

PREPARING FOR THE FUTURE

2019 ANNUAL REPORT



E-470 ROUTE



ENGAGING PARTNERS FOR A NEW DECADE

Starting as a joint effort among local government to build and operate an eastern metro Denver beltway, the E-470 Public Highway Authority has grown over the past 28 years to become an industry leader in tolling transportation and innovation. Now handling more than 118 million toll transactions per year, E-470 has established itself as a regional mobility solution for metro Denver. Through its ownership and operation of ExpressToll, E-470's reach extends beyond its 47-miles of road to all toll facilities across the state of Colorado.

A key part of E-470's success lies in the partnerships it has developed over the years and the future-looking innovations it has brought to users of the roadway. From a multi-year toll rate freeze, removal of fees, expansion of ExpressToll across the state, widening of E-470, partnering with local jurisdictions for infrastructure improvements, evolving tolling technology and leadership in the premier industry association (the International Bridge, Tunnel and Turnpike Association), E-470 has taken tremendous strides in the past decade toward innovation and building relationships with partners for years to come.

Now in 2019, expanding its focus on new roadway improvements and customer-centric enhancements, E-470 is poised to step into the next decade as a leader in the tolling industry and as a champion for its partners and users.

E-470 PUBLIC HIGHWAY AUTHORITY LEADERSHIP

BOARD OF DIRECTORS



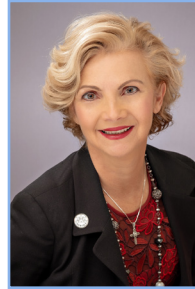
CHAZ TEDESCO
Chair
Commissioner,
Adams County



ROGER PARTRIDGE
Vice Chair
Commissioner,
Douglas County



JOHN DIAK
Secretary
Council Member,
Town of Parker



FRANÇOISE BERGAN
Treasurer
Council Member,
City of Aurora



BILL HOLEN
Commissioner,
Arapahoe County



CRAIG HURST
Council Member,
Commerce City



MATT JOHNSTON
Mayor Pro Tem,
City of Brighton



JESSICA SANDGREN
Mayor Pro Tem,
City of Thornton

E-470 EXECUTIVE LEADERSHIP



TIM STEWART
Executive Director



JESSICA CARSON
Director of Operations



KEN SMITH
Director of Information
Technology



JASON MYERS
Director of Finance



NEIL THOMSON
Director of
Engineering and
Roadway Maintenance

E-470: A STRONG FOUNDATION FOR THE FUTURE

The 75-mph E-470 toll road forms a 47-mile semi-circular beltway around metropolitan Denver's eastern area and provides access to Denver International Airport. E-470 connects in the south to the I-25/C-470 interchange in Douglas County, and in the north to the I-25/Northwest Parkway interchange in Adams County. The highway was built in segments, with the first segment opening in June 1991 and the final segment opening in January 2003.

The toll road has been financed, constructed, operated and governed by the E-470 Public Highway Authority and is not taxpayer funded. The Authority is a political subdivision of the State of Colorado, operating as an enterprise under state statute and thus is self-sustaining, generating its own revenues without recourse to taxpayer funds. The Authority is composed of its eight member jurisdictions, including five municipalities (Aurora, Brighton, Commerce City, Parker and Thornton) and three counties (Adams, Arapahoe and Douglas). Each jurisdiction has one voting member on the E-470 Board of Directors.

Five local governments and four area agencies also participate as non-voting members. Non-voting members do not directly set Authority policies, but rather provide important support to voting members to ensure the context necessary to guide the Authority has been considered.

