0)	(15.0)
Payments on other long-term borrowings	(0.3)	(0.2)
Distribution to noncontrolling interest	(2.6)	(2.4)
Payments of debt issuance costs and original discount on borrowings	(0.1)	(0.1)
Net cash used in financing activities	(49.8)	(24.9)
Effect of exchange rate changes on cash and cash equivalents	(0.4)	0.3
(Decrease) increase in cash and cash equivalents	(2.6)	1.2
Cash and cash equivalents at beginning of year	22.8	22.2
Cash and cash equivalents at end of period	$ 20.2	$ 23.4
Supplemental disclosures		
Cash paid during the period for		
Interest	$ 5.5	$ 6.2
Income taxes, net	$ 11.8	$ 21.4
Non-cash transactions		
Capital lease obligations incurred to acquire equipment	$ 0.1	$ —

See Notes to Condensed Consolidated Financial Statements.

SP Plus Corporation
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Significant Accounting Policies and Practices

The Company

SP Plus Corporation (the “Company”) provides parking management, ground transportation and other ancillary services to commercial, institutional and municipal clients in urban markets and airports across the United States, Canada and Puerto Rico. These services include a comprehensive set of on-site parking management and ground transportation services, which include facility maintenance, event logistics services, security services, training, scheduling and supervising all service personnel as well as providing customer service, marketing, and accounting and revenue control functions necessary to facilitate the operation of clients’ facilities or events. The Company also provides a range of ancillary services such as airport and municipal shuttle operations, valet services, taxi and livery dispatch services, security services and municipal meter revenue collection and enforcement services.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and disclosures normally included in the Condensed Consolidated Balance Sheets, Statements of Income, Comprehensive Income and Cash Flows prepared in conformity with U.S. GAAP have been condensed or omitted as permitted by such rules and regulations.

In the opinion of management, all adjustments (consisting only of adjustments of a normal and recurring nature) considered necessary for a fair presentation have been included. Operating results for the three and nine-month periods ended September 30, 2018 are not necessarily indicative of the results that might be expected for any other interim period or the fiscal year ending December 31, 2018. The financial statements presented in this report should be read in conjunction with the Company’s annual Consolidated Financial Statements and notes thereto included in the Annual Report on Form 10-K filed on February 22, 2018.

Cash and cash equivalents

Cash equivalents represent funds temporarily invested in money market instruments with maturities of three months or less. Cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements was $0.3 million and $0.3 million as of September 30, 2018 and December 31, 2017, respectively, and are included within Cash and cash equivalents within the Condensed Consolidated Balance Sheets.

Financial Instruments

The carrying values of cash, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. Book overdrafts of $26.0 million and $29.0 million are included within Accounts payable within the Condensed Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017, respectively. Long-term debt has a carrying value that approximates fair value because these instruments bear interest at variable market rates.

Equity Investments in Unconsolidated Entities

The Company has ownership interests in 29 active partnerships, joint ventures or similar arrangements that operate parking facilities, of which 24 are consolidated under the VIE or voting interest models and 5 are unconsolidated where the Company’s ownership interests range from 30-50 percent and for which there are no indicators of control. The Company accounts for such investments under the equity method of accounting, and its underlying share of each investee’s equity is included in Equity investments in unconsolidated entities within the Condensed Consolidated Balance Sheets. As the operations of these entities are consistent with the Company’s underlying core business operations, the equity in earnings of these investments are included in Parking services revenue - lease type contracts within the Condensed Consolidated Statements of Income. Included in equity earnings for the three and nine months ended September 30, 2017 are earnings of $8.5 million from the Company's proportionate share of the net gain of an equity method investees' sale of assets. The equity earnings in these related investments were $0.7 million and $0.6 million for the three months ended September 30, 2018 and 2017, respectively, and were $1.9 million and $10.6 million for the nine months ended September 30, 2018 and 2017, respectively.

In October 2014, the Company entered into an agreement to establish a joint venture with Parkmobile USA, Inc. and contributed all of the assets and liabilities of its proprietary Click and Park parking prepayment business in exchange for a 30% interest in the newly formed legal entity called Parkmobile, LLC (“Parkmobile”). The Parkmobile joint venture combined two parking transaction engines, with SP Plus contributing the Click and Park® parking prepayment systems, which enables consumers to reserve and pay for parking online in advance and Parkmobile USA contributing its on demand transaction engine that allows consumers to transact real-time payment for parking privileges in both on- and off-street environments. On January 3, 2018, the Company closed a transaction to sell the entire 30% interest in Parkmobile to Parkmobile USA, Inc. for a gross sale price of $19.0 million and in the

first quarter of 2018, the Company recognized a pre-tax gain of $10.1 million, net of closing costs, and included in Equity in losses (earnings) from investment in unconsolidated entity within the Condensed Consolidated Statements of Income for the nine months ended September 30, 2018. The Company historically accounted for its investment in the Parkmobile joint venture using the equity method of accounting, and its underlying share of equity in Parkmobile was included in Equity investments in unconsolidated entities within the Condensed Consolidated Balance Sheets. The equity losses (earnings) in the Parkmobile joint venture were historically included in Equity in losses (earnings) from investment in unconsolidated entity within the Condensed Consolidated Statements of Income.

Noncontrolling Interests

Noncontrolling interests represent the noncontrolling holders’ percentage share of income or losses from the subsidiaries in which the Company holds a majority, but less than 100 percent, ownership interest and the results of which are consolidated and included within the Condensed Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 *"Revenue from Contracts with Customers" (Topic 606)* and following its release, the FASB also issued the following additional ASUs updating the topic:

- In December 2016, the FASB issued ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*
- In May 2016, the FASB issued ASU No. 2016-12*, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*
- In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*
- In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*
- In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*

Topic 606 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition* (*Topic 605*), and requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Company adopted the provisions of Topic 606 on January 1, 2018 using the modified retrospective transition method and therefore the comparative periods have not been recasted and continue to be reported under the accounting standards in effect for those prior periods presented.

The standard has been applied to contracts that have not been completed at the date of initial application. Furthermore and in accordance with Topic 606, the Company has not retrospectively restated the contracts that were modified before the beginning of the earliest reporting period presented. The aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations were reflected in determining and allocating the transaction price. The application of these practical expedients did not have a significant impact on the Company’s financial position, results of operations, cash flows and related financial statement disclosures.

In May 2017, the FASB issued ASU No. 2017-10, *Service Concession Arrangements* (*Topic 853*): *Determining the Customer of the Operation Services*. Topic 853 further clarifies how operating entities should determine the customer of operation services for transactions within the scope of Topic 853. The Company determined that revenue generated from service concession arrangements, will be accounted for under the guidance of Topic 606 upon adoption of Topic 853. The Company adopted the provisions of Topic 853 on January 1, 2018 and upon the adoption, the Company was required to reclassify certain assets used in service concession arrangements that were previously included in Leasehold improvements, equipment and construction in progress, net, to Other assets, net within the Condensed Consolidated Balance Sheet for September 30, 2018 (as discussed previously, the prior period presented has not been recasted).

In addition, the Company has the contractual right to invoice a customer prior to the performance obligation being satisfied in certain contractual arrangements, primarily related to monthly parking arrangements, and therefore effective January 1, 2018; the Company established a contract asset with a corresponding contract liability for the performance obligation expected to be satisfied at a future date. The impact of this change on the Condensed Consolidated Balance Sheet as of September 30, 2018 is as follows:

(millions, unaudited)	Impact of Changes in Accounting Policies as of September 30, 2018		
	As Reported	Balances without Adoption of Topics 606 and 853	Impact of Adoption Increase/(Decrease)
Assets			
Notes and accounts receivable, net (1)	$ 136.4	$ 125.8	$ 10.6
Leasehold improvements, equipment and construction in progress, net (2)	26.3	26.8	(0.5)
Other assets, net (2)	19.1	18.6	0.5
Liabilities			
Accrued expenses (1)	$ 30.4	$ 19.8	$ 10.6

(1) Approximately $10.6 million and $10.6 million of contract assets and contract liabilities, respectively, were recognized as of September 30, 2018.

(2) Leasehold improvements used in service concession arrangements of approximately $0.5 million were reclassified from Leasehold improvements, equipment and construction in progress to Other assets, net, as of September 30, 2018.

The adoption of Topics 606 and 853 had no impact to the Company's Operating income or Net income for the three and nine months ended September 30, 2018. Certain expenses, primarily rental expense for the contractual arrangements that meet the definition of service concession arrangements under Topic 853, have been recorded as a reduction of revenue for the three and nine months ended September 30, 2018 (as discussed above, prior periods have not been recasted).

The impact of this change to gross profit and depreciation and amortization for the three and nine months ended September 30, 2018 was as follows:

(millions, unaudited)	Impact of Changes in Accounting Policies for the Three Months Ended September 30, 2018			Impact of Changes in Accounting Policies for the Nine Months Ended September 30, 2018		
	As Reported	Balances without Adoption of Topics 853 and 606	Impact of Adoption Increase/(Decrease)	As Reported	Balances without Adoption of Topics 853 and 606	Impact of Adoption Increase/(Decrease)
Parking services revenue						
Lease type contracts (1)	$ 104.7	$ 138.5	$ (33.8)	$ 311.6	$ 411.1	$ (99.5)
Management type contracts	82.6	82.6	—	264.8	264.8	—
	187.3	221.1	(33.8)	576.4	675.9	(99.5)
Reimbursed management type contract revenue	174.8	174.8	—	514.8	514.8	—
Total parking services revenue	362.1	395.9	(33.8)	1,091.2	1,190.7	(99.5)
Cost of parking services						
Lease type contracts (1)	94.2	128.0	(33.8)	283.2	382.6	(99.4)
Management type contracts	48.1	48.1	—	157.6	157.6	—
	142.3	176.1	(33.8)	440.8	540.2	(99.4)
Reimbursed management type contract expense	174.8	174.8	—	514.8	514.8	—
Total cost of parking services	317.1	350.9	(33.8)	955.6	1,055.0	(99.4)
Gross profit						
Lease type contracts	10.5	10.5	—	28.4	28.5	(0.1)
Management type contracts	34.5	34.5	—	107.2	107.3	(0.1)
Total gross profit	$ 45.0	$ 45.0	$ —	$ 135.6	$ 135.8	$ (0.2)
Depreciation and amortization	$ 4.2	$ 4.3	$ (0.1)	$ 12.7	$ 13.0	$ (0.3)

(1) Certain expenses, primarily rental expense for contractual arrangements that meet the definition of a service concession arrangement under Topic 853, of approximately $33.8 million and $99.4 million that would have been previously classified as Cost of parking services - lease type contracts have been classified as a reduction of revenue and included in Parking services revenue - lease type contracts for the three and nine months ended September 30, 2018, respectively.

The adoption of Topics 606 and 853 did not result in a cumulative effect on our opening retained earnings and there was no impact to the Company's Condensed Consolidated Statements of Cash Flows. See Note 2. *Revenue* for further discussion on the impacts of adopting Topics 606 and 853.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation - Stock Compensation (Topic 718), Scope Modification Accounting*. ASU No. 2017-09 clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The guidance is effective prospectively for all companies for annual periods beginning on or after December 15, 2017. Early adoption is permitted. The Company adopted the standard as of January 1, 2018. The standard did not have an impact on the Company’s financial position, results of operations, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations - Clarifying the Definition of a Business (Topic 805)*. Under ASU No. 2017-01, an entity first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set is not a business. If it’s not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Under current guidance, a business consists of (1) inputs, (2) processes applied to those inputs and (3) the ability to create outputs. ASU No. 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. The standard will be applied prospectively to any transactions occurring within the period of adoption. The Company adopted the standard as of January 1, 2018. The standard did not have an impact on the Company’s financial position, results of operations, cash flows and financial statement disclosures.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows - Restricted Cash (Topic 230)*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The guidance, which is based on a consensus of the Emerging Issues Task Force (EITF), is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. The Company adopted this standard as of January 1, 2018. The standard did not have an impact on the Company's financial position, results of operation, cash flows and financial statement disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments (Topic 230)*. ASU 2016-15 amends the guidance in ASC 230 related to the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of the ASU is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. The amendment adds or clarifies several statement of cash flow classification issues including: (i) debt prepayment or debt extinguishment costs, (ii) settlement of certain zero-coupon debt instruments, (iii) contingent consideration payments, (iv) proceeds from the settlement of insurance claims, (v) proceeds from the settlement of corporate-owned life insurance policies, (vi) distributions received from equity method investments, (vii) beneficial interest in securitization transactions, and (viii) separately identifiable cash flows and application of the predominance principle. The standard is effective for interim and annual reporting periods beginning after December 15, 2017. The Company adopted this standard as of January 1, 2018. The standard did not have an impact on the Company's financial position, results of operation, cash flows and financial statement disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 amends various areas of the accounting for financial instruments. Key provisions of the amendment require (i) equity investments to be measured at fair value (except those accounted for under the equity method), (ii) the simplification of equity investment impairment determination, (iii) certain changes to the fair value measurement of financial instruments measured at amortized cost, (iv) the separate presentation, in other comprehensive income, the portion of the total change in the fair value of the liability resulting from a change in the instrument-specific credit risk (given certain conditions), and (v) the evaluation for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the Company's other deferred tax assets. ASU No. 2016-01 is effective for interim and annual reporting periods beginning after December 15, 2017. The Company adopted this standard as of January 1, 2018. The standard did not have an impact on the Company's financial position, results of operation, cash flows and financial statement disclosures.

Accounting Pronouncements to be Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* ASU No. 2016-02 requires lessees to record most leases on the balance sheet and recognize expense, similar to current accounting guidance, on the income statement. Additionally, the classification criteria and the accounting for sales-type and direct financing leases is modified for lessors. Under ASU No. 2016-02, all entities are required to recognize "right-of-use" ("ROU") assets and lease liabilities on the balance sheet for all leases classified as either operating or finance leases. Lease classification will determine recognition of lease-related revenue and expense. Since the release of ASU No. 2016-02, the FASB also issued the following additional ASUs updating the topic:

- In January 2018, the FASB issued ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*
- In July 2018, the FASB issued ASU No. 2018-11, *Lease (Topic 842): Targeted Improvements*
- In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*

ASU No. 2016-02 and its related ASUs are effective for interim and annual reporting periods beginning after December 15, 2018.

The Company has commenced the process of implementing Topic 842 and has developed a project plan to guide the implementation and assessment of the impact of the standard and other changes to the Company's financial position, results of operations, cash flows and financial statement disclosures. The Company has made progress on this project plan including assessing the Company's portfolio of leases, understanding key policy elections and considerations under the standard as well as changes to key processes and internal controls. The Company has selected a lease accounting software solution to support the new reporting requirements and has commenced the process of extracting lease data from lease agreements for input into the software solution. The Company will take advantage of the transition package of practical expedients as permitted within ASU No. 2016-02 which among other things allows the Company to carry forward the historical lease classification. The Company will be making an accounting policy election to keep leases with an initial lease term of 12 months or less off of the Consolidated Balance Sheet and therefore there will be no requirement to recognize ROU assets and lease liabilities for these leases.

