

# E-470 Public Highway Authority

## Transportation & Utility Investor Forum

April 26 – April 27, 2023



J.P.Morgan

# Participants & 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 Highlights



## Economic & Service Area Trends Support Performance

- The Authority continues to benefit from the growing and diverse Denver metro area economy
- Population growth continues with high growth expected along the northern end of the E-470 corridor
- E-470 provides an essential transportation corridor in a congested Denver market with access to Denver International Airport

## Strong Financial Metrics

- Strong debt service coverage (estimated 2.11x in 2022) under updated traffic and revenue forecast that incorporates recovery from pandemic, future capital projects and development within the corridor
- Robust Traffic and Revenue ("T&R") study conducted in 2020 and updated in December 2021 incorporating the toll rate changes effective in 2022; Board did not lower tolls in 2023
- Strong liquidity position – \$412.4 million in unrestricted cash and investments, as of March 31, 2023, in the General Surplus Account (Days Cash on Hand over 2,400 days as of fiscal year end)
- Fully funded Debt Service Reserve Account with a balance of \$119.9 million as of March 31, 2023

## Track Record of Authority Leadership

- Long track record of prudent management
- Board has full authority and autonomy to set toll policy; Board committed to financial goals and flexibility
- Debt Management Policy calls for a goal of staying at or above 2.00x DSCR; 1.80x during down periods
- Cash funded capital program – no planned future new money bonding
- Conducting updated traffic & revenue projections with revised customer profiles & future projections in 2023

## Pandemic Recovery

- Authority traffic has returned and surpassed pre-pandemic traffic for several consecutive months (period September 2022 through March 2023)
- Total revenues for 2022 were 99.7% of budget; Transactions for all of 2022 were 96% of projections and 95% of 2019 pre-pandemic levels with continued improvement and recovery continuing into 2023
- The Authority's liquidity and a conservative debt profile positions it to withstand recent economic inflationary pressures

# E-470 Public Highway Overview



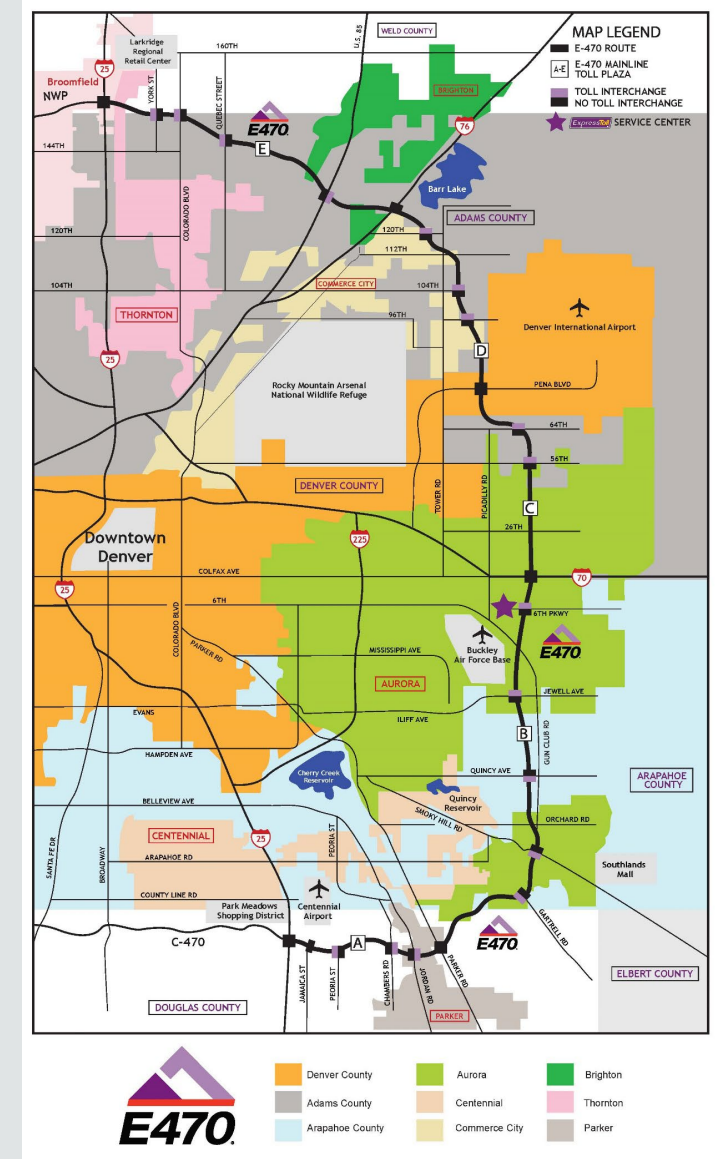
## Highway Overview

- 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
- Passes through the Counties of *Adams*, *Arapahoe* and *Douglas* as well as the municipalities of *Aurora*, *Brighton*, *Commerce City*, *Thornton* and *Parker*
- Serves the eastern Denver-metro area & key point of access for the Denver International Airport (DEN)

