



Performance Update

Transportation & Utility Investor Forum

October 22nd-23rd, 2020

Participants and Resources

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E-470 Public Highway Authority



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Section 1.

E-470 Public Highway Authority Overview

E-470 Public Highway Overview

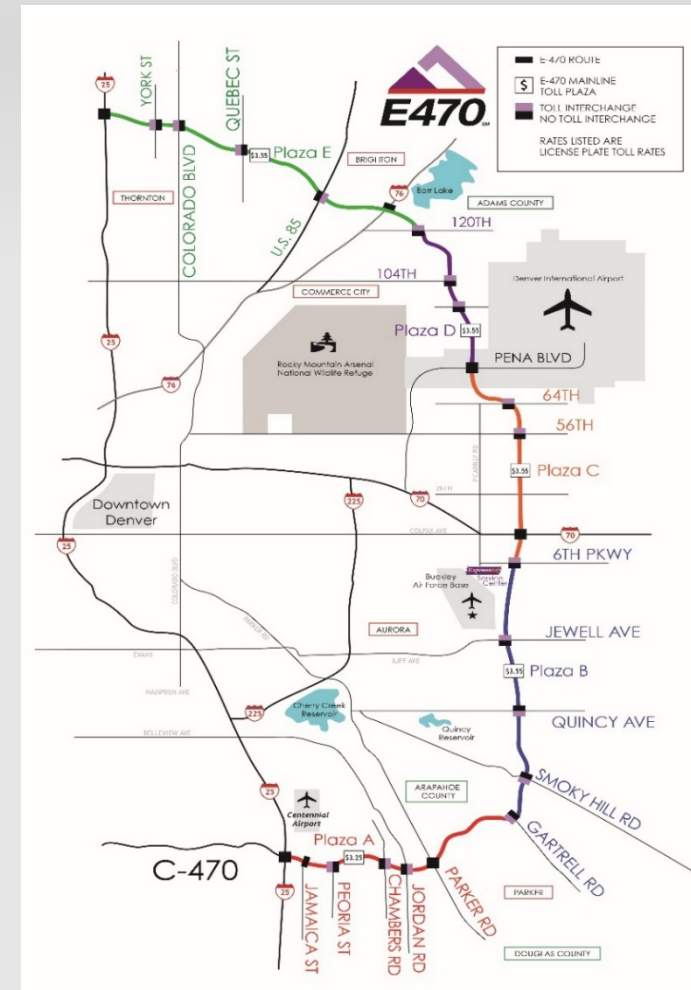
E-470 Public Highway Overview

- ▶ Built in four phases, with first phase opening to traffic in June 1991 and the final phase opening in January 2003
- ▶ 47 centerline miles on eastern perimeter of Denver Metro Area
 - Extends from C-470 at I-25 in Douglas County south of Denver to the east and north through Aurora, then passes along the western edge of Denver International Airport, and then terminates at Northwest Parkway at I-25
 - Passes through the Counties of Adams, Arapahoe, and Douglas; the Cities of Aurora, Brighton, Commerce, and Thornton; and the Town of Parker
- ▶ All electronic tolling established in 2009
- ▶ Primarily serves DEN and commuting customers
 - Two-axle vehicles accounted for 96.3% of transactions in 2019
 - 21.8% of all trips are to or from Denver International Airport (“DEN”)
 - 74.6% of trips pass through Segments A (I-25 South end to Parker Road) and/or B (Parker Road to I-70)

E-470 Public Highway Authority Overview

- ▶ Established under the Public Highway Law and is a political subdivision of the State of Colorado
- ▶ Governed by a Board of Directors with 8 voting members, 3 non-voting ex-officio members, and 5 non-voting affiliates members

E-470 Map



Toll Collection Methodology

- ▶ Has five mainline tolling points and 32 ramp tolling points located at certain interchanges
- ▶ Implemented an all-electronic toll collection system in 2009 with two options:

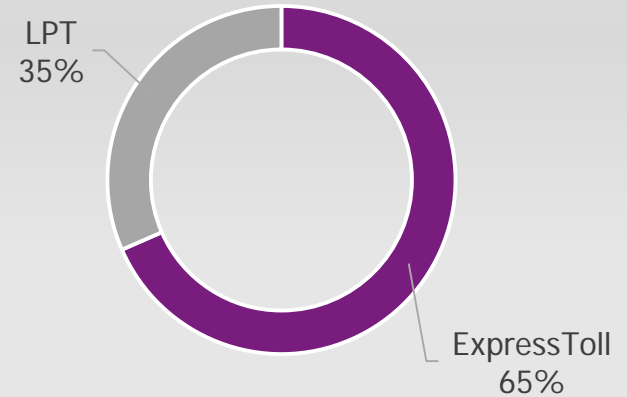
ExpressToll

- In-vehicle transponder linked to a prepaid account
- 1.9 million transponders in the marketplace; 1.0 million accounts
- Branding and technology used on all Colorado facilities
- \$88.8 million of gross revenue YTD 2020 (65.4% of total)
- 72.7% of transactions YTD 2020

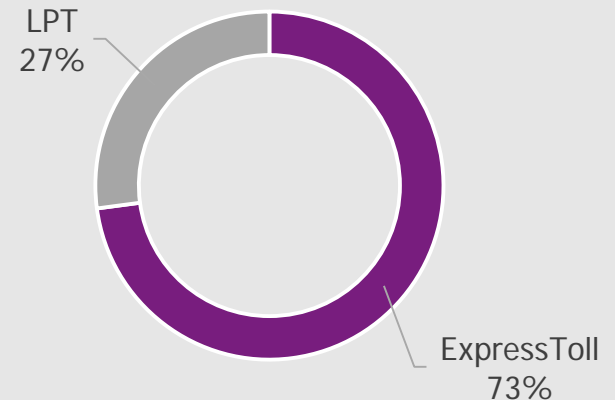
License Plate Toll ("LPT")

- Bill sent to customer based on license plate data
- LPT customers pay a premium over ExpressToll
- Branding and technology used on E-470 and CDOT facilities
- \$47.1 million of gross revenue YTD 2020 (34.6% of total)
- 27.3% of transactions in 2019

