

JP Morgan Public Finance Transportation Utility Conference

April 18-19, 2018

Presented by:
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Sr. Manager of Debt & Investments

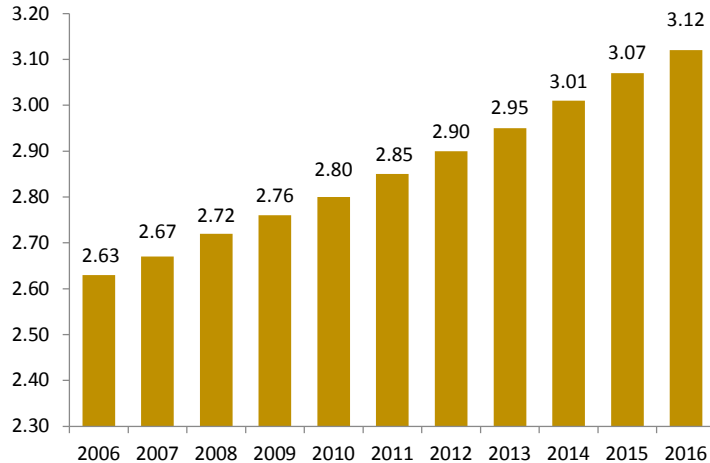
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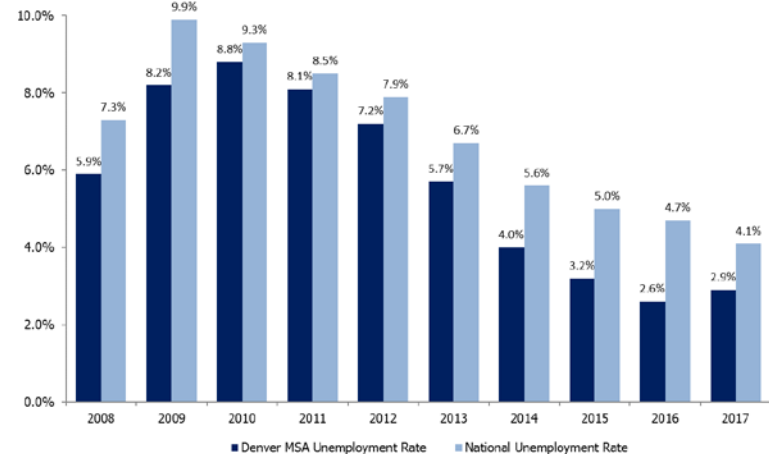
I. Overview of the Region and RTD