Non-Voting Local Governments

- City of Arvada
- City and County of Broomfield
- City of Greeley
- City of Lone Tree
- Weld County

Non-Voting Agencies

- Colorado Department of Transportation
- Denver Regional Council of Governments
- Regional Air Quality Council
- Regional Transportation District

PREPARING FOR THE FUTURE

PLANNING AND PARTNERSHIPS REFLECT FUTURE COMMITMENTS AND GOALS



STRATEGIC PLAN

With E-470 positioned as a leader in tolling services and technology, its Board of Directors recognized the need for a Strategic Plan to guide the Authority forward. The ensuing strategic planning effort launched in October 2018 and brought together leadership, staff and the Board of Directors.

The resulting Strategic Plan, adopted by the Board in May 2019, is intended to provide the Authority with a high-level roadmap for the future as it encounters potential new technologies, possible new services, new project requests and the rapid changes occurring in mobility. The Plan lays the foundation for E-470's current and future projects and describes the strategy by which it will deliver on its mission and vision.

The Strategic Plan is organized around four main perspectives that serve as the cornerstone of E-470's efforts and offers a lens from which to analyze and assess the organization. A desired outcome is associated with each perspective to focus efforts around that lens. These perspectives and outcomes are:



External: Cultivate and nurture effective and influential partnerships and relationships



Financial: Financially sound and fiscally responsible



Customer: Trust and value us as a leading services provider, offering dependable mobility choices



Organization: Our people and processes are responsible, strategically focused, collaborative and creative

The Strategic Plan, and the collaborative effort that went into its development, lays the foundation for E-470's future, ensuring the organization continues to improve the customer journey through safety, service, stewardship and reliability.

PARTNERSHIPS

The Authority's growth and continued success in providing exceptional customer service and experience is directly tied to its partnerships with organizations advancing transportation technologies, policies and customer interests. In 2019, the Authority advanced collaboration with a number of transportation associations and initiatives, laying the groundwork for future opportunities to serve a range of customers, all of whom rely on E-470 for reliable and safe journeys.

E-470 teamed with the Colorado Motor Carriers Association to develop a 3+ axle pilot program, launched in January 2020. The two-year pilot program offers discounted toll rates to 3+ axle vehicles on E-470 with an ExpressToll account. The toll rate structure for these customers includes a five percent rate reduction on all E-470 mainline tolling points (excluding ramps) and an additional 20 percent discount for those driving between 9 a.m. and 12 p.m.



The Aurora Highlands continues to finalize design for the subdivision work, and construction has started on the infrastructure to support the project. Utilities, roads and grading operations are continuing as the site is beginning to take shape. The interim connection to the project from E-470 at 38th Place has been substantially completed and is open to the public. This is located along northbound E-470 at the toll plaza located north of 26th Avenue. It is anticipated that residential model homes will be open in 2020.

To support access to the Aurora Highlands, an interchange at 38th Avenue is currently under design. With the support of Adams County and the City of Aurora, E-470 is continuing to work with Aurora and the Aerotropolis Regional Transportation Authority (ARTA) on the design and construction of this regional improvement, which is in alignment with Aurora's Northeast Area Transportation Study (NEATS) plan. It is anticipated the construction could begin as early as 2021 and would be completed in the next several years.

In 2019, the Authority also completed a Request for Proposals (RFP) process for a next generation toll lane system. Next generation toll lanes allow for improvements in accuracy, reliability and efficiency for both customers and the Authority. By exploring next generation toll systems, E-470 intends to be responsive to rapid change in the tolling industry, future-proof the organization with advancing technology and continue to improve the journey for its customers. The Authority will be negotiating contract terms with its selected vendor in early 2020.

BUILDING CONNECTIONS

SETTING A HIGH STANDARD FOR CUSTOMER EXPERIENCE AND PREPARING FOR FUTURE DEMAND

ROAD WIDENING PROJECT

In September 2018, the E-470 Public Highway Authority Board of Directors voted unanimously to widen the roadway by adding a third lane in each direction between Quincy Avenue and I-70. Knowing that road usage is set to increase over the next several years, and in order to continue providing road users with the level of service they have come to expect on E-470, the project aims to tackle the future problem of congestion, today. This project comes on the heels of the successful expansion of the roadway between Parker Road and Quincy Avenue, completed in 2017.