Revenue by Collection Method



Transaction by Collection Method



2020 Activities Update

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- Navigating COVID-19 and Pandemic Impacts
- Successfully restructured \$252M of debt in 2020
 - Sold \$167M of 2020A bonds in June
 - Leveled off debt service profile; future flexibility
 - Extended 2020 toll rates through 2021
- Amended Debt Management & Derivative Policy*
 - New financial goals for future
- Completed Investment Grade T&R Study May 2020*
 - Updated Forecasts to Term considering COVID-19
- Completed Economic Impact Study*
- Widening 8 Miles of E-470 – Quincy Ave to I-70
 - 3rd lane added in both directions – open end of 2020
 - Quincy Ave ramp redesign included
- New Roadway Projects Underway:
 - Next Generation Lane Equipment
 - Toll Plaza Redevelopment



*Full studies or policy are available on the Investor Relations website of the Authority

Updated Debt Management Policy

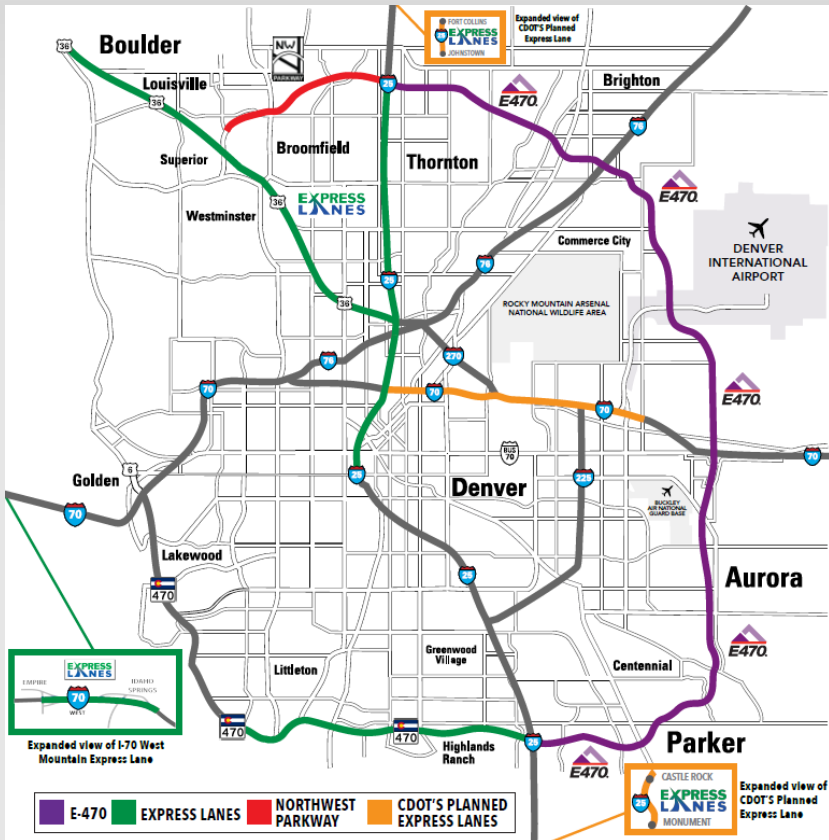
- ▶ The Authority amended its Debt Management & Derivative Policy in May 2020, originally adopted in 2007 and last amended in 2013
 - *The May 2020 amendments include financial goals that take into account downturns such as COVID-19*
- ▶ The policy includes objectives, roles, and responsibilities of Board staff and E-470's Municipal Advisor, derivative policies, and reporting/disclosure requirements
- ▶ The policy also includes new financial goals that consider the Authority's strategic plan, projections, cash flows, and capital plan



Select Board-Adopted Financial Goals from May 2020 Debt Management Policy

DSCR	Ending annual DSC Ratio above 2.00 times ; Maintain >1.80 during recession/downturn
Capital Plan	Continue to self-fund entire capital program with Capital Improvements Fund; Maintain assets in excellent condition (reviewed annually by independent engineering consultant)
Debt Issuance	Do not issue new debt unless needed; Do not extend debt past the current maturity of September 1, 2041 (unless necessary)
Debt Call Opportunities	Build specific reserves to take advantage of future call opportunities – pay off debt early when feasible and economical (Senior Bonds Defeasance Fund)
Unrestricted Fund Balance in General Surplus Account	Maintain very strong unrestricted days cash on hand above 800 days or \$200M for future debt defeasances, other capital funding & rainy day reserves. During recessionary or financial downturn periods, stay above \$150M (if needed)
Toll Rates	Extended 2020 toll rates through 2021 to support recovery; Board reviews/reaffirms toll rates annually

Interoperability in Colorado



COLORADO TOLL FACILITIES

- Toll Roads:
 - E-470
 - Northwest Parkway
- Express Lanes:
 - US 36
 - I-25 (Central & North Segment II)
 - I-70 (MEXL)
- HPTE Express Lanes (Opened in 2020):
 - I-25 North Segment III
 - C-470
- Future Express Lanes (TBD by HPTE)
- ExpressToll Services Provided:
 - Back Office/Customer Service/Billing
 - Toll Integration/Installation Services
 - All back office and toll integration costs incurred on behalf of others are 100% recovered by the Authority per the Tolling Services Agreements (TSA) to June 2023

Section 2.