Denver Regional Profile

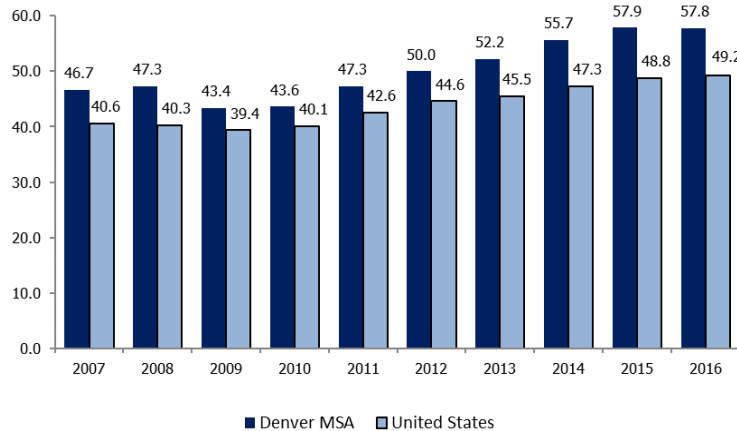
Denver MSA Population (millions)¹



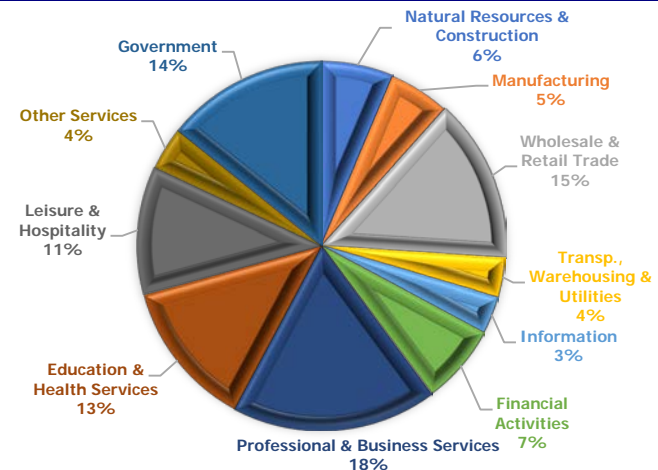
Denver MSA Unemployment Rate²



Denver MSA vs. US Per Capita Income (\$ in 000's)¹

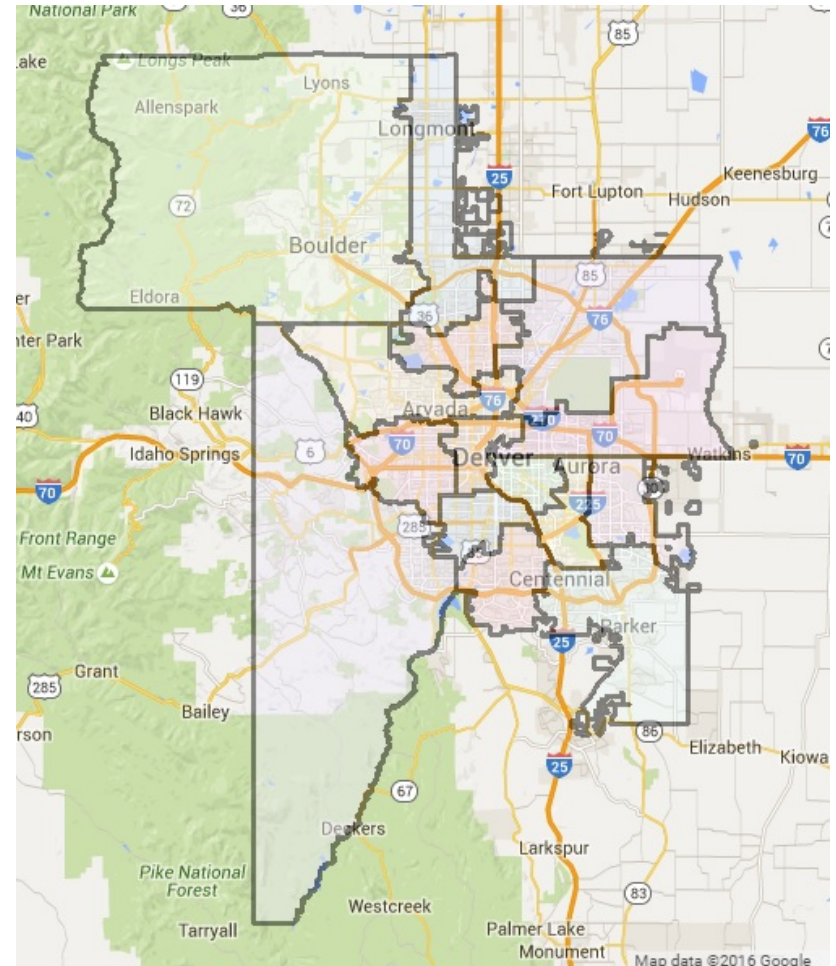


Employment Diversity (as of 2016)¹



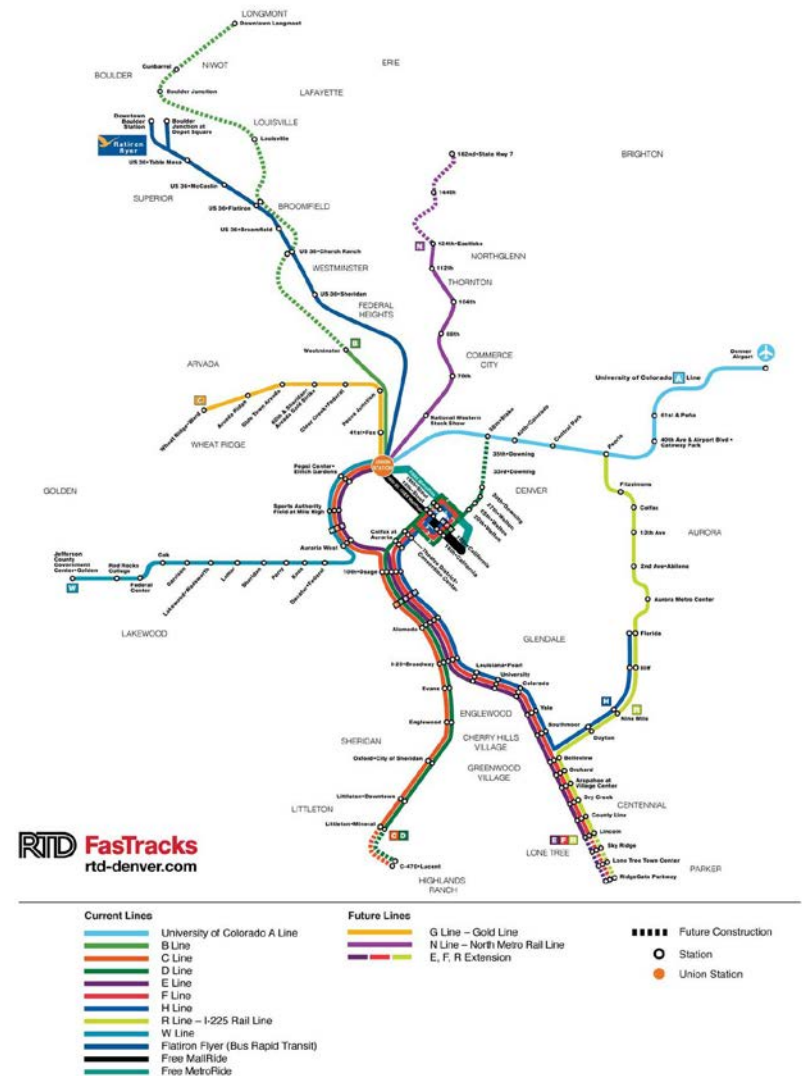
Overview of RTD

- Created in 1969 by the Colorado General Assembly and mandated to operate an integrated public transportation system in the Denver Metro region:
 - 2,340 square miles service area
 - Serves 40 cities and towns and 8 counties
 - Service area population over 3.1 million (approximately 55 percent of Colorado's total population)
- Governed by an elected 15 member Board of Directors, with one member from each of the 15 districts comprising RTD's geographic area
- System currently includes (as of March 30, 2018):
 - 1,027 active buses (437 leased to private carriers)
 - 398 Paratransit vans (Access-a-Ride and Call-n-Ride), all leased to private carriers
 - 172 Light-rail vehicles (201 by 12/31/18) serving 53 stations
 - 66 Commuter rail vehicles serving 9 stations
 - 83 Park-n-Ride locations (32,048 parking spaces)
- 87.8 million annual revenue service boardings and 99.3 million annual total boardings in 2017
- 2,863 RTD employees and 1,608 private carrier employees



