

AEROTROPOLIS REGIONAL TRANSPORTATION AUTHORITY
SPECIAL BOARD MEETING AGENDA

Board of Directors:

Matthew Hopper, Chairman
Dave Gruber, Vice-Chair
Nicole Johnston, Secretary
Steve O’Dorisio, Treasurer
Charles “Chaz” Tedesco, Director

Date: January 9, 2019 (Wednesday)
Time: 11:00 a.m.
Place: City of Aurora
15151 E. Alameda Parkway
Aurora, CO 80012
(5th Floor Mt. Elbert Conference Room)

- 1. CALL TO ORDER

- 2. DECLARATION OF QUORUM/DIRECTOR QUALIFICATIONS/DISCLOSURE MATTERS

- 3. APPROVE AGENDA

- 4. PUBLIC COMMENT and/or GUESTS
Members of the public may express their views to the Board on matters that affect the Authority, Comments will be limited to three (3) minutes. Please sign in.

5. **CONSENT AGENDA**

Consent Agenda - The items listed below are a group of items to be acted on with a single motion and vote by the Board. The Board has received the information on these matters prior to the meeting. An item may be removed from the consent agenda to the regular agenda, if desired, by any Board member. Items on the consent agenda are then voted on by a single motion, second, and vote by the Board.

A. Other

6. ENGINEERING/CONSTRUCTION MATTERS

- A. Update on Initial Design and Adjacent Improvements Initial Design IGA - Todd Johnson
 - 1. Discuss Schedio Review of Project Costs

7. FINANCIAL MATTERS

- A. Discuss Schedule for Financing of \$200,000,000 Regional Transportation Improvements – Ehlers / Citigroup
 - 1. Update on Market Study process
 - 2. Update on bond documents
 - 3. Update on Plan of Finance (enclosed)
- B. Other

8. MANAGER MATTERS

- A. Website Update
- B. Other

9. LEGAL MATTERS

- A. Discussion and possible action on the “Mini IGA” Extension and Next Steps
- B. Discussion and possible action concerning regional public improvements financing options (possible executive session under C.R.S. 24-6-402(4)(e) to develop negotiating positions, strategy, or instruct negotiations concerning the same).

10. OTHER BUSINESS

11. ADJOURNMENT

TIMELINE

- | | |
|--------------------------|---|
| January 14, 2019 | Board Meeting to discuss six month extension of “Mini” IGA funding |
| January 15, 2019 | Anticipate running out of funding for the remaining “Mini” IGA sub elements so AACMD needs to provide 30 day notice to stop work. |
| *January 15, 2019 | Consideration of Agreement for Funding between AACMD and ARTA for all ARTA improvements. |

NEXT SCHEDULED BOARD MEETING
Wednesday, January 16, 2019 at 11:00 a.m.
Adams County Government Center
4430 S. Adams County Parkway
Brighton, CO 80601
(5th Floor Study Session Conference Room)

FUTURE MEETING SCHEDULE

Monday, January 14, 2019
Wednesday, January 23, 2019
Wednesday, January 30, 2019
Wednesday, February 6, 2019
Wednesday, February 13, 2019
Wednesday, February 20, 2019
Wednesday, February 27, 2019
Wednesday, March 6, 2019
Wednesday, March 13, 2019
Wednesday, March 20, 2019
Wednesday, March 27, 2019
Wednesday, April 3, 2019
Wednesday, April 10, 2019
Wednesday, April 17, 2019
Wednesday, April 24, 2019
Wednesday, May 1, 2019
Wednesday, May 8, 2019
Wednesday, May 15, 2019
Wednesday, May 22, 2019
Wednesday, May 29, 2019
Wednesday, June 5, 2019
Wednesday, June 12, 2019
Wednesday, June 19, 2019
Wednesday, June 26, 2019