## Authority Overview

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

## Map of Corridor



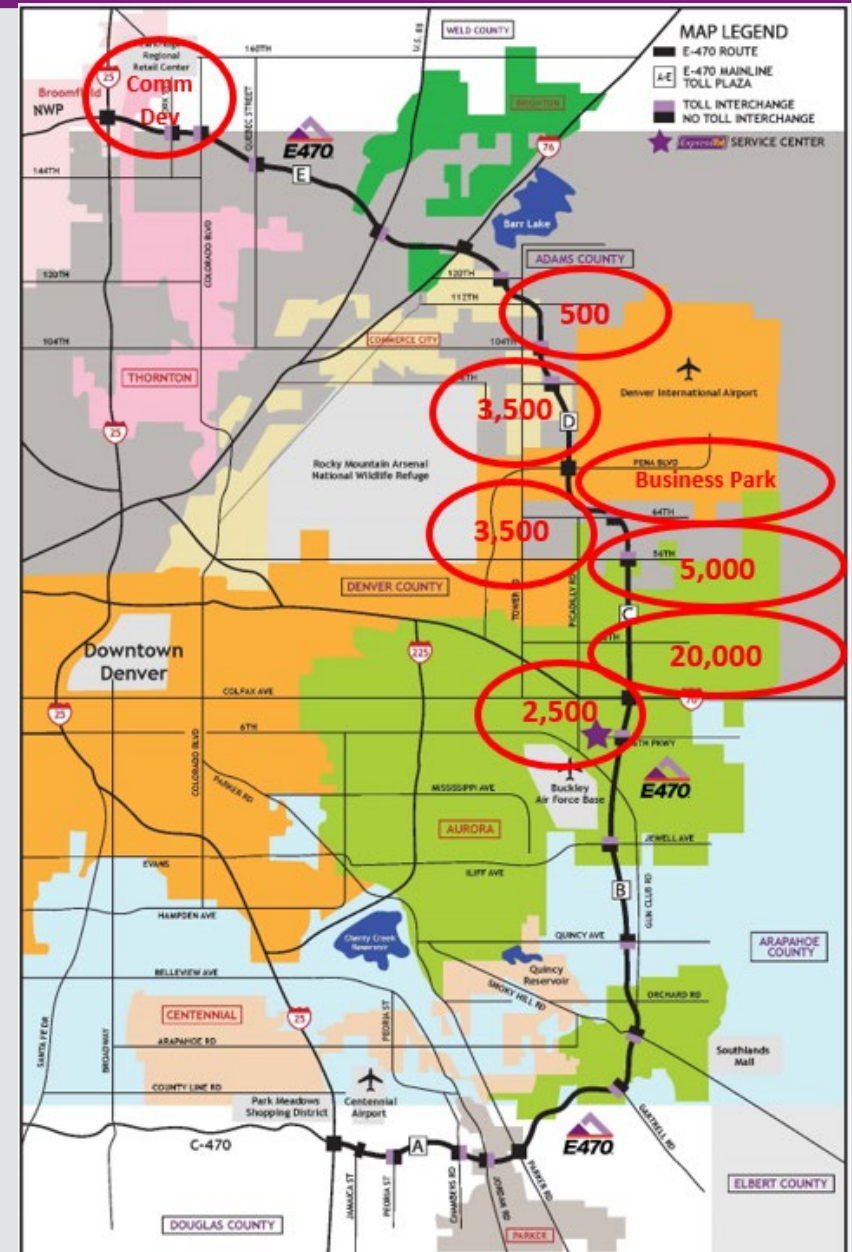
# Strong Service Area Fundamentals



- **Colorado Economy** – Ranked in the top 10 for real GDP growth in 2022; diverse mix of businesses
- **Population** – 5.8 million as of 2022 with estimated growth by 10% to 6.4 million in 2030; 50% or 3 million of CO population lives within the Denver Metro area where E-470 serves the region
- **Employment** – Ranked top 10 for technical jobs; growth across various industries
- **New Developments** within E-470 Influence Area – Large developments in progress north of I-70 along the E-470 corridor (see map)
- **Denver International Airport (DEN)** – recently ranked the 3<sup>rd</sup> busiest airport in the world in 2022

Passengers*						
2022	2021	2019	AIRPORT	2022	% change vs 2021	% change vs 2019
1	1	1	ATLANTA GA, US (ATL)	93 699 630	23.8	-15.2
2	2	10	DALLAS/FORT WORTH TX, US (DFW)	73 362 946	17.5	-2.3
3	3	16	DENVER CO, US (DEN)	69 286 461	17.8	0.4
4	4	6	CHICAGO IL, US (ORD)	68 340 619	26.5	-19.3
5	27	4	DUBAI, AE (DXB)	66 069 981	127.0	-23.5
6	5	3	LOS ANGELES CA, US (LAX)	65 924 298	37.3	-25.1
7	14	28	ISTANBUL, TR (IST)	64 289 107	73.8	23.2
8	54	7	LONDON, GB (LHR)	61 614 508	217.7	-23.8
9	13	17	NEW DELHI, IN (DEL)	59 490 074	60.2	-13.1
10	31	9	PARIS, FR (CDG)	57 474 033	119.4	-24.5

\* Total passengers enplaned and deplaned, passengers in transit counted once



Estimated number of homes within the planned development

# Toll Methods & Colorado Interoperability



- 5 mainline tolling points and 36 ramp tolling points located at certain interchanges
- All-electronic toll collection system implemented in 2009 with two options:



## Colorado Toll Facilities

### Toll Roads

- E-470
- Northwest Parkway

### CTIO Express Lanes

- US 36 (Plenary)
- I-25 Central (Plenary)
- I-25 North Segment II & III
- I-70 Mountain Express Lanes
- C-470

### Future Express Lanes (TBD by CTIO)

### ExpressToll Services

- Back Office / Customer Service / Billing
- All back office and toll integration costs incurred on behalf of others are 100% recovered by the Authority per the Tolling Services Agreement to June 2028

Agency	2022 Total Transactions in E-470 Back Office	2022 Revenue Generating Transactions
E-470	86.2 M	86.2 M
CTIO	26.9 M	14.0 M
Plenary	14.3 M	11.8 M
NWP	5.0 M	5.0 M
<b>Total</b>	<b>132.4 M</b>	<b>117.0 M</b>





## Section 2

# Recent E-470 Performance

## 2022 Results

## 2023 Budget





# Toll Revenue Streams



## ExpressToll



- In-vehicle transponder linked to prepaid account
- 2.2 million transponders in circulation
- 99.8% collection rate for ExpressToll stream

## License Plate Toll (LPT)

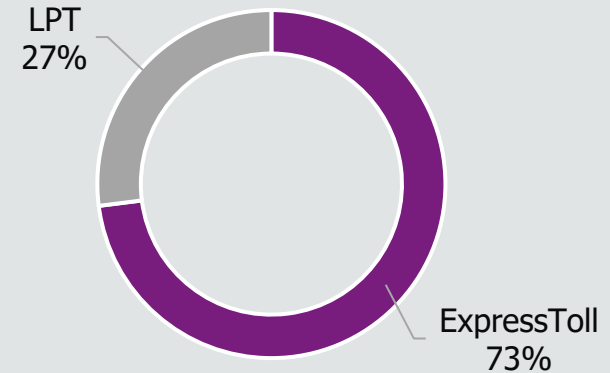


- Bill sent to customer based on DMV registered owner data
- Pay approximately 60% premium over ExpressToll customers
- 80% collection rate of billable tolls for LPT stream

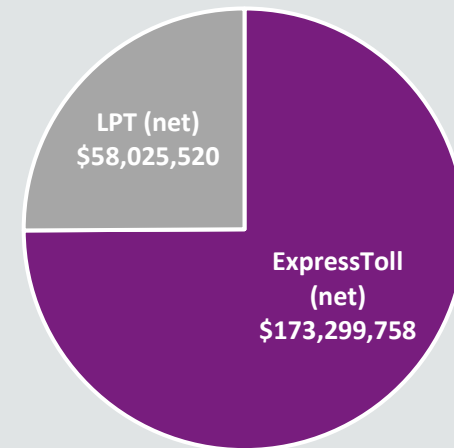
## Total 2022 Net Toll Revenue

- \$231.3 million vs. \$218.5 million in 2021 (6% increase)
- 97% of 2022 Budgeted Toll Revenue
- 86 million total transactions in 2022 vs. 76 million in 2021
- 85% collection rate of all lane-level tolls
- 9% of total gross toll revenue is unbillable

