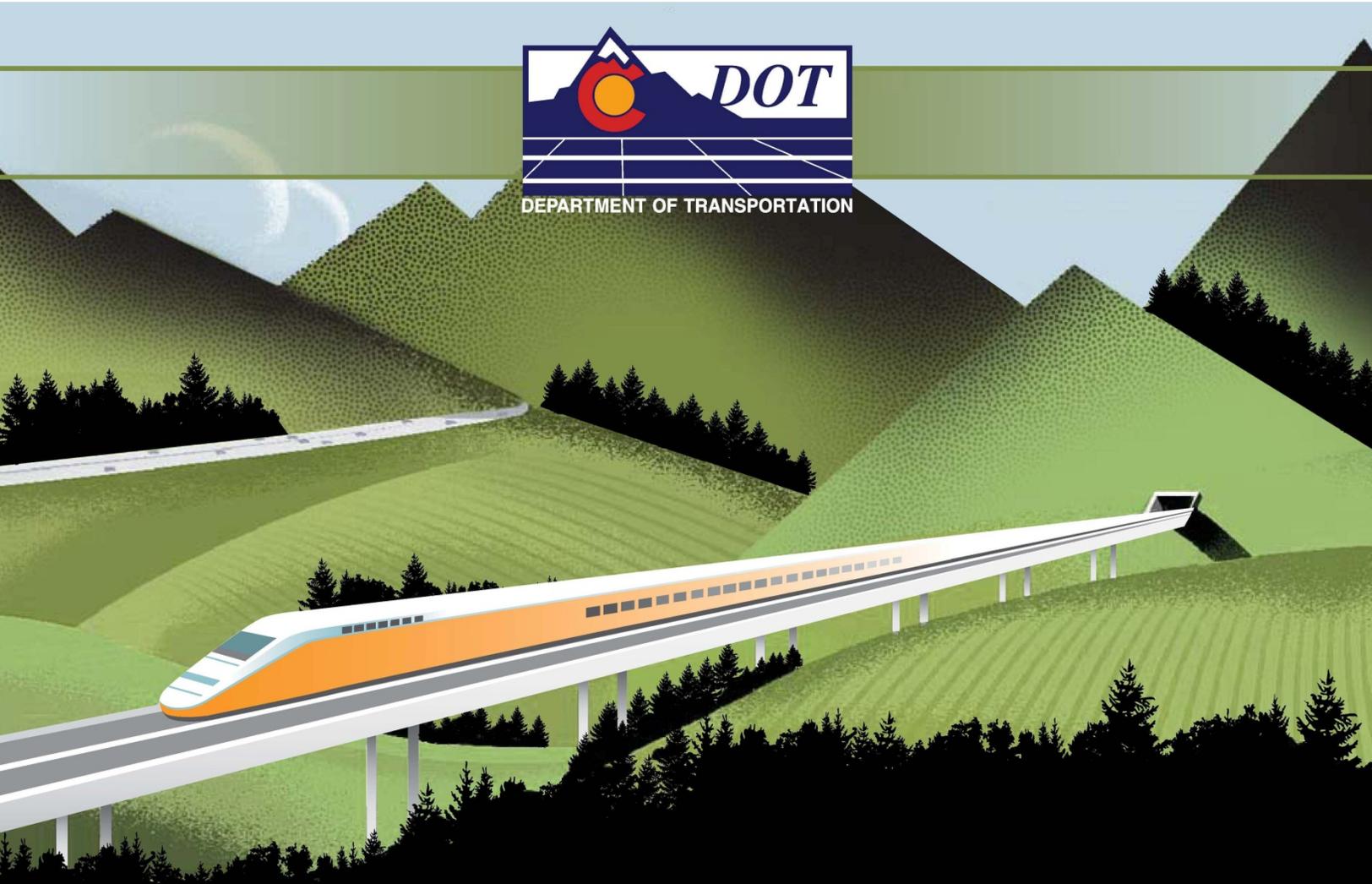


DRAFT



ADVANCED GUIDEWAY SYSTEM (AGS) FEASIBILITY STUDY

APPENDIX K SUMMARY OF STATEMENTS OF FINANCIAL INFORMATION (SOFI)

Summary of Responses to the Request for Financial Information - AGS

The Financial Providers who responded to the RFFI (“Respondents”) were requested to provide information regarding the following AGS-related questions. These responses will be compiled and used to inform the conclusions in the final project financial feasibility report and the overall feasibility analysis of the AGS. This is a summary of the responses received as well as additional input sought from members of the concession and financial community. No commentary on the submissions of the Respondents is included.