Historical E-470 Performance & 2020 YTD Results

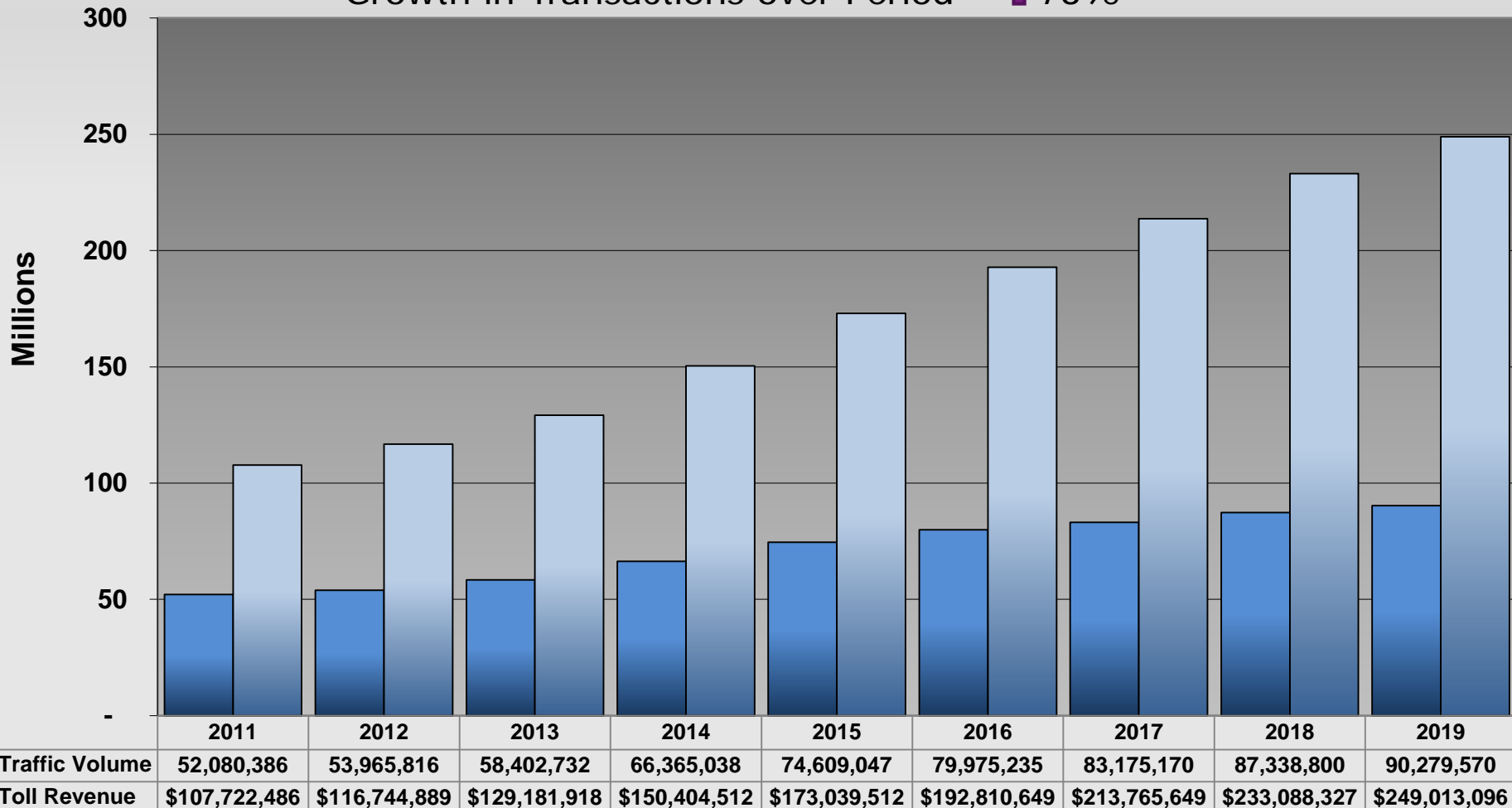
Annual Transactions & Revenue



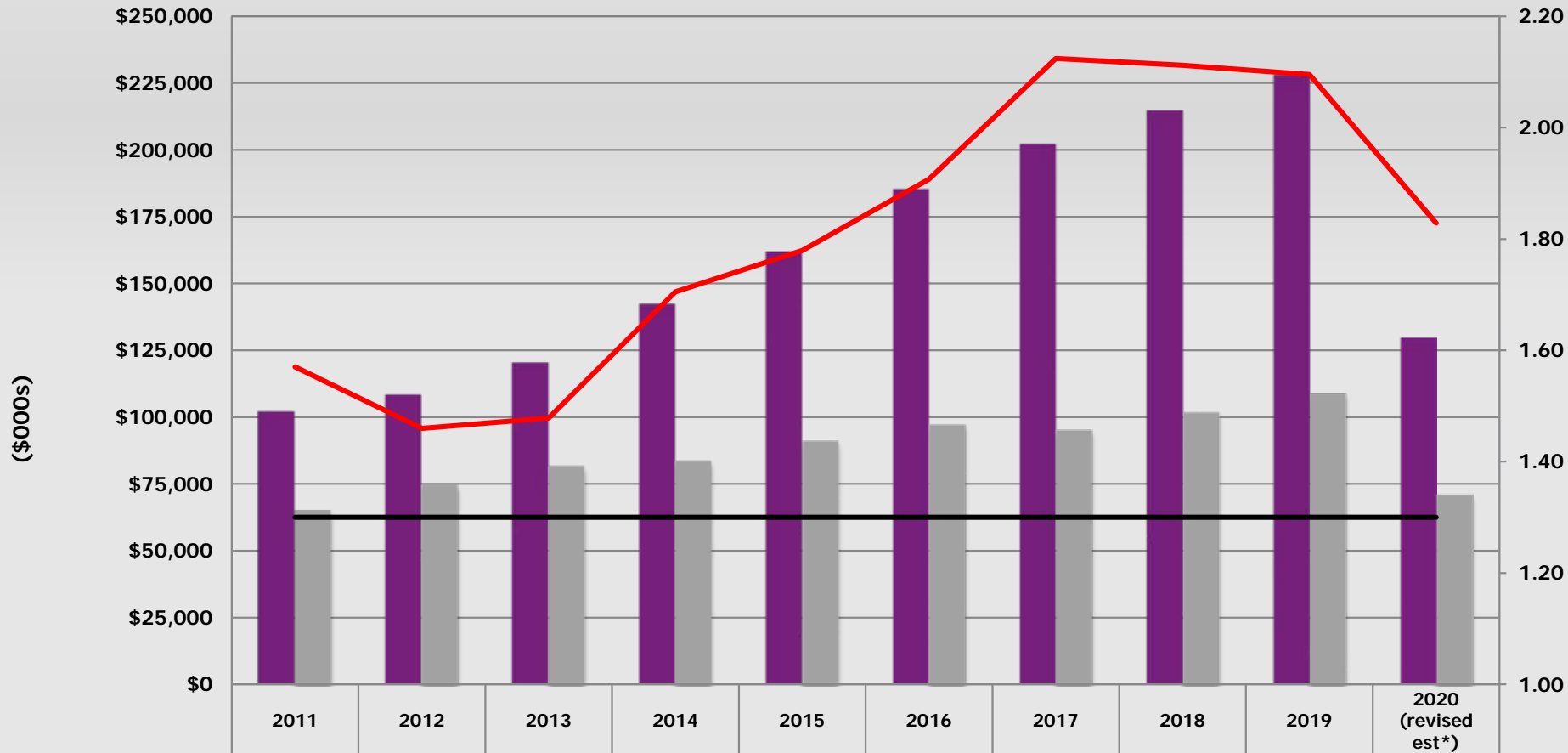
2011 to 2019

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Growth in Toll Revenues over Period – ↑131%
 Growth in Transactions over Period – ↑73%