While the Company continues to assess the potential impacts of the new standard, the most significant impact upon adoption will be the recognition of ROU assets and lease liabilities for operating leases. However, the Company does not expect adoption will have a material impact on the Consolidated Statement of Income. The Company expects the accounting for capital leases to remain substantially unchanged.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. Under existing guidance, the accounting for nonemployee share-based payments differs from that applied to employee awards, particularly with regard to the measurement date and the impact of performance conditions. This ASU provides for existing employee guidance will apply to nonemployee share-based transactions (as long as the transaction is not effectively a form of financing), with the exception of specific guidance related to the attribution of compensation cost. The cost of nonemployee awards will continue to be recorded as if the grantor had paid cash for the goods or services. In addition, the contractual term will be able to be used in lieu of an expected term in the option-pricing model for nonemployee awards. ASU No. 2018-07 is effective for all companies for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Public business entities may early adopt the guidance for financial statements that have not yet been issued but no earlier than an entity's adoption date of Topic 606. The Company is currently assessing the impact of adopting the standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In February 2018, the FASB issued ASU No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The ASU provides guidance that permits companies to reclassify disproportionate tax effects in accumulated other comprehensive income (AOCI) caused by the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act") to retained earnings. The FASB refers to these amounts as "stranded tax effects." Companies that elect to reclassify the effects associated with the change in US federal corporate income tax rate must do so for all items within the AOCI. The new guidance also requires all companies to include certain new disclosures in their financial statements, regardless of whether a company opts to make the reclassification. Companies may adopt the new guidance using one of two transition methods: (1) retrospective to each period (or periods) in which the income tax effects of the 2017 Tax Act related to items remaining in AOCI are recognized, or (2) at the beginning of the period of adoption. ASU No. 2018-02 is effective for all companies for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Public business entities may early adopt the guidance for financial statements that have not yet been issued. The Company is currently assessing the impact of adopting the standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment.* The new guidance simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. All other goodwill impairment guidance will remain largely unchanged. Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. The same one-step impairment test will be applied to goodwill at all reporting units, even those with zero or negative carrying amounts. Entities will be required to disclose the amount of goodwill at reporting units with zero or negative carrying amounts. ASU No. 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently assessing the impact of adopting the standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Credit Losses - Measurement of Credit Losses on Financial Instruments (Topic 326)*. The standard significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For available-for-sale debt securities, entities will be required to record allowances rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The standard is effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal - Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.* The

standard requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in Accounting Standards Codification (ASC) 350-40 to determine which implementation costs to capitalize as assets. Capitalized implementation costs related to a hosting arrangement that is a service contract will be amortized over the term of the hosting arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. The standard is effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. This standard modifies the disclosures on fair value measurements by removing the requirement to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for timing of such transfers. The ASU expands the disclosure requirements for Level 3 fair value measurements, primarily focused on changes in unrealized gains and losses included in other comprehensive income. The standard is effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently assessing the impact of adopting this standard on the Company's financial position, results of operations, cash flows and financial statement disclosures.

2. Revenue

The Company accounts for revenue in accordance with Topics 606 and 853. Topic 606 requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. See also Note 1. *Significant Accounting Policies* for further discussion. The Company adopted Topics 606 and 853 on January 1, 2018, using the modified retrospective method of adoption.

Contracts with customers and clients

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Once a contract is identified, the Company evaluates whether the combined or single contract should be accounted for as more than one performance obligation. Substantially all of our revenues come from the following two types of arrangements: Lease type and Management type contracts.

Parking services revenue - lease type contracts

Under lease type arrangements, the Company pays the property owner a fixed base rent or payment, percentage rent or payment that is tied to the facility's financial performance, or a combination of both. The Company operates the parking facility and is responsible for most operating expenses, but typically is not responsible for major maintenance, capital expenditures or real estate taxes. Performance obligations for parking services revenues related to lease type contracts include parking for transient and monthly parkers. Revenue is recognized over time as the Company provides services. As noted in Note 1. *Significant Accounting Policies* and in accordance with Topic 853, certain expenses, primarily rental expense for the contractual arrangements that meet the definition of service concession arrangements, are recorded as a reduction of revenue for the three and nine months ended September 30, 2018.

Parking services revenue - management type contracts

Management type contract revenue consists of management fees, including both fixed and performance-based fees. In exchange for this consideration, the Company has a bundle of performance obligations that include services such as managing the parking facility as well as ancillary services such as accounting, equipment leasing, consulting, insurance and other value-added services. The Company believes that it can generally purchase required insurance for the location at lower rates than clients can obtain on their own because the Company is effectively self-insured for all liability, worker's compensation and health care claims by maintaining a large per-claim deductible. As a result, the Company generates operating income on the insurance provided under our management type contracts by focusing on our risk management efforts and controlling losses. Management type contract revenues do not include gross customer collections at the managed locations as these revenues belong to the property owners rather than to the Company. Management type contracts generally provide the Company with management fees regardless of the operating performance of the underlying facilities. Revenue is recognized over time as the Company provides services.

Service concession arrangements

Service concession agreements within the scope of Topic 853 include both lease type and management type contracts. Upon the adoption of Topic 853, revenue generated from service concession arrangements, is accounted for under the guidance of Topics 606 and Topic 853. For the three and nine months ended September 30, 2018, certain expenses (primarily rental expense) related to service concession arrangements, previously recorded within Cost of parking services - lease type contracts and Depreciation and amortization, have been recorded as a reduction of Parking service revenue - lease type contracts upon adoption of Topic 853.

Contract modifications and taxes

Contracts are often modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either changes the consideration due to the Company or creates new performance obligations or changes the existing scope of the contract and related performance obligations. Most of our contract modifications are for services that are not distinct from the existing contract due to the fact that the Company is providing a bundle of performance obligations that are highly inter-related in the context of the contract, and are therefore accounted for as if they were part of that existing contract. Typically, modifications are accounted for prospectively as part of the existing contract.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, which are collected by the Company from a customer, are excluded from revenue.

Reimbursed management type contract revenue and expense

The Company recognizes both revenues and expenses, in equal amounts, that are directly reimbursed from the property owner for operating expenses incurred under a management type contract. The Company has determined it is the principal in these transactions as the nature of our performance obligations is for the Company to provide the services on behalf of the customer. As the principal to these related transactions, the Company has control of the promised services before they are transferred to the customer.

Disaggregation of revenue

The Company disaggregates its revenue from contracts with customers by type of arrangement for each of our reportable segments. The Company has concluded that such disaggregation of revenue best depicts the overall economic nature, timing and uncertainty of the Company's revenue and cash flows affected by the economic factors of the respective contractual arrangement. See Note 15. *Business Unit Segment Information* for further information on disaggregation of our revenue by segment.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer or client, and is the unit of account in Topic 606. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of our contracts have a single performance obligation that is not separately identifiable from other promises in the contract and therefore not distinct, comprising the promise to provide a bundle of monthly performance obligations or parking services for transient or monthly parkers.

The contract price is generally deemed to be the transaction price. Some management type contracts include performance incentives that are based on variable performance measures. These incentives are constrained at contract inception and recognized once the customer has confirmed that the Company has met the contractually agreed upon performance measures as defined in the contract.

Our performance obligations are primarily satisfied over time as the Company provides the related services. Typically, revenue is recognized over time on a straight-line basis as the Company satisfies the related performance obligation. There are certain management type contracts where revenue is recognized based on costs incurred to date plus a reasonable margin. The Company has concluded this is a faithful depiction of how control is transferred to the customer. Performance obligations satisfied at a point in time for the three and nine months ended September 30, 2018 were not significant.

The time between completion of the performance obligation and collection of cash is typically not more than 30 - 60 days. In certain contractual arrangements, such monthly parker contracts, cash is collected in advance of the Company commencing its performance obligations under the contractual arrangement.

On September 30, 2018, the Company had $106.7 million related to performance obligations that were unsatisfied or partially unsatisfied for which the Company expects to recognize revenue. This amount excludes variable consideration primarily related to contracts where the Company and customer share the gross revenues or operating profit for the location and contracts where transaction prices include performance incentives that are constrained at contract inception. These performance incentives are based on measures that are ascertained exclusively by future performance and therefore cannot be estimated at contract inception by the Company. The Company applies the practical expedient that permits exclusion of information about the remaining performance obligations that have original expected durations of one year or less. The Company expects to recognize our remaining performance obligations as revenue in future periods as follows:

(millions, unaudited)		Remaining Performance Obligations
2018	$	13.1
2019		38.3
2020		24.9
2021		12.8
2022		8.0
2023 and thereafter		9.6
Total	$	106.7

Contract balances

The timing of revenue recognition, billings and cash collections results in accounts receivable, contract assets and contract liabilities. Accounts receivable represent amounts where the Company has an unconditional right to the consideration and therefore only the passage of time is required for the Company to receive consideration due from the customer. Both lease type and management type contracts have customers and clients where amounts are billed as work progresses or in advance in accordance with agreed-upon contractual terms. Billing may occur subsequent to or prior to revenue recognition, resulting in contract assets and contract liabilities. The Company, on occasion, receives advances or deposits from customers and clients, on both lease and management type contracts, before revenue is recognized, resulting in the recognition of contract liabilities.

Contract assets and contract liabilities are reported on a contract-by-contract basis and are included in Notes and accounts receivable, net and Accrued expenses, respectively, on the Condensed Consolidated Balance Sheet as of September 30, 2018. Impairment charges related to accounts receivable for the three and nine months ended September 30, 2018 and 2017, were not significant. There were no impairment charges recorded on contract assets and contract liabilities for the three and nine months ended September 30, 2018. The following table provides information about contract assets and contract liabilities with customers and clients as of September 30, 2018:

(millions, unaudited)		September 30, 2018
Accounts receivable	$	125.6
Contract asset	$	10.8
Contract liability	$	(16.5)

Changes in contract assets include recognition of additional consideration due from the customer or client once the Company obtains an unconditional right to the consideration offset by reclassifications of contract asset balances to accounts receivable when the Company obtains an unconditional right to consideration, thereby establishing an accounts receivable. The following table provides information about changes to contract asset balances for the nine-month period ended September 30, 2018:

(millions, unaudited)		Contract Asset
Balance as of January 1, 2018	$	12.2
Additional contract assets		100.0
Reclassification to accounts receivable		(101.4)
Balance as of September 30, 2018	$	10.8

Changes in contract liability primarily include additional contract liabilities and liquidation of contract liabilities when revenue is recognized. The entire contract liability balance as of January 1, 2018 was recognized as revenue during the nine-month period ended September 30, 2018. The following table provides information about changes to contract liability balances for the nine-month period ended September 30, 2018:

(millions, unaudited)		Contract Liability
Balance as of January 1, 2018	$	(20.5)
Additional contract liabilities		(128.6)
Recognition of revenue from contract liabilities		132.6
Balance as of September 30, 2018	$	(16.5)

Cost of contracts, net

Cost of contracts, net represents the cost of obtaining contractual rights associated with providing parking services for a lease or management type contracts. The adoption of Topic 606 did not have a significant impact on how the Company previously reported contract costs. Incremental costs incurred to obtain parking contracts are amortized on a straight line basis over the estimated life

of the contracts, including anticipated renewals and terminations. This is consistent with the timing of when the Company satisfies the related performance obligations. Estimated lives are based on the contract life or anticipated lives of the contract.

The table below shows amortization expense related to cost of contracts for the three and nine months ended September 30, 2018 and 2017, respectively. Amortization expense of cost of contracts related to service concession arrangements within the scope of Topic 853 is recorded as a reduction of revenue and was not significant for the three and nine months ended September 30, 2018 and 2017, respectively.

	Three Months Ended		Nine Months Ended	
(millions, unaudited)	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Amortization expense related to cost of contract included in depreciation and amortization	$ 0.8	$ 0.8	$ 2.3	$ 2.5

As of September 30, 2018 and December 31, 2017 cost of contracts net of accumulated amortization included on the Condensed Consolidated Balance Sheets under Cost of contract, net were $8.2 million and $8.9 million, respectively. No impairment charges were recorded for the three and nine months ended September 30, 2018 and 2017, respectively.

3. Legal and Other Commitments and Contingencies

The Company is subject to litigation in the normal course of its business. The outcomes of legal proceedings and claims brought against it and other loss contingencies are subject to significant uncertainty. The Company accrues a charge against income when its management determines that it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. In addition, the Company accrues for the authoritative judgments or assertions made against it by government agencies at the time of their rendering regardless of its intent to appeal. In addition, the Company is from time-to-time party to litigation, administrative proceedings and union grievances that arise in the normal course of business, and occasionally pays non-material amounts to resolve claims or alleged violations of regulatory requirements. There are no "normal course" matters that separately or in the aggregate, would, in the opinion of management, have a material adverse effect on its operation, financial condition or cash flow.

In determining the appropriate accounting for loss contingencies, the Company considers the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as its ability to reasonably estimate the amount of potential loss. The Company regularly evaluates current information available to determine whether an accrual should be established or adjusted. Estimating the probability that a loss will occur and estimating the amount of a potential loss or a range of potential loss involves significant estimation and judgment.

4. Restructuring, Merger and Acquisition Related Costs

The Company incurred certain restructuring, merger and acquisition related costs through a series of separate workforce reductions and reorganizations and certain merger and acquisition related activities. These costs are expensed as incurred and reflected in General and administrative expenses within the Condensed Consolidated Statements of Income; and includes costs related to a series of Company-initiated workforce reductions and operational reorganizations in 2017 and first quarter 2018 (primarily severance and relocation costs) to increase organizational effectiveness and provide cost savings that can be reinvested in the Company's growth initiatives; and includes additional costs related to evaluating potential acquisitions during the three and nine months ended September 30, 2018 (see also Note 16. *Subsequent Event*).

An accrual for restructuring, merger and acquisition related costs was $2.0 million ($1.1 million is included in Compensation and payroll withholdings, $0.5 million in Accrued Expenses and $0.4 million in Other long-term liabilities within the Condensed Consolidated Balance Sheets) and $2.3 million ($1.8 million is included in Compensation and payroll withholdings and $0.5 million in Other long-term liabilities within the Condensed Consolidated Balance Sheets) as of September 30, 2018 and December 31, 2017, respectively.

The aggregate costs associated with the restructuring, merger and acquisition related costs for the three and nine months ended September 30, 2018 and September 30, 2017 are summarized in the following table:

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
General and administrative expenses	$ 0.6	$ —	$ 3.4	$ 1.1

5. Other Intangible Assets, net

The following presents a summary of other intangible assets, net:

		September 30, 2018 (unaudited)			December 31, 2017		
(millions)	Weighted Average Life (Years)	Acquired Intangible Assets, Gross (1)	Accumulated Amortization	Acquired Intangible Assets, Net	Acquired Intangible Assets, Gross (1)	Accumulated Amortization	Acquired Intangible Assets, Net
Covenant not to compete	0.3	$ 0.9	$ (0.9)	$ —	$ 0.9	$ (0.9)	$ —
Trade names and trademarks	0.8	9.8	(9.7)	0.1	9.8	(9.7)	0.1
Proprietary know how	0.8	34.6	(34.6)	—	34.6	(34.5)	0.1
Management contract rights	10.2	81.0	(31.0)	50.0	81.0	(27.1)	53.9
Acquired intangible assets, net (2)	10.2	$ 126.3	$ (76.2)	$ 50.1	$ 126.3	$ (72.2)	$ 54.1

(1) Excludes the original cost and accumulated amortization of fully amortized intangible assets.
(2) Intangible assets have estimated useful lives between a half year and fourteen years.