Respondents:

- Colorado MAGLEV Group
- Maglev Trans
- Owens Transit Group, Inc.
- Public Personal Rapid Transit Consortium
- SkyTran Incorporated (only responded to Section 2)
- Swift Tram, Inc.

The section numbers referenced below correspond to the RFFI sections.

4.1 Financial Provider Background

Briefly describe your organization and its experience in financing multi-billion dollar transportation projects, particularly under a P3 concession approach.

The Respondents were all technology providers.

Colorado MAGLEV Group – 35 companies and financial institutions that have contributed to the development of General Atomics magnetic levitation technology. They express that they have the “relationships with the requisite legal, financial and bonding firms capable of implementing a proposed AGS project” but no more details are provided.

MaglevTrans – This firm has formed a strategic partnership with UK finance company to provide funding for the project using Capital Lease Infrastructure Program (CLIP). CLIP will provide 100% debt funding for AGS if the funding is to be underwritten by CDOT or another government agency with an acceptable credit rating. It is principally designed for infrastructure projects for clients with sovereign or corporate investment grade ratings preferably above Moody’s/A3 or S&P/A-.

Owen Transit Group, Inc. – “OTG” is a technology provider and not a financial provider. OTG has patents on components and is offering to license its technology for CDOT to

use in creating an Advanced Guideway System. Therefore they are not offering a complete technology solution.

Public Personal Rapid Transit Consortium – “PPRTC” is a non-profit consortium and plan to create a specialized diverse team to meet the needs of the project(s) but they have not yet chosen the members of the team to finance the AGS project. They plan to invite local to international companies to submit their qualifications to participate on the PPRTC team in their respective areas.

SkyTran – SkyTran High Speed Maglev only responded with information on the minimum operating segment costs of their system, also stating their past submission was not included. Capital costs are estimated at \$1,979,978,132; operating costs at \$7,768,569 yearly. Fare box revenues are estimated to be more than \$1,099,831,431 yearly.

Swift Tram – This firm is a start-up with no direct experience in financing projects of this size.

Other Input:

None of the respondents were concessionaires or financial providers per se. In order to better assess the lack of response from the intended audience, follow-up discussions were held with various members of the financial community. The consensus reason was that given the AGS is in the early stage of development and key issues surrounding technology, demand, constructability and funding have not yet been defined, concessionaires/financial providers are reluctant to devote time toward crafting a response. Financial providers/concessionaires take the submission of such responses as part of their reputation in the industry and therefore are unwilling to submit on a purely speculative basis. The lack of responses emphasizes that securing and demonstrating State and local financial commitment for the project is essential for attracting the attention of the private sector. This will also be the case if Federal funds are sought. Once the engineering and travel demand issues are better defined and a detailed, base case, sponsor’s financial plan is put forward (including the details of the State and local funding strategy), the private sector will have more information to provide meaningful feedback.

4.2 Funding and Financing Components

As further detailed below, please provide recommendations regarding the funding streams that would need to be in place for the project in order to have a successful financing. These recommendations should be as realistic as possible, but also demonstrate innovative thinking.

Colorado MAGLEV Group – Their suggested financing is 50% federal government, CDOT support (\$100 million/year for 20 years), a local special transportation district 5 mills of property tax \$250 million annually to yield \$2.75B of tax-exempt bonds (at today's rates).

MaglevTrans – See below

PPRTC – See below

OTG – See below

Swift Tram – See below

4.2.1. Federal

Please provide your assessment as to whether the AGS project is likely to be a candidate for federal funding and if so, at what level and from which federal agencies or programs. Please include the rationale for your response.

Colorado MAGLEV Group – They expect a 50% Federal funding match with a 50/50 chance for future HSR funding being approved for appropriation.

MaglevTrans – Federal funding for the project must only be 2% of project costs to cover due diligence, legal, establishment and commitment fees. This funding will not be involved in a project depending on third party funding – CDOT must underwrite 100% funding for the AGS.

PPRTC – Federal funding is not required for this project; but bonds issued for the project would be secured by the federal government under the AFF program.

OTG – They state that AGS is not a New Starts candidate and that other Federal funding is unlikely.

Swift Tram – They state that the AGS is a good candidate for several federal funding sources including MAP-21 Formula Programs, DOE energy efficiency in transport

grants and FRA grants.