FasTrack Overview

- **West Light Rail Line** - began operations in 2013
- **Denver Union Station:**
 - Light Rail relocation - completed 2011
 - Amtrak - began operations in 2014
 - Underground Bus Facility - began operations in 2014
 - Historic Station - open to public in 2014
- **U.S. 36 BRT** - began operations in 2016
- **Eagle P3 Project** – fully funded:
 - Commuter Rail Maintenance Facility – completed 2014
 - University of Colorado A Line to Denver International Airport – began operations in 2016
 - B line to Westminster – began operations in 2016
 - G line to Golden – anticipated to open in 2018
- **I-225 Light Rail Line (R Line)** – began operations in 2017
- **N Line to Thornton** – funded to 124th Avenue - Scheduled opening under review
- **Southeast Light Rail Extension** – scheduled to open in 2019
- **Central Light Rail Extension** – deferred; no funding identified before 2040
- **Southwest Light Rail Extension** – deferred; no funding identified before 2040
- **Northwest Commuter Rail Line** – End of “B” Line to Longmont deferred; no funding identified before 2040
- **North Metro Extension** – 124th Avenue to 162nd Avenue deferred; no funding identified before 2040



Transformation of RTD Service Since FasTracks Election

	2004	2017	Percentage Change
Fixed Route Buses	1,074	1,023	-4.7%
Light Rail Vehicles	49	172	251.0%
Commuter Rail Vehicles	-	66	100.0%
Total Service Miles Traveled	49,053,000	44,368,116	-9.6%
Total Annual Boardings	82,978,959	99,369,232	19.8%
Park-n-Ride Spaces	20,849	32,048	53.7%
RTD Service Population*	2,545,000	2,920,000	14.7%

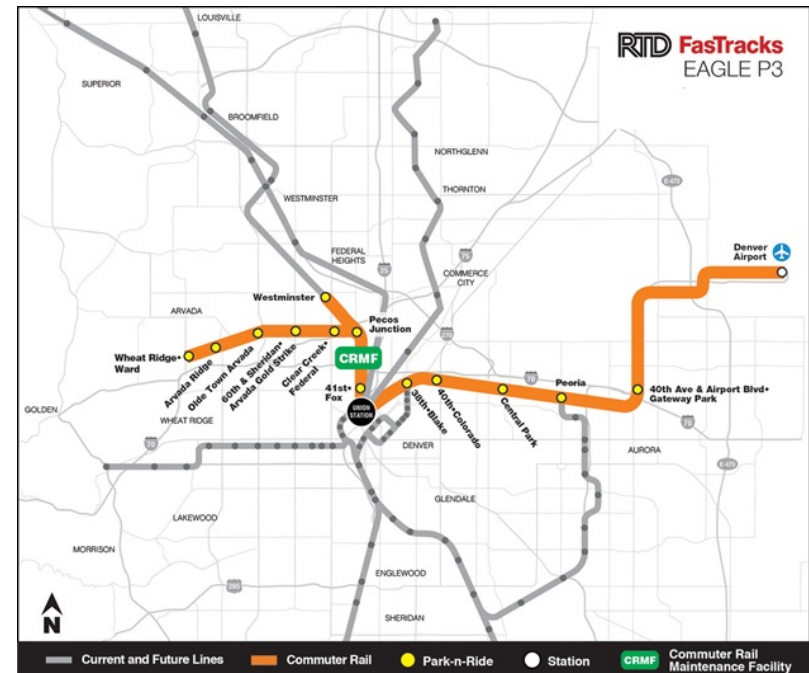
**2016 data*

- The reduction in fixed route buses and total service miles traveled is a product of the expansion of light rail and commuter rail services

II. Updates

EAGLE P3

- University of Colorado A Line and B Line
 - Operational
 - On time service rate: Approx. 95%
 - 2017 Ridership: 7,106,000
 - Ridership exceeding expectations
 - Colorado Public Utilities Commission (CPUC) will begin drafting final orders for removing flaggers on a crossing-by-crossing basis
- Gold Line
 - Construction completed in December 2016
 - Revenue testing is ongoing
 - Revenue service is pending CPUC final orders, which are anticipated to be similar to the 5-year FRA operational waiver; order expected to be handed down in the near future
- Dispute resolution
 - Ongoing - Non-binding recommendation expected in coming months
 - Tolling agreement executed; stipulates no declaration of default by RTD until the earlier of 30 days after dispute resolution panel recommendation or 7/31/18 if the 6/2/18 revenue service date is not met by DTP



Collective Bargaining Agreement

- The five year CBA between RTD and the ATU expired February, 2018. After a significant negotiation period, RTD and the ATU agreed to the following highlights:
 - RTD continues to make a 13% contribution to the union pension (employee contributes 5%) and adds a \$6.2 million lump sum annual payment
 - Each occupational group receives an 8% wage increase in 2018 and 3% in 2019 and 2020
 - Daily assignments of extra board work cannot have a spread greater than 13 consecutive hours (bus and rail)
 - The latest a day operator's shift can end is 8:30 pm and night operator's shift can start is 9:30 am (bus and rail)

III. Financial Activity

Major Sources of Revenue (2017)

0.6% Sales and Use Tax (Base System)

- **\$358.9 million**
- Approved by voters in 1973 as a 0.5% tax to support the issuance of bonds to develop a public-multi-modal mass transportation system; raised to 0.6% in 1983
- Pledged first for payment of Senior Lien Bonds (Lien is closed – no new debt except for refunding for savings)
- See Slide 12 for flow of funds