The table below shows the amortization expense related to intangible assets for the three and nine months ended September 30, 2018 and September 30, 2017:

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Amortization expense related to other intangible assets included in depreciation and amortization	$ 1.3	$ 1.4	$ 4.0	$ 5.9

6. Goodwill

The amounts for goodwill and changes to carrying value by reportable segment are as follows:

(millions) (unaudited)	Region One	Region Two	Total
Balance as of December 31, 2017	$ 369.0	$ 62.7	$ 431.7
Foreign currency translation	(0.1)	—	(0.1)
Balance as of September 30, 2018	$ 368.9	$ 62.7	$ 431.6

The Company tests goodwill at least annually for impairment (the Company has elected to annually test for potential impairment of goodwill on the first day of the fourth quarter) and tests more frequently if indicators are present or changes in circumstances suggest that impairment may exist. The indicators include, among others, declines in sales, earnings or cash flows or the development of a material adverse change in business climate. The Company assesses goodwill for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment, referred to as a component.

The Company completed its annual goodwill impairment test as of October 1, 2017, using a qualitative test (Step Zero), to determine the likelihood of impairment and if it was more likely than not that the fair value of the reporting units were less than the carrying value of the reporting unit. The Company concluded that the estimated fair values of each of the Company's reporting units exceeded its carrying amount of net assets assigned to that reporting unit and, therefore, no further testing was required (Step One). Generally, the more-likely-than-not threshold is a greater than a 50% likelihood that the fair value of a reporting unit is greater than the carrying value. As part of the October 1, 2017 goodwill assessment, the Company engaged a third-party to estimate a discount rate, which is a primary driver in the valuation of the Company's reporting units' fair values. No impairment was recorded as a result of the goodwill impairment test performed. The Company monitors for indicators for goodwill impairment testing between annual tests. No adverse events occurred during the three and nine months ended September 30, 2018 that would cause the Company to test goodwill for impairment.

7. Fair Value Measurement

Fair Value Measurements-Recurring Basis

In determining fair value, the Company uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. Applicable accounting literature establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is based on observable or unobservable inputs to valuation techniques that are used to measure fair value. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions. Applicable accounting literature defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable and market-corroborated inputs, which are derived principally from or corroborated by observable market data.
- Level 3: Inputs that are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

As of September 30, 2018 and December 31, 2017, the Company had no financial assets and liabilities, other than cash and cash equivalents measured at fair value on a recurring basis. The carrying value of cash and cash equivalents approximates their fair value due to the short-term nature of these financial instruments and has been classified as a Level 1.

Nonrecurring Fair Value Measurements

Certain assets are measured at fair value on a nonrecurring basis; that is, the assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). Non-financial assets such as goodwill, intangible assets, and leasehold improvements, equipment and construction in progress are subsequently measured at fair value when there is an indicator of impairment and recorded at fair value only when impairment is recognized. The Company assesses the impairment of intangible assets annually or whenever events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable. The fair value of its goodwill and intangible assets is not estimated if there is no change in events or circumstances that indicate the carrying amount of an intangible asset may not be recoverable. There were no impairment charges for the nine months ended September 30, 2018 and 2017.

Financial Instruments Not Measured at Fair Value

The following presents the carrying amounts and estimated fair values of financial instruments not measured at fair value in the Condensed Consolidated Balance Sheets at September 30, 2018 and December 31, 2017:

	September 30, 2018 (unaudited)		December 31, 2017	
(millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term borrowings				
Restated Credit Facility, net of original discount on borrowings and deferred financing costs	$ 105.2	$ 105.2	$ 151.0	$ 151.0
Other obligations	$ 2.6	$ 2.6	$ 2.8	$ 2.8

The fair value of the Restated Credit Facility and Other obligations were estimated to not be materially different from the carrying amount and are generally measured using a discounted cash flow analysis based on current market interest rates for similar types of financial instruments and would be classified as a Level 2.

8. Borrowing Arrangements

Long-term borrowings, in order of preference, consist of:

		Amount Outstanding	
(millions)	Maturity Date	September 30, 2018	December 31, 2017
		(unaudited)	
Restated Credit Facility, net of original discount on borrowings and deferred financing costs	February 20, 2020	$ 105.2	$ 151.0
Other borrowings	Various	2.6	2.8
Total obligations under Restated Credit Facility and other borrowings		107.8	153.8
Less: Current portion of obligations under Restated Credit Facility and other borrowings		20.9	20.6
Total long-term obligations under Restated Credit Facility and other borrowings		$ 86.9	$ 133.2

Amended and Restated Credit Facility

On February 20, 2015 (“Restatement Date”), the Company entered into an Amended and Restated Credit Agreement (the “Restated Credit Agreement”) with Bank of America, N.A. (“Bank of America”), as administrative agent, an issuing lender and swing-line lender; Wells Fargo Bank, N.A., as an issuing lender and syndication agent; U.S. Bank National Association, First Hawaiian Bank and BMO Harris Bank N.A., as co-documentation agents; Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as joint lead arrangers and joint book managers; and the lenders party thereto (the “Lenders”).

Pursuant to the terms, and subject to the conditions, of the Restated Credit Agreement, the Lenders have made available to the Company a senior secured credit facility (the “Restated Credit Facility”) that permits aggregate borrowings of $400.0 million consisting of (i) a revolving credit facility of up to $200.0 million at any time outstanding, which includes a $100.0 million sublimit for letters of credit and a $20.0 million sublimit for swing-line loans, and (ii) a term loan facility of $200.0 million. The Company may request increases of the revolving credit facility in an aggregate additional principal amount of $100.0 million. The Restated Credit Facility matures on February 20, 2020.

The entire amount of the term loan portion of the Restated Credit Facility had been drawn by the Company as of the Restatement Date and is subject to scheduled quarterly amortization of principal as follows: (i) $15.0 million in the first year, (ii) $15.0 million in the second year, (iii) $20.0 million in the third year, (iv) $20.0 million in the fourth year, (v) $20.0 million in the fifth year and (vi) $110.0 million in the sixth year.

In June 2018 and September 2018 and as allowable under the terms and conditions of the Restated Credit Facility, the Company made voluntary principal repayments of $15.0 million and $20.0 million, respectively. Debt issuance costs and original discount on borrowings written off in connection with the voluntary repayments were not significant in either period.

Borrowings under the Restated Credit Facility bear interest, at the Company’s option, (i) at a rate per annum based on the Company’s consolidated total debt to EBITDA ratio for the 12-month period ending as of the last day of the immediately preceding fiscal quarter, determined in accordance with the pricing levels set forth in the Restated Credit Agreement (the “ Applicable Margin”), plus LIBOR or (ii) the Applicable Margin plus the highest of (x) the federal funds rate plus 0.5%, (y) the Bank of America prime rate and (z) a daily rate equal to LIBOR plus 1.0% (the highest of (x), (y) and (z), the “Base Rate”), except that all swing-line loans will bear interest at the Base Rate plus the Applicable Margin.

Under the terms of the Restated Credit Agreement, the Company is required to maintain a maximum consolidated total debt to EBITDA ratio of not greater than 4.0 to 1.0 as of the end of any fiscal quarter ending during the period from the Amended and Restatement Date through September 30, 2015, (ii) 3.75 to 1.0 as of the end of any fiscal quarter ending during the period from October 1, 2015 through September 30, 2016, and (iii) 3.5 to 1.0 as of the end of any fiscal quarter ending thereafter. In addition, the Company is required to maintain a minimum consolidated fixed charge coverage ratio of not less than 1.25:1.0.

Events of default under the Restated Credit Agreement include failure to pay principal or interest when due, failure to comply with the financial and operational covenants, the occurrence of any cross default event, non-compliance with the other loan documents, the occurrence of a change of control event, and bankruptcy and other insolvency events. If an event of default occurs and is continuing, the Lenders holding a majority of the commitments and outstanding term loan under the Restated Credit Agreement have the right, among others, to (i) terminate the commitments under the Restated Credit Agreement, (ii) accelerate and require the Company to repay all the outstanding amounts owed under the Restated Credit Agreement and (iii) require the Company to cash collateralize any outstanding letters of credit.

Each wholly owned domestic subsidiary of the Company (subject to certain exceptions set forth in the Restated Credit Agreement) has guaranteed all existing and future indebtedness and liabilities of the other guarantors and the Company arising under the Restated Credit Agreement. The Company's obligations under the Restated Credit Agreement and such domestic subsidiaries' guaranty obligations are secured by substantially all of their respective assets.

The Company was in compliance with all covenants as of September 30, 2018.

As of September 30, 2018, the Company had $145.9 million of borrowing availability under the Restated Credit Agreement, of which the Company could have borrowed $145.9 million on September 30, 2018 and remained in compliance with the above described covenants as of such date. The additional borrowing availability under the Restated Credit Agreement is limited only as of the Company's fiscal quarter-end by the covenant restrictions described above. As of September 30, 2018, the Company had $48.1 million of letters of credit outstanding under the Restated Senior Credit Facility, with aggregate borrowings against the Restated Senior Credit Facility of $105.2 million (net of original discount on borrowings of $0.4 million and deferred financing costs of $0.5 million).

9. Share Repurchase Plan

In May 2016, the Company's Board of Directors authorized the Company to repurchase, on the open market, shares of its outstanding common stock in an amount not to exceed $30.0 million in aggregate. Purchases of the Company's common stock may be made in open market transactions effected through a broker-dealer at prevailing market prices, in block trades, or by other means in accordance with Rules 10b-18 and 10b5-1 under the Securities Exchange Act of 1934. The share repurchase program does not obligate the Company to repurchase any particular amount of common stock, and has no fixed termination date.

Under this program, the Company has repurchased 305,183 shares of common stock through September 30, 2018 at an average price of $24.43 per share, resulting in $7.5 million in program-to-date purchases. No shares were repurchased during the nine months ended September 30, 2018 and 2017.

10. Bradley Agreement

The Company entered into a 25-year agreement with the State of Connecticut ("State") that expires on April 6, 2025, under which it operates the surface parking and 3,500 garage parking spaces at Bradley International Airport ("Bradley") located in the Hartford, Connecticut metropolitan area.

The parking garage was financed through the issuance of State of Connecticut special facility revenue bonds and provides that the Company deposits, with the trustee for the bondholders, all gross revenues collected from operations of the surface and garage parking. From these gross revenues, the trustee pays debt service on the special facility revenue bonds outstanding, operating and capital maintenance expense of the surface and garage parking facilities, and specific annual guaranteed minimum payments to the state. Principal and interest on the Bradley special facility revenue bonds increase from approximately $3.6 million in contract year 2002 to approximately $4.5 million in contract year 2025. Annual guaranteed minimum payments to the State increase from approximately $8.3 million in contract year 2002 to approximately $13.2 million in contract year 2024. The annual minimum guaranteed payment to the State by the trustee for the twelve months ended December 31, 2018 and 2017 is $11.8 million and was $11.5 million, respectively. All of the cash flow from the parking facilities are pledged to the security of the special facility revenue bonds and are collected and deposited with the bond trustee. Each month the bond trustee makes certain required monthly distributions, which are characterized as "Guaranteed Payments." To the extent the monthly gross receipts generated by the parking facilities are not sufficient for the trustee to make the required Guaranteed Payments, the Company is obligated to deliver the deficiency amount to the trustee, with such deficiency payments representing interest bearing advances to the trustee. The Company does not directly guarantee the payment of any principal or interest on any debt obligations of the State of Connecticut or the trustee.

The following is the list of Guaranteed Payments:

- Garage and surface operating expenses,
- Principal and interest on the special facility revenue bonds,
- Trustee expenses,
- Major maintenance and capital improvement deposits, and
- State minimum guarantee.

To the extent sufficient funds are available, the trustee is then directed to reimburse the Company for deficiency payments up to the amount of the calculated surplus, with the Company having the right to be repaid the principal amount of any and all deficiency payments, together with actual interest and premium, not to exceed 10% of the initial deficiency payment. The Company calculates and records interest and premium income along with deficiency principal repayments as a reduction of cost of parking services in the period the associated deficiency repayment is received from the trustee. The Company believes these advances to be fully recoverable as the Bradley Agreement places no time restriction on the Company's right to reimbursement. The reimbursement of principal, interest and premium will be recognized when received.

The total deficiency repayments (net of payments made) to the State as of September 30, 2018 (unaudited) are as follows:

(millions)	September 30, 2018
Balance as of December 31, 2017	$ 7.8
Deficiency payments made	0.1
Deficiency repayments received	(3.0)
Balance as of September 30, 2018	$ 4.9

The total deficiency repayments (net of payments made), interest and premium received and recorded for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Deficiency repayments	$ 0.9	$ 0.5	$ 2.9	$ 1.7
Interest	$ —	$ —	$ 0.5	$ 0.2
Premium	$ 0.1	$ —	$ 0.2	$ 0.2

Deficiency payments made are recorded as an increase in Cost of parking services-management type contracts and deficiency repayments, interest and premium received are recorded as reductions to Cost of parking services-management type contracts. The reimbursement of principal, interest and premium are recognized when received.

There were no amounts of estimated deficiency payments accrued as of September 30, 2018 and December 31, 2017, as the Company concluded that the potential for future deficiency payments did not meet the criteria of both probable and estimable.

In addition to the recovery of certain general and administrative expenses incurred, the Bradley Agreement provides for an annual management fee payment, which is based on operating profit tiers. The annual management fee is further apportioned 60% to the Company and 40% to an un-affiliated entity and the annual management fee will be paid to the extent funds are available for the trustee to make distribution, and are paid after Guaranteed Payments (as defined in the Bradley Agreement), and after the repayment of all deficiency payments, including interest and premium. Cumulative management fees of approximately $18.5 million and $17.7 million have not been recognized as of September 30, 2018 and December 31, 2017, respectively, and no management fees were recognized as revenue for the three and nine months ended September 30, 2018 and 2017.

11. Stock-Based Compensation

Stock Grants

There were 12,736 and 16,428 stock grants granted during the nine months ended September 30, 2018 and 2017, respectively. The Company recognized $0.5 million and $0.5 million of stock-based compensation expense related to stock grants for the nine months ended September 30, 2018 and 2017, respectively.

Restricted Stock Units

During the nine months ended September 30, 2018, 52,306 restricted stock units were authorized by the Company. No restricted stock units were issued during the nine months ended September 30, 2017. During the nine months ended September 30, 2018 and 2017, 129,706 and 4,399 restricted stock units vested, respectively. During the nine months ended September 30, 2018 and 2017, 6,456 and 4,537 restricted stock units were forfeited under the Company's Long-Term Incentive Plan, as Amended and Restated (the "Plan") and became available for reissuance, respectively.