Additional outreach to the financial community provided the following information:

While the development of alternative transportation technologies such as high speed rail or maglev has enjoyed Federal policy support, funding has been episodic and constrained. Over the near to medium term, Federal funding is likely limited given the constraints facing the Highway Trust Fund (HTF) and deficit reduction initiatives. The HTF has become dependent upon transfers from the General Fund to support funding for the Federal Highway and Transit Programs, and is not assured year to year. Prospects for raising the Federal motor fuel tax are unlikely. Increasing motor vehicle fuel efficiency, while providing important environmental and energy independence benefits, will further contribute to a flat to declining trend for motor fuel tax revenues. The United States Energy Information Administration projects in its 2013 Annual Energy Outlook that average fuel efficiency will increase 2% annually through 2040, while gasoline fuel consumption will decline by 0.9% annually over this period.

Although motor fuel tax revenues have been impacted by challenging economic conditions and improving motor vehicle fuel efficiency, Federal officials have taken actions to provide supplemental resources to support transportation funding. MAP-21 provides \$18 billion in General Fund transfers to the HTF. Although these efforts to provide additional resources demonstrate the importance of sustained transportation funding to policy makers and elected officials under a challenging financial environment, resource constraints are expected to continue. While sequestration remains in effect, this presents an even greater challenge for securing Federal funds

The Congressional Budget Office estimates the HTF will require substantial external support just to maintain the existing FHWA and FTA programs at approximately current levels. This does not take into consideration new programs (likely for the Federal Railroad Administration) which would be necessary to expand the high speed transit initiative necessary to fund projects such as AGS. As a result, Federal spending priorities, without a significant increase in funding, will remain focused on state of good repair of the existing transportation network with selected system expansions.

Although this poses a challenge for the AGS, CDOT could potentially attract some level of Federal funding by a demonstrating strong State and local financial commitment to the project. As noted above, this demonstrated commitment provides the foundation for seeking Federal and private funding/financing.

The AGS would likely be eligible to apply for a TIFIA or RRIF loan to finance a portion of the project's capital costs at an attractive interest rate equivalent to long term treasuries and flexible repayment terms. However, this is a loan that must be repaid, not a grant.

Given the magnitude of the AGS' capital costs it is highly unlikely the project would secure a loan amount equal to 33%-49% of project costs allowable under TIFIA. Based on the financings for other projects, a TIFIA loan would likely be in the magnitude of \$500 million to \$1 billion so long as the project meets TIFIA's project and creditworthiness requirements.

4.2.2 Project-generated Revenues

Please provide information on potential revenues in addition to farebox collections which a concessionaire, or developer could generate from the AGS project and that could be applied towards financing the capital costs of the AGS. Examples of a possible revenue sources in this category would be high value freight, power generation or development rights. Please provide information on what level of revenues could be generated on an annual basis, how such revenues might vary over the life of a concession and how "bankable" they would be to third party lenders. Also, please indicate what percentage of overall costs could be covered by these project generated revenues.

Colorado MAGLEV Group – They suggest three "buckets" of revenue including CDOT support (estimated at \$10 million annually for 20 years), a special transportation district or special purpose unit of local government parallel to the I-70 corridor (a possible 5 mill tax increase to fund \$259 million annually) and contributions from the P3 vendor team (includes other sources such as freight, station development and other fees).

MaglevTrans – The concessionaire will collect fare box revenues (\$182 million), high value freight, solar and wind power generation (\$16 million), rights of the gravel generated during construction and development rights, the concessionaires will also capture value of removed materials during construction (\$40 million). The total revenue is estimated at \$238 million per year. It is also suggested that the project be made eligible for the EB-5 program.

PPRTC – Revenue would be generated through the transmission of power and telecommunications along the right of way

OTG – This group does not believe that revenue from non-fare sources will be significant. Some revenue from lease payment for freight and station naming rights may be possible.

Swift Tram – This team will generate revenue through the sale of solar generated power, light freight fees, leased telecommunication fiber space, other telecommunication revenue and advertising in stations.

4.2.3 Additional Public Funding

As the farebox for the AGS could cover between 71% and 122% of O&M costs and the opportunities for project-generated revenues could be limited, it is recognized that additional sources of public funding will be needed to implement this AGS project. Please provide information as to the type and range of such sources that would be necessary to finance the project, when these revenues would need to be in place relative to an AGS concession procurement process and the overall required characteristics of such revenue streams.

Colorado MAGLEV Group – They highlight the fact that additional funding would require voter approval and that financing costs will depend on this revenue.

MaglevTrans – Roane Inventions new technology will allow for the completion of the project with 100% private financing.

PPRTC – This group would seek the government backing of project bonds and possible self-taxing economic development zones around stations.

OTG – This group believes that fare box revenue will cover costs, with the savings from highway lanes not developed will offset any State funding of the project.

Swift Tram – The team proposes possible gasoline tax or VMT tax. Additional regional sales tax revenue could also be used to leverage additional Federal, State and Local funds.

