

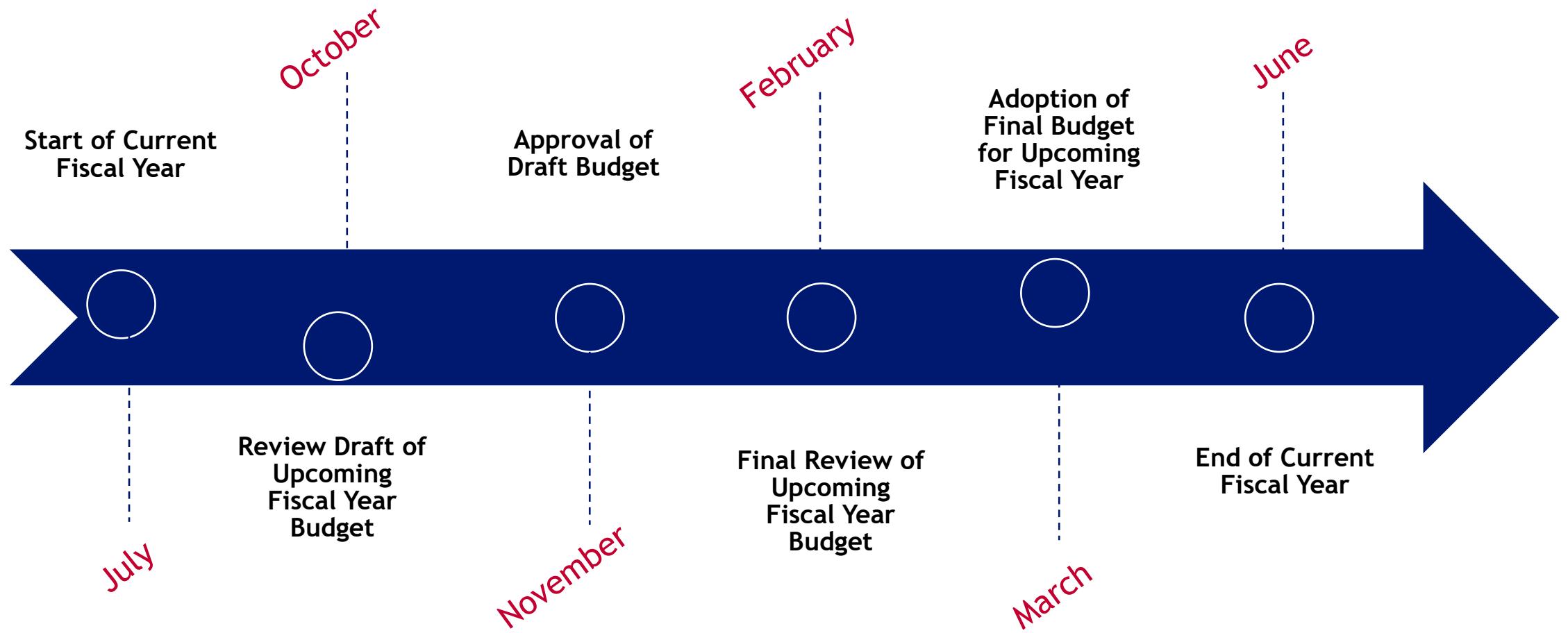


# Fiscal Year 2026-27 Final Budget Update

CTIO Board Meeting

February 18, 2026

# Annual Budget Timeline



# Key Updates

- ✓ Determined that a FY 2026-27 and Fee for Service Inter-Agency Agreement (IAA) and payment between CTIO and CDOT was not needed
- ✓ Updated Congestion Impact Fee revenue forecast
- ✓ Reviewed all toll processing, tolling operations and tolling equipment maintenance costs and updated as needed
- ✓ New Central Services Cost allocation added
- ✓ New debt service reserves represented

# Central Services Cost Allocation Plan

# Background

- CDOT provides support to Regions, Divisions, and Enterprises: this includes finance, human resources, facilities, risk management, executive management, policy, communications, internal audit, and technology (network, data center, storage, database, cybersecurity, etc.).
- The Central Services Cost Allocation Plan combines these indirect costs into a cost pool and distributes them to programs based on specific metrics for each type of cost.
- Ensures there is a data driven, accurate and labor compliant way CTIO can support the full cost of services we receive from CDOT.
- Helps offset budget strain on CDOT flexible state revenues.

