Claude Pumilia
11/12/09

Next Steps w/ TIFIA

- TIFIA will not accept an application without the preliminary written ratings opinion
  - Anticipated to receive this early next week (11/16-11/18)
  - The application can be formally submitted once the opinion is received
- Next step is a formal presentation/workshop with TIFIA, RRIF, Scully Capital and members of Credit Council
  - This is a normal TIFIA requirement and they will invite members of Credit Council to help expedite our review process
  - Meeting schedule:
    - Morning: 2 hour formal presentation with Q&A on the Project, proposed financing, etc.
    - Afternoon: detailed work session with both agencies and Scully to work through timing, capital structure and finalize the proposal for Credit Council
- Following the presentation, Credit Council will be scheduled to discuss the proposal and provide a recommendation to the Secretary of Transportation (approval)

Bill Mosher(?)
Exec Session
11/12/09
Now Public
Document -
Vote to
Approve

Revised Extended Limited Notice to Proceed
Costs Through February 28, 2010

Dated: November 12, 2009

DUSPA Costs (Paid to Date and Anticipated)

OCIP WC Down Payment	$376,344
OCIP GL Down Payment	$303,116
OCIP Initial Loss Fund	$763,084
OCIP Umbrella Policy Down Payment	$474,894
Excess Liability	$225,000
Contractors Pollution Coverage	$129,593
Builders Risk Policy	$509,146
Build Out of RTD Space & Window Replacement (Suite 250)	$0
Permits & Fees	$300,000
Owner's Contingency & Other Costs	$0
Subtotal Non-Kiewit Costs	**$3,081,177**

Kiewit Costs

Pay Applications through September 2009	**$13,159,705**
Revised LNTP Costs	
Architectural & Engineering	$7,500,000
Subsurface Investigation	$53,000
Mobilization Costs	$1,000,000
Yard Rent	$170,000
Land Rent	$300,000
Security	$60,000
RTD/TCC Office Buildout	$700,000
Erosion Control Maintenance/Snow Removal	$100,000
Temporary Walkways	$100,000
Sunshine Property Rent	$150,000
Struct Steel Procurement	$410,000
Amtrak Temp Train Station	$875,000
Amtrak Temp Train Station Lease Payment (FSG Building)	$150,000
Amtrak Temp Facility Rental Agreement	$325,000
FSG Facility Buildout & Move	$500,000
Sub-Contractor Costs (NTE)	$2,300,000
Structural Concrete (procure re-inforcing steel)	$700,000
Rail Steel Procurement	$1,000,000
Partnering Sessions	$50,000
Contingency	$1,000,000
Kiewit Bond	$10,000
General Conditions	$3,300,000
Subtotal for Rev. LNTP	**$20,753,000**
Kiewit G&A (6.5%)	$1,348,945
Subtotal Construction Costs + G&A	**$22,101,945**
Kiewit Fee (7.5%)	$1,657,646
Total Construction Costs + G&A + Fee	**$23,759,591**
Project Total	**$40,000,473**

ALEX BROWN CONSULTING

TO: Amy Doppelt and Jose Acosta
FROM: Alex Brown
SUBJECT: Denver Union Station Project Authority (DUSPA)
DATE: November 4, 2009

In accordance with our discussions, I am submitting a revised and reorganized finance plan and term sheet for DUSPA to be reviewed and rated by Fitch Ratings. The new structure changes the lien position for the two loans that will constitute DUSPA's debt obligations. Specifically, the TIFIA loan will now be the senior lien note and the RRIF obligation will be in a subordinate lien position. DUSPA is requesting that Fitch provide a rating for the senior (TIFIA) obligation. Any rating request for the subordinate note will be submitted at a later date. All documents previously submitted will be used as planned and drafted. This includes the indenture of trust, the RTD funding agreement, the pledge of tax-increment revenues and the mill levy pledge from the DUS Metropolitan District.

DUSPA is changing its finance plan to eliminate what has been an issue during the current credit review process, namely the springing lien associated with the TIFIA program within the US DOT. Positioning this loan as the senior lien obligation under DUSPA's revised plan of finance eliminates the requirement for a springing lien. The RRIF loan, which previously held the senior lien position, will now be subordinate to the TIFIA obligation. The terms of the RRIF loan do not include a springing lien requirement.

This approach will allow DUSPA to satisfy a threshold requirement for consideration of its loan application to TIFIA- namely an investment grade rating on the senior (TIFIA) obligation. The payment of the TIFIA loan will be secured by the pledged sales tax revenues from RTD. Annual debt service on the TIFIA loan will not exceed the annual RTD payment. The pledge from RTD has several attributes justifying an investment grade rating for the senior (TIFIA) obligation. They include:

1) RTD's pledge to pay $12 annually is a multiple fiscal year obligation not subject to Board budget or appropriation action each year.
2) The RTD payment is voter approved and entered into under authority granted to RTD by the November 2004 ballot question. As such, it is a debt obligation of RTD.
3) The payment amount will be managed by RTD's bond trustee. The trustee will deposit $1 million each month from pledged sales tax revenues into the account for the DUSPA payment. The trustee will make $6 million payments directly to DUSPA's trustee each May and November. Therefore, pledged

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revenues flow from trustee to trustee and do not pass through any account managed by RTD or DUSPA.

4) The payment is secured by a gross sales tax revenue pledge to RTD's bond indenture. This indenture (aka the FasTracks indenture) is secured by a first lien on RTD's 0.4% sales tax and a lien on RTD's 0.6% sales tax, net of currently outstanding bonds. (RTD's indenture with a first lien on the 0.6% sales tax has been closed.)
5) RTD has covenanted to maintain not less than a 1.10 coverage by pledged revenues for DUSPA's annual payment. RTD currently has an additional bonds test for senior lien debt to be issued under the FasTracks indenture that requires 2.00 coverage for additional bonds.
6) RTD has agreed that its issuance of debt having a lien senior to the DUSPA payment will be contingent on RTD remaining current in the payment of the DUSPA obligation from pledged and available revenues.
7) DUSPA's right to receive its payment is superior to any COP or annual appropriation debt which requires an annual appropriation action by RTD. This is evidenced by the fact that DUSPA is paid before net revenues for COP payments are remitted to RTD.
8) RTD uses net revenue after payment of its debt obligations (including the DUSPA payment) to fund transit operations. This is similar to many transit agencies that use tax revenue to fund operating costs. This means there is a practical limit to RTD's debt exposure since owning transit assets that lack operating revenues is not a desirable outcome. In addition to RTD's additional bonds test, they operate with an internal policy that requires a minimum of 1.20 debt coverage net of O & M costs.
9) RTD has prepared a recent (September 2009) financial projection used for a filing to the Federal Transit Administration that includes full debt issuance under their current debt authorization. This shows that the combined coverage ratio for all existing and proposed FasTracks debt, to include the DUSPA obligation, will have coverage from pledged revenues of between 3.76 (in 2016) and 8.19 (in 2018) from 2010 and 2018. From 2019 through 2030 the coverage ratio is over 9.00.

The last point is the best indicator of the actual coverage the DUSPA will enjoy from the pledge of RTD tax revenues.

Upon receipt of the shadow rating, DUSPA will proceed to negotiate final loan terms and conditions with TIFIA and RRIF. This package will be presented to Fitch for a final rating.

Please contact me for any additional information that may be required to complete the shadow rating process.

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