Other input:

Concessionaires and market participants will not accept farebox and travel demand risk. They will discount fare revenues given the uncertainties regarding demand and technology risk which may interfere with the reliable operation of AGS service. Market participants are familiar with the significant problems that the Las Vegas Monorail faced including technology issues that led to an extended shut down period and actual demand that was significantly less than forecast—all contributing to project's default and bankruptcy.

As a result, the financing of the project will need to be supported by one or more predictable revenue sources derived from broad based tax sources such as a sales tax, income tax and/or motor fuel or vehicle tax. Such a broad based tax could form the basis of an availability payment that's provided to the concessionaire to design, build, operate, maintain and finance the project within a contractual framework agreed upon by the project sponsor and the concessionaire and defines the AGS' construction features, construction schedule, operating standards, and financial terms—including

incentives and disincentives.

4.2.4 Financing Capacity

As described above, given that the AGS project costs are expected to range between \$6.59 to \$9.56 billion in 2013 dollars for MOS and \$13.09 to \$16.44 billion in 2013 dollars for full corridor costs, please provide your responses to the following questions.

- Is it possible to secure financing for the full amount of project costs?
- What range of financing structures could be considered for the project?
- Is there a maximum absolute dollar amount (in 2013 dollars) that can be financed by the private sector within reasonable financing parameters?
- Are there “break points” where the financing risk level materially changes between low, medium, and high risks?
- What elements could potentially influence these amounts, positively or negatively?

Colorado MAGLEV Group – They state that with adequate preparation there is no reason to believe the financing of the AGS cannot be achieved, but more study is needed.

MaglevTrans – If 100% backed by a sovereign credit rating of S&P A-/Moody’s A3, the Capital Lease Infrastructure Program can provide an absolute dollar amount of \$3.9 billion (in 2013 dollars), dependent on the current return on investment. All options described in the AGS RFFI would be impossible to fund with costs ranging from \$5.76 Billion to \$18.65 billion for the MOS. The project must generate minimum 7% return (as calculated as earnings before interest, taxes, depreciation and amortization “EBITDA”) after stabilization for it to be considered fundable.

PPRTC – This group would fund the project through small, community specific builds and special purpose authorities thus spreading the costs. Local communities would be asked to support the development of local stations. This group sees no limit on possible financing with the possibility of government bonding support.

OTG – Bonds must be based on dedicated revenue sources, estimated to need \$7.222 billion in bond-financing, or 87.7% of the total construction budget.

Swift Tram – This team’s system would have lower cost, making the project more financeable; they estimate that the total cost would be closer to \$7.4 billion.

Other Input:

Given the magnitude of the AGS' project costs for the MOS and the full build, it is likely that the financing will need to be staged over a period of time to allow the market to absorb the transaction and to ensure the cost effectiveness of the financing. Large public transit deals financed in the tax exempt markets are typically no more than \$1 billion. One of the largest toll road transactions to be financed, the Grand Parkway in Houston, sold \$2.5 billion in debt the week of July 15th. Therefore a significant portion of the project costs would need to be funded as grants and available at the outset of the project.

To maximize the available financing it is preferable that several debt and credit structures be utilized to attract broad market participation and maximize investor interest. The Grand Parkway financing featured both 'AA' category and 'BBB' category credits and a variety of instruments including taxable and tax exempt debt as well as short term bond anticipation notes and long term debt consisting of current interest bonds and capital appreciation bonds. For a potential P3 like the AGS, private activity bonds could also be an option.

The financing structure needs to include a number of security features to ensure the most cost effective financing. These include:

- DBOM contract that provides fixed price/fixed schedule construction contract with appropriate incentives and disincentives that ensure the on budget/on time completion of the project as well as predictable annual operations and maintenance costs
- Ridership risk is retained by the public sponsor and is not an element of the financing
- Availability payments to secure the debt, pay operations and maintenance (O&M), future renewal and replacement capital expenditures (R&R/CapEx) and other project related expenses are derived from a predictable, credit worthy source such as a sales tax
- Availability payments would provide sufficient coverage to address potential cash flow and project performance variability. Since availability payments are predictable given they are derived from stable sources and the amounts paid are clearly defined in the concession agreement, minimum debt service coverage ratios of about 1.40x are reasonable—as was the case for RTD's Eagle P3 financing.
- The terms for the conditions under which the availability payment is provided to the concessionaire are clearly defined in the concession agreement and trust indenture

governing the bonds

- The structure features reserves to provide liquidity in the event of disruption of the availability payments—these should include a debt service reserve fund, an operations and maintenance reserve and R&R/mandatory CapEx funds.
- The concessionaire has the necessary experience and expertise to design, construct, operate and maintain the project

In addition to the financial structuring issues, there are significant perceived risks by the financial community and any concessionaires that would provide private equity funds if the technology that will be utilized on the project is unproven which would make it extremely challenging to receive a maximum level of financing. These are likely to, at a minimum, increase the required grant funds as a percentage of project costs, increase the required contingencies and increase the required coverages. Depending on the level of perceived risk of the proposed technology it could render the project unfinanceable.