The current project is approximately eight miles long and includes drainage and grading to support the potential addition of a fourth lane at a later date, as well as the widening of 14 bridges. The project will relocate the northbound Quincy Avenue ramp to improve the Quincy Avenue interchange, an effort being funded through an Intergovernmental Agreement (IGA) between Arapahoe County, the South Aurora Regional Improvement Authority (SARIA) and E-470. The High Plains Trail will also be extended six miles from Quincy Avenue to Stephen D. Hogan Parkway, continuing the design of the first segment, which opened in late 2018.

Funded through E-470 tolls and fund reserves, work began in June 2019 and by the end of the year has already reached a number of milestones, including completion of the first section of the expanded roadway. The new third lane between Jewell and Quincy Avenues opened to the public in December 2019. The full expansion is set to be complete in early 2021.

COORDINATED ROADWAY IMPROVEMENTS

In April 2019, E-470 joined with the City of Aurora and Arapahoe County to engage with customers and residents on a series of neighboring roadway improvement projects. Projects included road widening (E-470), Quincy northbound on-and-off ramp relocations (E-470), I-70/Picadilly interchange improvements (Aurora), Stephen D. Hogan Parkway (Aurora), partial access to the new Aurora Highlands development at 38th Avenue (Aurora Regional Transportation Authority in Adams County) and Quincy Avenue and Gun Club Road interchange improvements (Arapahoe County).

The Authority hosted an event in early 2019 at its headquarters with representatives from each organization and jurisdiction available to speak one-on-one with more than 100 community members on how some of these local projects support regional connectivity.



THE FIRST SEGMENT OF THE PROJECT OPENED IN DECEMBER 2019, WITH A THIRD SOUTHBOUND LANE FROM JEWELL AVE. TO QUINCY AVE.

STEPHEN D. HOGAN PARKWAY OPENS

In June 2018, 6th Parkway was renamed Stephen D. Hogan Parkway to honor the City of Aurora's late mayor and the second Executive Director of E-470. E-470 formally honored Mayor Hogan's contributions to the Authority, its Board and its customers through a February 2018 resolution.

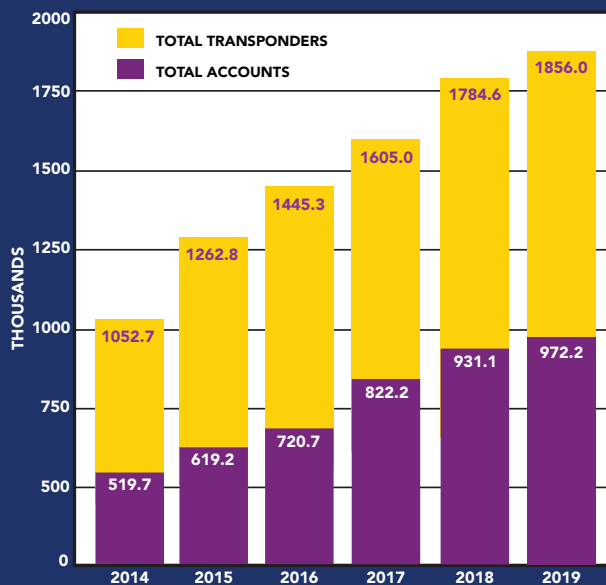
E-470 broke ground along with the City of Aurora and Arapahoe County on an extension of the E. 6th Parkway in August 2018 and, just under a year later, completed the work with a ceremony to honor Aurora's late mayor. E-470 committed \$4 million to this connected project.

The new expansion closed a two-mile gap between East Sixth Avenue and E-470, providing a continuous connection between the two roadways and greatly improving access to Buckley Air Force Base and the residential communities east of E-470.