# Details and Next Steps

- For FY27 the allocation for CTIO is \$985,257, which represents 1.28% of the total \$76.9M cost pool which is being allocated across all Regions, Divisions, and Enterprises.
- CTIO will share the cost across its tolling corridors.
- CTIO and CDOT will execute an Intra Agency Agreement (IAA) to document the payment for services.
- CDOT will invoice the enterprise for its FY27 allocation per the IAA.
- After the fiscal year ends, DAF will conduct a review of the process and methodology and make any necessary adjustments for the FY28 budget.

# CTIO Corridor Revenue Obligations

# Corridor Revenue Governance

Uses of I-25N and C-470 corridor revenues governed by their respective financing agreements:

## Master Trust Indenture (MTI)

- Managed by third-party Trustee to execute terms of the MTI on behalf of the borrower (CTIO), bondholders, and lenders
- Creates rules and responsibilities that each party must adhere to related to all Pledged Revenues on the project
- Establishes the account structure/hierarchy, balance requirements, and eligible uses of balances (referred to as the “Flow of Funds” or “Revenue Waterfall”)

## TIFIA Loan Agreement (TLA)

- Establishes additional terms and covenants regarding the use of corridor Pledged Revenues, including surplus amounts

# Corridor Accounts

Accounts within the MTI generally serve two purposes:

## Reserve Accounts

- Preserve cash to protect lenders and bondholders and ensure uninterrupted revenue operation during unforeseen changes in revenue performance (e.g., Debt Service Reserve Accounts, O&M Reserve Account, etc.)
- Balances are typically higher than other accounts; sizing may change based on forecasted obligations
- Requires less active management due to predictability of balance requirements

## Working Accounts

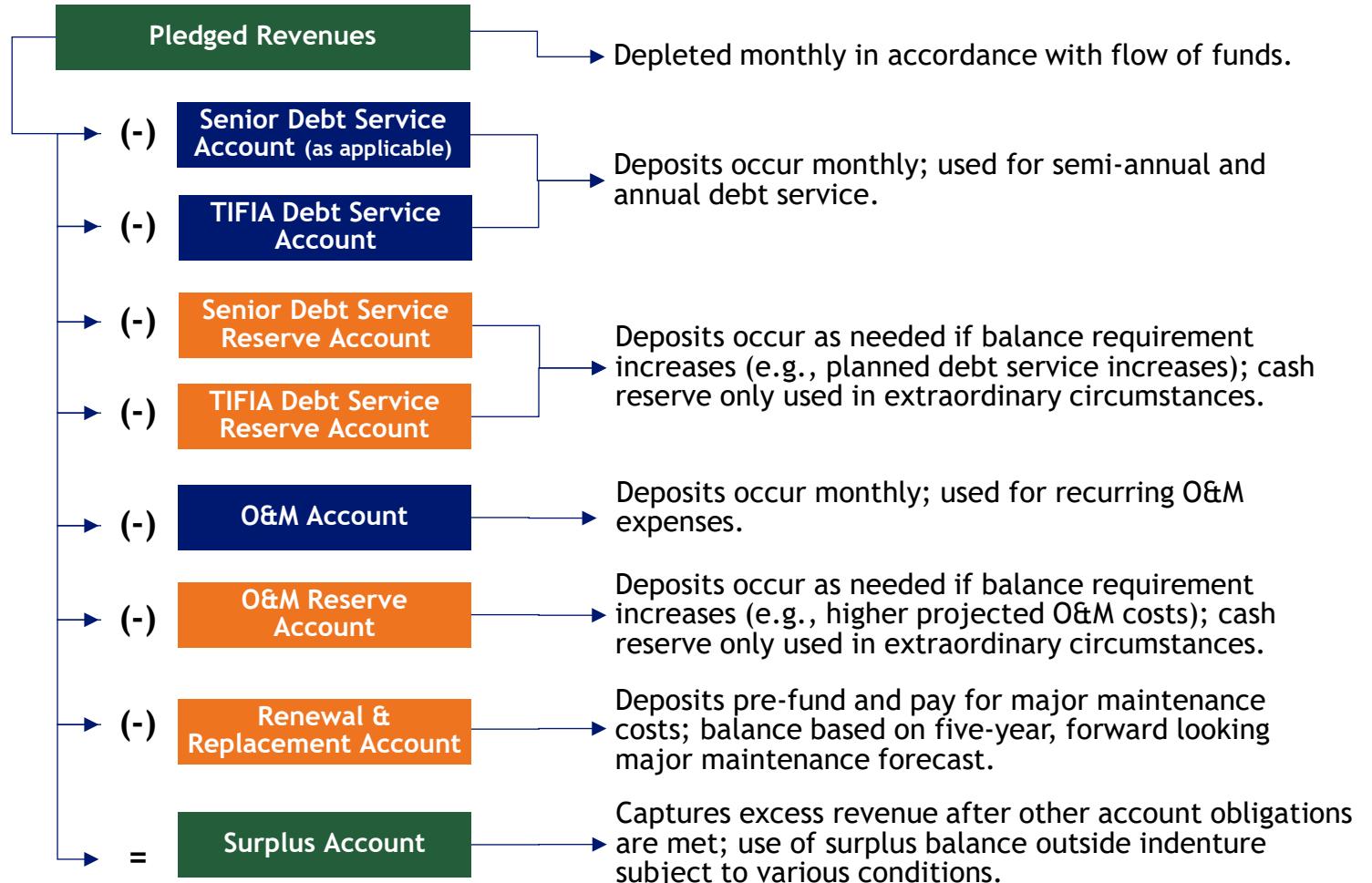
- Typically used for specific, recurring expenses; regularly replenished from monthly revenues to cover near-term obligations (e.g., Debt Service Account and O&M Account)
- Require active management due to month-to-month variability of account uses (e.g., toll processing and other O&M costs)