2022 Transaction by Collection Method



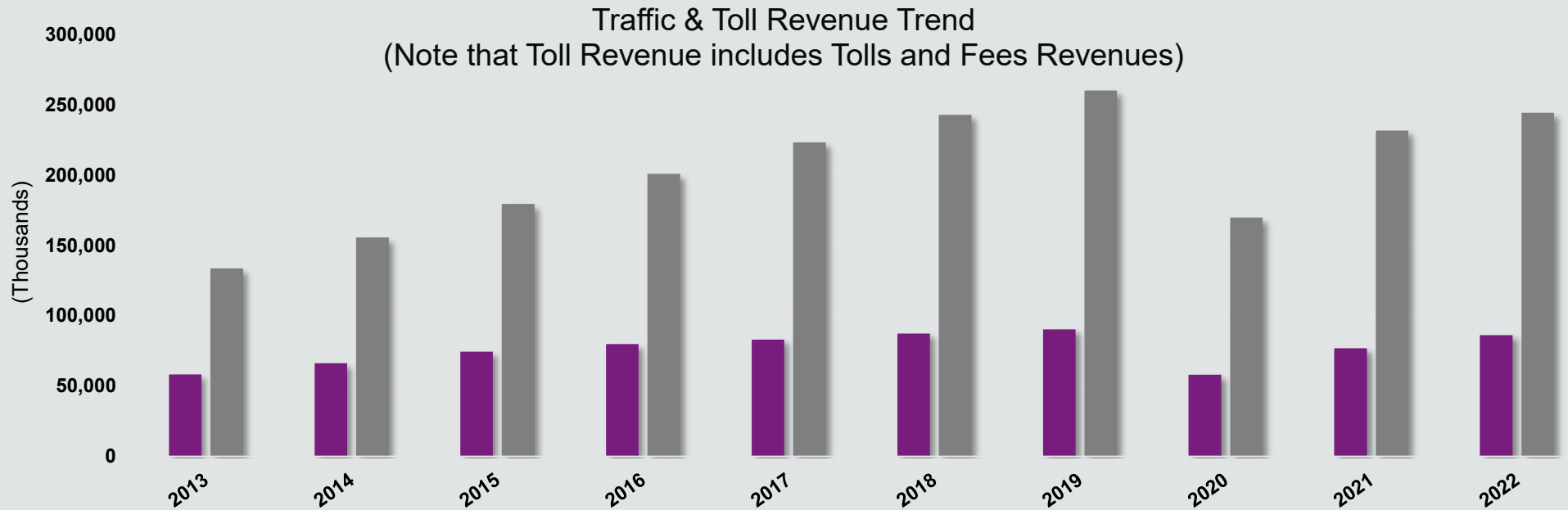
2022 Net Toll Revenue by Collection Method



	2020	2021	2022
Net Toll Revenue	85%	88%	85%
Unbillable Revenue	9%	10%	9%
Uncollectable Revenue	6%	2%	6%

# Annual Transactions & Toll Revenue

2013 - 2022



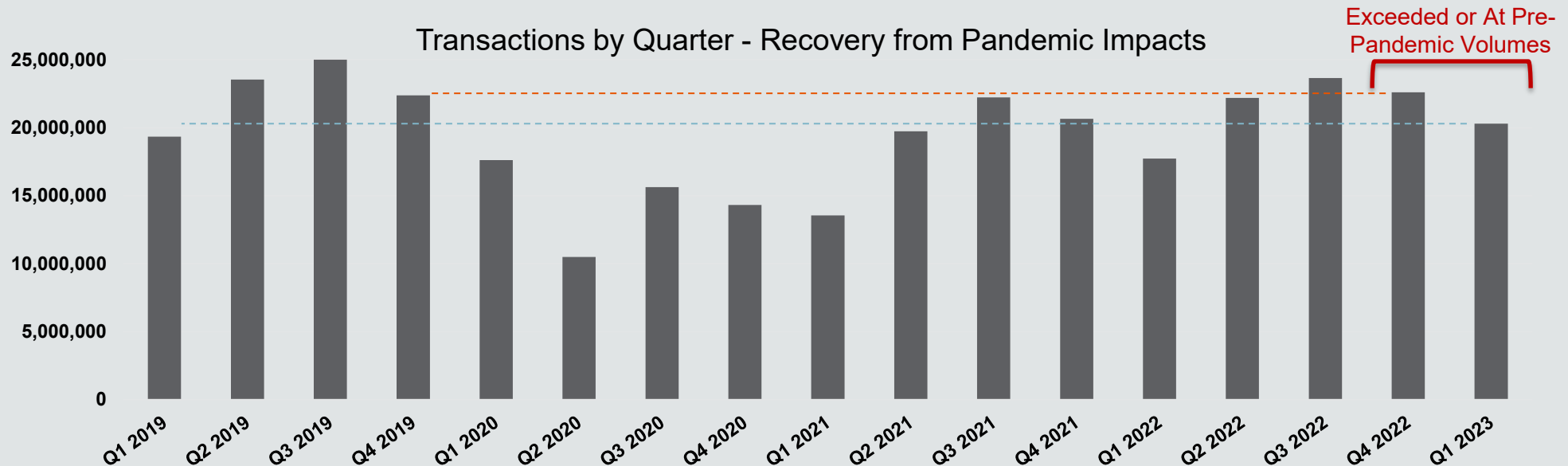
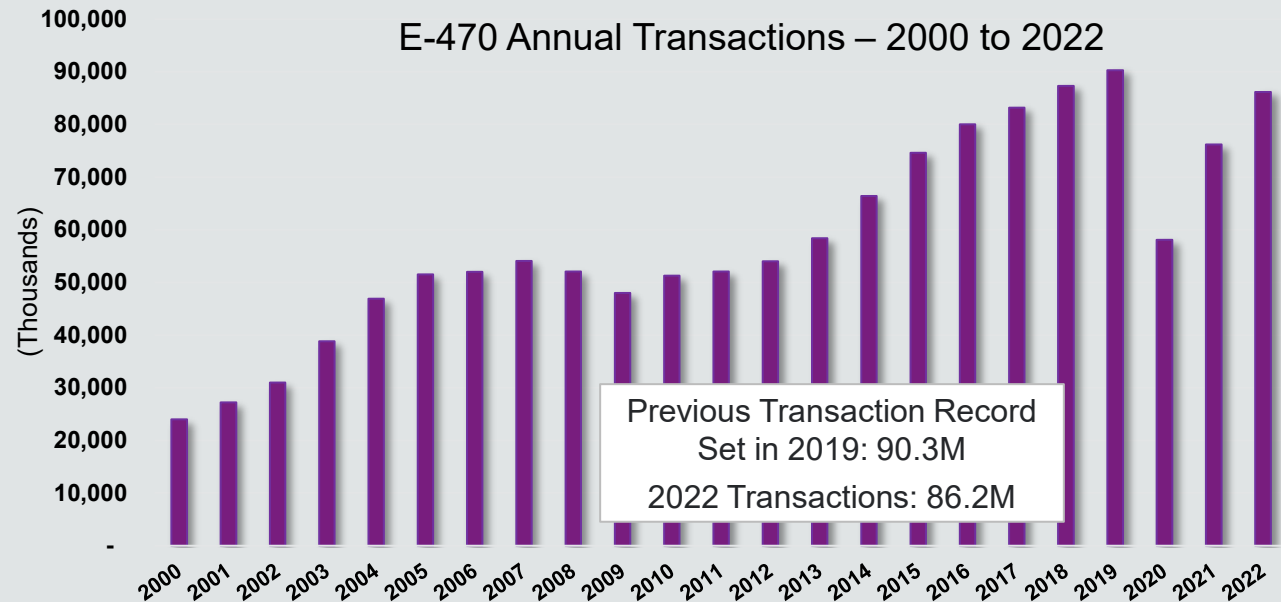
	Toll Transactions	Transactions Change	Net Toll Revenue	Toll Revenue Change
2013	58,403	8%	\$133,740	11%
2014	66,365	14%	\$155,705	16%
2015	74,609	12%	\$179,568	15%
2016	79,975	7%	\$200,869	12%
2017	83,175	4%	\$223,273	11%
2018	87,339	5%	\$242,785	9%
2019	90,280	3%	\$260,147	7%
2020	58,070	-36%	\$169,834	-35%
2021	76,190	31%	\$231,737	36%
2022	86,184	13%	\$244,267	5%