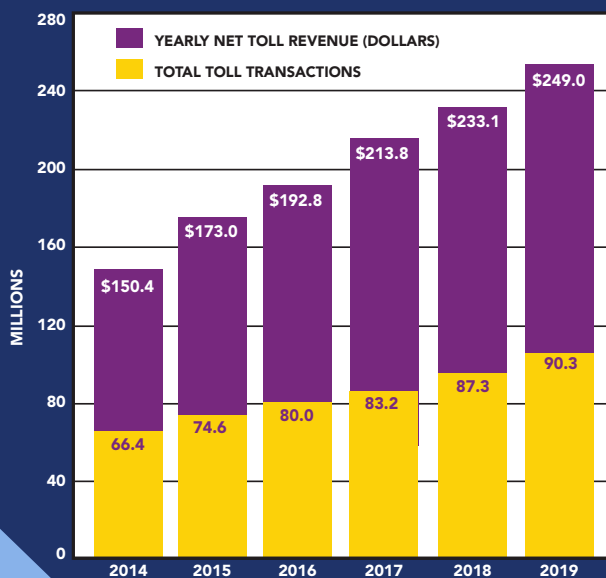


ON SEPTEMBER 26, 2019, STEPHEN D. HOGAN PARKWAY OFFICIALLY OPENED.

EXPRESSTOLL ACCOUNTS AND TRANSPONDERS



E-470 YEARLY TOLL REVENUE AND TRANSACTIONS



2019 FINANCIAL OVERVIEW

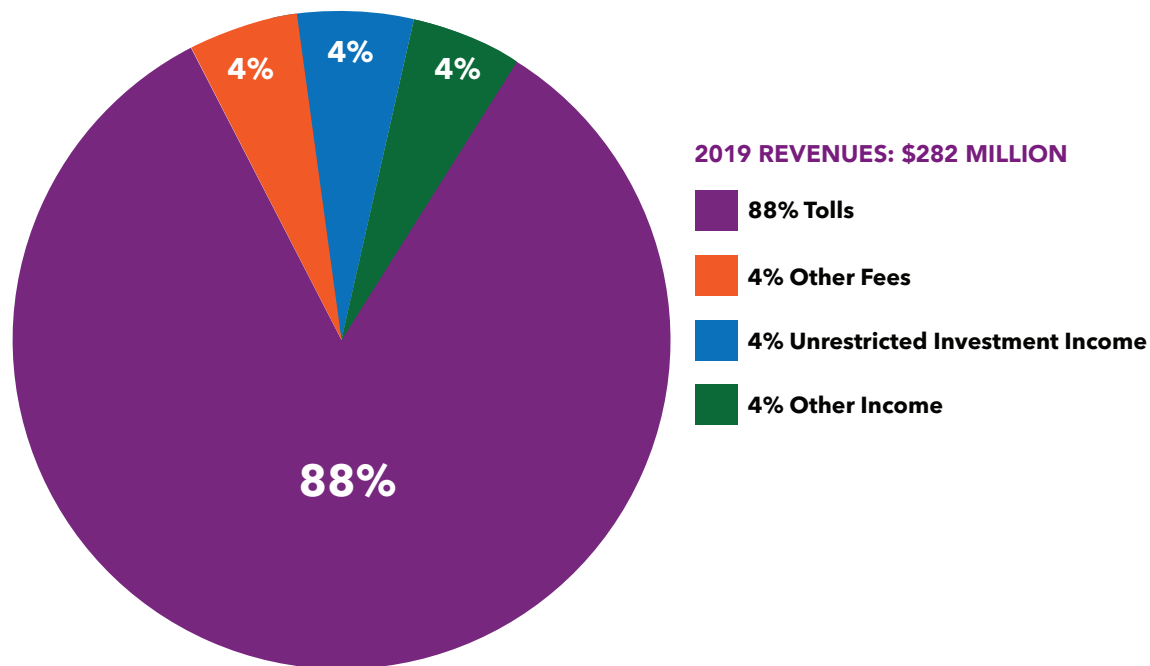
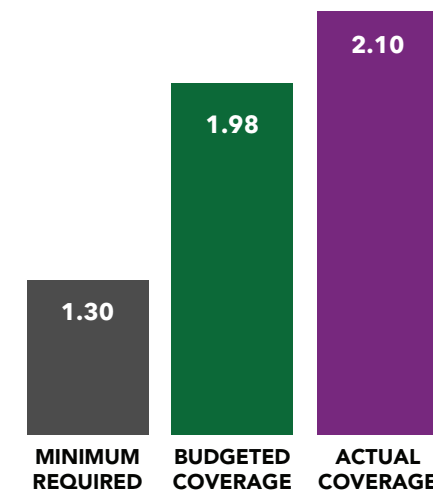
2019 OPERATING REVENUES