Historical Debt Service Coverage



*Agrees to 2020A Official Statement for 2020 Projections as revised in June 2020

Fund Balances

- ▶ The General Surplus Account and its subaccounts are available for the Authority to use at its discretion provided all other accounts have been funded at required levels

	December 31, 2019	September 30, 2020	Covenant
Revenue Fund (Included Retained Balance)	\$18,508,765	\$ 7,215,933	n/a
Senior Bonds Debt Service Account	40,766,684	15,158,327	DS requirements
Senior Bonds Debt Service Reserve Account**	120,565,193	121,170,210	\$118,033,648
Operating Reserve Account	10,762,138	11,092,110	\$10,451,117
General Surplus Account:			
Senior Bonds Defeasance Subaccount	137,046,772	62,055,515	n/a
Capital Improvement Subaccount	212,591,179	214,494,700	n/a
Rainy Day Reserve Subaccount	25,115,902	25,857,294	n/a
Total	\$565,356,633	\$457,044,089	

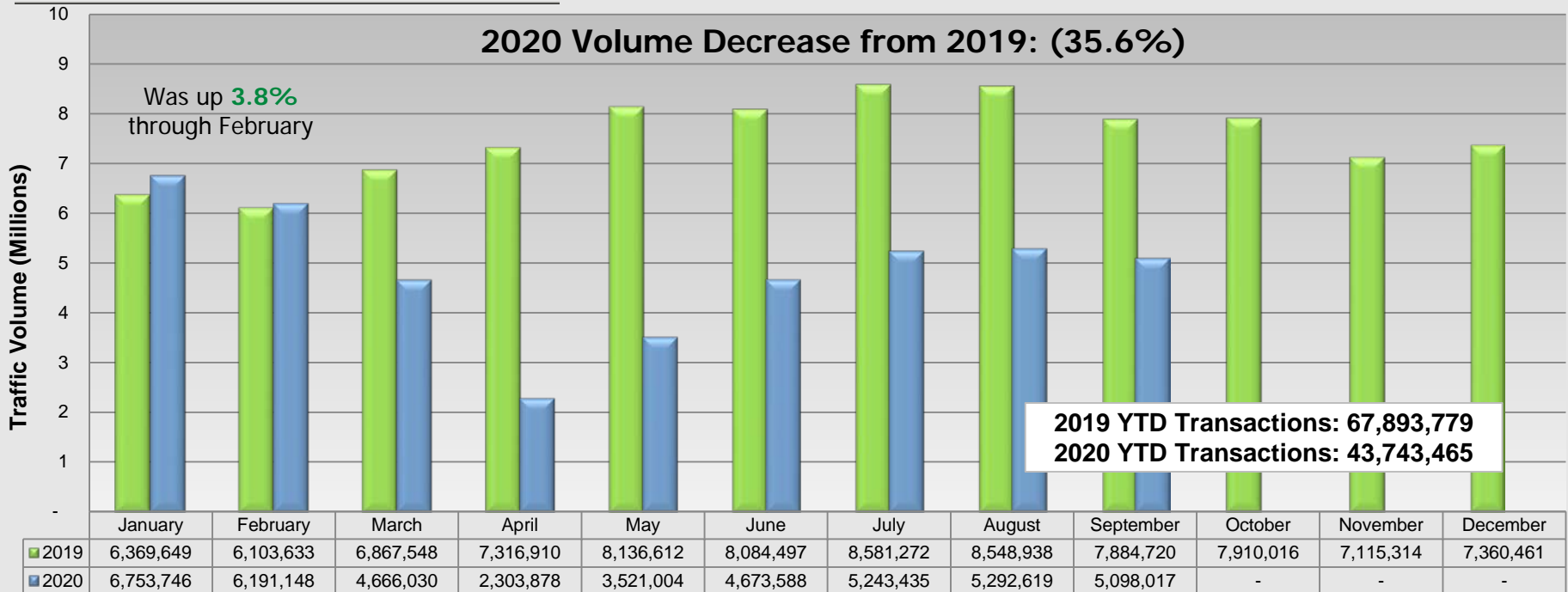
** Includes value of \$25 million surety policy



Observed COVID-19 Impacts To-Date

- ▶ Colorado declared a state of emergency related to COVID-19 on March 10, 2020 and a statewide stay-at-home order was implemented on March 26, 2020 after roughly two weeks of incremental restrictions on a statewide and local level
- ▶ The stay-at-home order remained in effect until April 26, 2020, softening to a safer-at-home order on April 27th that permitted more businesses to open over the course of April 27th to May 5th
- ▶ On May 9, 2020, Tri-County Health – which provides health services in Adams, Arapahoe, and Douglas Counties – announced it would also move to the safer-at-home policies
- ▶ Beginning the week of April 25th and going through July, E-470 has reported steady improvements in toll transactions, consistent with statewide and local policies to allow more movement
- ▶ August and September have seen a consistent traffic level with July.