The table below shows the Company's stock-based compensation expense related to the restricted stock units for the three and nine months ended September 30, 2018 and 2017, respectively, and is included in General and administrative expenses within the Condensed Consolidated Statements of Income:

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Stock-based compensation expense	$ 0.3	$ 0.2	$ 0.6	$ 0.6

As of September 30, 2018, there was $2.0 million of unrecognized stock-based compensation costs related to the restricted stock units that are expected to be recognized over a weighted average remaining period of approximately 2.4 years.

Performance Share Units

In September 2014, the Board of Directors authorized a performance-based incentive program under the Company's Plan ("Performance-Based Incentive Program"), whereby the Company will issue performance share units to certain executives that represent shares potentially issuable in the future. The objective of the Performance-Based Incentive Program is to link compensation to business performance, encourage ownership of Company stock, retain executive talent, and reward executive performance. The Performance-Based Incentive Program provides participating executives with the opportunity to earn vested common stock if certain performance targets for pre-tax free cash flow are achieved over a three year performance period and recipients satisfy service-based vesting requirements. The stock-based compensation expense associated with unvested performance share units are recognized on a straight-line basis over the shorter of the vesting period or minimum service period and dependent upon the probable outcome of the number of shares that will ultimately be issued based on the achievement of pre-tax free cash flow over the cumulative three-year period.

During the nine months ended September 30, 2018 and 2017, the Company granted 28,060 and 76,120 performance share units to certain executives, respectively. The grants during the nine months ended September 30, 2018 included a reduction during the quarter ending September 30, 2018 of 70,661 shares that are expected to be awarded based on the revised estimate of performance shares that are expected to vest. During the nine months ended September 30, 2018 and 2017, 6,874 and 14,195 performance share units vested, respectively, related to certain participating executives being eligible for retirement. During the nine months ended September 30, 2018 and 2017, 10,572 and 11,770 performance share units were forfeited under the Plan and became available for reissuance, respectively.

The table below shows the Company's stock-based compensation expense (reduction of expense) related to the Performance-Based Incentive Program for the three and nine months ended September 30, 2018 and 2017, respectively, and is included in General and administrative expenses within the Condensed Consolidated Statements of Income:

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Stock-based compensation expense	$ (0.4)	$ 0.6	$ 0.7	$ 1.8

Future compensation expense for currently outstanding awards under the Performance-Based Incentive Program could reach a maximum of $12.9 million. Stock-based compensation for the Performance-Based Incentive Program is expected to be recognized over a weighted average period of 1.8 years.

12. Net Income per Common Share

Basic net income per share is computed by dividing net income by the weighted daily average number of shares of common stock outstanding during the period. Diluted net income per share is based upon the weighted daily average number of shares of common stock outstanding for the period plus dilutive potential common shares, including stock options and restricted stock units using the treasury-stock method.

A reconciliation of the weighted average basic common shares outstanding to the weighted average diluted common shares outstanding is as follows:

	Three Months Ended		Nine Months Ended	
(millions, except share and per share data) (unaudited)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income attributable to SP Plus Corporation	$ 13.5	$ 11.2	$ 44.1	$ 33.4
Basic weighted average common shares outstanding	22,439,884	22,203,023	22,370,789	22,186,556
Dilutive impact of share-based awards	186,862	320,013	236,485	314,822
Diluted weighted average common shares outstanding	22,626,746	22,523,036	22,607,274	22,501,378
Net income per common share				
Basic	$ 0.60	$ 0.51	$ 1.97	$ 1.51
Diluted	$ 0.60	$ 0.50	$ 1.95	$ 1.48

For the three and nine months ended September 30, 2018 and 2017, unvested performance share units were excluded from the computation of weighted average diluted common share outstanding because the number of shares ultimately issuable is contingent on the Company's performance goals, which were not achieved as of the reporting date.

There are no additional securities that could dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share, other than those disclosed.

13. Comprehensive Income

Comprehensive income consists of the following components, net of tax:

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	$ 14.5	$ 12.0	$ 46.6	$ 36.0
Effective portion of unrealized loss on cash flow hedge	—	(0.1)	—	—
Foreign currency translation	0.1	0.2	(0.4)	0.2
Comprehensive income	14.6	12.1	46.2	36.2
Less: Comprehensive income attributable to noncontrolling interest	1.0	0.8	2.5	2.6
Comprehensive income attributable to SP Plus Corporation	$ 13.6	$ 11.3	$ 43.7	$ 33.6

Accumulated other comprehensive loss is comprised of foreign currency translation adjustments. The components of changes in accumulated comprehensive loss, net of tax, for the nine months ended September 30, 2018 were as follows:

(millions) (unaudited)	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss
Balance as of December 31, 2017	$ (1.2)	$ (1.2)
Change in other comprehensive loss	(0.4)	(0.4)
Balance as of September 30, 2018	$ (1.6)	$ (1.6)

14. Income Taxes

For the three months ended September 30, 2018, the Company recognized an income tax expense of $5.6 million on pre-tax earnings of $20.1 million, compared to $7.3 million income tax expense on pre-tax earnings of $19.3 million for the three months ended September 30, 2017. For the nine months ended September 30, 2018, the Company recognized an income tax expense of $16.9 million on pre-tax earnings of $63.5 million compared to $21.3 million income tax expense on pre-tax earnings of $57.3 million for the nine months ended September 30, 2017. The effective tax rate for the nine months ended September 30, 2018 was 26.6% compared to 37.2% for the nine months ended September 30, 2017. The effective tax rate for the nine months ended September 30, 2018 decreased primarily due to the reduction in the federal income tax rate to 21% per the 2017 Tax Act.

For the year ended December 31, 2017, the Company recorded provisional estimates of the tax effects of the 2017 Tax Act in accordance with SAB 118. As of September 30, 2018, the Company has finalized its accounting for the tax effects of the 2017 Tax Act in accordance with SAB 118. During the quarter ended September 30, 2018, the Company recorded a net benefit of $1.2 million for the finalization of its transition tax liability calculation and the rate reduction for deferred tax purposes. No further adjustments under the 2017 Tax Act will be recorded.

As of September 30, 2018, the Company has not identified any uncertain tax positions that would have a material impact on the Company's financial position. The Company recognizes potential interest and penalties related to uncertain tax positions, if any, in income tax expense. During the quarter ended September 30, 2018, the Company recognized an uncertain tax position of $0.3 million and related interest expense of $0.2 million due to an ongoing state tax examination.

The tax years that remain subject to examination for the Company's major tax jurisdictions at September 30, 2018 are shown below:

2015 – 2017	United States — federal income tax
2007 – 2017	United States — state and local income tax
2014 – 2017	Canada and Puerto Rico

15. Business Unit Segment Information

Segment information is presented in accordance with a “management approach,” which designates the internal reporting used by the Company's Chief Operating Decision Maker (“CODM”) for making decisions and assessing performance as the source of the Company’s reportable segments. The Company’s segments are organized in a manner consistent with which discrete financial information is available and evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance.

An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenue and incur expenses, and about which separate financial information is regularly evaluated by the CODM. The CODM is the Company’s chief executive officer.

Each of the operating segments is directly responsible for revenue and expenses related to their operations including direct regional administrative costs. Finance, information technology, human resources, and legal are shared functions that are not allocated back to the two operating segments. The CODM assesses the performance of each operating segment using information about its revenue and gross profit as its primary measure of performance, but does not evaluate segments using discrete asset information. There are no inter-segment transactions and the Company does not allocate interest and other income, interest expense, depreciation and amortization or taxes to operating segments. The accounting policies for segment reporting are the same as for the Company as a whole.

The operating segments are internally reported to the Company's CODM as Region One (Commercial) and Region Two (Airports).

- Region One (Commercial) encompasses our services in healthcare facilities, municipalities, including meter revenue collection and enforcement services, government facilities, hotels, commercial real estate, residential communities, retail, colleges and universities, as well as ancillary services such as shuttle and transportation services, valet services, taxi and livery dispatch services and event planning, including shuttle and transportation services.
- Region Two (Airports) encompasses our services at all major airports as well as ancillary services, which include shuttle and transportation services and valet services.
- "Other" consists of ancillary revenue that is not specifically identifiable to Regions One or Two and certain unallocated items, such as and including prior year insurance reserve adjustments/costs and other corporate items.

The business is managed based on regions administered by executive officers.

The following is a summary of revenues (excluding reimbursed management type contract revenue) and gross profit by regions for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended				Nine Months Ended			
(millions) (unaudited)	September 30, 2018	Gross Margin %	September 30, 2017	Gross Margin %	September 30, 2018	Gross Margin %	September 30, 2017	Gross Margin %
Parking Services Revenue								
Region One								
Lease type contracts (1)	$ 97.6		$ 108.9		$ 290.8		$ 326.0	
Management type contracts	59.4		62.5		191.1		190.1	
Total Region One	157.0		171.4		481.9		516.1	
Region Two								
Lease type contracts (1)	6.9		32.0		20.3		96.6	
Management type contracts	21.1		22.2		66.2		66.4	
Total Region Two	28.0		54.2		86.5		163.0	
Other								
Lease type contracts	0.2		—		0.5		—	
Management type contracts	2.1		2.0		7.5		6.3	
Total Other	2.3		2.0		8.0		6.3	
Reimbursed management type contract revenue	174.8		165.1		514.8		512.7	
Total Parking Services Revenue	$ 362.1		$ 392.7		$ 1,091.2		$ 1,198.1	
Gross Profit								
Region One								
Lease type contracts	$ 7.7	8%	$ 7.8	7%	$ 19.5	7%	$ 28.9	9%
Management type contracts	24.1	41%	25.3	40%	71.8	38%	74.7	39%
Total Region One	31.8		33.1		91.3		103.6	
Region Two								
Lease type contracts	2.0	29%	1.6	5%	5.6	28%	4.9	5%
Management type contracts	6.7	32%	6.2	28%	20.3	31%	19.5	29%
Total Region Two	8.7		7.8		25.9		24.4	
Other								
Lease type contracts	0.8	400%	0.5	—%	3.3	660%	1.8	—%
Management type contracts	3.7	176%	4.5	225%	15.1	201%	14.1	224%
Total Other	4.5		5.0		18.4		15.9	
Total gross profit	$ 45.0		$ 45.9		$ 135.6		$ 143.9	
General and administrative expenses	18.7		19.6		63.3		63.3	
General and administrative expense percentage of gross profit	42%		43%		47%		44%	
Depreciation and amortization	4.2		4.9		12.7		16.3	
Operating income	22.1		21.4		59.6		64.3	
Other expenses (income)								
Interest expense	2.1		2.2		6.5		7.1	
Interest income	(0.1)		(0.2)		(0.3)		(0.5)	
Gain on sale of a business	—		—		—		(0.1)	
Equity losses (earnings) from investment in unconsolidated entity	—		0.1		(10.1)		0.5	
Total other expenses (income)	2.0		2.1		(3.9)		7.0	
Earnings before income taxes	20.1		19.3		63.5		57.3	
Income tax expense	5.6		7.3		16.9		21.3	
Net income	14.5		12.0		46.6		36.0	
Less: Net income attributable to noncontrolling interest	1.0		0.8		2.5		2.6	
Net income attributable to SP Plus Corporation	$ 13.5		$ 11.2		$ 44.1		$ 33.4	

(1) Includes reduction of Parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the periods after January 1, 2018 be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement. Refer to Note 2. *Revenue*, for further discussion regarding the adoption of Topic 853.

16. Subsequent Event

On October 16, 2018, the Company signed a definitive purchase agreement to acquire Baggage Airline Guest Services, Inc. and Home Serv Delivery, LLC, and their subsidiaries and affiliates (collectively, "Bags"), for an all cash purchase price of $275.0 million, subject to certain adjustments. Bags is a leading provider of baggage delivery, remote airline check in and other related services, primarily to airline, airport and hospitality clients. The Company plans to finance the transaction with an expanded senior credit facility. The transaction is subject to the consummation of financing, antitrust clearance and other customary closing conditions and is expected to close by the end of November 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto contained in this Quarterly Report on Form 10-Q and the condensed consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Important Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q is being filed by SP Plus Corporation ("we", "SP Plus" or the "Company") with the Securities and Exchange Commission ("SEC") and contains forward-looking statements, including the proposed acquisition by SP Plus of Bags (as defined below) and the expected timing of completion of the acquisition, which are based on our current assumptions and expectations. These statements are typically accompanied by the words "expect," "estimate," "intend", "will," "predict," "project," "may," "should," "could," "believe," "would," "might," "anticipate," or words of similar terms and phrases, but such words, terms and phrases are not the exclusive means of identifying such statements. These expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. These forward looking statements are made based on management's expectations, beliefs and projections concerning future events and are subject to uncertainties and factors relating to operations and the business environment, all of which are difficult to predict and many of which are beyond management's control. These forward looking statements are not guarantees of future performance and there can be no assurance that our expectations, beliefs and projections will be realized.

Although we believe there is a reasonable basis for the forward-looking statements, our actual results could be materially different. The most important factors which could cause our actual results to differ from our forward-looking statements are set forth on our description of risk factors in Item 1A. *Risk Factors* of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which should be read in conjunction with the forward-looking statements in this report. The risks relating to the proposed acquisition of Bags include the risk that the proposed acquisition is not completed on a timely basis or at all; the risk that the tax and other benefits that SP Plus anticipates as a result of the transactions are not fully realized or take longer to realize than expected; the risk that certain risks and liabilities associated with Bags have not been discovered; the risk that antitrust clearance or any necessary third-party consents may not be obtained, that the financing may not be consummated or that other conditions to closing of the acquisition may not be satisfied; the effects of litigation that may be filed in connection with the transaction; the effect of the acquisition on SP Plus' and Bags' relationships with their respective clients, customers, vendors and personnel; and adverse effects on the market price of SP Plus' common stock and on SP Plus' operating results because of a failure to complete the transaction. Forward-looking statements speak only as of the date they are made, and except as expressly required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances, future events or for any other reason.

Overview

Our Business

We provide parking management, ground transportation and other ancillary services to commercial, institutional and municipal clients in urban markets and airports across the United States, Puerto Rico and Canada. Our services include a comprehensive set of on-site parking management and ground transportation services, which include facility maintenance, event logistic services, security services, training, scheduling and supervising all service personnel as well as providing customer service, marketing, and accounting and revenue control functions necessary to facilitate the operation of our clients' facilities or events. We also provide a range of ancillary services such as airport and municipal shuttle operations, valet services, taxi and livery dispatch services and municipal meter revenue collection and enforcement services. We typically enter into contractual relationships with property owners or managers as opposed to owning facilities.