	2019 BUDGET	2019 ACTUAL
Tolls	\$ 248,626,000	\$ 249,013,096
Other fees	9,900,000	11,134,335
Unrestricted Investment Income	7,500,000	12,252,963
Interoperability Revenue	70,000	-
Other Income	8,919,500	10,008,442
TOTAL	\$275,015,500	\$282,408,836

2019 OPERATING BUDGET

	2019 BUDGET	2019 ACTUAL
Operating Revenues	275,015,500	282,408,836
Operating Expenses	(58,059,900)	(54,333,954)
Net Income Available for Senior Debt Service	216,955,600	228,074,882
Aggregate Senior Bonds Debt Service	109,500,000	108,844,013
Senior Bonds Debt Service Coverage Ratio	1.98	2.10

2019 DEBT SERVICE COVERAGE



As reported in the audited financial statements issued by the Authority on April 17, 2020.

2019 FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	As of December 31, 2019
Operating revenues	
Tolls	\$ 249,013,096
Other fees	11,134,335
Tolling services	7,519,101
Total operating revenues	267,666,532
Operating expenses	
Toll road operations	44,385,288
Salaries and benefits	8,080,092
General and administrative	4,895,984
Total operating expenses before depreciation	57,361,364
Depreciation	42,057,059
Total operating expenses	99,418,423
Operating income	168,248,109
Nonoperating revenues (expenses)	
Investment income	14,599,361
Change in fair value of derivative instruments and investments	(9,492,133)
Interest expenses	(92,648,504)
Intergovernmental revenue	1,109,107
Other income	1,664,579
Total nonoperating expenses, net	(84,767,590)
Change in net position	83,480,519
Net position, beginning of year	(339,052,912)
Net position, end of year	\$ (255,572,393)

STATEMENT OF NET POSITION

	As of December 31, 2019
Assets and Deferred Outflows of Resources	
Current unrestricted assets	\$ 325,447,095
Current restricted assets	68,701,055
Capital assets (net of accumulated depreciation)	587,788,716
Other noncurrent assets	246,820,262
Total assets	1,228,757,128
Deferred outflows of resources	60,577,101
Total assets and deferred outflows of resources	1,289,334,229
Liabilities	
Other current liabilities	55,583,871
Current bonds payable	101,590,000
Other noncurrent liabilities	51,819,974
Noncurrent bonds payable	1,335,912,777
Total liabilities	1,544,906,622
Net Position	
Net investment in capital assets	76,336,471
Restricted for debt service	8,300,950
Unrestricted	(340,209,814)
Total net position	(255,572,393)
Total liabilities and net position	\$ 1,289,334,229

FINANCIAL HIGHLIGHTS DURING 2019

REVENUES HIT RECORD LEVELS; OPERATING COSTS BELOW BUDGET

Continuing an eight-year trend, traffic and net toll revenue set new records in 2019. The increase in toll revenues reinforces E-470's ability to meet its debt obligation to bondholders plus have the reserves required to reinvest in the road, making certain it continues to provide the kind of driving experience customers expect in return for their toll dollars.