Memo

To: Aerotropolis Regional Transportation Authority Board

From: James A. Mann, Ehlers

Cc: Bob Blodgett/Anna Jones, CLA
Rick Kron/Tom George, Spencer Fane
Eric Weaver/Rick Gonzales, Marchetti & Weaver
Elizabeth Funk, Citi
Melissa Buck, Ehlers

Date: January 7, 2019

Subject: Preliminary Financing Plan – Please note some of the attached pages are designed to be printed 11x17

Ehlers has been tasked with developing a financing plan for the purposes of providing the first tranche of debt issuance for the ARTA projects associated with the Aerotropolis Area Consolidated Metropolitan District (AACMD) development. At the direction of ARTA Board, the financing plan is designed to address the financing and repayment of the first four years of project expenses, approximately \$15.3 M for 2019 and 2020 and a lesser amount of approximately \$1.8 M 2021 and 2022.

As you are aware, we have received a basic market analysis of the proposed development that indicates the following:

- Annual absorption of between 150 and 1,000 units
- Base single-family price point of \$485,000

At the writing of this memorandum and the formulation of the attached financing plan, Ehlers has been unable to verify background information that would support the two key assumptions stated above. Based on the authorization given at the January 2, 2019 meeting of the ARTA, Ehlers did reach out and scheduled a call with ArLand Land Use and Economics to discuss the methodology behind the key components of the study above, however that conference call was preempted by ArLand with the suggestion that Ms. Rita Connerly, counsel to the developer, would contact Ms. Elizabeth Funk to discuss further.

Therefore, while Ehlers used the above key assumptions in its Preliminary Finance Plan, the use of the assumptions is subject to change and modification while we await the independent market study that the ARTA Board authorized Citi to commission through MetroStudy. The above being said, the key assumptions that were used in developing the attached financing plan are as follows:



- 150 single-family units developed annually, beginning in 2019 for a 10-year period
- \$485,000 average base price of a single-family home
- 100 multi-family units developed annually, beginning in 2024 for a 6-year period
- \$225,000 average base price per multi-family unit
- No assumption of either commercial or industrial development
- Oil and Gas Revenues per the developer and included in the DA Davidson financial projections dated December 27, 2018
- Debt issuance approximately April 1, 2019
 - Project Funds to fund 2019 and 2020 ARTA projects
 - Take-out of existing (\$750,000) and future (\$1,000,000) advances from the AACMD, including interest @ 9.00%
- Cash financing of 2021 and 2022 projects

Based on the above, we have developed the following finance plan that is attached for your review and consideration. An explanation of each page is as follows:

1. **Project Financing Plan:** Identifies the projects as agreed upon by the participating parties, broken into several tranches of proposed debt issues. This financing plan only addresses the 2019-2022 anticipated project expenses. The plan uses the DA Davidson inflated construction costs at 2.0%, although Ehlers notes the BLS reported Denver MSA inflation number at 3.7%, which suggests that a more detailed analysis of construction cost inflation should be undertaken.
2. **Preliminary AACMD (Aurora Highlands Absorption):** Anticipates that the project will absorb a minimum of 150 homes per year, starting with 2019 and 100 multi-family units starting in 2024. Total units that are anticipated for the draft plan represent 17.90% of the total anticipated units to be developed. Assumes a Gallagher adjustment to the assessment ratio down from 7.20% to 6.78% (last reported target from the Colorado Legislative Counsel) and a semi-annual reassessment of 4.00%. Preliminary plan does not include any commercial or industrial development.
3. **Aurora Revenue Projection:** Based on the anticipated absorption from Page 2, estimates the Aurora portion of the revenues from the Transportation Impact Fees and the Use Tax Revenues.
4. **Adams County & RTA Revenue Projection:** Based on the anticipated absorption from Page 2, Oil & Gas Revenues per the developer and included in the DA Davidson financial projections dated December 27, 2018, estimates the Adams County and RTA revenues. Again, assumes that there will be a Gallagher adjustment to the assessment ration down to 6.78% and a semi-annual reassessment of 4.00%.
5. **Initial Capital Finance Plan:** Illustrates a theoretical 30-year financing at an effective interest rate of 6.50% financing to meet the 2019 and 2020 needs of the ARTA, including 2.5 years of capitalized interest. The debt would be paid for through the revenues



