“A P3 Success Story”
RTD’s EAGLE P3 Project
Overview of the EAGLE P3

- **East Corridor**
  - 22.8 miles of commuter rail between Denver Union Station and Denver International Airport

- **Gold Line and Northwest Electrified Segment**
  - 12.5-mile rail commuter rail line running from Denver Union Station to Wheat Ridge and South Westminster

- **Commuter Rail Maintenance Facility**
  - Facility to repair, maintain, clean, fuel and store transit vehicles and two miles of access track

- **Denver Union Station Infrastructure**
  - Denver Union Station is the major hub for rail and bus transportation in the Denver metro area

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Source: Denver Transit Partners EAGLE P3 Project, Series 2010 Official Statement
Why P3 For EAGLE?

- **FTA Penta-P Program**
  - Opportunity for streamlined federal process
  - Opportunity for consideration of private funding in calculation of cost effectiveness (“CEI”)


- **Funding Needs of the Project**
  - Opportunity for private sector efficiencies
  - Duration of financing

- **Risk Transfer**
  - Construction risk
  - Long-term operations
Key Concession Elements

- **Scope**: Design, construction, financing, operations and maintenance ("DBFOM") of the EAGLE P3 Project

- **Concession Payments**
  - **Construction**: Approximately $1.1 billion in Construction Payments provided by RTD
  - **Operations**: Annual Service Payments subject to construction completion and ongoing operating performance

- **Term**: 34 years

- **Security**: Pledged revenues through RTD’s Sales tax indenture and non pledged (annual appropriation) obligations
# Eagle Project Procurement Process

## RFQ Process

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>RFQ released</td>
<td>August 4, 2008</td>
</tr>
<tr>
<td>Deadline for receipt of communications</td>
<td>September 2, 2008</td>
</tr>
<tr>
<td>Final RFQ addendum issued</td>
<td>September 15, 2008</td>
</tr>
<tr>
<td>Qualification statements due</td>
<td>October 3, 2008</td>
</tr>
<tr>
<td>Notification of qualified teams</td>
<td>December 2, 2008</td>
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</tbody>
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## RFP Process

<table>
<thead>
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<th>Milestone</th>
<th>Date</th>
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<tbody>
<tr>
<td>Issuance of RFP</td>
<td>September 30, 2009</td>
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<tr>
<td>Issuance of final addendum to the RFP</td>
<td>March 18, 2010</td>
</tr>
<tr>
<td>Technical proposal due date</td>
<td>April 14, 2010</td>
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<tr>
<td>Final proposal due date</td>
<td>May 14, 2010</td>
</tr>
<tr>
<td>Selection of best value proposal and notice of award</td>
<td>June 15, 2010</td>
</tr>
<tr>
<td>Execution of Concession Agreement</td>
<td>July 8, 2010</td>
</tr>
<tr>
<td>Phase I conditions precedent satisfaction date</td>
<td>August 12, 2010</td>
</tr>
<tr>
<td>Phase 2 effective date deadline</td>
<td>December 31, 2011</td>
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</tbody>
</table>
Denver Transit Partners ("DTP")

- Denver Transit Systems, LLC
  - Fluor Enterprises Inc.
  - Balfour Beatty Rail Inc.
  - DB Subcontract

- Denver Transit Operators, LLC
  - Fluor Enterprises Inc.
  - Balfour Beatty Rail Inc.
  - Alternate Concepts Inc.

- Hyundai Rotem USA Corporation
  - Rolling Stock Supply Contract

- Concession Agreement
- O&M Contract

Payments made upon commencement of operations (years 7 to 46). A portion of the service payments is indexed per the concession agreement. Assumes RTD’s current inflation assumptions.

Present Value to 2010 of future RTD service payments. Does not include progress payments during construction.
**DTP Financing Sources**

- The final capital structure included a $398mm Private Activity Bond Issuance

<table>
<thead>
<tr>
<th>DTP Financing Sources</th>
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</thead>
<tbody>
<tr>
<td>Construction Payments</td>
<td>$1,139,110</td>
</tr>
<tr>
<td>Series 2010 Bond Proceeds</td>
<td>396,118</td>
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<tr>
<td>Equity</td>
<td>54,250</td>
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<tr>
<td>Service Payments</td>
<td>44,040</td>
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<tr>
<td>Interest Income</td>
<td>4,486</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>1,638,004</strong></td>
</tr>
</tbody>
</table>

Source: Denver Transit Partners EAGLE P3 Project, Series 2010 Official Statement
Key Investment Highlights

- **Core Infrastructure Development Project:**
  - Congestion reliever, economic development & voter-approved

- **Public Sector Support:**
  - FTA grants, USDOT PABs allocation & RTD sales tax

Key Investment Highlights

- **Experienced Sponsors and Investors:**
  - Fluor, Macquarie, John Laing & Uberior

- **Strong Contractor Team and Support:**
  - Fluor, Balfour Beatty Rail, Ames, HDR

- **Bankable Concession Structure:**
  - No ridership risk, TABOR security, termination payments & performance deductions pass through
What Challenges Did RTD Face?

- Impact of financial crisis
- Railroad agreements
- Environmental work
- Timing of P3 procurement & Federal New Starts processes
- Bidder unfamiliarity with local legal construct e.g. TABOR

Colo. Taxpayers’ Bill of Rights – 1992 constitutional amendment. (codified at Colo. Const. Art. X, Sec. 20(1)). Limits a governmental entity’s ability to enter into multi-fiscal year obligations without voter approval.
Legal Issues RTD Faced

- **Legal Authority to enter into design-build-finance-operate-maintain**
  - Broad contracting authority
  - Not subject to state procurement code
  - Not in conflict with other obligations including bond and payment obligations (coverage tests)
  - Voter approved authority for multiple year fiscal obligation
  - Authority to allow use of public property for long term concession - tax and pledge/mortgage issues
  - Authority to enter into service contracts – not obligated under any existing Collective Bargaining Agreement
Legal Authority RTD Obtained

- Legislation authorizing RTD to be a conduit issuer of Private Activity Bonds

- Legislation to limit amount of performance and payment bonds on a public project to 50% of annual - not total - project costs
  Colo. Rev. Stat. § 38-26-106

- Opinion from county and State tax assessors that concessionaire use of property did not create a possessory interest
Why Was RTD Successful?

- Project brought together outstanding teams/creative ideas
- Open and transparent process
- Ongoing communication with teams
- RTD willingness to adapt process
- Well developed technical and financial project
- Security structure