



COLORADO

Transportation
Investment Office

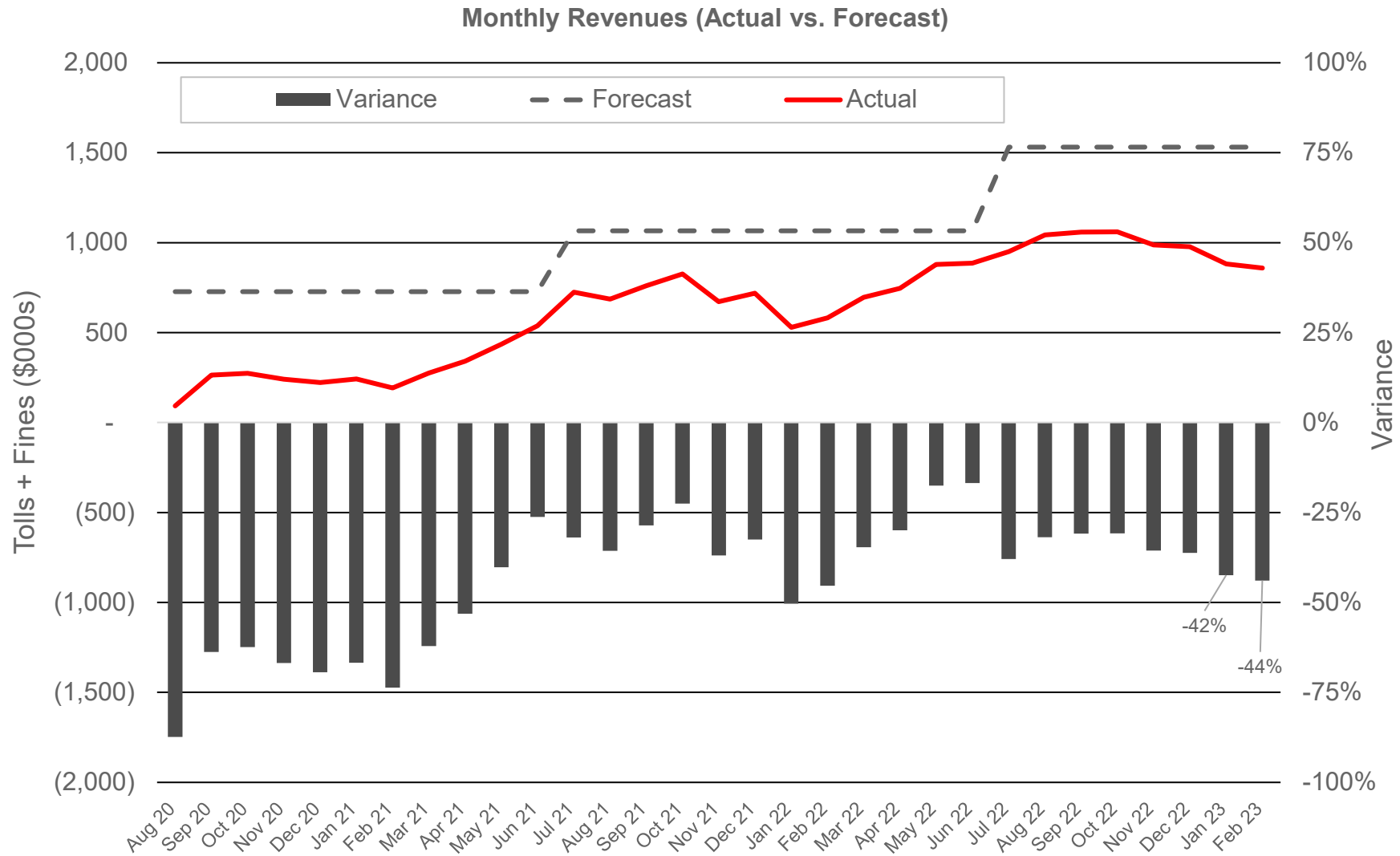
Attachment A: C-470 Operations & Maintenance Backup Loan Agreement

June 14, 2023

Project Background and Updates

- CTIO secured a \$176 million in revenue bonds and a \$107 million TIFIA loan to support the project. The financing will be repaid by gross toll revenues generated by Express Lanes.
- Corridor opened in August 2020, over two years late and in the middle of a pandemic.
- Under the C-470 Intra Agency Agreement, CDOT paid CTIO for late delivery. CTIO also used TIFIA funds for additional capitalized interest.
- Early 2022, engaged T&R advisor to monitor traffic volumes and toll revenues generated along the corridor. Implemented a new recommended toll rate schedule that was designed to align rates with newly exhibited demand patterns.
- While C-470 volumes have generally recovered to pre-COVID and pre-construction levels (2016), the normal growth expected between 2016 and 2022 has not materialized.
- CTIO has continued to meet all reporting and operations requirements and has worked with external rating agencies on annual surveillance.

Corridor forecast vs. observed revenues - monthly



Source: Louis Berger T&R Report; E-470 Monthly Reports

Project Expense Profile

Period	30 Jun 23	31 Dec 23	30 Jun 24	Total
Cashflow Available for Debt Service	11,760	11,828	12,285	35,873
Total Debt Service	-8,090	-8,090	-10,053	-26,233
O&M Expenses	-4,513	-4,473	-4,392	-13,378
Projected Shortfall	-843	-735	-2,160	-3,738
Coverage Metrics and O&M Loan				
				Average
Senior DSCR (incl. RURA) (1.35x)	2.21x	2.22x	1.83x	2.09x
Total DSCR (incl. RURA) (1.25x)	2.21x	2.22x	1.53x	1.98x
All Obligations (1.0x)	0.93x	0.94x	0.85x	0.90x
Projected O&M Loan Draws	-843	-735	-2,160	-1,246
<i>Amounts in \$000s</i>				

- Assumes conservative revenue growth over the next year
- Reflects lower FY 24 O&M costs
- CTIO has sufficient cashflow, including reserve accounts, to cover debt service but not O&M
- Estimated \$4.0 M shortfall projected through next June

Loan Request and Agreement

- The ability to request an O&M loan from CDOT is contemplated under the C-470 financing documents.
- The Form of the Backup Loan Agreement was approved as part of the March 2017 financing document approval.
- The agreement allows CTIO to defer interest if there is not sufficient surplus cashflow.
- CTIO is requesting up to a \$4.0 M loan from CDOT. CTIO will draw down on the approved loan amount over the next year to meet O&M obligations and required coverage tests.
- Loan Terms:
 - Accrues at current SIB rate of 3.5%
 - Interest-only until last year when principal is repaid
 - 40-year term
 - Loan is repaid in full after both the senior bonds and TIFIA loan are repaid

Next Steps



- Pursue Additional Revenues.
 - Reduce revenue leakage through life cycling tolling equipment
 - Implement Safety Enforcement Program
- Further reduce operating costs where possible.
- Start work with lenders to refinance and/or restructure existing debt.
- Update the Traffic and Revenue forecast.
- Staff will update the TC as the loan is drawn down.