- E-470 successfully navigated through the COVID-19 pandemic
- Toll Revenues (including Fees) were 99.7% of budget in 2022
- 2022 Toll Revenues exceeded 2018 amount

# Pandemic Impacts and Recovery



- 2022 transactions were 95% of 2019 levels
- Aggregate transactions over the last 7 months since Sept 2022 were 103% of pre-pandemic levels
- March 2023 transactions were 9% higher than March 2019





# Toll Rate Policy and Billing Process



## LicensePlateToll®

### THE BILLING & COLLECTION PROCESS

1. **DRIVE E-470 OR A CDOT EXPRESS LANE**  
LICENSE PLATE TOLL TRANSACTIONS WILL ACCRUE FOR 30 DAYS.
2. **LICENSE PLATE TOLL STATEMENT**  
30 DAYS TO PAY YOUR TOLLS IN FULL TO AVOID PAST DUE FEES.
3. **STATEMENT PAST DUE**  
A \$5 LATE FEE MAY BE ADDED TO ACCOUNTS IN PAST DUE STATUS.
4. **COLLECTION STATUS**  
A \$20 COLLECTION FEE MAY BE ADDED TO ACCOUNTS IN COLLECTION STATUS.
5. **CITATION STATUS**  
A \$25 CIVIL PENALTY FEE & A \$20 ADJUDICATION FEE MAY BE ADDED.
6. **REGISTRATION NON-RENEWAL**  
VEHICLE REGISTRATION MAY BE PREVENTED.

- The Board of Directors has been active with toll rate policy for years; focus to freeze or lower toll rates at mainline toll gantries (five in total) due to financial stability of the Authority
- All policy changes have ensured compliance with bond covenants
- Current toll rate policy:
  - \$0.05 decrease at gantries with a \$0.10 decrease at toll gantry A
  - Ramps are unchanged
  - LPT customers are charged approx. 60% more than ExpressToll
  - Continued to multi-axle discount program
- Board approved toll rate reduction for FY2022; froze rates to start 2023
- Will continue to monitor in consultation with advisors and counsel

Express Toll													
Axle	Time of Day	9AM to 12PM Daily						12PM to 9AM Daily					
	Location	A	B	C	D	E	Ramps	A	B	C	D	E	Ramps
2-Axle		\$ 2.60	\$ 2.90	\$ 2.65	\$ 2.90	\$ 2.90	\$ 1.25	\$ 2.60	\$ 2.90	\$ 2.65	\$ 2.90	\$ 2.90	\$ 1.25
3-Axle		\$ 3.95	\$ 4.40	\$ 4.05	\$ 4.40	\$ 4.40	\$ 1.25	\$ 4.95	\$ 5.50	\$ 5.05	\$ 5.50	\$ 5.50	\$ 1.25
Each additional Axle (+)		\$ 2.00	\$ 2.20	\$ 2.00	\$ 2.20	\$ 2.20	-	\$ 2.50	\$ 2.75	\$ 2.55	\$ 2.75	\$ 2.75	-

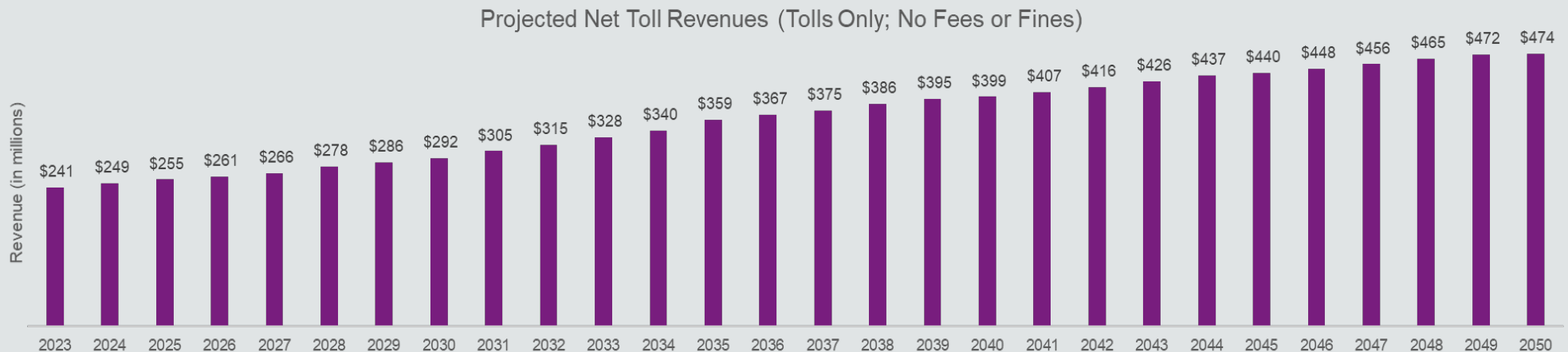
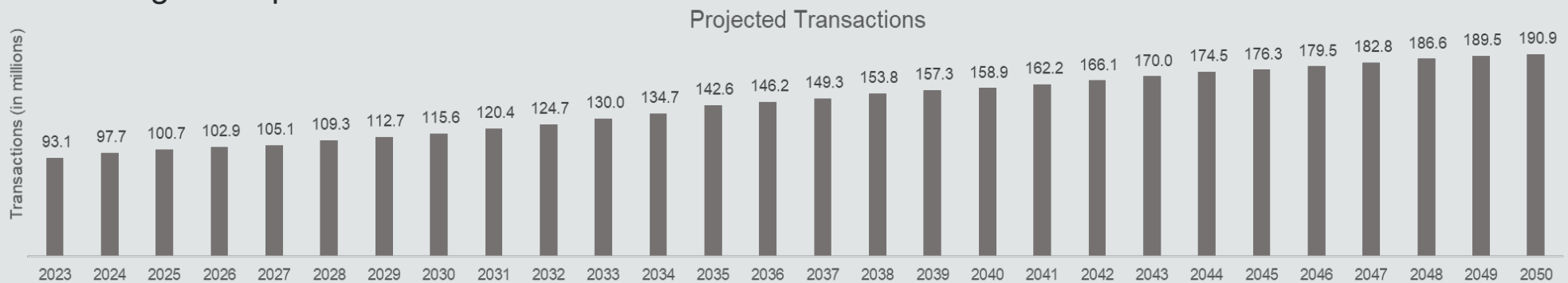
  