generated from the proposed limited absorption schedule. Further assumes that the 2021 and 2022 projects will be cash financed through the revenues of the Authority. Maintains a minimum average 1.30x coverage through 2030, at which time a \$6.0 M plus reserve would be built up. After 2030, coverage would be a minimum 1.10x (Note: Citi would prefer that the minimum coverage be in the 1.20-1.25x range, which would require additional revenue resources that primarily would be derived from increased absorption).

Based on the above assumptions, Ehlers believes there would be a reasonable expectation that the funding of the 2019 and 2020 ARTA projects would be repaid over the course of 30 years. However, prior to proceeding with additional funding of projects, Ehlers believes that the ARTA should have clarification on the following:

- Understanding of the current ownership of the area within the AACMD, and the status and terms of any agreements that AACMD has with individual builders
- Understanding and clarification of the status of Oil & Gas Rights and Extraction Agreements to support the developer included revenues in the DA Davidson financial projections dated December 27, 2018
- Memorandum of Understanding between the AACMD and the Colorado Department of Transportation setting forth acknowledgement of and terms associated with access to I-70 at Powhaton Road
- Memorandum of Understanding between the AACMD and E-470 setting forth the acknowledgement of and terms associated with access to E-470 at the existing toll plaza and future interchange

It should be further acknowledged that the above Preliminary Finance Plan is subject to change based upon the delivery of an independent market study, market conditions, absorption, etc.

Future funding of the entire project list included in the tri-party agreement between the City of Aurora, Adams County and AACMD will be based on the anticipated delivery of a comprehensive market study, actual development trends, access to capital markets and other economic factors.





Project Financing Plan - Preliminary



Denver CPI (per BLS) 3.7%

Project	Description (RTA Portion)	Total Cost	RTA Total	Year														Total		
				0	1	2	3	4	5	6	7	8	9	10	11	12	13		14	
				2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033	
A	48th Avenue E470 to Gun Club	4,899,840	1,714,944							428,739	1,289,209							1,714,944		
B	48th Avenue Gun Club to Harvest	6,082,560	2,128,896											532,224	1,596,672			2,128,896		
C	48th Avenue Harvest to Powhatan	12,165,120	4,257,792											1,084,448	3,193,344			4,257,792		
D	38th Avenue Himalaya to E470 (NB)	14,931,280	14,931,280	746,564	746,564							6,719,076	6,719,076					14,931,280		
E	38th Avenue Himalaya to E470 (SB)	8,039,920	8,039,920														4,019,960	4,019,960	8,039,920	
F	TAH Parkway E470 to Main St	3,674,880	3,674,880	918,720	2,756,160														3,674,880	
G	TAH Parkway Main St to Aura Blvd	7,349,760	2,939,904	734,976	2,204,928														2,939,904	
H	TAH Parkway Aura Blvd to Powhatan	26,169,600	9,159,360					1,831,872	3,663,744	3,663,744									9,159,360	
I	26th Avenue E470 to Main St	3,210,240	1,123,584	280,896	842,688														1,123,584	
J	26th Avenue Main St to Harvest	9,630,720	3,370,752											674,150	1,348,301	1,348,301			3,370,752	
K	27th Avenue Harvest to Powhatan	14,530,560	5,085,696											1,017,139	2,034,278	2,034,278			5,085,696	
L	Powhatan Road I-70 to 26th St	18,928,000	12,303,200					2,460,640	4,921,280	4,921,280									12,303,200	
M	Powhatan Road 26th St to 48th	32,032,000	20,820,800					4,164,160	8,328,320	8,328,320									20,820,800	
N	Powhatan Road 48th to 56th	25,920,000	16,848,000					3,369,600	6,739,200	6,739,200									16,848,000	
O	E470/38th Interchange Interchange	24,000,000	24,000,000	1,200,000	1,200,000						4,800,000	9,600,000							24,000,000	
P	HM/PR/I-70 Interchange	36,000,000	36,000,000	1,440,000	1,440,000									720,000	10,800,000	10,800,000	10,800,000		36,000,000	
Q	Powhatan/I-70 Int Initial Interchange	6,080,000	6,080,000	304,000	304,000	608,000	1,216,000	1,824,000	1,824,000								0		6,080,000	
R	Picadilly Interchange Interchange (NEATS)	49,440,000	2,472,000																	2,472,000
Total				5,625,156	9,494,340	608,000	1,216,000	13,650,272	25,905,280	29,738,752	16,319,076	6,719,076	4,007,961	18,972,595	14,182,579	10,800,000	11,219,960	4,019,960	172,479,007	
Inflated Construction Costs at 3.7%				5,625,156	9,845,831	653,824	1,358,032	15,785,427	31,065,766	36,982,416	21,044,900	8,985,445	5,558,178	27,284,393	21,150,543	16,702,014	17,993,479	6,685,353	226,718,555	
DA Davidson Inflated Construction Costs at 2.0%				5,625,156	9,684,227	632,563	1,290,429	14,775,493	28,601,522	33,490,665	18,745,489	7,872,468	4,789,884	23,127,487	17,634,254	13,697,011	14,514,215	5,304,252	199,785,117	