We operate our clients' properties through two types of arrangements: management type contracts and lease type contracts. Under a management type contract, we typically receive a base monthly fee for managing the facility, and we may also receive an incentive fee based on the achievement of facility performance objectives. We also receive fees for ancillary services. Typically, all of the underlying revenues and expenses under a standard management type contract flow through to our clients rather than to us. However, some management type contracts, which are referred to as "reverse" management type contracts, usually provide for larger management fees and require us to pay various costs. Under lease type arrangements, we generally pay to the property owner a fixed annual rent, a percentage of gross customer collections or a combination thereof. We collect all revenues under lease

type arrangements and we are responsible for most operating expenses, but we are typically not responsible for major maintenance, capital expenditures or real estate taxes. Margins for lease type contracts vary significantly, not only due to operating performance, but also due to variability of parking rates in different cities and varying space utilization by parking facility type and location. As of September 30, 2018, we operated 81% of our locations under management type contracts and 19% under lease type contracts.

In evaluating our financial condition and operating performance, management's primary focus is on our gross profit and total general and administrative expense. Revenue from lease type contracts includes all gross customer collections derived from our leased locations (net of local parking taxes), whereas revenue from management type contracts only includes our contractually agreed upon management fees and amounts attributable to ancillary services. Gross customer collections at facilities under management type contracts, therefore, are not included in our revenue. Revenue from lease type contracts also includes a reduction of Parking services revenue - lease type contracts due to the adoption of ASU No. 2017-10, *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Service*s, which requires rental expense for the periods after January 1, 2018 be presented as a reduction of Parking services revenue - lease type for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement. Accordingly, while a change in the proportion of our operating agreements that are structured as lease type contracts versus management type contracts may cause significant fluctuations in reported revenue and expense of parking services that change will not artificially affect our gross profit. For example, as of September 30, 2018, 81% of our locations were operated under management type contracts and 79% of our gross profit for the nine months ended September 30, 2018 was derived from management type contracts. Only 46% of total revenue (excluding reimbursed management type contract revenue), however, was from management type contracts because under those contracts the revenue collected from parking customers belongs to our clients. Therefore, gross profit and total general and administrative expense, rather than revenue, are management's primary focus.

Pending Acquisition of Bags

On October 16, 2018, we signed a definitive purchase agreement to acquire Baggage Airline Guest Services, Inc. and Home Serv Delivery, LLC, and their subsidiaries and affiliates (collectively, "Bags"), for an all cash purchase price of $275.0 million, subject to certain adjustments. Bags is a leading provider of baggage delivery, remote airline check in and other related services, primarily to airline, airport and hospitality clients. We plan to finance the transaction with an expanded senior credit facility. The transaction is subject to the consummation of financing, antitrust clearance and other customary closing conditions and is expected to close by the end of November 2018. There can be no assurance that these or other closing conditions will be satisfied in a timely manner or at all. If the Bags acquisition is not completed, we may suffer other consequences that could adversely affect our business and results of operations including incurring significant acquisition costs that we would be unable to recover, negative publicity and negative impression of us in the investment community.

General Business Trends

We believe that sophisticated commercial real estate developers and property managers and owners recognize the potential for parking and related services to be a profit generator rather than a cost center. Often, the parking experience makes both the first and the last impressions on their properties' tenants and visitors. By outsourcing these services, they are able to capture additional profit by leveraging the unique operational skills and controls that an experienced parking management company can offer. Our ability to consistently deliver a uniformly high level of parking and related services, including the use of various technological enhancements, allows us to maximize the profit to our clients and improves our ability to win contracts and retain existing locations. Our focus on customer service and satisfaction is a key driver of our high location retention rate, which was approximately 90% and 92% for the twelve-month periods ended September 30, 2018 and 2017, respectively.

Summary of Operating Facilities

The following table reflects our facilities operated at the end of the periods indicated:

	September 30, 2018	December 31, 2017	September 30, 2017
Leased facilities	651	667	683
Managed facilities	2,808	2,956	2,964
Total facilities (1)	3,459	3,623	3,647

(1) Includes partial ownership in one leased facility acquired in the Central Merger.

Revenue

We recognize parking services revenue from lease and management type contracts as the related services are provided. Substantially all of our revenue comes from the following two sources:

Parking services revenue—lease type contracts. Parking services revenue related to lease type contracts consists of all revenue received at a leased facility, including parking receipts (net of local parking tax), consulting and real estate development fees, gains on sales of contracts and payments for exercising termination rights. Revenue from lease type contracts includes a

reduction of Parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the periods after January 1, 2018 be presented as a reduction of Parking services revenue - lease type for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

Parking services revenue—management type contracts. Management type contract revenue consists of management fees, including both fixed and performance-based fees, and amounts attributable to ancillary services such as accounting, equipment leasing, payments received for exercising termination rights, consulting, developmental fees, gains on sales of contracts, insurance and other value-added services with respect to managed locations. We believe we generally purchase required insurance at lower rates than our clients can obtain on their own because we effectively self-insure for all liability and worker's compensation and health care claims by maintaining a large per-claim deductible. As a result, we have generated operating income on the insurance provided under our management type contracts by focusing on our risk management efforts and controlling losses. Management type contract revenues do not include gross customer collections at the managed locations as these revenues belong to the property owner rather than to us. Management type contracts generally provide us with a management fee regardless of the operating performance of the underlying facilities.

Reimbursed Management Type Contract Revenue

Reimbursed management type contract revenue consists of the direct reimbursement from the property owner for operating expenses incurred under a management type contract, which are reflected in our revenue.

Cost of Parking Services

Our cost of parking services consists of the following:

Cost of parking services—lease type contracts. The cost of parking services under a lease type arrangement consists of contractual rental fees paid to the facility owner and all operating expenses incurred in connection with operating the leased facility. Contractual fees paid to the facility owner are generally based on either a fixed contractual amount or a percentage of gross revenue or a combination thereof. Generally, under a lease type arrangement we are not responsible for major capital expenditures or real estate taxes. Cost of parking from lease type contracts includes reduction of Cost of parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the periods after January 1, 2018 be presented as a reduction of Parking services revenue - lease type for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

Cost of parking services—management type contracts. The cost of parking services under a management type contract is generally the responsibility of the facility owner. As a result, these costs are not included in our results of operations. However, our reverse management type contracts, which typically provide for larger management fees, do require us to pay for certain costs.

Reimbursed Management Type Contract Expense

Reimbursed management type contract expense consists of direct reimbursed costs incurred on behalf of property owners under a management type contract, which are reflected in our cost of parking services.

Gross Profit

Gross profit equals our revenue less the cost of generating such revenue. This is the key metric we use to examine our performance because it captures the underlying economic benefit to us of both lease and management type contracts.

General and Administrative Expenses

General and administrative expenses include salaries, wages, payroll taxes, insurance, travel and office related expenses for our headquarters, field offices, supervisory employees, and board of directors.

Depreciation and Amortization

Depreciation is determined using a straight-line method over the estimated useful lives of the various asset classes, or in the case of leasehold improvements, over the initial term of the operating lease or its useful life, whichever is shorter. Intangible assets determined to have finite lives are amortized over their remaining estimated useful life.

Results of Operations

Segments

An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenue and incur expenses, and about which separate financial information is regularly evaluated by our chief operating decision maker (“CODM”), in deciding how to allocate resources. Our CODM is our chief executive officer.

The operating segments are internally reported to our CODM as Region One (Commercial) and Region Two (Airports).

- Region One (Commercial) encompasses our services in healthcare facilities, municipalities, including meter revenue collection and enforcement services, government facilities, hotels, commercial real estate, residential communities, retail, colleges and universities, as well as ancillary services such as shuttle and transportation services, valet services, taxi and livery dispatch services and event planning, including shuttle and transportation services.
- Region Two (Airports) encompasses our services at all major airports as well as ancillary services, which include shuttle and transportation services and valet services.
- "Other" consists of ancillary revenue that is not specifically identifiable to Regions One or Two and certain unallocated items, such as and including prior year insurance reserve adjustments/costs and other corporate items.

The following tables are a summary of revenues (excluding reimbursed management type contract revenue), cost of parking services and gross profit by region for the three and nine months ended September 30, 2018 and 2017:

Three Months Ended September 30, 2018 Compared to Three Months September 30, 2017

Segment revenue information is summarized as follows:

	Three Months Ended September 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2018	2017	2018	2017	2018	2017	2018	2017	Amount	%
Lease type contract revenue:										
New locations	$ 2.7	$ 0.3	$ —	$ —	$ —	$ —	$ 2.7	$ 0.3	$ 2.4	800.0 %
Contract expirations	1.0	11.4	—	—	—	—	1.0	11.4	(10.4)	(91.2)%
Same locations (a) (b)	90.4	93.5	6.9	32.0	0.2	—	97.5	125.5	(28.0)	(22.3)%
Conversions	3.5	3.7	—	—	—	—	3.5	3.7	(0.2)	(5.4)%
Total lease type contract revenue	$ 97.6	$ 108.9	$ 6.9	$ 32.0	$ 0.2	$ —	$ 104.7	$ 140.9	$ (36.2)	(25.7)%
Management type contract revenue:										
New locations	$ 4.0	$ 0.7	$ 1.0	$ 0.7	$ —	$ —	$ 5.0	$ 1.4	$ 3.6	257.1 %
Contract expirations	0.8	7.6	—	0.4	—	—	0.8	8.0	(7.2)	(90.0)%
Same locations	54.5	54.0	20.1	21.1	2.1	2.0	76.7	77.1	(0.4)	(0.5)%
Conversions	0.1	0.2	—	—	—	—	0.1	0.2	(0.1)	(50.0)%
Total management type contract revenue	$ 59.4	$ 62.5	$ 21.1	$ 22.2	$ 2.1	$ 2.0	$ 82.6	$ 86.7	$ (4.1)	(4.7)%

(a) The three months ended September 30, 2018 same locations in Region One includes a $6.1 million reduction of Parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

(b) The three months ended September 30, 2018 same locations in Region Two includes a $27.7 million reduction of Parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

Revenue associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being presented. Revenue associated with contract expirations relates to contracts that have expired, however, we were operating the location in the comparative period presented.

Parking services revenue—lease type contracts. Lease type contract revenue decreased $36.2 million, or 25.7%, to $104.7 million for the three months ended September 30, 2018, compared to $140.9 million for the three months ended September 30, 2017. The decrease in lease type contract revenue resulted primarily from decreases of $28.0 million from same locations, $10.4 million from contract expirations, and $0.2 million from locations that converted from management type contracts during the periods presented, partially offset by an increase of $2.4 million from new locations. Same location revenue decreased $28.0 million, or 22.3%, primarily due to the adoption of ASU No. 2017-10, Service Concession Arrangements (Topic 853), which requires rental expense to be presented as a reduction of Parking services revenue - lease type contracts versus the comparative period presentation of recording rent expense as an increase to Cost of parking services - lease type contracts for those locations (and corresponding contracts) meeting the criteria and definition of a service concession arrangement, as discussed in Note 1. *Significant Accounting Policies and*

Practices and Note 2. *Revenue* to the Condensed Consolidated Financial Statements included in Item 1. "Financial Statements", and a decrease in monthly revenue, partially offset by an increase in short-term and transient revenue.

From a reporting segment perspective, lease type contract revenue decreased primarily due to contract expirations and conversions in Region One and same locations in Region's One and Two, partially offset by increases in new locations in Region One and same locations in Other. The Other amounts in same locations represent revenues not specifically identifiable to Regions One or Two.

Parking services revenue—management type contracts. Management type contract revenue decreased $4.1 million, or 4.7%, to $82.6 million for the three months ended September 30, 2018, compared to $86.7 million for the three months ended September 30, 2017. The decrease in management type contract revenue resulted primarily from decreases of $7.2 million from contract expirations, $0.4 million from same locations, and $0.1 million from locations that converted from lease type contracts, partially offset by an increase of $3.6 million from new locations. Same locations decreased $0.4 million, or 0.5%, primarily due to decreased management fees.

From a reporting segment perspective, management type contract revenue decreased primarily due to decreases from contract expirations in Regions One and Two and same locations in Region Two, partially offset by increases in revenue from new locations in Regions One and Two and same locations in Regions One and Other. The Other amounts in same locations represent revenues not specifically identifiable to Regions One or Two.

Reimbursed management type contract revenue. Reimbursed management type contract revenue increased $9.7 million, or 5.9%, to $174.8 million for the three months ended September 30, 2018, compared to $165.1 million for the three months ended September 30, 2017. This increase resulted from an increase in reimbursements for costs incurred on behalf of owners.

Segment cost of parking services information is summarized as follows:

	Three Months Ended September 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2018	2017	2018	2017	2018	2017	2018	2017	Amount	%
Cost of parking services lease type contracts:										
New locations	$ 2.7	$ 0.4	$ —	$ —	$ —	$ —	$ 2.7	$ 0.4	$ 2.3	575.0 %
Contract expirations	1.0	9.9	—	—	—	—	1.0	9.9	(8.9)	(89.9)%
Same locations (a) (b)	82.9	86.6	4.9	30.4	(0.6)	(0.5)	87.2	116.5	(29.3)	(25.2)%
Conversions	3.3	4.2	—	—	—	—	3.3	4.2	(0.9)	(21.4)%
Total cost of parking services lease type contracts	$ 89.9	$ 101.1	$ 4.9	$ 30.4	$ (0.6)	$ (0.5)	$ 94.2	$ 131.0	$ (36.8)	(28.1)%
Cost of parking services management type contracts:										
New locations	$ 2.4	$ 0.4	$ 0.8	$ 0.6	$ —	$ —	$ 3.2	$ 1.0	$ 2.2	220.0 %
Contract expirations	0.8	5.0	—	0.3	—	—	0.8	5.3	(4.5)	(84.9)%
Same locations	32.1	31.7	13.6	15.1	(1.6)	(2.5)	44.1	44.3	(0.2)	(0.5)%
Conversions	—	0.1	—	—	—	—	—	0.1	(0.1)	(100.0)%
Total cost of parking services management type contracts	$ 35.3	$ 37.2	$ 14.4	$ 16.0	$ (1.6)	$ (2.5)	$ 48.1	$ 50.7	$ (2.6)	(5.1)%

(a) The three months ended September 30, 2018 same locations in Region One includes a $6.1 million reduction of Cost of parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rent expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

(b) The three months ended September 30, 2018 same locations in Region Two includes a $27.7 million reduction of Cost of parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rent expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

Cost of parking services associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being present. Cost of parking services associated with contract expirations relates to contacts that have expired, however, we were operating the location in the comparative period presented.

Cost of parking services—lease type contracts. Cost of parking services for lease type contracts decreased $36.8 million, or 28.1%, to $94.2 million for the three months ended September 30, 2018, compared to $131.0 million for the three months ended September 30, 2017. The decrease in cost of parking services for lease type contracts resulted primarily from decreases of $29.3 million from same locations, $8.9 million from contract expirations, and $0.9 million from locations that converted from management type contracts during the periods presented, partially offset by an increase of $2.3 million from new locations. Same location costs decreased $29.3 million, or 25.2%, primarily due to the adoption of ASU No. 2017-10, Service Concession Arrangements (Topic 853), which requires rent expense to be presented as a reduction of Parking services revenue - lease type contracts versus the comparative period presentation of recording rent expense as an increase to Cost of parking services - lease type contracts for

those locations (and corresponding contracts) meeting the criteria and definition of a service concession arrangement, as discussed in Note 1. *Significant Accounting Policies and Practices* and Note 2. *Revenue* to the Condensed Consolidated Financial Statements included in Item 1. "Financial Statements" and increased favorability related to unallocated insurance reserve adjustments/costs and other corporate items, partially offset by and primarily due to an increase in compensation and benefit costs and overall net operating costs.