0.4% Sales and Use Tax (FasTracks)

- **\$239.3 million**
- Approved by voters in 2004 to fund the construction and operation of FasTracks.
- See Slide 12 for flow of funds

Farebox Revenues (system wide)

- **\$140.2 million**
- Generated from bus, paratransit, light rail, and commuter rail operations

Capital Grants

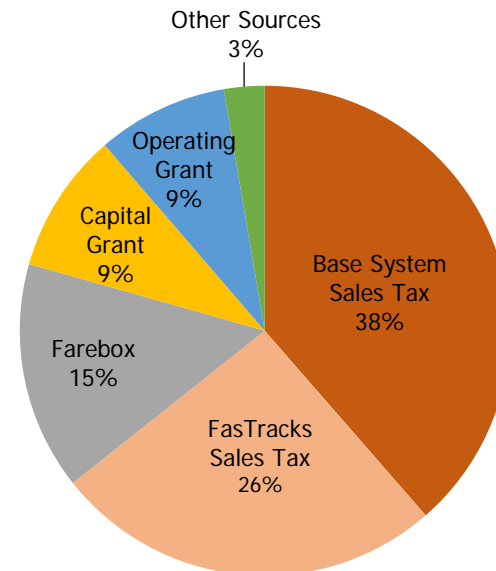
- **\$86.4 million**
- From federal, state, and local sources

Operating Grant Revenue

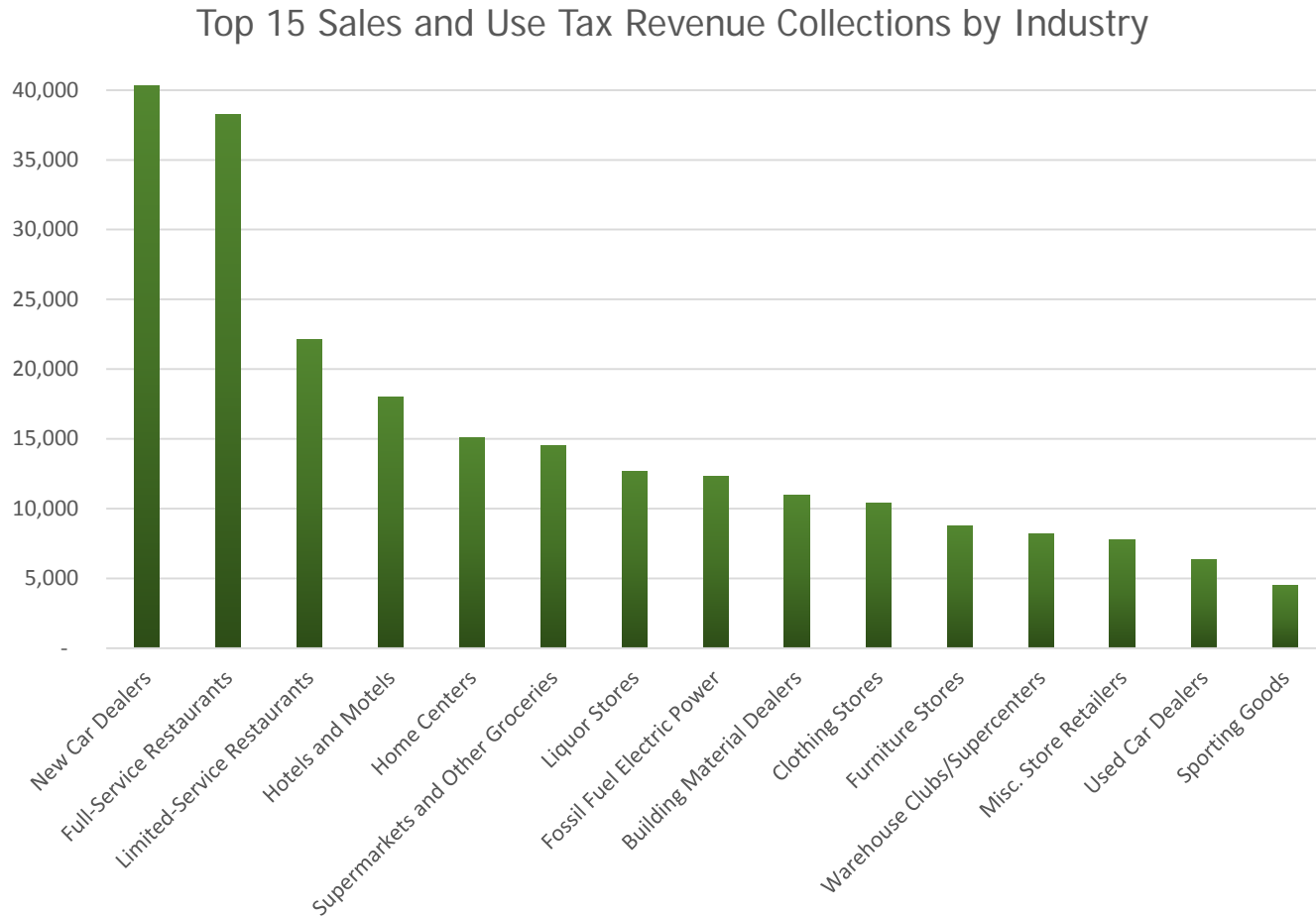
- **\$80.4 million**
- From federal, state, and local sources
- Includes FTA Section 5307 formula funds and Section 5309 Fixed Guideway Modernization