- 2019 Tranche
- 2023 Tranche
- 2025 Tranche
- 2028 Tranche
- 2032 Tranche



Preliminary Aurora Highlands Absorption



Scenario Chooser								
Scenario	Scenario Description	Start Date	Scenario Description	Start Date	Scenario Description	Start Date	Scenario Description	
1	0.0%	12/1/2011	0.0%	12/1/2011	0.0%	12/1/2011	0.0%	12/1/2011
2	-10.0%	12/1/2011	-10.0%	12/1/2011	-10.0%	12/1/2011	-10.0%	12/1/2011
3	-20.0%	12/1/2011	-20.0%	12/1/2011	-20.0%	12/1/2011	-20.0%	12/1/2011
4	-30.0%	12/1/2011	-30.0%	12/1/2011	-30.0%	12/1/2011	-30.0%	12/1/2011
5	-40.0%	12/1/2011	-40.0%	12/1/2011	-40.0%	12/1/2011	-40.0%	12/1/2011

Year / Rate	Residential			Multi-Family			Office			Industrial			Total	
	Units Completed	Revenue	Value	Units Completed	Revenue	Value	Units Completed	Revenue	Value	Units Completed	Revenue	Value		
2017	150	488,000	150	150	488,000	150	150	488,000	150	488,000	150	488,000	150	
2018	150	485,000	150	150	485,000	150	150	485,000	150	485,000	150	485,000	150	
2019	150	494,700	150	150	494,700	150	150	494,700	150	494,700	150	494,700	150	
2020	150	504,500	150	150	504,500	150	150	504,500	150	504,500	150	504,500	150	
2021	200	514,086	150	150	514,086	200	150	514,086	200	150	514,086	200	150	
2022	250	534,980	150	150	534,980	250	150	534,980	250	150	534,980	250	150	
2023	300	535,479	150	150	535,479	300	150	535,479	300	150	535,479	300	150	
2024	375	545,189	150	150	545,189	375	150	545,189	375	150	545,189	375	150	
2025	375	537,117	150	150	537,117	375	150	537,117	375	150	537,117	375	150	
2026	375	568,255	150	150	568,255	375	150	568,255	375	150	568,255	375	150	
2027	375	579,620	150	150	579,620	375	150	579,620	375	150	579,620	375	150	
2028	375	591,712	150	150	591,712	375	150	591,712	375	150	591,712	375	150	
2029	375	603,037	150	150	603,037	375	150	603,037	375	150	603,037	375	150	
2030	375	615,097	150	150	615,097	375	150	615,097	375	150	615,097	375	150	
2031	375	627,399	150	150	627,399	375	150	627,399	375	150	627,399	375	150	
2032	375	639,847	150	150	639,847	375	150	639,847	375	150	639,847	375	150	
2033	375	652,746	150	150	652,746	375	150	652,746	375	150	652,746	375	150	
2034	375	665,801	150	150	665,801	375	150	665,801	375	150	665,801	375	150	
2035	375	679,117	150	150	679,117	375	150	679,117	375	150	679,117	375	150	
2036	375	692,699	150	150	692,699	375	150	692,699	375	150	692,699	375	150	
2037	375	706,559	150	150	706,559	375	150	706,559	375	150	706,559	375	150	
2038	375	720,684	150	150	720,684	375	150	720,684	375	150	720,684	375	150	
2039	375	735,098	150	150	735,098	375	150	735,098	375	150	735,098	375	150	
2040	375	749,806	150	150	749,806	375	150	749,806	375	150	749,806	375	150	
2041	375	764,796	150	150	764,796	375	150	764,796	375	150	764,796	375	150	
2042	375	780,082	150	150	780,082	375	150	780,082	375	150	780,082	375	150	