4.2.5 Financing Cost

Please provide information on the expected average cost of capital if the AGS project were financed today and what debt structure and credit rating assumption that rate is based upon.

Colorado MAGLEV Group – As interest rates are expected to increase this group suggests that as close to 100% of capital costs as possible should be funded with tax-exempt bonds.

MaglevTrans – It is expected that the average cost of capital would be around 6% based on 100% CLIP funding underwritten by CDOT.

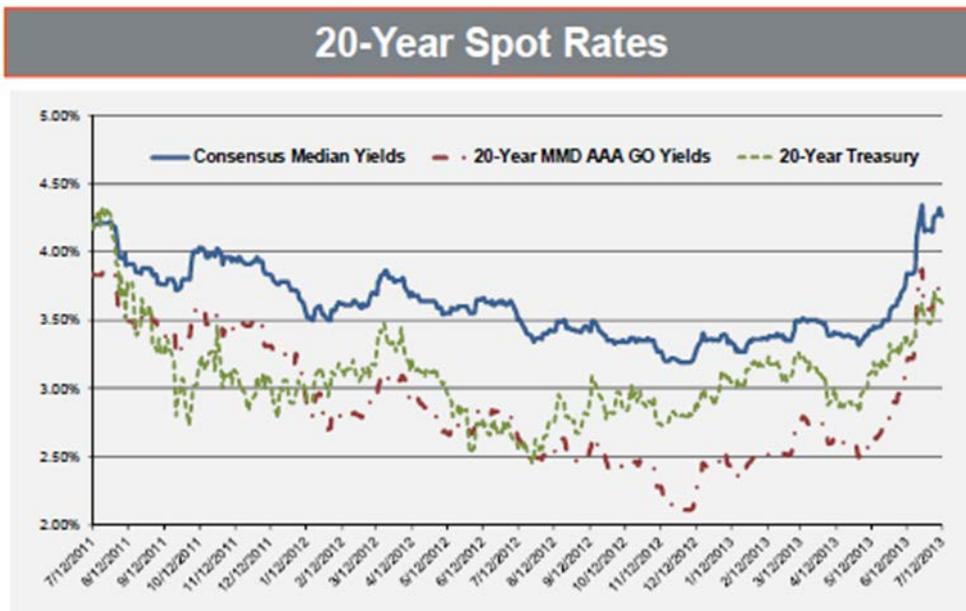
PPRTC – Recommends to plan for the cost of capital to be set at prime + 3.60% which is currently equal to 3.25% + 3.60 = 6.85% coupon rate.

OTG – Cost of bonds is estimated to be 3% plus costs of bond sales and commitment costs. Bond sales fees are estimated to be 2% or less, commitment fees of 2% per year are included in the OTG estimates for a 2 year period.

Swift Tram – The team estimates a weighted average cost of capital of just under 4 percent assuming a financing structure of 25% Private Activity Bonds & Private Equity, 45% TIFIA Subordinate & Tertiary Debt (BBB-), 25% Federal New Starts & Formula Grants and 5% Local Financing sources

Other Input:

The financing costs will depend upon the credit, term and tax status of the bonds issued. It is important that the plan of finance include sufficient cushion to accommodate potential market volatility. For example, over the last month both the treasury and tax exempt markets have experienced significant volatility reacting to the expectation the Federal Reserve will begin tapering its bond purchase program and improving economic conditions which prompts investors to take on more risk and move a portion of their assets from bonds to equities. Over the past month the AAA tax exempt benchmark has increased by 51 basis points (100 basis points = 1%) to 3.77% for the 20 year bond, while the yield on 20 year treasuries has increased by 29 basis points to 3.63%. On an overall basis interest rates remain close to historic lows, though long term tax exempt rates are approaching their ten year average. Within the context that interest rates are subject variability, particularly under the current market, the interest rate for a 30 maturity for a AA tax exempt credit as of July 22nd was 4.46% and 5.34% for a BBB tax exempt 30 year maturity.



4.2.6 Recommended Term

Please provide recommendations as to the optimum term of a concession contract for the AGS and the basis for the recommendation.