STABLE DEBT AND CASH MANAGEMENT

E-470 has approximately \$1.4 billion in outstanding bond debt. In 2019, E-470 made \$108.8 million in debt service payments to bondholders and is scheduled for an increase in 2020 to \$113 million. The Authority has a call opportunity in 2020 to level future debt service and restructure the debt curve.

The rise in net toll revenues helped contribute to three ongoing principal financial goals: (1) continue a stable debt management program with sufficient reserves and liquidity, (2) avoid issuing additional debt and (3) ensure the capability to self-fund capital projects. In 2019, E-470 maintained sufficient reserves to self-fund its capital projects and plan for future capital projects over the five-year capital plan.

DEBT SERVICE COVERAGE RATIO SURPASSED

Debt service coverage, a critical financial metric, exceeded the Master Bond Resolutions requirement of producing net income at least 1.30 times the aggregate senior debt service payment for the year. E-470 had budgeted for a 2019 ratio of 1.98 and achieved a year-end ratio of 2.10, which was consistent with the ratio of 2.11 in 2018. Our approach to debt service coverage continues to engender confidence in E-470 among bond investors.

BOND RATING AGENCIES' CONFIDENCE IN E-470 CONTINUES

The bond investment community continued to show confidence in E-470 bonds. E-470 received a rating upgrade and two rating reaffirmations in 2019 during the annual updates with the rating agencies, including a positive outlook from S&P in conjunction with the bond refinancing transaction in March.

In September 2019, Fitch Ratings upgraded the E-470 Public Highway Authority senior revenue bonds from a "BBB+" to an "A" rating, citing E-470's strong financial metrics and operational profile and continued outperformance of budgetary expectations. The Fitch two-notch upgrade follows ratings upgrades from both Moody's and S&P in 2018. The Authority now holds an "A" rating with all three bond agencies.

2020 BOND TRANSACTIONS AND FUTURE PLANS

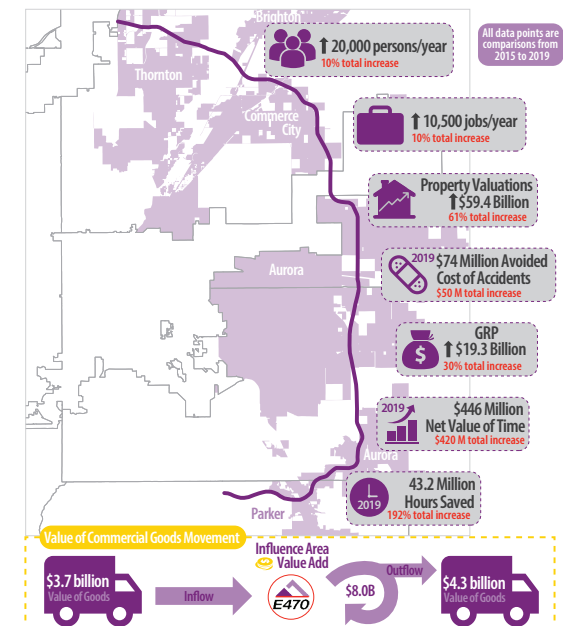
A total of \$72 million in senior revenue bonds was refunded in March 2019. The bonds are variable rate debt and are exempt from federal, state and local taxes for Colorado residents, and the Authority was able to reduce interest costs and debt service due to high bond investor demand and improved credit ratings. The Authority also has a call opportunity of approximately \$252 million in 2020 and plans to exercise that call opportunity.

ECONOMIC IMPACT STUDY

According to a 2016 study on the economic contributions of E-470 to the surrounding area and region, E-470 has been a catalyst for significant growth, property valuation and time savings. In light of rapid growth in the region and along the E-470 corridor since that time, E-470 moved to initiate a new study in 2019. Initial results were presented to the Board of Directors in March 2020.