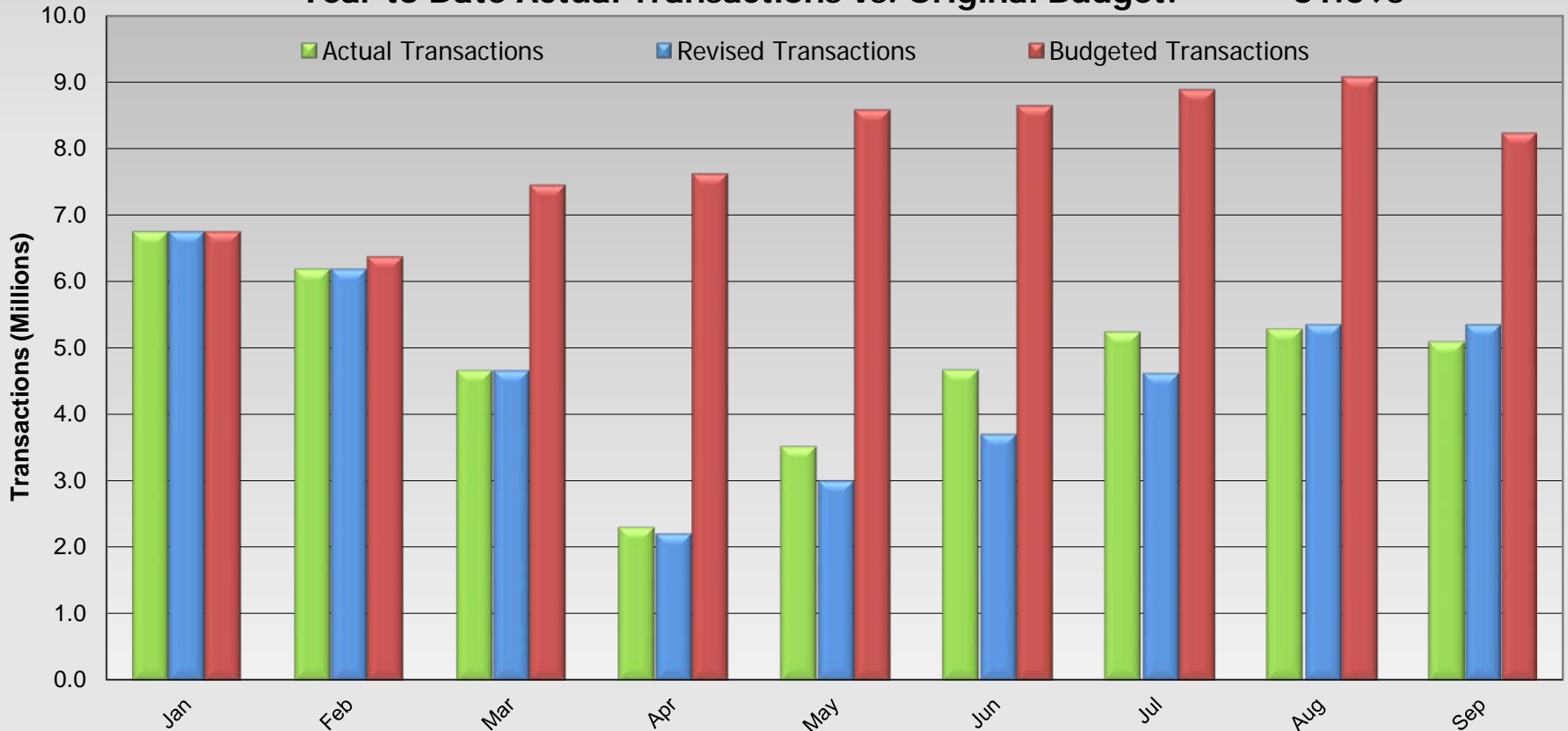
Monthly Transactions, 2020



Observed COVID-19 Impacts To-Date

► Transactions versus Original 2020 Budget and Revised 2020 Projections

Year to Date Actual Transactions vs. Revised Projection: 104.5%
Year to Date Actual Transactions vs. Original Budget: 61.0%



The updated traffic projections and other estimates were obtained from the most current May 2020 Traffic & Revenue Report prepared by the Traffic and Revenue Consultant (CDM Smith Inc.), and provided an annual projection for 2020. Staff completed the monthly projection breakdown estimates. The projections are believed to be reasonable evaluations of conditions as of the date of such Reports regarding future conditions. Achievement of any financial projections and other estimates is dependent on future events that cannot be assured. Therefore, actual results have varied. The Authority does not undertake to issue any updates or revisions to the Reports if or when expectations, or events, conditions or circumstances on which such Reports are based occur.



2020 Operating Budget

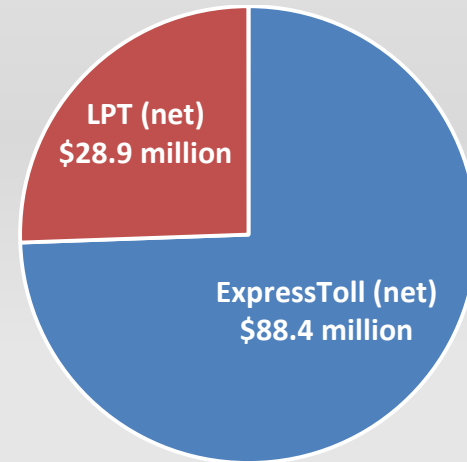
	<i>(Unaudited)</i> <u>September 30</u> <u>Actual</u>	<u>YTD 2020</u> <u>Approved</u> <u>Budget</u>	<u>% Budget</u>	<u>Revised*</u> <u>2020 Total</u> <u>Budget</u>
Revenue				
Toll Revenue (net)	\$117,256,374	\$193,669,061	60.5%	\$162,727,000
Other Revenue (net)	23,913,740	22,474,500	106.4%	19,758,000
Total Revenues	141,170,114	216,143,561	65.3%	182,485,000
Total Operating Expenses	(36,883,736)	(46,267,587)	79.7%	(52,595,000)
NET REVENUES	\$104,286,378	169,875,974	61.4%	129,890,000
Sr. Bonds Debt Service	83,801,067	84,908,252		
Surplus Transfer to Debt Service Account	(36,200,000)	-		
Net Senior Debt Service	47,601,067	84,908,252	56.1%	71,031,619
<i>Debt Service Coverage</i>	<i>2.19</i>	<i>2.00</i>		<i>1.83</i>

*Agrees to 2020A Official Statement for 2020 revised projections completed in June 2020