From a reporting segment perspective, cost of parking services for lease type contracts decreased primarily from contract expirations in Region One, same locations in Regions One, Two and Other, and conversions in Region One, partially offset by new locations in Region One. The Other region amounts in same locations represent costs not specifically identifiable to Regions One or Two.

Cost of parking services—management type contracts. Cost of parking services for management type contracts decreased $2.6 million, or 5.1%, to $48.1 million for the three months ended September 30, 2018, compared to $50.7 million for the three months ended September 30, 2017. The decrease in cost of parking services for management type contracts resulted primarily from decreases of $4.5 million from contract expirations, $0.2 million from same locations, and $0.1 million from locations that converted from lease type contracts during the periods presented, partially offset by an increase of $2.2 million from new locations. Same locations decreased $0.2 million, or 0.5%, due to a decrease in overall net operating costs, partially offset by decreased favorability related to unallocated insurance reserve adjustments/costs and other corporate items.

From a reporting segment perspective, cost of parking services for management type contracts decreased primarily due to contract expirations in Regions One and Two, same locations in Region Two, and conversions in Region One, partially offset by increases in new locations in Regions One and Two, and same locations in Region One and Other. The Other region amounts in same locations represent costs not specifically identifiable to Regions One or Two.

Reimbursed management type contract expense. Reimbursed management type contract expense increased $9.7 million, or 5.9%, to $174.8 million for the three months ended September 30, 2018, compared to $165.1 million for the three months ended September 30, 2017. This increase resulted from an increase in reimbursements for costs incurred on behalf of owners.

Segment gross profit/gross profit percentage information is summarized as follows:

	Three Months Ended September 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2018	2017	2018	2017	2018	2017	2018	2017	Amount	%
Gross profit lease type contracts:										
New locations	$ —	$ (0.1)	$ —	$ —	$ —	$ —	$ —	$ (0.1)	$ 0.1	(100.0)%
Contract expirations	—	1.5	—	—	—	—	—	1.5	(1.5)	(100.0)%
Same locations	7.5	6.9	2.0	1.6	0.8	0.5	10.3	9.0	1.3	14.4 %
Conversions	0.2	(0.5)	—	—	—	—	0.2	(0.5)	0.7	(140.0)%
Total gross profit lease type contracts	$ 7.7	$ 7.8	$ 2.0	$ 1.6	$ 0.8	$ 0.5	$ 10.5	$ 9.9	$ 0.6	6.1 %
					(Percentages)					
Gross profit percentage lease type contracts:										
New locations	—%	(33.3)%	—%	—%	—%	—%	—%	(33.3)%		
Contract expirations	—%	13.2 %	—%	—%	—%	—%	—%	13.2 %		
Same locations	8.3%	7.4 %	29.0%	5.0%	400.0%	—%	10.6%	7.2 %		
Conversions	5.7%	(13.5)%	—%	—%	—%	—%	5.7%	(13.5)%		
Total gross profit percentage	7.9%	7.2 %	29.0%	5.0%	400.0%	—%	10.0%	7.0 %		
Gross profit management type contracts:										
New locations	$ 1.6	$ 0.3	$ 0.2	$ 0.1	$ —	$ —	$ 1.8	$ 0.4	$ 1.4	350.0 %
Contract expirations	—	2.6	—	0.1	—	—	—	2.7	(2.7)	(100.0)%
Same locations	22.4	22.3	6.5	6.0	3.7	4.5	32.6	32.8	(0.2)	(0.6)%
Conversions	0.1	0.1	—	—	—	—	0.1	0.1	—	— %
Total gross profit management type contracts	$ 24.1	$ 25.3	$ 6.7	$ 6.2	$ 3.7	$ 4.5	$ 34.5	$ 36.0	$ (1.5)	(4.2)%
					(Percentages)					
Gross profit percentage management type contracts:										
New locations	40.0%	42.9 %	20.0%	14.3%	—%	—%	36.0%	28.6 %		
Contract expirations	—%	34.2 %	—%	25.0%	—%	—%	—%	33.8 %		
Same locations	41.1%	41.3 %	32.3%	28.4%	176.2%	225.0%	42.5%	42.5 %		
Conversions	100.0%	50.0 %	—%	—%	—%	—%	100.0%	50.0 %		
Total gross profit percentage	40.6%	40.5 %	31.8%	27.9%	176.2%	225.0%	41.8%	41.5 %		

Gross profit associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being present. Gross profit associated with contract expirations relates to contracts that have expired, however, we were operating the location in the comparative period presented.

Gross profit—lease type contracts. Gross profit for lease type contracts increased $0.6 million, or 6.1%, to $10.5 million for the three months ended September 30, 2018, compared to $9.9 million for three months ended September 30, 2017. Gross profit percentage for lease type contracts decreased to 10.0% for the three months ended September 30, 2018, compared to 7.0% for the three months ended September 30, 2017. Gross profit for lease type contracts increased as a result of increases in gross profit for new locations, same locations, and locations that converted from management type contracts during the periods presented, partially offset by decreases in contract expirations. Gross profit for same locations increased primarily due to increases in fees for short-term and transient revenue, partially offset by an increase in compensation and benefit costs and overall net operating costs.

From a reporting segment perspective, gross profit for lease type contracts increased primarily due to increases in new locations in Region One, same locations in Regions One, Two and Other, and conversions in Region One, partially offset by decreases in gross profit from contract expirations in Region One.

Gross profit—management type contracts. Gross profit for management type contracts decreased $1.5 million, or 4.2%, to $34.5 million for the three months ended September 30, 2018, compared to $36.0 million for the three months ended September 30, 2017. Gross profit percentage for management type contracts increased to 41.8% for three months ended September 30, 2018, compared to 41.5% for three months ended September 30, 2017. Gross profit for management type contracts decreased as a result of decreases in gross profit for contract expirations and same locations, partially offset by an increase in new locations. Same locations gross profit decreased $0.2 million, or 0.6%, primarily due to a decrease in management fees, and by decreased favorability related to unallocated insurance reserve adjustments/costs and other corporate items, partially offset by lower net operating costs.

From a reporting segment perspective, gross profit for management type contracts decreased primarily due to contract expirations in Regions One and Two and same locations in Other, partially offset by increases in new locations in Regions One and Two and same locations in Regions One and Two.

General and administrative expenses. General and administrative expenses decreased $0.9 million, or 4.6%, to $18.7 million for the three months ended September 30, 2018, compared to $19.6 million for the three months ended September 30, 2017. The decrease in General and administrative expenses was primarily due reductions in our performance-based compensation costs and overall better expense control, partially offset by an increase in compensation and benefits expenses and costs related to evaluating potential acquisitions in 2018.

Depreciation and amortization. Depreciation and amortization decreased $0.7 million, or 14.3%, to $4.2 million for the three months ended September 30, 2018, compared to $4.9 million for the three months ended September 30, 2017. This decrease was primarily a result of certain assets which were fully amortized during the first quarter of 2018.

Interest expense. Interest expense decreased $0.1 million, or 4.5%, to $2.1 million for the three months ended September 30, 2018, compared to $2.2 million for the three months ended September 30, 2017. The decrease in interest expense was primarily related to reductions in amounts outstanding under our Restated Credit Facility, partially offset by an increase in average borrowing rates and the write-off of debt issuance costs and original discount of borrowings related to our voluntary prepayment of term debt under our Restated Credit Facility.

Interest income. Interest income decreased $0.1 million, or 50%, to $0.1 million for the three months ended September 30, 2018, compared to $0.2 million for the three months ended September 30, 2017.

Equity in losses (earnings) from investment in unconsolidated entity. Equity in losses from investment in unconsolidated entity were nil for the three months ended September 30, 2018 and $0.1 million for the three months ended September 30, 2017.

Income tax expense. Income tax expense decreased $1.7 million, or 23.3%, to $5.6 million for the three months ended September 30, 2018, compared to $7.3 million for the three months ended September 30, 2017. Our effective tax rate was 27.7% for the three months ended September 30, 2018, compared to 37.7% for the three months ended September 30, 2017. The effective tax rate for the three months ended September 30, 2018 decreased primarily due to the reduction in the statutory federal income tax rate to 21.0% per the Tax Cuts and Jobs Act of 2017 and the finalization of the tax accounting for the effects of the 2017 Tax Act, partially offset by adjustments to the state tax provision for an ongoing state tax examination.

Nine Months Ended September 30, 2018 Compared to Nine Months September 30, 2017

Segment revenue information is summarized as follows:

	Nine Months Ended September 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2018	2017	2018	2017	2018	2017	2018	2017	Amount	%
Lease type contract revenue:										
New locations (a)	$ 22.2	$ 15.1	$ —	$ —	$ —	$ —	$ 22.2	$ 15.1	$ 7.1	47.0 %
Contract expirations	10.7	47.5	—	—	—	—	10.7	47.5	(36.8)	(77.5)%
Same locations (b) (c)	247.3	251.8	20.3	96.6	0.5	—	268.1	348.4	(80.3)	(23.0)%
Conversions	10.6	11.6	—	—	—	—	10.6	11.6	(1.0)	(8.6)%
Total lease type contract revenue	$ 290.8	$ 326.0	$ 20.3	$ 96.6	$ 0.5	$ —	$ 311.6	$ 422.6	$ (111.0)	(26.3)%
Management type contract revenue:										
New locations	$ 13.5	$ 3.4	$ 6.1	$ 3.9	$ —	$ —	$ 19.6	$ 7.3	$ 12.3	168.5 %
Contract expirations	9.3	22.8	0.5	3.0	—	—	9.8	25.8	(16.0)	(62.0)%
Same locations	167.9	163.1	59.6	59.5	7.5	6.3	235.0	228.9	6.1	2.7 %
Conversions	0.4	0.8	—	—	—	—	0.4	0.8	(0.4)	(50.0)%
Total management type contract revenue	$ 191.1	$ 190.1	$ 66.2	$ 66.4	$ 7.5	$ 6.3	$ 264.8	$ 262.8	$ 2.0	0.8 %

(a) The nine months ended September 30, 2018 new locations in Region One includes a $6.1 million reduction of Parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

(b) The nine months ended September 30, 2018 same locations in Region One includes a $10.7 million reduction of Parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

(c) The nine months ended September 30, 2018 same locations in Region Two includes a $82.6 million reduction of Parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rental expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

Revenue associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being presented. Revenue associated with contract expirations relates to contracts that have expired, however, we were operating the location in the comparative period presented.

Parking services revenue—lease type contracts. Lease type contracts revenue decreased $111.0 million, or 26.3%, to $311.6 million for the nine months ended September 30, 2018, compared to $422.6 million for the nine months ended September 30, 2017. The decrease in lease type contracts revenue resulted primarily from decreases of $80.3 million from same locations, $36.8 million from contract expirations, and $1.0 million from locations that converted from management type contracts during the periods presented, partially offset by an increase of $7.1 million from new locations. The decrease in contract expirations includes earnings of $8.5 million from our proportionate share of the net gain on the equity method investee's sale of assets recognized in the three months ended June 30, 2017. Same location revenue decreased $80.3 million, or 23.0%, primarily due to the adoption of ASU No. 2017-10, Service Concession Arrangements (Topic 853) which requires rental expense to be presented as a reduction of Parking services revenue - lease type contracts versus the comparative period presentation of recording rent expense as an increase to Cost of parking services - lease type contracts for those locations (and corresponding contracts) meeting the criteria and definition of a service concession arrangement, as discussed in Note 1. *Significant Accounting Policies and Practices* and Note 2. *Revenue* to the Condensed Consolidated Financial Statements included in Item 1. "Financial Statements", partially offset by net increases in short-term parking revenue, monthly parking revenue and transient parking revenue.

From a reporting segment perspective, lease type contract revenue decreased primarily due to contract expirations in Region One, same locations in Regions One and Two, and conversions in Region One, partially offset by increases from new locations in Region One and same locations in Other. The Other region amounts in same locations represent revenue not specifically identifiable to Regions One or Two.

Parking services revenue—management type contracts. Management type contract revenue increased $2.0 million, or 0.8%, to $264.8 million for the nine months ended September 30, 2018, compared to $262.8 million for the nine months ended September 30, 2017. The increase in management type contract revenue resulted primarily from increases of $12.3 million from new locations, and $6.1 million from same locations, partially offset by a decrease of $16.0 million from contract expirations and $0.4 million from locations that converted from lease type contracts during the periods presented. Same locations revenue increased $6.1 million, or 2.7%, primarily due to change in contract terms for certain management type contracts, whereby the contract terms converted from a management type contract to a "reverse" management type contract, which typically has higher management fees from the facility owner but require us to pay certain operating costs associated with the facilities operation, and increased management fees.

From a reporting segment perspective, management type contract revenue increased primarily due to increases in new locations for Regions One and Two and same locations for Regions One, Two and Other, partially offset by decreases in contract expirations in Regions One and Two and conversions in Region One. The Other region amounts in same locations represent revenues not specifically identifiable to Regions One and Two.

Reimbursed management type contract revenue. Reimbursed management type contract revenue increased $2.1 million, or 0.4%, to $514.8 million for the nine months ended September 30, 2018, compared to $512.7 million for the nine months ended September 30, 2017. This increase resulted from an increase in reimbursements for costs incurred on behalf of owners.

Segment cost of parking services information is summarized as follows:

	Nine Months Ended September 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2018	2017	2018	2017	2018	2017	2018	2017	Amount	%
Cost of parking services lease type contracts:										
New locations (a)	$ 20.0	$ 14.1	$ (0.1)	$ —	$ —	$ —	$ 19.9	$ 14.1	$ 5.8	41.1 %
Contract expirations	11.1	33.7	—	—	—	—	11.1	33.7	(22.6)	(67.1)%
Same locations (b) (c)	230.4	235.9	14.8	91.7	(2.8)	(1.8)	242.4	325.8	(83.4)	(25.6)%
Conversions	9.8	13.4	—	—	—	—	9.8	13.4	(3.6)	(26.9)%
Total cost of parking services lease type contracts	$ 271.3	$ 297.1	$ 14.7	$ 91.7	$ (2.8)	$ (1.8)	$ 283.2	$ 387.0	$ (103.8)	(26.8)%
Cost of parking services management type contracts:										
New locations	$ 8.0	$ 1.5	$ 5.4	$ 3.9	$ —	$ —	$ 13.4	$ 5.4	$ 8.0	148.1 %
Contract expirations	7.0	14.0	0.4	2.4	—	—	7.4	16.4	(9.0)	(54.9)%
Same locations	104.2	99.6	40.1	40.6	(7.6)	(7.8)	136.7	132.4	4.3	3.2 %
Conversions	0.1	0.3	—	—	—	—	0.1	0.3	(0.2)	(66.7)%
Total cost of parking services management type contracts	$ 119.3	$ 115.4	$ 45.9	$ 46.9	$ (7.6)	$ (7.8)	$ 157.6	$ 154.5	$ 3.1	2.0 %

(a) The nine months ended September 30, 2018 new locations in Region One includes a $6.1 million reduction of Cost of parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rent expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

(b) The nine months ended September 30, 2018 same locations in Region One includes a $10.7 million reduction of Cost of parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rent expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

(c) The nine months ended September 30, 2018 same locations in Region Two includes a $82.6 million reduction of Cost of parking services revenue - lease type contracts due to the adoption of Topic 853, which requires rent expense for the current period be presented as a reduction of Parking services revenue - lease type contracts for those locations (and corresponding contracts) that meet the criteria and definition of a service concession arrangement.

