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**News Release**

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**E-470 Restructuring Bonds to Minimize Debt  
and Take Advantage of Lower Rates**

*Received amazing interest from investor community to realize significant  
savings on future debt service*

Aurora, Colo. – The E-470 Public Highway Authority today announced the closing of a major debt restructuring transaction on approximately \$250 million of callable bonds. The action takes advantage of very low rates in the bond market and meets a long-standing goal of lowering and leveling the future debt service profile.

On June 10, 2020, E-470 sold \$167 million of its Senior Revenue Bonds and closed on the transaction on June 18, 2020. The new 2020 bonds were rated “A” by Standard & Poor’s and “A2” by Moody’s, and also received reaffirmation of the underlying debt rating of all other outstanding debt of the Authority. This reaffirmation is in light of the current financial downturn and COVID-19 pandemic that has impacted the Authority’s traffic and revenue results, as the Authority’s traffic levels were down 33% year-to-date through May when compared to the same period in 2019.

The selling of \$167 million in bonds was coupled with a \$50 million contribution from the Authority’s reserves to pay off a portion of the callable debt early, as well as investor premiums and other bond costs. The new 2020 bonds were sold to pay off previously-issued bonds from 2004 and 2010 that had significantly higher interest rates and yields above 5.25%.

The bond sale was met with an extremely positive response from municipal bond investors, as the Authority was able to generate more than \$4.4 billion in orders from more than 70 investor accounts. The overwhelming interest meant the sale was 26 times over-subscribed. This excess demand allowed the Authority to achieve improved savings and borrowing rates and was comparable to higher-rated credits recently in the market. The Authority was able to lock in an All-In True Interest Cost of 2.8% on the transaction, which is substantially lower than previous rates.

The rating agencies and investors' credit approval and high demand for the Authority's bonds noted some of the credit strengths of the Authority being in a well-planned and high liquidity position to manage the financial downturn, along with a strong management team. A Standard & Poor's June 1, 2020, press release noted, *"...very strong management and governance, reflecting the authority's conservative approach to financial and capital planning, history of meeting or exceeding most operational and financial goals, detailed financial forecasting that is updated frequently, and a very capable staff that has considerable experience operating a regional tolling agency."*

E-470 Executive Director Tim Stewart shared, "The restructuring helps us further reduce our already acceptable levels of outstanding debt during a period of near record-low bond rates. This action gives us better long-term stability and still maintains more than sufficient liquidity for current and future planned capital improvement projects in the region."

The bond sale results mean the Authority is able to level its debt profile for the considerable future and lower borrowing rates to generate more than \$79 million of net present value savings. With the Authority's \$50 million contribution, this refunding totals more than \$129 million in future debt service cash flow savings (see chart on page 3 for comparison).

This 2020 call opportunity has been a major part of a long-term debt management plan which was originally adopted in 2004 to level the future debt service structure. For the near-term, this action also helps to manage debt service requirements during the COVID-19 pandemic and resulting recession.

On May 14, 2020, the Authority board of directors approved to extend current 2020 toll rates through 2021 without any planned toll rate increases, even with the current pandemic and downturn. Future projections show this rate freeze to continue through 2024, with future plans to revisit potential toll rate adjustments downward, pending the outcome of the expected recessionary period and recently-adopted financial goals of the Authority. These goals include maintaining or increasing bond ratings; maintaining financial health and liquidity; and continuing to cash-fund the Authority's \$1.6 billion capital program without issuing new debt or extending debt past its current maturity of 2041.

E-470 Board Chair and Adams County Commissioner Chaz Tedesco said, "This is a very smart move to make at this time. It puts some of our cash reserves to work by reducing the amount of bonds we have outstanding, and substantially lowers the rates on that debt allowing for additional future financial flexibility for the Authority."

The transaction was led by the underwriting team of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Jefferies LLC. Stifel served as the Authority's Municipal Advisor.

### **About the E-470 Public Highway Authority**

E-470 is the 75-mph toll road running along the eastern perimeter of the Denver metropolitan area. E-470 is a user-financed roadway, receiving no local, state or federal funds for financing,

construction, operations or maintenance. E-470 is a political sub-division of the state governed by the E-470 Public Highway Authority Board composed of eight local governments including Adams, Arapahoe and Douglas counties, and the municipalities of Aurora, Brighton, Commerce City, Parker and Thornton. E-470 also operates ExpressToll, the all-electronic toll collection system available on E-470, Northwest Parkway and Colorado’s Express Lanes.

**Debt Profile Comparison Pre- and Post-Bond Deal**