Highlights of the latest analysis show that:

- Property valuations along the E-470 corridor increased from \$97.7 billion in 2015 to \$157.3 billion in 2019, an increase of \$59.4 billion in five years.
- Since 2015, the area along the E-470 corridor grew by approximately 20,000 persons/year and by approximately 10,500 jobs/year.
- This roadway saves residents from an additional 43.2 million hours of driving per year (three times the amount in 2015), translating to \$446 million in annual travel time savings.



CUSTOMER COMMITMENT

In 2019, the Authority continued its commitment to customer service and value by upholding the freeze on toll rates through 2020, opening up land for potential new motorist amenities and expanding the existing ExpressToll Rewards Program.

TOLL RATE FREEZE

In November 2017, the Board approved a three-year toll rate freeze for ExpressToll customers using E-470 effective January 1, 2018. The initial decision to freeze the rate marked the first time in E-470's history that toll rates were locked-in for a three year period. This decision also included a reduction of the ExpressToll rate at Toll Plaza C (between I-70 and Peña Boulevard) by \$0.25, and an increase to the License Plate Toll rate differential.

The Board voted to reaffirm this commitment to customers in November 2018 and again in 2019, actively holding the rates for the full three-year period ending in December 2020. In addition to freezing ExpressToll rates in 2020, the E-470 Board of Directors also voted to freeze License Plate Toll rates in 2020 at 2019 levels, and decrease multi-axle ExpressToll rates (which were previously scheduled to increase).

NEW MOTORIST AMENITIES

In August 2019, the E-470 Board of Directors released a Request for Proposals to invite the private sector to commercially develop four sites along E-470, with each location consisting of a northbound and southbound parcel.

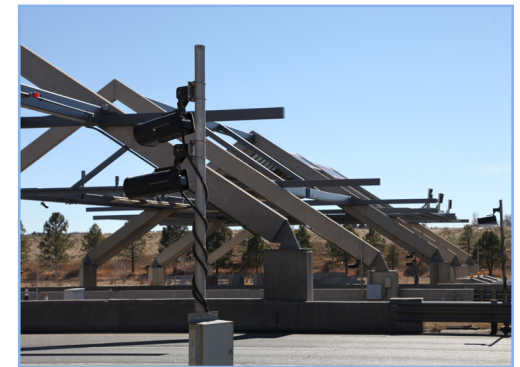
Totaling more than 36 acres, the land and existing buildings were formerly used for cash toll collection until 2009 when E-470 became one of the first toll systems in the nation to convert to all electronic cashless tolling.

The project will continue to evolve in 2020. If successful private partners are identified, the new developments could provide future customers the services they need on their journeys, such as food, gas and a place to rest.

REWARDS PROGRAM EXPANSION

ExpressToll expanded its Rewards Program partnerships this year to include the Gaylord Rockies Resort and Parker Arts. Users enjoyed discounted tickets to experience ice-carved scenes from Rudolph the Red-Nosed Reindeer at the Gaylord Rockies Resort, and discounts on classes, shows and event bookings at Parker Arts.

The ExpressToll Rewards Program now boasts more than 20 reward partners based in Denver and surrounding cities, and offers ExpressToll users discounts on everything from pet daycare to tickets to Denver sporting events.





PROTECTION DURING EXTREME WEATHER

On March 13, 2019, E-470 staff and the roadway encountered significant adverse weather in the form of a devastating blizzard known as a “bomb cyclone.” The storm produced winds topping 80 miles an hour while producing up to 13 inches of snowfall in less than 24 hours. These conditions provided motorists and Road Management staff with less than one quarter-mile visibility and drifts along the roadway that topped out at several feet deep. With horrific driving conditions, E-470 modified its headquarters into a place of safety for stranded motorists in need of shelter.