Other Sources

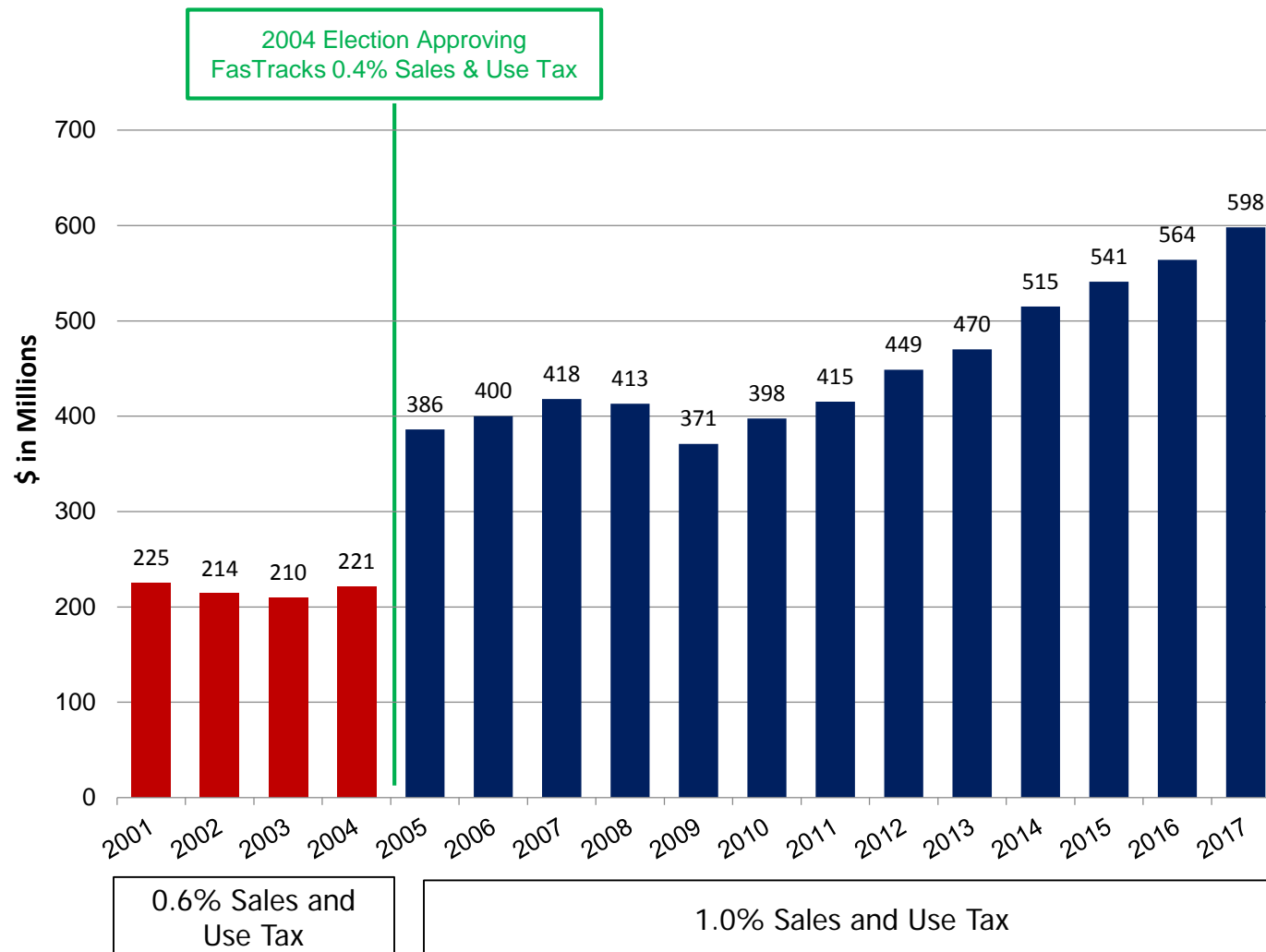
- **\$24.9 million**
- Includes advertising, investment income, BAB subsidy funds, rental income, parking income, 3rd party contributions and other sources