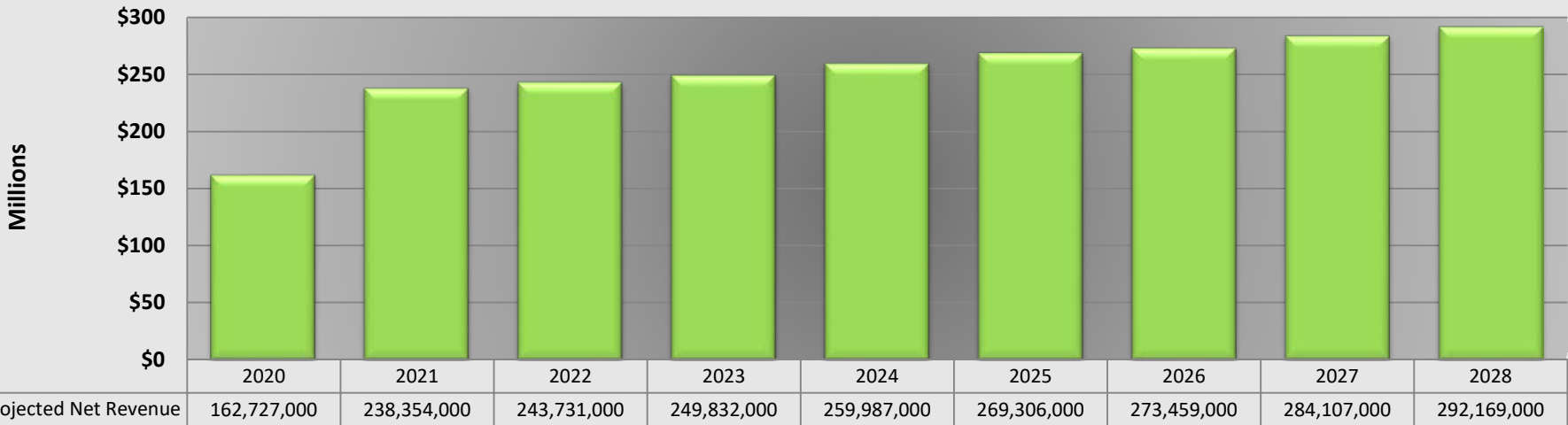
Net Toll Revenues

Through September 2020

- **YTD 2020 Toll Revenue - \$117.3 million**
 - **38%** Decrease from 2019 YTD Net Toll Revenue
 - **60.5%** of 2020 Budgeted Toll Revenue (2018 CDM Bring Down Letter)
 - **101.7%** of 2020 Revised Projected Toll Revenue (2020 CDM Investment Grade Study)
 - **92%** Collection Rate on Billable Tolls



- **Projected Toll Revenues**



The net toll revenue projections and other estimates were obtained from the most current May 2020 Traffic & Revenue Report prepared by the Traffic and Revenue Consultant (CDM Smith Inc.), and provided an annual projection for 2020. The projections are believed to be reasonable evaluations of conditions as of the date of such Reports regarding future conditions. Achievement of any financial projections and other estimates is dependent on future events that cannot be assured. Therefore, actual results have varied. The Authority does not undertake to issue any updates or revisions to the Reports if or when expectations, or events, conditions or circumstances on which such Reports are based occur.

Capital Budget

Despite the current impacts of COVID-19, the Authority intends to continue investing into the expansion and improvement of E-470 – with no additional debt planned for such projects

▶ **The Authority's Capital Budget includes expenditures for projects in its Capital Improvement Plan**

- At the end of 2019, the Authority's capital expenditures were under budget due to several budgeted projects being shifted to 2020
- For 2020 Capital Budget process and the 2020-2024 plan, the Authority expects to undertake approximately \$380.3 million in major capital improvement projects

▶ **The Authority continues to monitor its budget outlook and evaluate adjustments to its Five-Year Capital Program**

- Current Widening Project is on track to finish on time and on budget
- Not anticipating deferral of any critical maintenance as a result of COVID-19
- Some deferral of non-critical projects is possible

▶ **The Authority intends to fund all projects in the Five-Year Capital Plan with existing unrestricted cash and future surplus revenues – not debt**

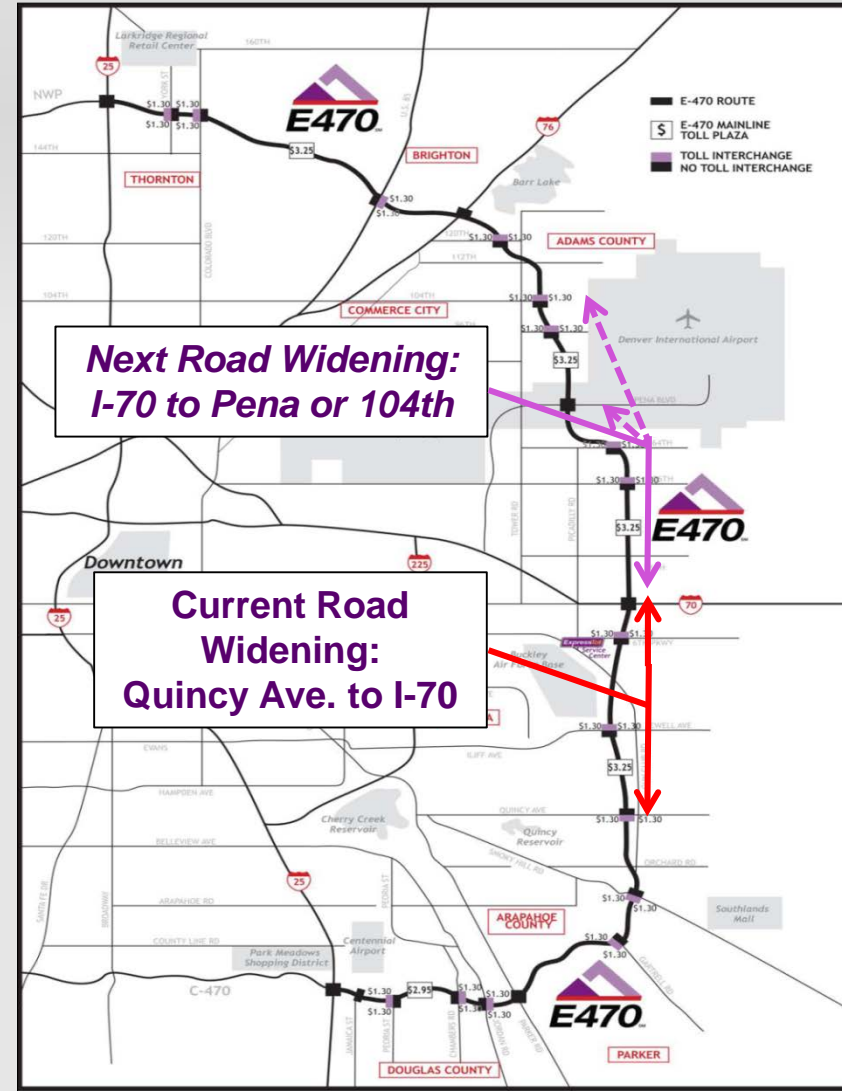
- 2021-2025 Capital Plan is currently underway by staff and contemplating next widening project north of I-70
- Will evaluate funding plan on an annual basis as long-term projects are scheduled