Colorado MAGLEV Group – The initial agreement should extend (as a minimum) for the anticipated period required to retire all bonded indebtedness (likely 20 or 30 years).

MaglevTrans – The optimum term of the concession contract for the AGS is 99 years as that will allow a full repayment of the principal without putting too much pressure on continuous operation and improvement of the AGS.

PPRTC – Recommends a 30-year term for the initial concessionaire on each segments.

OTG – 30 year term is recommended.

Swift Tram – a 50-year term is recommended

Other Input: Based on the level of expected capital investment and long useful life of the assets, a contract term of around 40 years would be reasonable.

4.2.7 Availability Payment Structure

If an availability payment method is used, please provide recommendations as to the critical components to make that structure viable. This would include information such as whether milestone payments during the construction period will be critical; if so, what percentage of overall payments the construction milestone payments would constitute; how should the O&M portion of the payments be structured; what types of incentives/disincentives should be included in the O&M payments?

Colorado MAGLEV Group – They feel that the Availability Payment mechanism is unlikely to prove workable for this project.

MaglevTrans – They recommend a design-build-finance-operate-maintain model where a private entity is responsible for varying aspects of the financing, design, building, operations and maintenance of the AGS and is compensated by receiving the right to collect future revenues.

PPRTC – This group supports the utilization of Availability Payments based on the FHWA model.

OTG – This group supports the Availability Payment model with construction milestone

payments.

Swift Tram – If Federal Grants are not achievable then an availability payment method will be likely with milestone payments equivalent to roughly 25% of capital costs during construction. They believe that O&M costs will be covered by fare box revenue if ridership levels reach 3 million passengers annually.

Other input:

The only viable strategy for a private financing of the AGS would be an availability payment basis. This would likely require substantial milestone payments to the concessionaire during the construction phase to buy down the amount of debt to a financeable level.

Below are several examples of recent transportation availability payment structures that show milestone payments of between 51 – 69% of construction cost.

TABLE 1 - PUBLIC FUNDS PAYMENT

Project	Total project cost	Design & construction cost	Milestone payment amount	Milestone payment timing
Miami Tunnel	US\$863m	US\$652m	US\$450m	US\$100m during design and construction phase; US\$350m at final acceptance
I-595	US\$1,833.8m	US\$1.2bn	US\$685m	Seven annual payments commencing at final acceptance
Presidio Parkway	US\$362.2m	US\$271.2m	US\$173m	Single milestone payment made at substantial completion
East End Crossing	US\$1,18bn	US\$763m	US\$392m	US\$297m during design and construction phase; US\$95m at substantial completion

Source: Project Finance International, “It’s All About Timing: PPP Payments”, Christine D Ryan, Patricia de la Pena, June 25, 2013.

4.2.8 General Terms

Please provide any recommendations as to other specific contract/financing terms that would be necessary to create private sector interest in financing the AGS project.

Colorado MAGLEV Group – The recommend fail safe provisions for the guarantee of revenue streams that could be diverted to the amortization of bonded indebtedness if needed.

MaglevTrans – The funder should assume the financial responsibility for the asset and secure it for the funding term; the only requirement on the AGS entity is a lease

payment to be made through the Special Purpose Vehicle (SPV) set up for the transaction with the asset returned 100% at no cost at the end of the funding term.

PPRTC – Their strategy is to “create an ecosystem that is profitable; while providing social and environmental benefits.”

OTG – No recommendations

Swift Tram – It is suggested that terms include investment grade traffic and revenue studies, 20% to 30% toll-based concessions, a cash-flow tail, a possible cash sweep and possible revenue bands for any revenue sharing schemes.

Other Input:

It is important that the project has a well-defined and committed local funding strategy to attract both private sector and Federal interest. As the project is further developed, it is recommended that CDOT craft more specific financing assumptions in the sponsor’s case financial plan; this should define its strategy for funding, financing and implementation on a year-by-year basis. Providing this level of detail will facilitate concessionaire interest and feedback regarding their views on the feasibility and potential market interest for the AGS.

4.3 Recommendations on Governance Structure

Please provide recommendations as to what is considered the most effective governance structure for supporting a public-private partnership concession for the AGS. This structure should take into account the relationships between the private sector developer, CDOT and local governmental entities located with the project area. Please provide specifics as to the most critical aspects of the governance structure.

Colorado MAGLEV Group – They see three distinct governing structures as likely: (1) an interim planning committee, (2) a day-to-day supervisory role assigned to CDOT and (3) a special purpose entity responsible for project financing.

MaglevTrans – The DBFOM structure should take into account the relationship between the private sector developer, CDOT and local government entities within the project area.