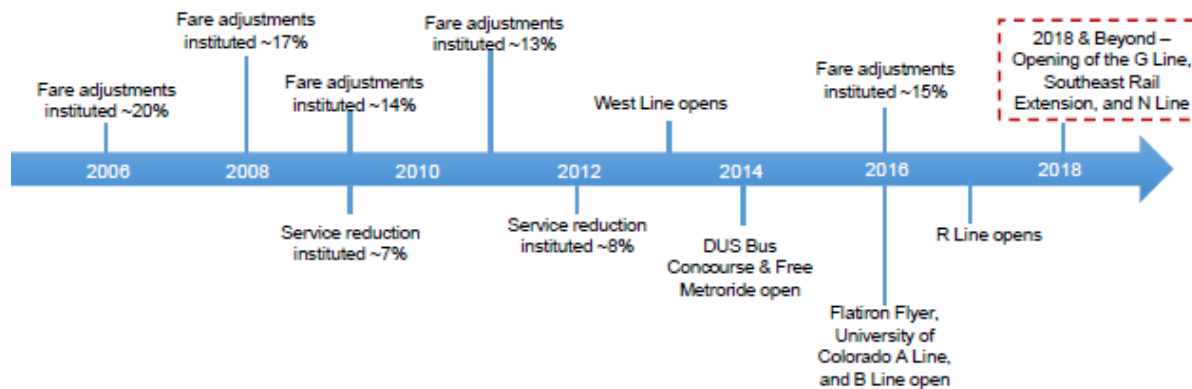
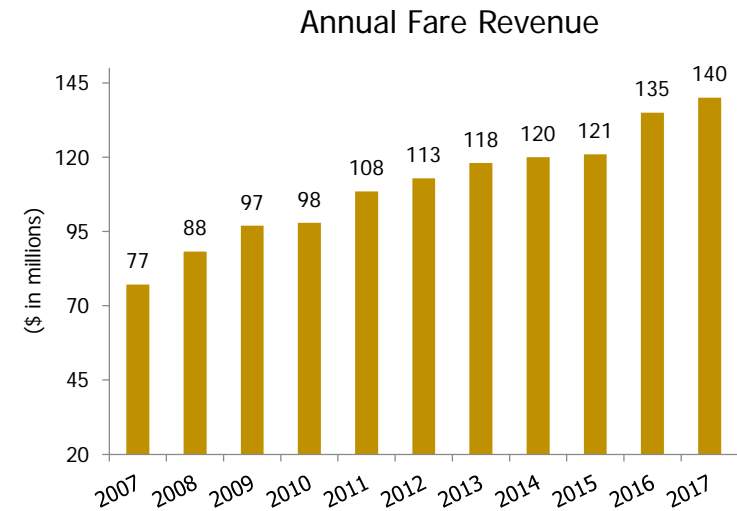
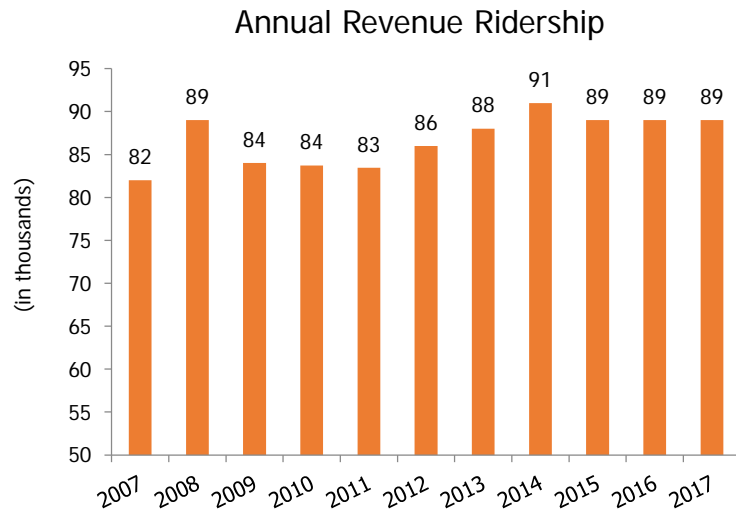
Sales Tax Revenue Collections by Industry (2017)



History of Sales Tax Revenue Collections



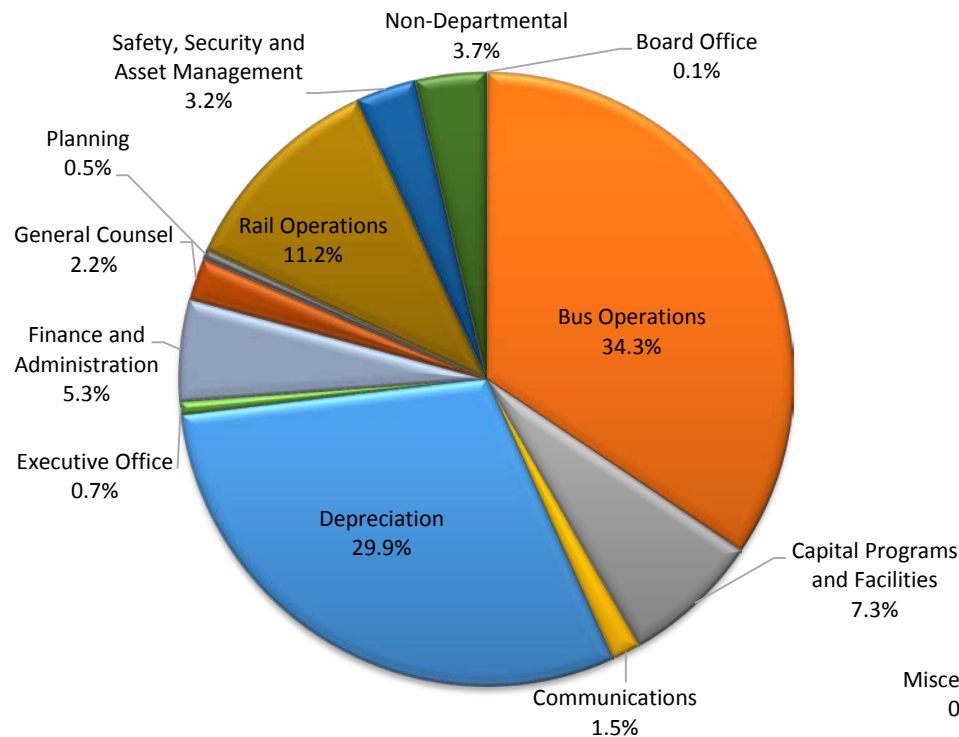
Annual Revenue Ridership and Fare Revenue