2020 Capital Budget

	<i>Original/Approved 2020 Budget</i>
Renewal & Replacement	
Roadway Maintenance	\$ 3,112,500
Facility Maintenance & Other R&R	9,567,800
Software & Hardware Upgrades	12,970,000
Construction Projects and Other	
Road Widening – Quincy to I-70 Construction	63,000,000
Interchange Improvements	3,375,000
Other Capital Projects/Requirements	2,515,800
TOTAL CAPITAL PROJECTS	\$ 94,541,100

Widening Projects

- *Widening Projects – Plan is to self fund from Surplus Account*
- **Current Widening Project**
 - 8-mile section; funded from unrestricted funds
 - Widened to 3 lanes each direction; bridges for ultimate build out of 4 lanes; connect local trails
 - Includes Quincy Ave and I-70 Interchange improvements
 - Based on future LOS projections (Master Capital Plan)
 - CM/GC - Designed in 2018; Construction in 2019-20
 - Total project budget - \$98.3M
- **Next Potential Widening Project***
 - Widening north of I-70 to Pena Blvd or 104th Ave
 - Several Interchange improvements
 - Design in 2021; Construction from 2022 to 2024
 - Total potential project – Est. \$100M to \$175M



*Subject to change; pending budget approval

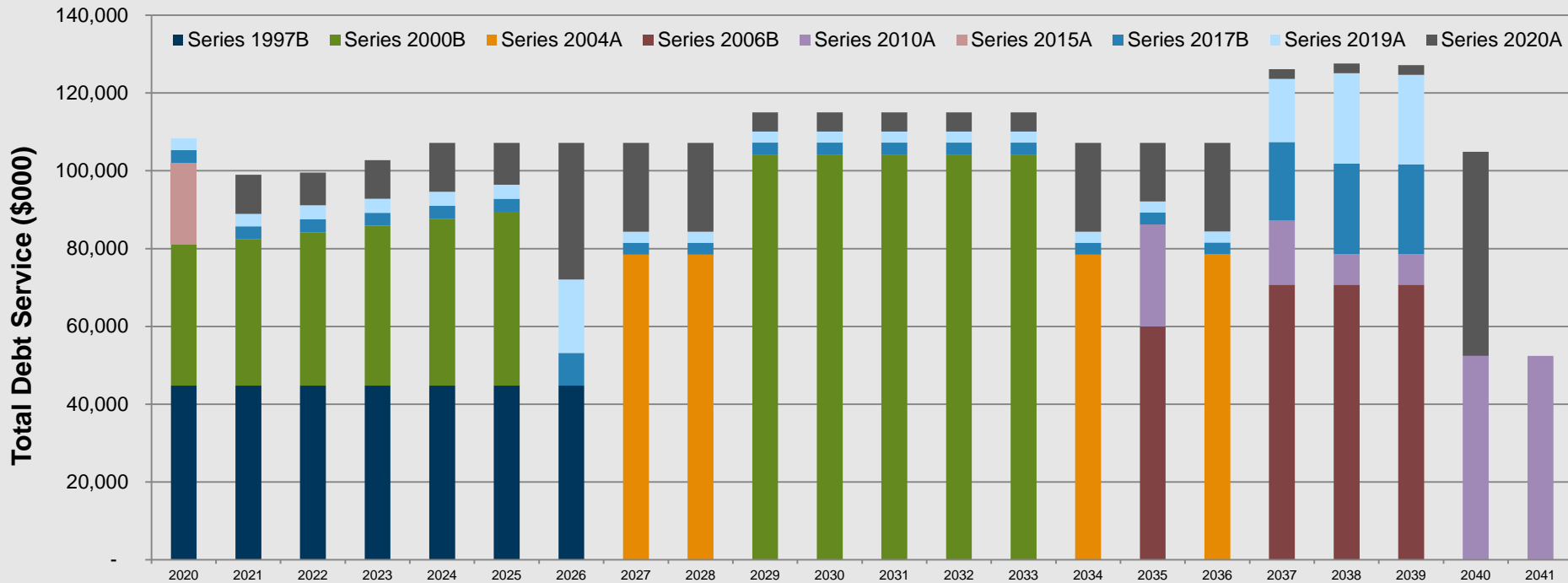
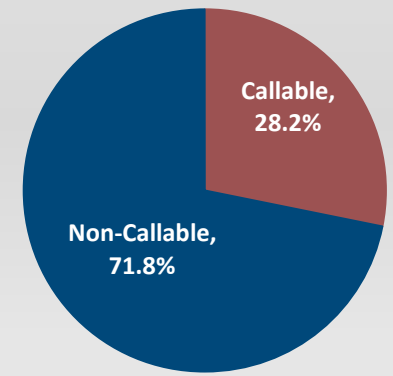
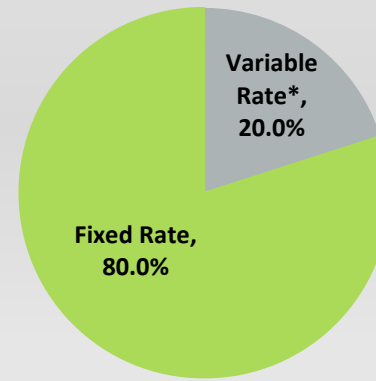
Section 3.