2043	375	795,684	150	150	795,684	375	150	795,684	375	150	795,684	375	150	
2044	375	811,608	150	150	811,608	375	150	811,608	375	150	811,608	375	150	
2045	375	827,840	150	150	827,840	375	150	827,840	375	150	827,840	375	150	
2046	375	844,397	150	150	844,397	375	150	844,397	375	150	844,397	375	150	
2047	375	861,285	150	150	861,285	375	150	861,285	375	150	861,285	375	150	
2048	375	878,510	150	150	878,510	375	150	878,510	375	150	878,510	375	150	
2049	375	896,081	150	150	896,081	375	150	896,081	375	150	896,081	375	150	
2050	375	914,003	150	150	914,003	375	150	914,003	375	150	914,003	375	150	
2051	375	932,282	150	150	932,282	375	150	932,282	375	150	932,282	375	150	
2052	375	950,928	150	150	950,928	375	150	950,928	375	150	950,928	375	150	
2053	375	969,946	150	150	969,946	375	150	969,946	375	150	969,946	375	150	
2054	375	989,345	150	150	989,345	375	150	989,345	375	150	989,345	375	150	
2055	375	1,009,132	150	150	1,009,132	375	150	1,009,132	375	150	1,009,132	375	150	
2056	375	1,029,315	150	150	1,029,315	375	150	1,029,315	375	150	1,029,315	375	150	
2057	375	1,049,901	150	150	1,049,901	375	150	1,049,901	375	150	1,049,901	375	150	
2058	375	1,070,899	150	150	1,070,899	375	150	1,070,899	375	150	1,070,899	375	150	
2059	375	1,092,317	150	150	1,092,317	375	150	1,092,317	375	150	1,092,317	375	150	
2060	375	1,114,184	150	150	1,114,184	375	150	1,114,184	375	150	1,114,184	375	150	
2061	375	1,136,447	150	150	1,136,447	375	150	1,136,447	375	150	1,136,447	375	150	
2062	375	1,159,176	150	150	1,159,176	375	150	1,159,176	375	150	1,159,176	375	150	
2063	375	1,182,359	150	150	1,182,359	375	150	1,182,359	375	150	1,182,359	375	150	
2064	375	1,206,006	150	150	1,206,006	375	150	1,206,006	375	150	1,206,006	375	150	
2065	375	1,230,127	150	150	1,230,127	375	150	1,230,127	375	150	1,230,127	375	150	
2066	375	1,254,729	150	150	1,254,729	375	150	1,254,729	375	150	1,254,729	375	150	
2067	375	1,279,824	150	150	1,279,824	375	150	1,279,824	375	150	1,279,824	375	150	
2068	375	1,305,420	150	150	1,305,420	375	150	1,305,420	375	150	1,305,420	375	150	
2069	375	1,331,529	150	150	1,331,529	375	150	1,331,529	375	150	1,331,529	375	150	
2070	375	1,358,159	150	150	1,358,159	375	150	1,358,159	375	150	1,358,159	375	150	
2071	375	1,385,322	150	150	1,385,322	375	150	1,385,322	375	150	1,385,322	375	150	
2072	375	1,413,029	150	150	1,413,029	375	150	1,413,029	375	150	1,413,029	375	150	
2073	375	1,441,289	150	150	1,441,289	375	150	1,441,289	375	150	1,441,289	375	150	
2074	375	1,470,115	150	150	1,470,115	375	150	1,470,115	375	150	1,470,115	375	150	
2075	375	1,499,517	150	150	1,499,517	375	150	1,499,517	375	150	1,499,517	375	150	
Total	7,446	1,800	828,774,628	1,363,313,107	4,284	900	158,939,339	249,663,319	896,415,088	5,550,493,460	988,613,825	1,104,528	753,433	6,200,000