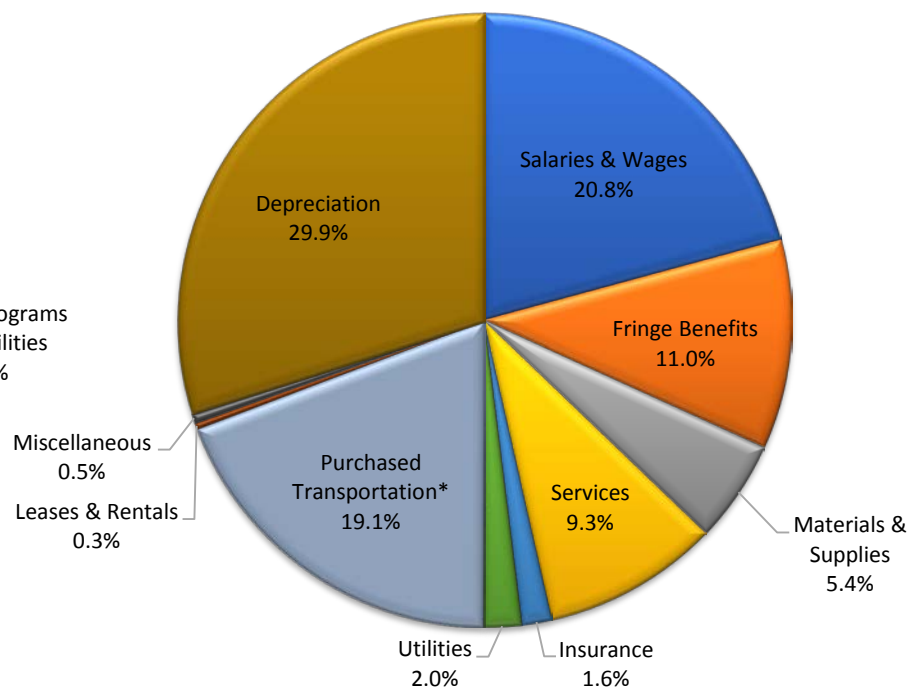
- For the past five years, RTD's farebox recovery ratio is approximately 23-24%

System-Wide Operating Expenses in 2017

Expenses by Department



Expenses by Type



**RTD contracts out approx. 55% of its bus services*

IV. Debt Portfolio

Credit Structure

Sales Tax Bonds

- Base System Sales Tax Bonds (0.6%) – Closed lein, Final Maturity in 2024
- FasTracks Sales Tax Bonds (0.4%)

Service Payment – Eagle P3 Project

- Two Components:
 - TABOR Portion – Gross revenue pledge of Base System Sales Tax and FasTracks Sales Tax after payment of Base System Sales Tax Bonds, FasTracks Sales Tax Bonds, and TIFIA loan
 - Appropriated Portion – Parity with all other operating expenses and Certificates of Participation

Certificates of Participation ("COPs") & Capital Leases

- Annual appropriation secured by leased assets
- Base System COPs may not be paid from 0.4% FasTracks Sales Tax

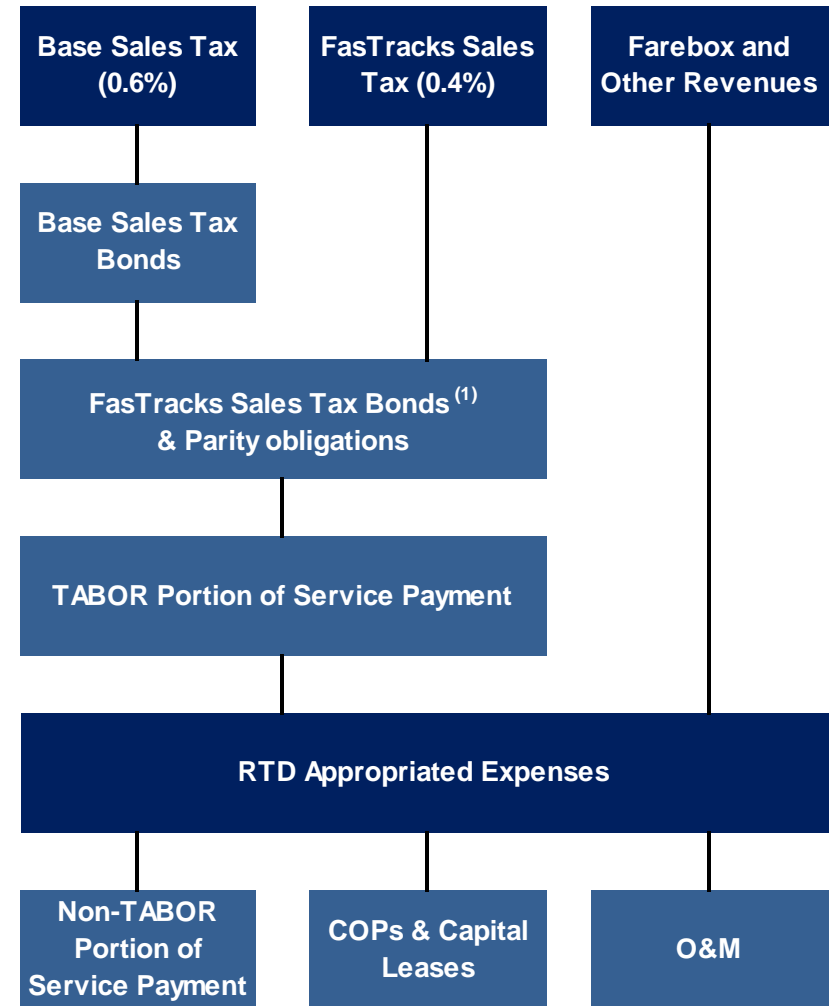
Operations and Maintenance (System-Wide)

- Base System operations may not be subsidized by 0.4% FasTracks Sales Tax
- FasTracks operations secured by all available revenues