PPRTC – A regional transit district for the AGS similar to the Denver Metro RTD would provide representation of all parties involved in the corridor.

OTG – CDOT is recommended to manage the project.

Swift Tram – The formation of a SPV, with the P3 consortium as a shareholder, would be the basis of governance. This SPV would interact with public sponsor, lenders, equity investors, facilities. This SPV would also manage the cash flow waterfall.

4.4 Recommended Delivery Structure

Please provide recommendations as to the most effective delivery structure for the AGS. Is a P3 concession structure the most beneficial? Should the capital and O&M components be separated? How will the delivery structure impact the financial feasibility of the AGS? These recommendations should provide suggested project financing methods in support of recommended delivery structures.

Colorado MAGLEV Group – Their recommendation is a P3 model including both capital and O&M components. They also state that the private development must have all rights to all ancillary development opportunities in order to provide required revenues.

MaglevTrans – Their approach is a P3 model with capital and O&M components separated as the capital would be guaranteed by CDOT.

PPRTC – A recommendation of a DBOMF with capital and O&M financed together through one total revenue stream; each station would be a community project that would be connected to the system as a whole.

OTG – This team recommends that CDOT, as owner and founder of the project, be responsible for the project.

Swift Tram – The team suggests a DBFOM P3 concessionaire structure with Capex and O&M separated.

4.5 AGS Technology Selection

Please provide information as to how the selection of a technology will influence the risks and financeability of the AGS. For instance, if the technology selection is a less established technology such as magnetic levitation or if a more traditional rail technology requires more tunneling, how might this selection influence (positively or negatively) competition, life cycle costs and ability to obtain financing?

Colorado MAGLEV Group – They believe they offer the most cost effective 'shovel

ready' technology that will provide a marginal savings against all available competitors.

MaglevTrans – The only technology that this group is aware of for AGS that will generate acceptable EBITDA is Stratocar and TriTrack by Roane Inventions.

PPRTC – This system would be a single-seat origin to destinations non-stop for each customer. It does not rely on standard steel wheel on steel rail or conventional maglev.

OTG – Two possible technologies were discussed, but no recommendation was provided.

Swift Tram – They believe that their technology is the most advanced, light weight and safest all at the lowest costs.

Other Input:

From a financing point of view, the technology must be sufficient proven that the financial community does not perceive a material risk of failure to perform. Particularly in an availability payment situation where payments (except for milestone payments) will not be made until the project is available for use, both the lenders and equity providers must have full confidence in the viability of the selected technology.

4.6 Roles and Responsibilities

Please provide recommendations as to the allocation of the risks between the public and private partners. These recommendations should be as detailed as possible and be based on the premise of assigning the risks to the party best able to mitigate those risks.

Colorado MAGLEV Group – Risk allocation is bundled into two major pools: (1) delivery of the project at a set price belonging to the private partner and (2) provision of revenues in support of capital costs belonging to the public sector.

MaglevTrans – The private sector partner will be responsible for design, engineering, construction cost, schedule, operation and maintenance; they will assure operating performance, closing the necessary financing and adhering to the budget for delivering a level of service. The public sector partner will be responsible for achieving environmental approvals, assembling needed right of way, underwriting necessary funding and obtaining the necessary legal authorities to implement the procurement and deliver the project.

PPRTC – This group provided a general definition of PPPs from Wikipedia.

OTG – It was highlighted that CDOT will bear the greatest risk as owner of the system

and as borrower.

Swift Tram – Shared public and private responsibilities would include:

Utilities – there may be grid optimization and revenue production aspects that could modify the typical utility/customer relationship; this may entail custom contracting between one or more DBFOM entities and utilities, Right of Way, Hazmat, Security, Public Relations / Marketing, Financing, Farebox Rates, and Force Majeure.

4.6.1 Roles/Risk Allocation for the Private Sector

Please provide recommendations as to the roles, duties and risks that should be managed by the private sector partner in any AGS agreement.

Colorado MAGLEV Group – The private sector will require control of farebox pricing free of regulation, the right to establish station rents, fees and freight rates as well as commercial charges for auxiliary uses of the system.

MaglevTrans – Their response is addressed above.

PPRTC – The majority of risk of the project should be borne by the private sector with the costs being borne by users of the service not tax payers.

OTG – The private sector contractor should bear the ordinary risk of their professions and carry appropriate risk insurance; work will be done on time and according to the design documents.

Swift Tram – The private sector would manage construction permits, design, ground conditions, construction, Quality Assurance, Final Acceptance, O&M, Transit Fare Collections and Station Revenue Collections

4.6.2 Roles/Risk Allocation for the Public Sector

Please provide recommendations as to the roles, duties and risks that should be managed by the public sector partner in any AGS agreement.