# General Corridor Flow of Funds

## Account legend

Working accounts used for specific, recurring project expenses.

Reserve accounts that reserve cash for the protection of lenders and investors, and to ensure uninterrupted operation of the corridor in the event of cash shortfalls.



# Reserve Cash Flow Summary

- Life to Date Reserve Account Deposits<sup>1</sup> for I-25N = \$30.1m
- Life to Date Reserve Account Deposits<sup>1</sup> for C-470 = \$21.1m
- Projected I-25N Deposits<sup>1</sup> for FY27 (July 1, 2026-June 30, 2027) = \$2.6m
- Projected C-470 Deposits<sup>1</sup> for FY27 (July 1, 2026-June 30, 2027) = \$2.3m

<sup>1</sup> Includes deposits to cash reserves (e.g., Debt Service Reserve Accounts, Renewal and Replacement Account, and Operations and Maintenance Reserve Account); does not include deposits accounts used for recurring expenditures (e.g., debt service accounts or O&M account).

# Surplus Account Specifics

- Remaining Pledged Revenue is deposited into the Surplus Account for general waterfall uses or, subject to certain conditions, released to CTIO for other lawful purposes.
- The ability to release Surplus Account balances (i.e., revenue not used for O&M, major maintenance, or debt service requirements) is governed by MTI and TLA covenants and coverage tests.
- Subject to satisfying these conditions, surplus revenue is eligible for release, but CTIO would need to consider factors such as:
  1. CTIO's ability to manage cashflow fluctuations and account requirements using the Surplus Account
  2. Potential diminished flexibility to offset corridor obligations / meet coverages tests in underperforming periods
  3. Whether revenues released from surplus could be used in accordance CTIO statute or other legal constraints

# Surplus Account Conditions and Tests

Surplus Revenues can only be released upon written direction of CTIO when **all trailing and projected Coverage Tests are met for each Calculation Date (on June 30 and December 31)**:

Senior Debt Service Coverage Ratio	=	Rolling Annual Pledged Revenues Rolling Annual Senior Debt Service	>	1.35:1.00
Total Debt Service Coverage Ratio	=	Rolling Annual Pledged Revenues Rolling Annual Total Debt Service	>	1.25:1.00
All-in Coverage Ratio	=	Rolling Annual Pledged Revenues All Obligations - Transfers from Surplus - Proceeds of a CDOT O&M Loan	>	1.00:1.00

Requires CTIO to maintain a “margin of safety” so it can withstand any fluctuations in revenue or expenses

# Strategic Recommendation

As CTIO grows its debt portfolio, expands its Express Lanes network and implements new mandates under SB 184, CTIO leadership will explore the following:

1. How to Engage the Board More Regularly: Utilizing targeted briefing materials on how financial processes work and why they exist during annual budgeting processes
2. The Need to Update or Formalize Enterprise Policies: Review existing enterprise policies and memorialize revisions which consider reserves and other financial matters. Understand best practices gleaned from peer agencies on approaches which effectively memorialize strategic investment processes
3. The Feasibility and Utility of Developing an Enterprise-Wide Model: Implementing a central model to track and predict cash and obligations across the CTIO portfolio

# Key Items Still Outstanding

- Initial financial plan for Joint Service and CTIO allocation for FY27
- Final Costs for Mountain Rail starter service commencing in November 2026
- New Financing Structure for MEXL and Floyd Hill
- Budgetary Impact of Transition Costs with E470
- Transitioning costs from 537 to 536

CTIO will execute the necessary budget amendments as these items are solidified

# Questions?