Cost of parking services associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being present. Cost of parking services associated with contract expirations relates to contacts that have expired, however, we were operating the location in the comparative period presented.

Cost of parking services—lease type contracts. Cost of parking services for lease type contracts decreased $103.8 million, or 26.8%, to $283.2 million for the nine months ended September 30, 2018, compared to $387.0 million for the nine months ended September 30, 2017. The decrease in cost of parking services for lease type contracts resulted primarily from decreases of $83.4 million from same locations, $22.6 million from contract expirations and $3.6 million from locations that converted from management type contracts during the periods presented, partially offset by $5.8 million from new locations. Same location decreased $83.4 million, or 25.6%, primarily due to the adoption of ASU No. 2017-10, Service Concession Arrangements (Topic 853) which requires rental expense to be presented as a reduction of Parking services revenue - lease type contracts versus the comparative period presentation of recording rent expense as an increase to Cost of parking services - lease type contracts for those locations (and corresponding contracts) meeting the criteria and definition of a service concession arrangement, as discussed in Note 1. *Significant Accounting Policies and Practices* and Note 2. *Revenue* to the Condensed Consolidated Financial Statements included in Item 1. "Financial Statements", an overall decrease in net operating costs and increased favorability related to unallocated insurance reserve adjustments/costs and other corporate items, partially offset by and primarily due to an increase in compensation and benefit costs and rent expense as a result of higher revenues for same locations, excluding the impacts of adopting Topic 853.

From a reporting segment perspective, cost of parking services for lease type contracts decreased primarily due to decreases from contract expirations in Region One, same locations in Regions One, Two and Other and conversions in Region One, and new locations in Region Two, offset by increases in new locations in Region One. The Other region amounts in same locations represent costs not specifically identifiable to Regions One or Two.

Cost of parking services—management type contracts. Cost of parking services for management type contracts increased $3.1 million, or 2.0%, to $157.6 million for the nine months ended September 30, 2018, compared to $154.5 million for the nine months ended September 30, 2017. The increase in cost of parking services for management type contracts resulted primarily from increases of $8.0 million from new locations and $4.3 million from same locations, partially offset by decreases of $9.0 million from contract expirations and $0.2 from locations that converted from lease type contracts during the periods presented. Same location costs increased $4.3 million, or 3.2%, primarily due to compensation and benefit costs and overall net operating costs.

From a reporting segment perspective, cost of parking services for management type contracts increased primarily from new locations in Regions One and Two, and same locations in Region One, partially offset by decreases from contract expirations in Regions One and Two, same locations in Regions Two and Other, and conversions in Region One. The Other region amounts in same location represent costs not specifically identifiable to Regions One or Two.

Reimbursed management type contract expense. Reimbursed management type contract expense increased $2.1 million, or 0.4%, to $514.8 million for the nine months ended September 30, 2018, compared to $512.7 million for the nine months ended September 30, 2017. This increase resulted from an increase in reimbursements for costs incurred on behalf of owners.

Segment gross profit/gross profit percentage information is summarized as follows:

	Nine Months Ended September 30,									
	Region One		Region Two		Other		Total		Variance	
(millions) (unaudited)	2018	2017	2018	2017	2018	2017	2018	2017	Amount	%
Gross profit lease type contracts:										
New locations	$ 2.2	$ 1.0	$ 0.1	$ —	$ —	$ —	$ 2.3	$ 1.0	$ 1.3	130.0 %
Contract expirations	(0.4)	13.8	—	—	—	—	(0.4)	13.8	(14.2)	(102.9)%
Same locations	16.9	15.9	5.5	4.9	3.3	1.8	25.7	22.6	3.1	13.7 %
Conversions	0.8	(1.8)	—	—	—	—	0.8	(1.8)	2.6	(144.4)%
Total gross profit lease type contracts	$ 19.5	$ 28.9	$ 5.6	$ 4.9	$ 3.3	$ 1.8	$ 28.4	$ 35.6	$ (7.2)	(20.2)%
	(Percentages)									
Gross profit percentage lease type contracts:										
New locations	9.9 %	6.6 %	—%	—%	—%	—%	10.4 %	6.6 %		
Contract expirations	(3.7)%	29.1 %	—%	—%	—%	—%	(3.7)%	29.1 %		
Same locations	6.8 %	6.3 %	27.1%	5.1%	660.0%	—%	9.6 %	6.5 %		
Conversions	7.5 %	(15.5)%	—%	—%	—%	—%	7.5 %	(15.5)%		
Total gross profit percentage	6.7 %	8.9 %	27.6%	5.1%	660.0%	—%	9.1 %	8.4 %		
Gross profit management type contracts:										
New locations	$ 5.5	$ 1.9	$ 0.7	$ —	$ —	$ —	$ 6.2	$ 1.9	$ 4.3	226.3 %
Contract expirations	2.3	8.8	0.1	0.6	—	—	2.4	9.4	(7.0)	(74.5)%
Same locations	63.7	63.5	19.5	18.9	15.1	14.1	98.3	96.5	1.8	1.9 %
Conversions	0.3	0.5	—	—	—	—	0.3	0.5	(0.2)	(40.0)%
Total gross profit management type contracts	$ 71.8	$ 74.7	$ 20.3	$ 19.5	$ 15.1	$ 14.1	$ 107.2	$ 108.3	$ (1.1)	(1.0)%
	(Percentages)									
Gross profit percentage management type contracts:										
New locations	40.7 %	55.9 %	11.5%	—%	—%	—%	31.6 %	26.0 %		
Contract expirations	24.7 %	38.6 %	20.0%	20.0%	—%	—%	24.5 %	36.4 %		
Same locations	37.9 %	38.9 %	32.7%	31.8%	201.3%	223.8%	41.8 %	42.2 %		
Conversions	75.0 %	62.5 %	—%	—%	—%	—%	75.0 %	62.5 %		
Total gross profit percentage	37.6 %	39.3 %	30.7%	29.4%	201.3%	223.8%	40.5 %	41.2 %		

Gross profit associated with same locations represents locations that have been operating for at least one year and operating for the entire period in the comparative period being presented. Gross profit associated with contract expirations relates to contracts that have expired, however, we were operating the location in the comparative period presented.

Gross profit—lease type contracts. Gross profit for lease type contracts decreased $7.2 million, or 20.2%, to $28.4 million for the nine months ended September 30, 2018, compared to $35.6 million for nine months ended September 30, 2017. Gross profit percentage for lease type contracts increased to 9.1% for the nine months ended September 30, 2018, compared to 8.4% for the nine months ended September 30, 2017. Gross profit for lease type contracts decreased as a result of a decrease in gross profit for contract expirations, partially offset by increases in same locations, new locations and locations that converted from management contracts during the periods presented. The gross profit decrease in contract expirations includes earnings of $8.5 million from our proportionate share of the net gain on the equity method investee's sale of assets recognized in the three months ended June 30,

2017. Gross profit for same locations increased primarily due to short-term parking revenue, monthly parking revenue and transient parking revenue and increased favorability relating to certain unallocated insurance reserve adjustments/costs and other unallocated corporate items, partially offset by an increase in rent expense as a result of higher revenues for same locations and overall net operating costs.

From a reporting segment perspective, gross profit for lease type contracts decreased primarily due to decreases in contract expirations in Region One, partially offset by increases in new locations in Regions One and Two, same locations in Regions One, Two and Other and conversions in Region One.

Gross profit—management type contracts. Gross profit for management type contracts decreased $1.1 million, or 1.0%, to $107.2 million for the nine months ended September 30, 2018, compared to $108.3 million for the nine months ended September 30, 2017. Gross profit percentage for management type contracts decreased to 40.5% for nine months ended September 30, 2018, compared to 41.2% for the nine months ended September 30, 2017. Gross profit for management type contracts decreased as a result of decreases in gross profit for contract expirations and locations that converted from management contracts during the periods presented, partially offset by increases in new locations and same locations. Gross profit for same locations increased primarily due to higher management fees, partially offset by and primarily due to primarily due to compensation and benefit costs and overall net operating costs.

From a reporting segment perspective, gross profit for management type contracts decreased primarily from contract expirations in Regions One and Two and conversions in Region One, partially offset by increases in new locations in Regions One and Two and same locations in Regions One, Two and Other.

General and administrative expenses. General and administrative expenses were $63.3 million for the nine months ended September 30, 2018 and 2017. While overall general and administrative expenses remained flat year-over-year, general and administrative expenses benefited from overall better expense control, and a $1.7 million cost recovery from a vendor partner recognized in the second quarter 2018, partially offset by increases in compensation and benefit expenses and merger and acquisition costs related to evaluating potential acquisitions in 2018.

Depreciation and amortization. Depreciation and amortization decreased $3.6 million, or 22.1%, to $12.7 million for the nine months ended September 30, 2018, compared to $16.3 million for the nine months ended September 30, 2017. This decrease during the nine months ended September 30, 2018 was primarily a result of amortization of certain intangible assets that were fully amortized during the first quarter 2018 and fourth quarter of 2017.

Interest expense. Interest expense decreased $0.6 million, or 8.5%, to $6.5 million for the nine months ended September 30, 2018, compared to $7.1 million for the nine months ended September 30, 2017. The decrease in interest expense was primarily related to reductions in amounts outstanding under our Restated Credit Facility, partially offset by an increase in average borrowing rates and the write-off of debt issuance costs and original discount of borrowings related to our voluntary prepayments of term debt under our Restated Credit Facility.

Interest income. Interest income decreased $0.2 million, or 40.0%, to $0.3 million for the nine months ended September 30, 2018, compared to $0.5 million for the nine months ended September 30, 2017.

Gain on sale of a business. During the second quarter 2017, we recognized $0.1 million of gain on sale of a portion of our security business primarily operating in the Southern California market. We received $0.6 million for the final earn-out consideration from the buyer during the second quarter of 2017, which resulted in the Company recognizing an additional gain on sale of a business of $0.1 million, as our historical estimate for the fair value of earn-out consideration receivable was $0.5 million.

Equity in losses (earnings) from investment in unconsolidated entity. Equity in earnings from investment in unconsolidated entity were $10.1 million nine months ended September 30, 2018, compared to a loss of $0.5 million for the nine months ended September 30, 2017. The increase in earnings from investment in unconsolidated entity for the nine months ended September 30, 2018 is primarily related to our $10.1 million net gain on the sale of our entire 30% equity interest in Parkmobile.

Income tax expense. Income tax expense decreased $4.4 million, or 20.7%, to $16.9 million for the nine months ended September 30, 2018, compared to $21.3 million for the nine months ended September 30, 2017. Our effective tax rate was 26.6% for the nine months ended September 30, 2018, compared to 37.2% for the nine months ended September 30, 2017. The effective tax rate for the nine months ended September 30, 2018 decreased primarily due to the reduction in the statutory federal income tax rate to 21.0% per the Tax Cuts and Jobs Act of 2017 and the finalization of the tax accounting for the effects of the 2017 Tax Act, partially offset by adjustments to the state tax provision for an ongoing state tax examination.

Liquidity and Capital Resources

General

We continually project anticipated cash requirements for our operating, investing, and financing needs as well as cash flows generated from operating activities available to meet these needs. Our operating needs can include, among other items, commitments for cost of parking services, operating leases, payroll payments, insurance claims payments, interest payments and legal settlements. Our investing and financing spending can include payments for acquired businesses, joint ventures, capital expenditures, cost of contracts purchased, commitments for capital leases, distributions to noncontrolling interests and payments on our outstanding indebtedness.

Bags Acquisition

On October 16, 2018, we signed a definitive purchase agreement to acquire Baggage Airline Guest Services, Inc. and Home Serv Delivery, LLC, and their subsidiaries and affiliates (collectively, "Bags"), for an all cash purchase price of $275.0 million, subject to certain adjustments. We plan to finance the transaction with an expanded senior credit facility. Refer to Note 16. *Subsequent Event*, for further discussion regarding the transaction.

Outstanding Indebtedness

On September 30, 2018, we had total indebtedness of approximately $107.8 million, a decrease of $46.0 million from December 31, 2017. The $107.8 million in total indebtedness as of September 30, 2018 includes:

- $105.2 million under our Restated Credit Facility, net of original discount on borrowings of $0.4 million and deferred financing costs of $0.5 million; and
- $2.6 million of other debt obligations, which includes capital lease obligations, obligations on seller notes and other indebtedness.

Amended and Restated Credit Facility

On February 20, 2015 (“Restatement Date”), we entered into an Amended and Restated Credit Agreement (the "Restated Credit Agreement") with Bank of America, N.A. ("Bank of America"), as administrative agent, an issuing lender and swing-line lender; Wells Fargo Bank, N.A., as an issuing lender and syndication agent; U.S. Bank National Association, First Hawaiian Bank and BMO Harris Bank N.A., as co-documentation agents; Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as joint lead arrangers and joint book managers; and the lenders party thereto (the “Lenders”).

Pursuant to the terms, and subject to the conditions of the Restated Credit Agreement, the Lenders have made available to the Company a senior secured credit facility (the “Restated Credit Facility”) that permits aggregate borrowings of $400.0 million consisting of (i) a revolving credit facility of up to $200.0 million at any time outstanding, which includes a $100.0 million sublimit for letters of credit and a $20.0 million sublimit for swing-line loans, and (ii) a term loan facility of $200.0 million. The Company may request increases of the revolving credit facility in an aggregate additional principal amount of $100.0 million. The Restated Credit Facility matures on February 20, 2020.

The entire amount of the term loan portion of the Restated Credit Facility had been drawn by the Company as of the Restatement Date and is subject to scheduled quarterly amortization of principal as follows: (i) $15.0 million in the first year, (ii) $15.0 million in the second year, (iii) $20.0 million in the third year, (iv) $20.0 million in the fourth year, (v) $20.0 million in the fifth year and (vi) $110.0 million in the sixth year.

In June 2018 and September 2018 and as allowable under the terms and conditions of the Restated Credit Facility, the Company made voluntary principal repayments of $15.0 million and $20.0 million, respectively. Debt issuance costs and original discount on borrowings written off in connection with the voluntary repayment were not significant in either period.

