



Date: January 20, 2021
To: High-Performance Transportation Enterprise Board
From: Nicholas Farber, HPTE Director; Andrew Gomez, HPTE General Counsel
Subject: I-70 Mountain Express Lanes Loan Agreement

Purpose

The purpose of this memorandum is to summarize the terms of the new loan agreement between HPTE and Wells Fargo Municipal Capital Strategies, LLC.

Action

Staff is seeking HPTE Board approval of resolution #346 authorizing the execution of the Loan Agreement with Wells Fargo Municipal Capital Strategies, LLC (Wells Fargo).

Background

In December 2014, HPTE borrowed \$25 million from Banc of America to help complete the I-70 Mountain Express Lane (MEXL) Eastbound Project. This original loan was always intended to be an interim financing tool, with a refinancing to be completed between 2020 and 2021. In September 2020, HPTE put out a Request for Proposals (RFP) to begin the refinancing process. HPTE received strong interest from the market and ultimately selected Wells Fargo as the preferred lender in November 2020.

Key Details

Wells Fargo has provided HPTE with two term options for its refunding, a 3-year and 5-year term. HPTE has selected a three-year term in order to secure a favorable interest rate (around 0.74 percent¹) and save a significant amount on interest costs over the initial term of the loan. The loan agreement will also provide for future flexibility as HPTE works to determine its financing capacity for the Floyd Hill project. HPTE anticipates that the toll revenues generated from both the current I-70 MEXL Eastbound lanes as well as the Westbound lanes when they come online, will be pledged as part of a larger corridor financing strategy. See attachment A for the Preliminary Toll Revenue Refunding Note for the 3-Year Term.

If toll revenues are insufficient to pay the annual interest cost or operations and maintenance expenses, the updated IAA will allow HPTE to request a loan from the Transportation Commission for the balance of the annual interest payments as due or for operations and maintenance costs. The Transportation Commission, which will, in its sole discretion, either approve or deny the loan request. The 75-page loan agreement is between HPTE and Wells Fargo Municipal Capital Strategies and will be included as Exhibit B to the new IAA.

¹ HPTE will close on the loan on January 29th, and interest rates might fluctuate slightly between now and then. If HPTE staff feels as though an interest rate fluctuation has increased costs too significantly, staff will discuss with the Board at the February meeting



Options / Decision Matrix

1. **Staff Recommendation:** Approve the loan agreement. CDOT and HPTE will execute the agreement, and tolling will commence in Fall 2020 for the Westbound Mountain Express Lane.
2. Do not approve the loan agreement, and direct staff to negotiate different terms.

Attachments

Attachment A: Preliminary Toll Revenue Refunding Note for the 3-Year Term.

Attachment B: Resolution #346

Attachment C: Loan Agreement between Colorado High Performance Transportation Enterprise and Wells Fargo Municipal Capital Strategies, LLC.

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SOURCES AND USES OF FUNDS

**COLORADO HIGH PERFORMANCE TRANSPORTATION ENTERPRISE
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3-YEAR TERM**

Dated Date	01/22/2021
Delivery Date	01/22/2021

Sources:

Bond Proceeds:	
Par Amount	25,145,000.00
Other Sources of Funds:	
HPTE Cash - Accrued Interest	71,687.50
HPTE Cash - MRF Payment	23,778.05
	<u>95,465.55</u>
	<u>25,240,465.55</u>

Uses:

Series 2014 Note Payoff:	
Series 2014 Loan Payoff	25,000,000.00
Series 2014 Loan Accrued Interest	71,687.50
Series 2014 Margin Rate Factor	23,778.05
	<u>25,095,465.55</u>
Delivery Date Expenses:	
Cost of Issuance	145,000.00
	<u>25,240,465.55</u>

DETAILED BOND DEBT SERVICE

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Term Bond

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
06/15/2021		73,912.33	73,912.33	
12/15/2021		93,036.50	93,036.50	166,948.83
06/15/2022		93,036.50	93,036.50	
12/15/2022		93,036.50	93,036.50	186,073.00
06/15/2023		93,036.50	93,036.50	
12/15/2023		93,036.50	93,036.50	186,073.00
06/15/2024		880,075.00	880,075.00	
12/15/2024	8,380,000	880,075.00	9,260,075.00	10,140,150.00
06/15/2025		586,775.00	586,775.00	
12/15/2025	8,380,000	586,775.00	8,966,775.00	9,553,550.00
06/15/2026		293,475.00	293,475.00	
12/15/2026	8,385,000	293,475.00	8,678,475.00	8,971,950.00
	25,145,000	4,059,744.83	29,204,744.83	29,204,744.83

Bond Variable Rate Table

Begin Date	End Date	Interest Rate
01/22/2021	12/15/2023	0.740%
12/15/2023	12/15/2026	7.000%

BOND SUMMARY STATISTICS

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Dated Date	01/22/2021
Delivery Date	01/22/2021
Last Maturity	12/15/2026
Arbitrage Yield	3.173222%
True Interest Cost (TIC)	3.173222%
Net Interest Cost (NIC)	3.296702%
All-In TIC	3.297217%
Average Coupon	3.296702%
Average Life (years)	4.897
Duration of Issue (years)	4.740
Par Amount	25,145,000.00
Bond Proceeds	25,145,000.00
Total Interest	4,059,744.83
Net Interest	4,059,744.83
Total Debt Service	29,204,744.83
Maximum Annual Debt Service	10,140,150.00
Average Annual Debt Service	4,952,288.34
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Term Bond	25,145,000.00	100.000	3.297%	4.897	13,578.30
	25,145,000.00			4.897	13,578.30

	TIC	All-In TIC	Arbitrage Yield
Par Value	25,145,000.00	25,145,000.00	25,145,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-145,000.00	
- Other Amounts			
Target Value	25,145,000.00	25,000,000.00	25,145,000.00
Target Date	01/22/2021	01/22/2021	01/22/2021
Yield	3.173222%	3.297217%	3.173222%

BOND PRICING

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Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond:					
	12/15/2024	8,380,000		3.753%	100.000
	12/15/2025	8,380,000		3.753%	100.000
	12/15/2026	8,385,000		3.753%	100.000
		25,145,000			

Dated Date	01/22/2021		
Delivery Date	01/22/2021		
First Coupon	06/15/2021		
Par Amount	25,145,000.00		
Original Issue Discount			
Production	25,145,000.00	100.000000%	
Underwriter's Discount			
Purchase Price	25,145,000.00	100.000000%	
Accrued Interest			
Net Proceeds	25,145,000.00		

Notes:

- 1) Assumes 0.74% Initial Fixed Rate with 5.00% Step-Up Rate Through Term Out (Yield to Maturity Reflected Above)
- 2) Indicative Interest Rate Provided by Wells Fargo on January 7, 2021
- 3) 2-Year Par Call on December 15, 2022