Current Debt Profile and Upcoming Activities

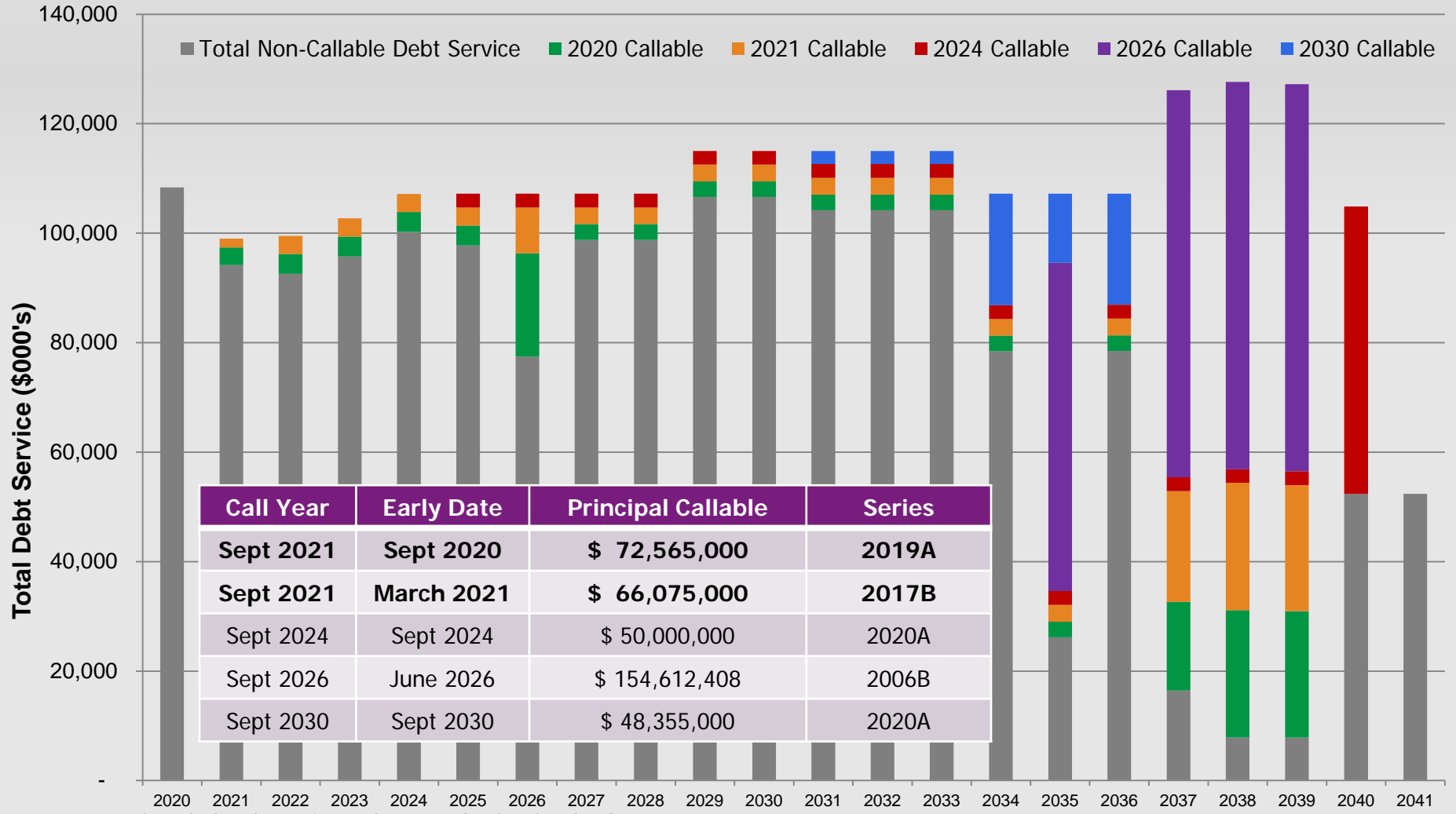
Current Debt Composition

□ Current \$1.3 Billion outstanding

- Significant debt restructure in June 2020 with savings; contributed \$50 million to pay off debt early
- Leveled future debt service with providing debt relief in short term for pandemic; future call opportunities
- \$113M original budget in 2020; \$99M due in 2021 and 2022



Callable Debt



* Includes the estimated accreted value for the CABs

Upcoming 2021 Bond Transaction

□ **Variable-Rate Debt Refunding:**

Series	Par (\$ Millions)	67% LIBOR Spread	Put Date	Optional Redemption Date
2019A	\$72.6M	+0.42%	9/1/2021	9/1/2020
2017B	<u>\$66.1M</u>	+1.05%	9/1/2021	3/1/2021
Total	\$138.7M			

- **LIBOR FRN Bonds Principal Dates** – Maturities in 2026 and 2036-2039
- **Step-Up Provision** – Increase in interest rate if not refunded by put date
- **LIBOR** – LIBOR index is changing by end of 2021
- **Swaps** – All variable rate debt is linked to the two LIBOR-based 2007 interest rate swaps
 - 2007 Pay-fixed swaps at a **fixed rate of 3.832%**; based on **67% of 1 Mo LIBOR**
 - **JP Morgan** and **Morgan Stanley** - counterparties; linked to 2019A and 2017B floating rate notes and underwriters
 - No basis risk as both swaps are 67% of LIBOR (same as the debt); **no swap insurance**
- **Issuance and Structure** – To be determined

Section 4.

Summary



Summary and Future Outlook

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- Actively managing the current pandemic and impacts from lower traffic
 - Consistent and proactive management team; close monitoring of events
 - Consistently exceeding debt service coverage requirement of 1.30
 - Continued strong cash position and future flexibility/opportunities
- Continuing proactive debt management
- Continued Board support
 - Update Debt Management and Swap Policy (with new financial goals)
 - Approved Toll Rate Policy through 2021; reviewed annually
- Future Capital Program – Continue to cash fund
- Invest in future technologies and Toll Plaza Redevelopment; National Interoperability
- Continue to support future tolling projects and back office services in Colorado with our tolling partners; achieve economies of scale