License Plate Toll							
Axle	Time of Day	All Hours					
	Location	A	B	C	D	E	Ramps
2-Axle		\$ 4.20	\$ 4.60	\$ 4.25	\$ 4.60	\$ 4.60	\$ 2.05
3-Axle		\$ 8.40	\$ 9.20	\$ 8.50	\$ 9.20	\$ 9.20	\$ 2.05
Each additional Axle (+)		\$ 4.20	\$ 4.60	\$ 4.25	\$ 4.60	\$ 4.60	-

# Net Toll Revenues & Projections



- The Authority retains CDM Smith Inc. as the Traffic & Revenue Consultant
- Future Projections are from the December 15, 2021 Forecast Letter; Engaged for updates in 2023
- Management conservatively reduced 2023 and 2024 estimates by 3% for budget purposes
- Projected 24% transaction increase from 2023 to 2030; Projected 21% toll revenue increase during same period



# 2022 & 2023 Operating Budgets



	<i>(Unaudited)</i> <b><u>December 31,</u></b> <b><u>2022 Actual</u></b>	<b><u>2022 Total</u></b> <b><u>Budget</u></b>	<b><u>% Budget</u></b>	<i>(Unaudited)</i> <b><u>YTD March 2023</u></b> <b><u>Actual</u></b>	<b><u>2023 Approved</u></b> <b><u>Total Budget</u></b>
Revenue					
Toll Revenue (net)	\$231,325,278	\$237,917,000	97%	\$53,261,092	\$234,008,000
Fee & Fine Revenue	12,941,449	10,000,000	129%	3,980,213	11,750,000
Other Revenue	23,523,246	20,649,000	114%	7,899,015	19,805,000
Total Revenues	267,789,973	268,566,000	99.7%	65,140,320	265,563,000
Total Operating Expense	(60,868,920)	(64,216,200)	95%	(16,078,360)	(66,217,000)
<b>NET REVENUES</b>	<b>\$206,921,053</b>	<b>204,349,800</b>	<b>101%</b>	<b>49,061,960</b>	<b>199,346,000</b>
<b>Senior Debt Service Due</b>	<b>98,164,945</b>	<b>98,500,000</b>	<b>99.7%</b>	<b>25,342,719</b>	<b>101,450,000</b>
<b>Debt Service Coverage</b>	<b>2.11x</b>	<b>2.07x</b>		<b>YTD 1.94x</b>	<b>Annual 1.96x</b>

- Toll Revenues (tolls only) represent 86% of total revenues, and were 97% of 2022 budget
- Total Revenues were **99.7%** of the 2022 budget; tracking at **111%** of the YTD 2023 Budget through March
- Total operating expenses historically come in under budget, and are **93.4%** of the YTD 2023 Budget
- Debt Service steps up by \$3 million in 2023 from 2022; DSCR conservative budget estimate for 2023