Colorado MAGLEV Group – They believe the first public role is to assure adequate and reliable financial support of tax exempt financing as well as assessing if the performance goals established for the system are being achieved by the private partner.

MaglevTrans – Their response is addressed above.

PPRTC – The primary duty of the public sector would be to create a special purpose

authority to provide the ability to connect the community assets into a consolidated system.

OTG – The public sector partner should maintain maximum control of the project.

Swift Tram – The public would manage system specifications, change in scope, NEPA approvals and ridership projections

4.7 Revenue Generation Risk

4.7.1 Fare Box

Please provide, in as much detail as possible, an explanation of the conditions under which you would be willing to collect and retain AGS transit fares as the means for payment of O&M costs and/or retirement of debt.

Colorado MAGLEV Group – Their response is addressed above in 4.6.1.

MaglevTrans – The SPV will collect and retain AGS transit fares as the means for payment of O&M costs and retirement of debt under the following conditions: CDOT underwriting the loan, CDOT providing 2% for financing costs, CDOT assembling needed right of way, 99 years term, tax breaks for SPV and public sector partners obtaining all EPA approvals.

PPRTC – Farebox revenues will be augmented by design combining freight operation revenues into the overall ecosystem funding resources.

OTG – OTG will not be the operator of the system, only stating that funds should be collected in electronic format.

Swift Tram – The P3 concessionaire should collect and retain AGS transit fares under a DBFOM P3 structure.

4.7.2 Other Revenue Streams

Please provide, in as much detail as possible, an explanation of the conditions under which you would be willing to collect and retain other revenue streams as the means for payment of O&M costs and/or retirement of debt.

Colorado MAGLEV Group – See response to 4.6.2

MaglevTrans – The SPV will collect and retain other revenues streams as the means for

payment of O&M costs and retirement of debt under the condition that 99 years term and tax breaks for the SPV.

PPRTC – They pointed to the array of “irresistible value propositions.”

OTG – Lease of the Guideway for freight vehicle services.

Swift Tram – Cargo revenue, telecommunications, power revenues, cell and radio revenues, advertising, developer revenues, station leasing and parking revenues

4.8 Project Components

Please provide a response as to whether a concession concept that included other project components in addition to the AGS would assist in the financing of the AGS. Two scenarios to consider include

(1) Combining I-70 Highway Tolling with the AGS. Potential assumptions to consider under such a scenario would include:

a) P3 / Concessionaire ability be able to set price of tolls and transit fare

b) Excess revenues from one could be used to balance and pay off the investment in the other, such that the whole investment in the corridor succeeds

c) Phasing would be possible, e.g. AGS first, tolls later, vice-versa, or concurrent development.

OR

(2) The combination of AGS with the ICS Front Range High Speed Transit project. Further information on the ICS Front Range High Speed Transit project can be found at the following website: <http://www.coloradodot.info/projects/ICS>.

The ICS Project is assessing the costs and benefits of providing a high speed transit system north-south along the I-25 corridor from Pueblo to Fort Collins CO and east-west through the Denver Metro area from Denver International Airport to the Golden CO area, where it would link with the AGS along the I-70 Mountain Corridor. Preliminary ridership data shows that if developed as a complete system, yearly ridership on the north-south alignment and the east-west alignment, including the AGS could be as high as 13,850,000 passengers per year (2035).

Potential issues to consider associated with this scenario include:

- a) Do benefits outweigh the complications/risks to offer first right of refusal for both corridors, or**
- b) Consideration to include access to one or more airports (i.e. Denver International Airport (DEN) or Eagle County Regional Airport (EGE))**

If Respondents consider one or both of these options to be beneficial, please provide further details as the critical components of such an arrangement.

Colorado MAGLEV Group – They believe that the AGS and highway project should be coupled allowing the selected developer the first right of refusal to undertake the highway project if the AGS provides insufficient congestion relief. They see the technology differences between the I-25 ICS and the AGS projects as reason to keep these projects separate. The in or near terminal access to both DIA and ECA are critical to the system.

MaglevTrans – This group would find the I-70 highway tolling project an attractive option financially, but does not rely upon it to finance the AGS. They do not see the combining of the AGS with the ICS as beneficial, but would ask for first right of refusal.

PPRTC – The proposal did not provide insight into this question.

OTG – OTG recommends that tolls not be collected on the I-70 Highway project as it is not necessary. They suggest that AGS should only be combined with ICS if this would make both projects more economically feasible.

Swift Tram – Any combination option would benefit the AGS as the system provides a 'one-seat ride'.