Capital Investments

Administration

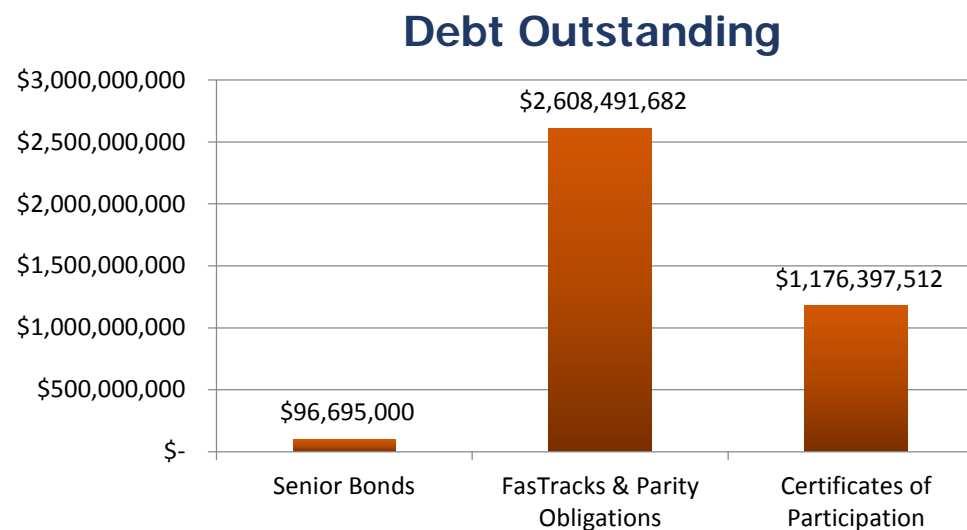
Operations & Maintenance



(1) Includes TIFIA Loan which is a Parity Obligation.

Debt Outstanding

	Moody's	S&P	Fitch
Senior Bonds	Aa1 Stable	AAA Stable	AA Stable
FasTracks & Parity Bonds	Aa2 Stable	AA+ Stable	AA Stable
Certificates of Participation and Lease Purchase Agreements	Aa3 Stable	A Stable	AA- Stable



Outstanding Sales Tax Obligations

As of December 31, 2017

Sales Tax Bonds (0.6% Base Sales Tax)

Sales Tax Revenue Refunding Bonds, Series 2007A	69,825,000
Sales Tax Revenue Refunding Bonds, Series 2013A	26,870,000
Total	\$ 96,695,000

FasTracks Bonds (0.4% Sales Tax)

Sales Tax Refunding Bonds (FasTracks Project), Series 2007A	220,480,000
Sales Tax Revenue Bonds (FasTracks Project), Series 2010A	79,140,000
Sales Tax Revenue Bonds (FasTracks Project), Taxable Series 2010B	300,000,000
Sales Tax Revenue Bonds (FasTracks Project), Series 2012A	474,935,000
Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2013A	204,820,000
Sales Tax Revenue Bonds (FasTracks Project), Series 2016A	194,965,000
Sales Tax Revenue Bonds (FasTracks Project), Series 2017A	82,895,000
Sales Tax Revenue Refunding Bonds (FasTracks Project), Series 2017B	119,465,000
Total	\$ 1,676,700,000

TIFIA Loan and Other Parity Obligations

Eagle P3 TIFIA Loan*	\$ 341,878,142
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TABOR Portion of the Service Payment

TABOR Portion of the Service Payment (Eagle P3 Project)	\$ 589,913,540
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- Sales Tax Bonds are special limited obligations of RTD payable from and secured by a 1st lien on the revenues received by RTD from its 0.6% sales tax.
- FasTracks Bonds are special limited obligations of RTD payable from and secured by a (i) 1st lien on the revenues received by RTD from its 0.4% sales tax and (ii) 2nd lien on the revenues received by RTD from its 0.6% sales tax.
- No Sales Tax Obligations bear a variable rate of interest or are subject to acceleration.

Sales Tax Debt Service Coverage

Base Sales Tax Bonds

Year	Pledged Sales	Total	Coverage
	and Use Tax Revenues	Debt Service	
2013	281,152	24,101	11.7
2014	308,833	28,768	10.7
2015	324,911	28,769	11.3
2016	338,159	28,766	11.8
2017	358,912	28,625	12.5

FasTracks Bonds

Year	Pledged Sales	Total	Coverage
	and Use Tax Revenues	Debt Service	
2013	444,485	61,403	7.2
2014	485,953	69,759	7.0
2015	512,749	69,763	7.3
2016	534,832	69,760	7.7
2017	569,562	79,768	7.1

Outstanding Appropriation Obligations

Certificates of Participation and Lease Purchase Agreements

Certificates of Participation Taxable Refunding, Series 2007A	6,255,000
Certificates of Participation, Series 2010A	108,655,000
Certificates of Participation, Taxable Series 2010B	100,000,000
Certificates of Participation, Series 2013A	175,965,000
Certificates of Participation, Series 2014A	440,915,000
Certificates of Participation, Series 2015A	128,915,000
Lease Purchase Agreement, Series 2016	62,552,512
Lease Purchase Agreement, Series 2017	153,140,000
Total	\$ 1,176,397,512

- Certificates of Participation and Lease Purchase Agreements are secured by the (i) leased property and (ii) lease payments by RTD pursuant to their lease with RTD Asset Acquisition Authority for the leased asset, and payable from such lease payments.
- No Certificates of Participation bear a variable rate of interest or are subject to acceleration.
- For the adopted 2018-2022 budget plan, RTD will not issue any new COP's or Lease Purchase Agreements and will instead fund capital replacements from reserves.

Question & Answer