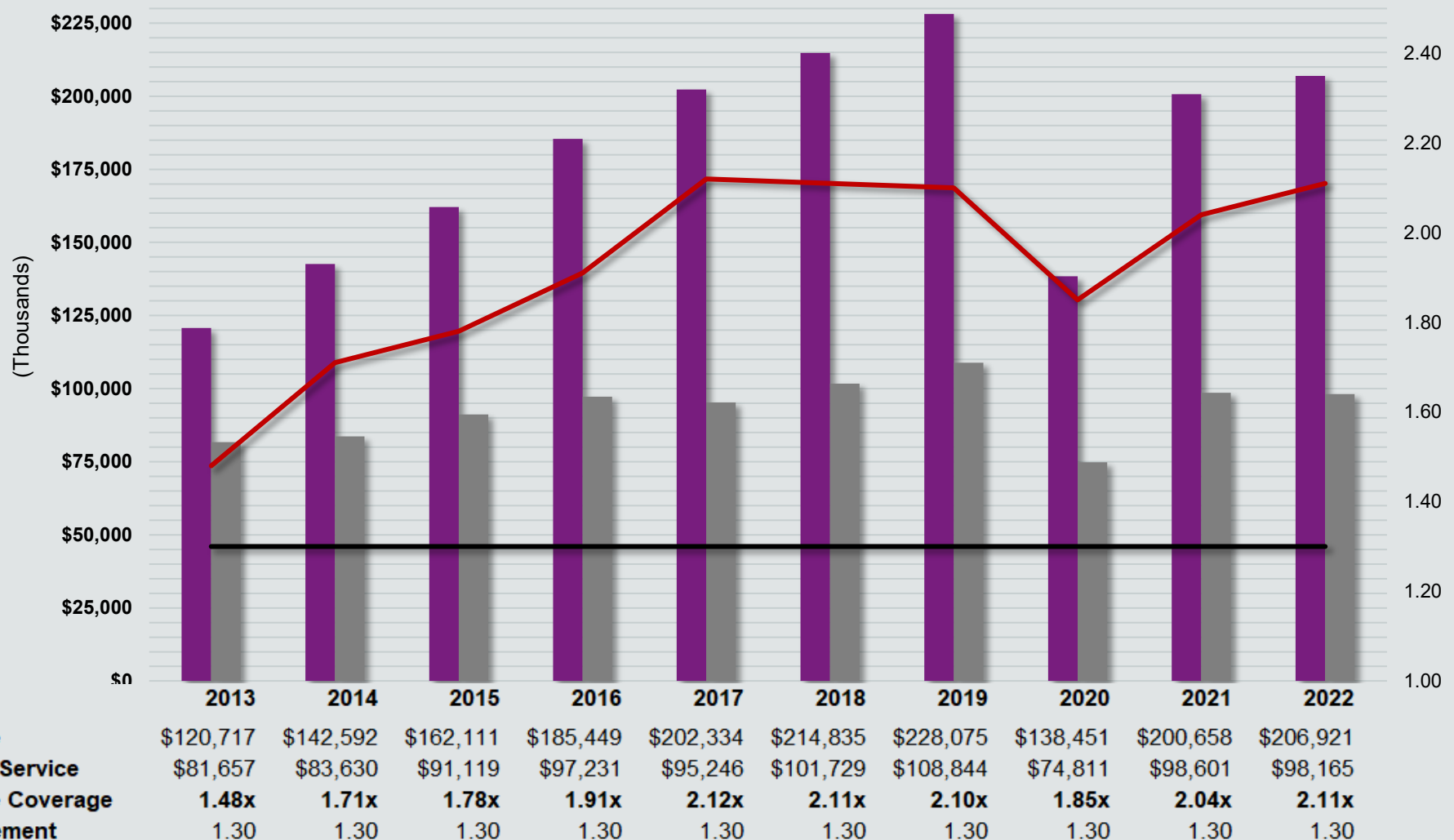


# Historical Debt Service Coverage

2013 - 2022



Authority has consistent history of strong DSCR performance (even through the pandemic); goal of staying at or above 2.00x DSCR, 1.80x during economic down periods

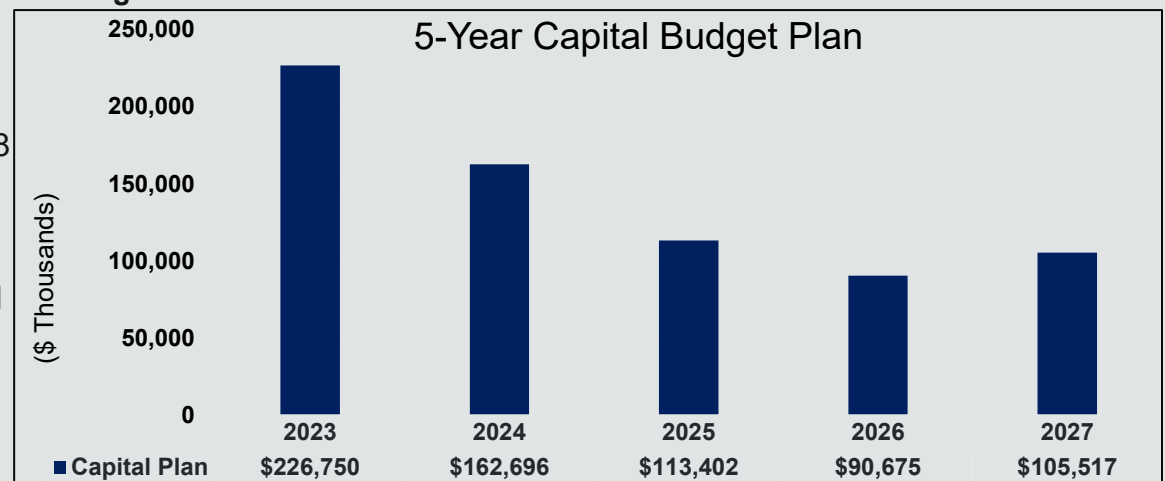


# Capital Budget and Plan – Fully Cash Funded



- The Authority intends to fund all projects in the Five-Year Capital Plan with existing unrestricted cash and future surplus revenues – **no new debt**
- The Authority includes expenditures for R&R and capital projects within its 5-Year Capital Improvement Plan with long-term planning from the overall Master Capital Plan (updated in 2020)
- The Authority has been impacted by inflation on all capital projects, and continues to monitor its budget outlook and evaluate adjustments to the program
  - Not anticipating deferral of any critical maintenance or safety initiatives
  - Some deferral of non-critical projects has been incorporated into the recent budget
- Will evaluate funding plan on an annual basis as long-term projects are scheduled
- Significant capital program in 2023 totaling \$226.8 million budget plan
- From 2023-2027, the Authority expects to undertake approximately \$699 million in R&R and capital projects

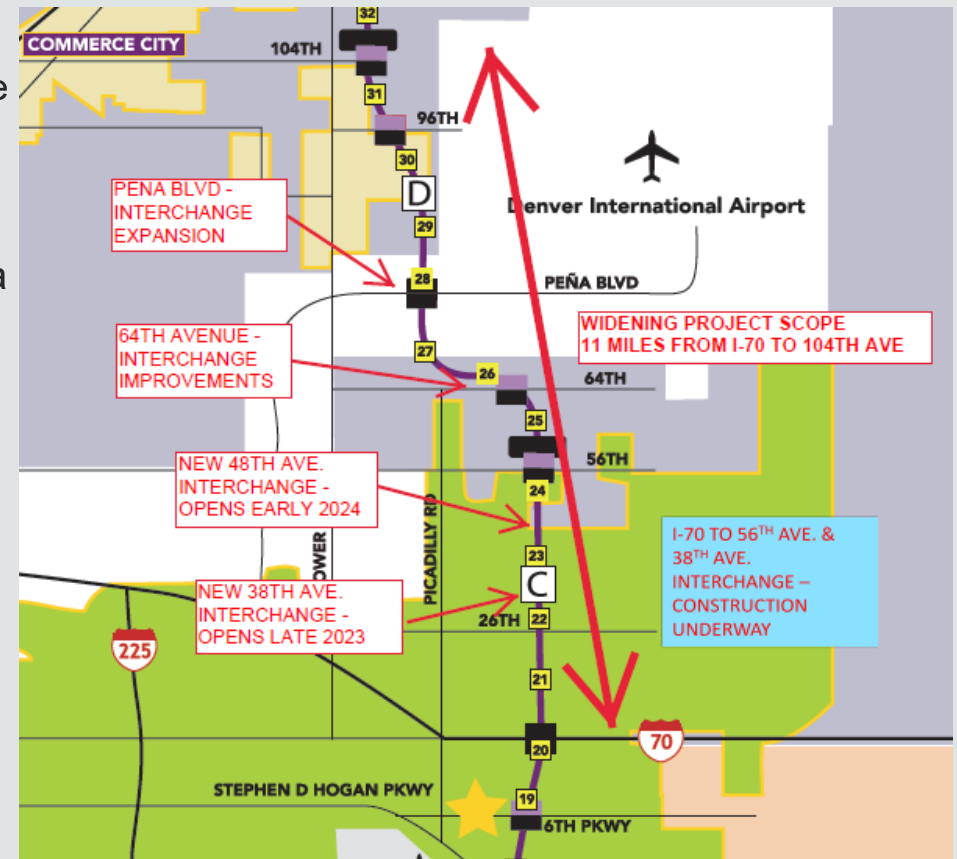
	<u>2022 Capital Actual</u>	<u>Total 2023 Budget</u>
<b>Renewal &amp; Replacement *</b>		
Roadway Maintenance	\$ 1,788,778	3,560,000
Facility Maintenance & Other R&R	924,457	3,880,000
Transponders	343,600	400,000
Technology	15,732,704	31,503,000
<b>Construction Projects and Other *</b>		
Road Widening – I-70 to 104 <sup>th</sup> Ave	17,016,598	140,582,000
Interchange Improvements/Other	3,614,733	40,950,000
Other Capital Projects/Requirements	280,705	5,875,000
<b>Total R&amp;R and Capital Projects Budget</b>	<b>\$ 39,701,575</b>	<b>\$ 226,750,000</b>