Throughout the entire storm, the Traffic Management Center (TMC), the Roadside Assistance staff, maintenance team and law enforcement went above and beyond typical services while enduring white-out winter conditions. With incidents and requests for service flying in at an overwhelming pace, the entire Road Management team persisted throughout the storm to provide outstanding customer service to law enforcement and the traveling public.

During this incident there was a 60 percent increase of call volume into the TMC for assistance, 52 roadside assistance customer stops and 58 motorists who were brought to E-470’s headquarters for temporary or overnight shelter.



EDUCATIONAL CAMPAIGN MOVES FORWARD

E-470 expanded its education campaign in 2019, meeting with local agencies, municipalities, Chambers of Commerce and others to provide an overview of Colorado’s toll system, and E-470’s role and activities within the region. As part of the education program, the team distributed more than 50,000 brochures to various companies, visitor welcome centers, hotels and apartments to ensure current customers and potential road users are informed on how tolling works in Colorado.

In addition, the education team began a new effort to meet with rental car agencies based around Denver International Airport. Representatives from E-470 met with close to 50 rental car agents to answer questions about the toll road system and ExpressToll. Through this work, E-470 was able to identify new educational opportunities for rental car agencies and ensured these agents had the information needed to best assist Colorado visitors using the toll roads for the first time.

SUPPORTING THE BROADER COMMUNITY



TRANSPORTATION SAFETY FOUNDATION

E-470 launched the Transportation Safety Foundation in 2001 to give back to local communities and support safety initiatives. The Foundation raises its own funds to promote public and transportation safety and driver education throughout Colorado.

In 2019, the Foundation awarded eight, \$2,500 transportation safety grants to support teen driving education and seat belt safety, transportation safety for seniors and veterans, impaired driving prevention, and car seat safety programs. The Foundation hosted its biennial summer golf tournament fundraiser in June, raising \$66,225, which will support grants in coming years.

The Foundation also continued its work with the Alive at 25 and High School After Prom programs, hosting 12 Alive at 25 early driving intervention classes aimed at drivers aged 15-24 years and providing 23 area high schools with \$200 each to support safe and fun after prom events.

In March 2019, the Foundation hosted Colorado State Patrol and Aurora Fire Department representatives at E-470 headquarters to conduct complementary car seat inspections for customers and employees. The Foundation will continue the initiative in 2020.

E-470 GOOD GUYS

The E-470 Good Guys, a volunteer group led by E-470 employees, provided nearly a hundred hours of time and generated thousands of dollars in donations and gifts to area nonprofits and service organizations throughout the year.

Some of the highlights from 2019 include:

- \$7,250 in gifts donated to the Salvation Army Giving Tree and Buckley Adopt-A-Family
- 46 pints of blood donated
- 95 hours volunteered to Food Bank of the Rockies
- 49 coats donated to Coats for Colorado
- \$2,800 in cash donations to Ronald McDonald House, SafeHouse Denver, Make-A-Wish and Colorado Veteran's Project
- 342 bags of candy donated to Ronald McDonald House and Denver Children's Home

EXPRESSTOLL BY THE NUMBERS

ExpressToll accounts opened in 2019:
142,467

Total active ExpressToll accounts in 2019:
972,225

Total outstanding ExpressToll transponders:
1,855,828

Total HOV transponders distributed:
220,553

Inbound customer service calls:
1,009,933

Image transactions processed:
65,183,775

ANNUAL CUSTOMER SERVICE EXPERIENCE SURVEY

Nearly 50,000 customers responded to E-470's 2019 Annual Customer Experience Survey.

The questions cover customer demographics, communication channels, payment methods, road conditions, technical topics and satisfaction with E-470 and ExpressToll.

SURVEY HIGHLIGHTS

ExpressToll service satisfaction rating:
4.6 (out of a possible five)

E-470 road conditions satisfaction rating:
4.6 (out of a possible five)

The most important item to E-470 customers:
E-470 is kept free of snow

The #1 reason customers choose E-470:
Saves time



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