Borrowings under the Restated Credit Facility bear interest, at the Company’s option, (i) at a rate per annum based on the Company’s consolidated total debt to EBITDA ratio for the 12-month period ending as of the last day of the immediately preceding fiscal quarter, determined in accordance with the pricing levels set forth in the Restated Credit Agreement (the “Applicable Margin”), plus LIBOR or (ii) the Applicable Margin plus the highest of (x) the federal funds rate plus 0.5%, (y) the Bank of America prime rate and (z) a daily rate equal to LIBOR plus 1.0% (the highest of (x), (y) and (z), the “Base Rate”), except that all swing-line loans will bear interest at the Base Rate plus the Applicable Margin.

Under the terms of the Restated Credit Agreement, we are required to maintain a maximum consolidated total debt to EBITDA ratio of not greater than 4.0 to 1.0 as of the end of any fiscal quarter ending during the period from the Restatement Date through September 30, 2015, (ii) 3.75 to 1.0 as of the end of any fiscal quarter ending during the period from October 1, 2015 through September 30, 2016, and (iii) 3.5 to 1.0 as of the end of any fiscal quarter ending thereafter. In addition, the Company is required to maintain a minimum consolidated fixed charge coverage ratio of not less than 1:25:1.0.

Events of default under the Restated Credit Agreement include failure to pay principal or interest when due, failure to comply with the financial and operational covenants, the occurrence of any cross default event, non-compliance with the other loan documents, the occurrence of a change of control event, and bankruptcy and other insolvency events. If an event of default occurs and is continuing, the Lenders holding a majority of the commitments and outstanding term loan under the Restated Credit Agreement have the right, among others, to (i) terminate the commitments under the Restated Credit Agreement, (ii) accelerate and require the Company to repay all the outstanding amounts owed under the Restated Credit Agreement and (iii) require the Company to cash collateralize any outstanding letters of credit.

Each wholly owned domestic subsidiary of the Company (subject to certain exceptions set forth in the Restated Credit Agreement) has guaranteed all existing and future indebtedness and liabilities of the other guarantors and the Company arising under the Restated Credit Agreement. The Company's obligations under the Restated Credit Agreement and such domestic subsidiaries' guaranty obligations are secured by substantially all of their respective assets.

We believe that our cash flow from operations, combined with additional borrowing capacity under our Restated Credit Facility, will be sufficient to enable us to pay our indebtedness, or to fund other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before their respective maturities. We believe that we will be able to refinance our indebtedness on commercially reasonable terms.

We were in compliance with all covenants as of September 30, 2018.

As of September 30, 2018, we had $145.9 million of borrowing availability under the Restated Credit Agreement, of which we could have borrowed $145.9 million on September 30, 2018 and remained in compliance with the above described covenants as of such date. The additional borrowing availability under the Restated Credit Agreement is limited only as of the Company's fiscal quarter-end by the covenant restrictions described above. As of September 30, 2018, we had $48.1 million of letters of credit outstanding under the Restated Credit Facility, with aggregate borrowings against the Restated Credit Facility of $105.2 million (net of original discount on borrowings of $0.4 million and deferred financing costs of $0.5 million).

Share Repurchases

In May 2016, our Board of Directors authorized us to repurchase shares of our common stock in the open market of up to $30.0 million in aggregate. Purchases of our common stock may be made in open market transactions effected through a broker-dealer at prevailing market prices, in block trades, or by other means in accordance with Rules 10b-18 and 10b5-1 under the Securities Exchange Act of 1934 ("Exchange Act"). The share repurchase program does not obligate us to repurchase any particular amount of common stock, and has no fixed termination date.

Under this program, we repurchased 305,183 shares of common stock through September 30, 2018 at an average price of $24.43 per share, resulting in $7.5 million in program-to-date repurchases. No shares were repurchased during the nine months ended September 30, 2018 and 2017.

Deficiency Payments

Pursuant to our obligations with respect to the parking garage operations at Bradley International Airport, we are required to make certain deficiency payments for the benefit of the State of Connecticut and for holders of special facility revenue bonds. The deficiency payments represent contingent interest bearing advances to the trustee to cover operating cash flow requirements. As of September 30, 2018, we had made $4.9 million of cumulative deficiency repayments from the trustee, net of payments. Deficiency payments made are recorded as increases to cost parking services and the reimbursements are recorded as reductions to cost of parking services. We believe these advances to be fully recoverable and will recognize the principal, interest and premium payments related to these deficiency payments when they are received. We do not directly guarantee the payment of any principal or interest on any debt obligations of the State of Connecticut or the trustee.

The total deficiency repayments (net of payments made), interest and premium received and recorded for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Three Months Ended		Nine Months Ended	
(millions) (unaudited)	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Deficiency repayments	$ 0.9	$ 0.5	$ 2.9	$ 1.7
Interest	$ —	$ —	$ 0.5	$ 0.2
Premium	$ 0.1	$ —	$ 0.2	$ 0.2

Daily Cash Collections

As a result of day-to-day activity at our parking locations, we collect significant amounts of cash. Lease type contract revenue is generally deposited into our local bank accounts, with a portion remitted to our clients in the form of rental payments according to the terms of the leases. Under management type contracts, clients may require us to deposit the daily receipts into one of our local bank accounts, with the cash in excess of our operating expenses and management fees remitted to the clients at negotiated intervals. Other clients require us to deposit the daily receipts into client designated bank accounts and the clients then reimburse us for operating expenses and pay our management fee subsequent to month-end or may require segregated bank accounts for the receipts and disbursements at locations. Our working capital and liquidity may be adversely affected if a significant number of our clients require us to deposit all parking revenues into their respective accounts.

Our liquidity also fluctuates on an intra-month and intra-year basis depending on the contract mix and timing of significant cash payments. Additionally, our ability to utilize cash deposited into our local accounts is dependent upon the availability and movement of that cash into our corporate account. For all these reasons, from time to time, we carry a significant cash balance, while also utilizing our Restated Credit Facility.

Summary of Cash Flows

	Nine Months Ended			
(millions) (unaudited)	September 30, 2018		September 30, 2017	
Net cash provided by operating activities	$	35.6	$	21.4
Net cash provided by investing activities	$	12.0	$	4.4
Net cash used in financing activities	$	(49.8)	$	(24.9)

Operating Activities

Our primary sources of funds are cash flows from operating activities and changes in operating assets and liabilities.

Net cash provided by operating activities totaled $35.6 million for the nine months ended September 30, 2018. Cash provided by operating activities for the first nine months of 2018 included $52.4 million from operations, partially offset by changes in operating assets and liabilities that resulted in a cash use of $16.8 million. The net increase in operating assets and liabilities was a result of (i) an increase in notes and accounts receivable of $14.4 million due to recognizing a contract asset upon adoption of Topic 606 (effective January 1, 2018) and timing of collections; (ii) a net decrease in prepaid and other assets of $1.7 million mainly due to decreases in prepaid taxes, partially offset by increases in prepaid insurance and prepaid rent; (iii) a $9.2 million decrease in accounts payable due to timing of payments to our clients as described under "Daily Cash Collections", partially offset by recognizing a contract liability upon the adoption of Topic 606 (effective January 1, 2018); and (iv) a $5.1 million increase in accrued liabilities primarily related to timing of payments.

Net cash provided by operating activities totaled $21.4 million for the nine months ended September 30, 2017. Cash provided by operating activities for the first nine months of 2017 included $46.0 million from operations, partially offset by changes in operating assets and liabilities that resulted in a cash use of $24.6 million. The net increase in operating assets and liabilities was a result of (i) an increase in notes and accounts receivable of $4.6 million due to timing of collections; (ii) a net decrease in prepaid and other assets of $1.6 million mainly due to prepaid payroll and annual software maintenance; (iii) a $14.1 million decrease in accounts payable due to timing of payments to our clients as described under "Daily Cash Collections"; and (iv) a $7.5 million decrease in accrued liabilities primarily related to timing of payments including payment of our 2016 performance-based compensation accrual as well as a reduction in customer deposits.

Investing Activities

Net cash provided by investing activities totaled $12.0 million for the nine months ended September 30, 2018. Cash provided by investing activities for the nine months ended September 30, 2018 included (i) $19.3 million of proceeds received from the sale of equity method investments, and (ii) $0.2 million of proceeds from the sale of equipment and contract terminations, partially offset by (iii) $6.7 million for capital investments needed to secure and/or extend lease facilities and investments in information system enhancements and infrastructure and (iv) $0.8 million for cost of contract purchases.

Net cash provided by investing activities totaled $4.4 million for the nine months ended September 30, 2017. Cash provided by investing activities for the nine months ended September 30, 2017 included (i) $8.4 million in proceeds received from the sale of an equity method investee's sale of assets, (ii) $0.9 million of proceeds from the sale of equipment and contract terminations; and (iii) $0.6 million of proceeds received and relating to the final earn-out payment from buyer for the security business sold in 2015; offset by (iv) $4.9 million for capital investments needed to secure and/or extend lease facilities and investments in information system enhancements and infrastructure and (v) $0.6 million for cost of contract purchases.

Financing Activities

Net cash used in financing activities totaled $49.8 million in the nine months ended September 30, 2018. Cash used in financing activities for the nine months ended September 30, 2018 included (i) $3.2 million net proceeds on the Restated Credit Facility; (ii) $50.0 million for payments on the Restated Credit Facility term loan; (iii) $2.6 million of distributions to noncontrolling interest; (iv) $0.3 million for payments on other long-term debt obligations; and (v) $0.1 million on payments for debt issuance costs.

Net cash used in financing activities totaled $24.9 million in the nine months ended September 30, 2017. Cash used in financing activities for the nine months ended September 30, 2017 included (i) $15.0 million for payments on the Restated Credit Facility term loan; (ii) net payments of $7.2 million on the Restated Credit Facility; (iii) $2.4 million of distributions to noncontrolling interest; (iv) $0.2 million for payments on other long-term debt obligations; and (v) $0.1 million on payments for debt issuance costs.

Cash and Cash Equivalents

We had Cash and cash equivalents of $20.2 million and $22.8 million at September 30, 2018 and December 31, 2017, respectively. Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements were $0.3 million and $0.3 million as of September 30, 2018 and December 31, 2017, respectively, and are included within Cash and cash equivalents within the Condensed Consolidated Balance Sheets.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in our Form 10-K for the year-ended December 31, 2017.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we conducted an evaluation, under supervision and with the participation of management, including the chief executive officer, chief financial officer and corporate controller, of the effectiveness of the design and operation of our disclosure controls and procedures (the "Evaluation") at a reasonable assurance level as of the last day of the period covered by this Form 10-Q.

Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosures.

Based on the Evaluation, our chief executive officer, chief financial officer and corporate controller concluded that our disclosure controls and procedures were effective as of September 30, 2018.

Changes in Internal Controls Over Financial Reporting

There have been no significant changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2018, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Inherent limitations of the Effectiveness of Internal Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to claims and litigation in the normal course of our business. The outcomes of claims and legal proceedings brought against us and other loss contingencies are subject to significant uncertainty. We accrue a charge when our management determines that it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. When a loss is probable, we record an accrual based on the reasonably estimable loss or range of loss. When no point of loss is more likely than another, we record the lowest amount in the estimated range of loss and disclose the estimated range. We do not record liabilities for reasonably possible loss contingencies, but do disclose a range of reasonably possible losses if they are material and we are able to estimate such a range. If we cannot provide a range of reasonably possible losses, we explain the factors that prevent us from determining such a range. In addition, we accrue for the authoritative judgments or assertions made against us by government agencies at the time of their rendering regardless of our intent to appeal. We regularly evaluate current information available to us to determine whether an accrual should be established or adjusted. Estimating the probability that a loss will occur and estimating the amount of a loss or a range of loss involves significant estimation and judgment.

Item 1A. Risk Factors

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations-Important Information Regarding Forward Looking Statements* for risks related to the proposed Bags acquisition.

Item 2. Unregistered Sales of Equity and Use of Proceeds

There were no sales or repurchases of stock in the three months ended September 30, 2018.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Index to Exhibits

Exhibit Number	Description	Incorporated by Reference		
		Form	**Exhibit**	**Filing Date/Period End Date**
2.1	Stock Purchase Agreement dated as of October 16, 2018, by and among Craig Mateer, ZWB Holdings, Inc., Rynn's Luggage Corporation and SP Plus Corporation. The schedules and exhibits to the Stock Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K but will be provided supplementally to the Securities and Exchange Commission upon request.	8-K	2.1	October 17, 2018
31.1*	Section 302 Certification dated November 1, 2018 for G Marc Baumann, Director, President and Chief Executive Officer (Principal Executive Officer).			
31.2*	Section 302 Certification dated November 1, 2018 for Vance C. Johnston, Chief Financial Officer and Treasurer (Principal Financial Officer).			
31.3*	Section 302 Certification dated November 1, 2018 for Kristopher H. Roy, Senior Vice President, Corporate Controller and Assistant Treasurer (Principal Accounting Officer).			
32**	Certification pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 1, 2018.			
101.INS*	XBRL Instance Document			
101.SCH*	XBRL Taxonomy Extension Schema			
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF*	XBRL Taxonomy Extension Definition Linkbase			
101.LAB*	XBRL Taxonomy Extension Label Linkbase			
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase			

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SP PLUS CORPORATION

Dated: November 1, 2018	By:	/s/ G MARC BAUMANN
		G Marc Baumann
		Director, President and Chief Executive Officer
		(Principal Executive Officer)
Dated: November 1, 2018	By:	/s/ VANCE C. JOHNSTON
		Vance C. Johnston
		Executive Vice President, Chief Financial Officer and Treasurer
		(Principal Financial Officer)
Dated: November 1, 2018	By:	/s/ KRISTOPHER H. ROY
		Kristopher H. Roy
		Senior Vice President, Corporate Controller and Assistant Treasurer
		(Principal Accounting Officer and Duly Authorized Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, G Marc Baumann, certify that:

1. I have reviewed this Form 10-Q of SP Plus Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ G MARC BAUMANN

G Marc Baumann
Director, President and Chief Executive Officer
(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Vance C. Johnston, certify that:

1. I have reviewed this Form 10-Q of SP Plus Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ VANCE C. JOHNSTON

Vance C. Johnston
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31.3

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Kristopher H. Roy, certify that:

1. I have reviewed this Form 10-Q of SP Plus Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ KRISTOPHER H. ROY

Kristopher H. Roy
Senior Vice President, Corporate Controller
and Assistant Treasurer
(Principal Accounting Officer and Duly Authorized Officer)

Date: November 1, 2018

Exhibit 32

Certification pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of SP Plus Corporation (the “Company”) for the quarterly period ending September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) the Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ G MARC BAUMANN

Name: G Marc Baumann

Title: Director, President and Chief Executive Officer
(Principal Executive Officer)

Date: November 1, 2018

/s/ VANCE C. JOHNSTON

Name: Vance C. Johnston

Title: *Executive Vice President, Chief Financial Officer and Treasurer*
(Principal Financial Officer)

Date: November 1, 2018

/s/ KRISTOPHER H. ROY

Name: Kristopher H. Roy

Title: *Senior Vice President, Corporate Controller*
and Assistant Treasurer
(Principal Accounting Officer and Duly Authorized Officer)

Date: November 1, 2018

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, or the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.