# Current Large Capital Projects



- **Widening Project - I-70 to 104<sup>th</sup> Ave (11 miles)**
  - Widen to 3 lanes each direction; bridges for ultimate build out of 4 lanes; connect local trails
  - Design in 2021; Construction began in late 2022; Project completion in mid-2025
  - Interchange improvements at 64<sup>th</sup> Ave and Pena Blvd; New interchanges at 38<sup>th</sup> & 48<sup>th</sup> Ave
  - Move and reconfigure Toll Gantry C
  - Total estimated capital cost of ~\$360 million over entire project period
  - Plan to pay with unrestricted funds
- **Next Generation Lane (NGL) Project**
- **Back Office Rewrite Project**
- **Joining Central Hub (Interoperability)**
- **Future Service Station Improvement Project**  
(rendering picture shown)
- **Central Maintenance Facility Relocation**  
(picture below) & Plaza C Relocation



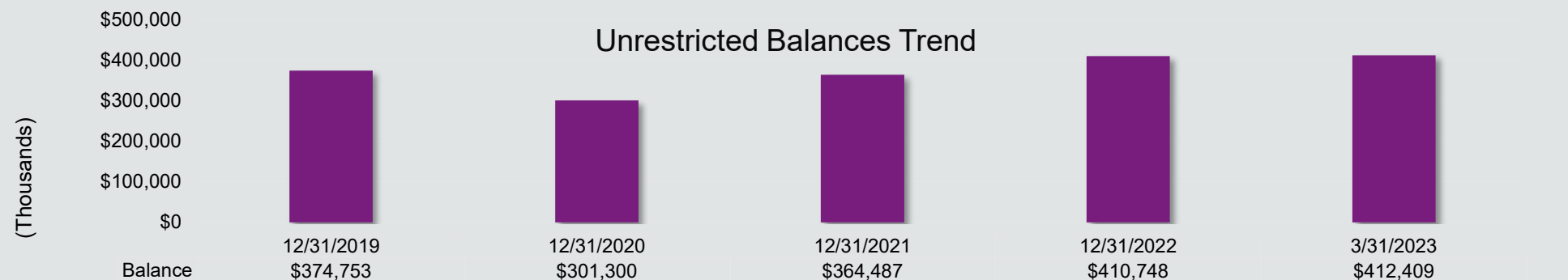


# Fund Balances



- E-470 fund balances and liquidity remain very strong; managed through the pandemic
- 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, 2022	March 31, 2023	Covenant
Revenue Fund (Included Retained Balance)	\$12,895,843	\$13,420,482	\$4,250,000 (1/2 of monthly debt service transfer)
Senior Bonds Debt Service Account	35,435,591	55,553,927	DS requirements
Senior Bonds Debt Service Reserve Account**	119,430,151	119,994,706	\$118,033,648
Operating Reserve Account	11,560,017	11,748,542	\$11,036,167
Project IGA Accounts – Interchanges & Signals	16,144,009	17,136,372	Fully funded per IGA's
<b>Unrestricted/General Surplus Account:</b>			
Senior Bonds Defeasance Subaccount	73,427,205	74,384,561	n/a
Capital Improvement Subaccount	312,306,756	312,626,663	n/a
Rainy Day Reserve Subaccount	25,013,988	25,397,728	n/a
<b>Subtotal Unrestricted/General Surplus Account</b>	<b>\$410,747,949</b>	<b>\$412,408,952</b>	\$20,000,000
<b>Total – Fund Balances Above</b>	<b>\$606,213,560</b>	<b>\$630,262,981</b>	



\*\* Includes \$25 surety agreement with NPMG

## Section 3

# Current Debt Profile



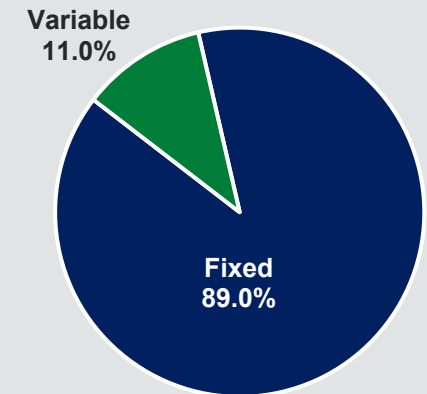
# Current Debt Composition



Projected Net Debt Service Schedule

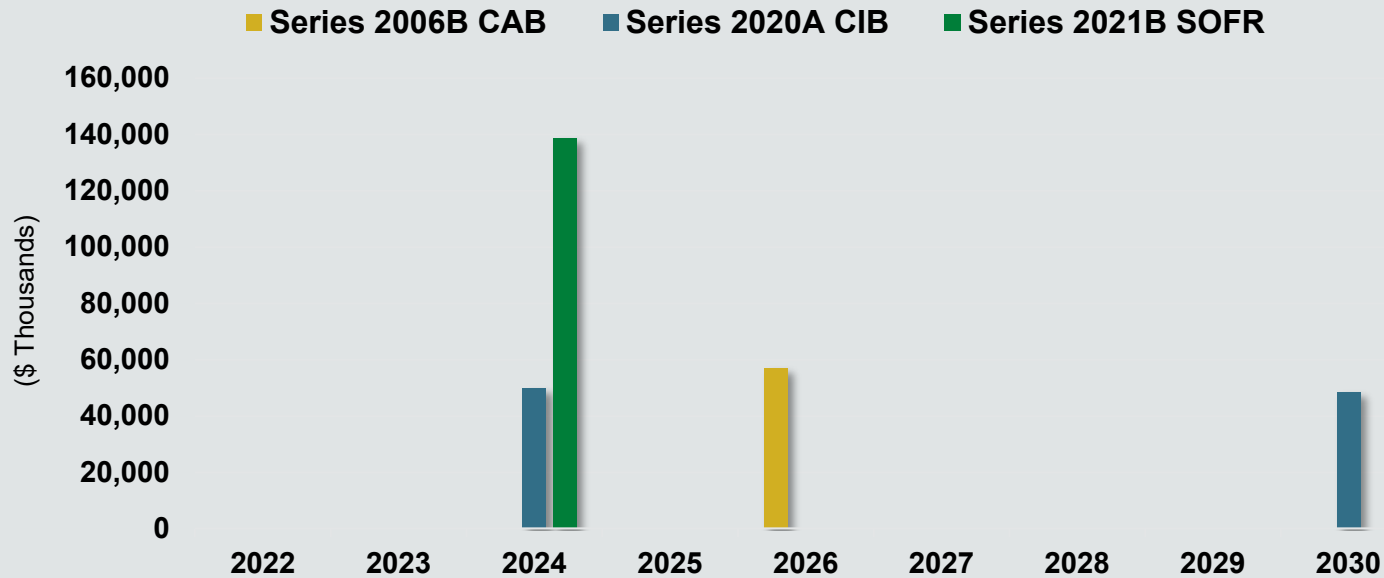


- Pledge of net revenues (*total revenues less operating expenses*)
- Senior rate covenant and additional bonds test of 1.30x
- Senior debt service reserve fund of \$120 million as of 12/31/22
- Adopted LIBOR transition protocols on two outstanding swaps; expect to change to SOFR mid-year and eliminate basis risk



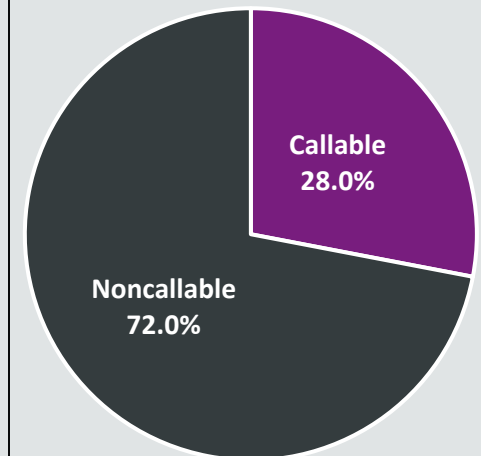
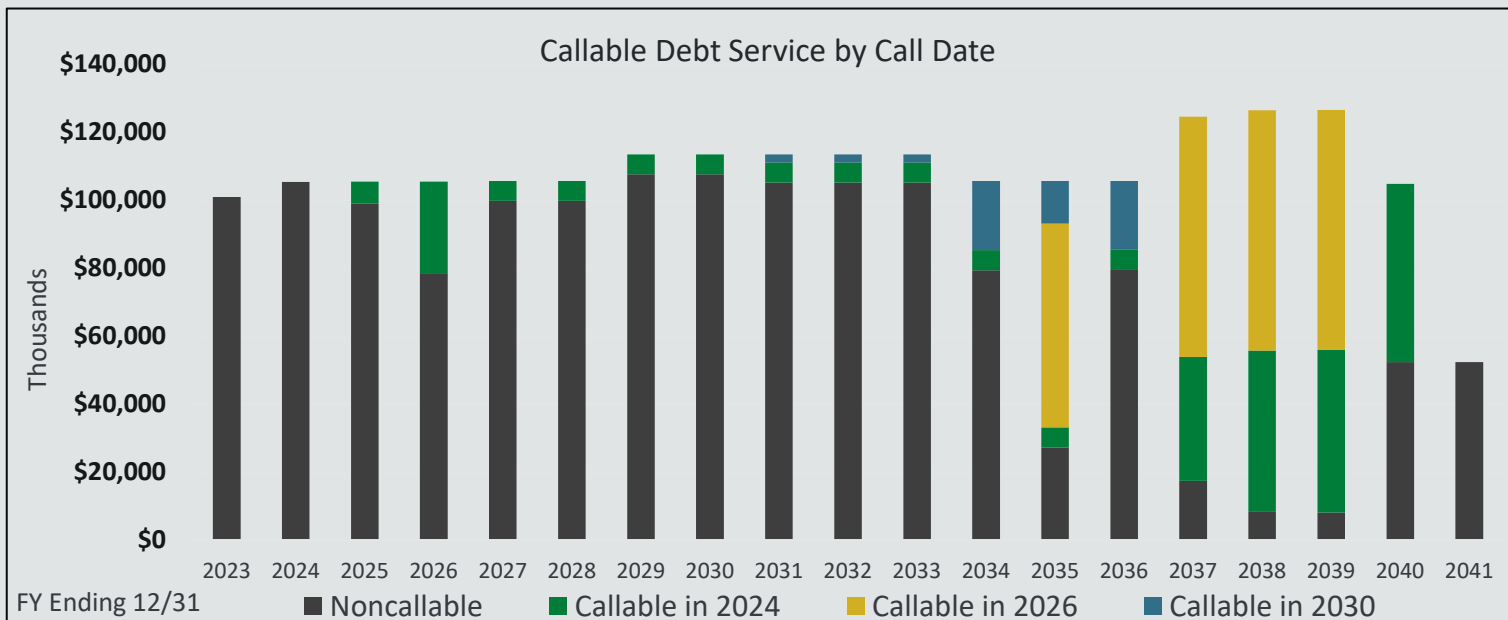


# Callable Debt Profile



## Upcoming:

- **Series 2020A**  
\$50M callable September 1, 2024
- **Series 2021B**  
\$138M callable June 1, 2024 (subject to mandatory tender September 1, 2024)



## Section 4

# Summary & Highlights



# Credit Highlights



## Experienced Management Team

- Experienced management that has successfully navigated through the pandemic and has consistently met its financial goals despite the downturn and recent economic and inflationary pressures
- Demonstrated the ability and willingness to be flexible with financial planning and proactive management
- Strong credit ratings of A2/A from Moody's and S&P, respectively
- Board commitment to financial plan, goals and capital program

## Strong Credit and Liquidity

- 1.30x rate covenant
- Fully funded Debt Service Reserve with \$119.9 million balance
- Board maintains authority to set tolls; has flexibility to lower, freeze or raise toll rates
- Debt Management Policy calls for DSCR of 2.00x and 1.80x during economic downturns (i.e. recession, pandemic)
- Over \$412 million of unrestricted cash and investments (as of 3/31/23)

## Robust Service Area Economy Supporting Strong Financial Performance

- E-470 is a mature facility that has been operational since 1991
- From 2013 to 2022 traffic grew 48%; CAGR growth of 4% over same period
- Recovering traffic volumes; consistently starting to exceed pre-pandemic levels
- DSCR comfortably above the financial goal of 2.00x over past two years (2021 and 2022)
- The 2021 transaction removed Authority Bond exposure to LIBOR; transitioning the swaps to LIBOR with the adoption of the ISDA 2020 IBOR Fallbacks Protocol expected to take effect on June 30, 2023

## Projections Reflect New Realities with Continued Long-Term Growth

- Strong debt service coverage continuing under updated traffic and revenue forecast that incorporates COVID-19 recovery impacts on traffic volumes; freezing and lowering toll rates has led to low elasticity of demand
- The December 2021 T&R projects recovery in 2023 to 2019 pre-pandemic transaction volumes and net toll revenues; LT projections largely in line with previous studies
- The updates to projections reflect the Authority's ability to demonstrate robust debt service coverage and fund the capital plan