Aurora Revenue Projection



Aurora Contribution \$ 14,152,156

Fiscal Year	Total			Tax & Fee Revenue				Total City Contribution
	Residential AV	Residential MV	Commercial MV	Use Tax Com (35% of MV)	Imp Fee Per SF Unit	Imp Fee Per MF Unit	Use Tax Res (35% of MV)	
				3.75%	\$ 612.00	\$ 431.00	3.75%	
2017	0	0	-	-	0	0	0	0
2018	0	0	-	-	0	0	0	0
2019	0	0	-	-	0	0	0	0
2020	139,519	75,689,100	-	-	91,800	0	993,419	1,085,219
2021	139,519	77,202,882	-	-	91,800	0	1,013,288	1,105,088
2022	5,276,821	78,746,940	-	-	91,800	0	1,033,554	1,125,354
2023	10,511,176	80,321,878	-	-	91,800	0	1,054,225	1,146,025
2024	17,988,627	107,266,970	-	-	91,800	43,100	1,407,879	1,542,779
2025	25,186,770	109,412,310	-	-	91,800	43,100	1,436,037	1,570,937
2026	33,536,347	111,600,556	-	-	91,800	43,100	1,464,757	1,599,657
2027	41,025,295	113,832,567	-	-	91,800	43,100	1,494,052	1,628,952
2028	50,305,034	116,109,219	-	-	91,800	43,100	1,523,933	1,658,833
2029	58,096,536	118,431,403	-	-	91,800	43,100	1,554,412	1,689,312
2030	66,433,027	0	-	-	0	0	0	0
2031	72,565,908	0	-	-	0	0	0	0
2032	75,468,545	0	-	-	0	0	0	0
2033	75,468,545	0	-	-	0	0	0	0
2034	78,487,287	0	-	-	0	0	0	0
2035	78,487,287	0	-	-	0	0	0	0
2036	81,626,778	0	-	-	0	0	0	0
2037	81,626,778	0	-	-	0	0	0	0
2038	84,891,849	0	-	-	0	0	0	0
2039	84,891,849	0	-	-	0	0	0	0
2040	88,287,523	0	-	-	0	0	0	0
2041	88,287,523	0	-	-	0	0	0	0
2042	91,819,024	0	-	-	0	0	0	0
2043	91,819,024	0	-	-	0	0	0	0
2044	95,491,785	0	-	-	0	0	0	0
2045	95,491,785	0	-	-	0	0	0	0
2046	99,311,456	0	-	-	0	0	0	0
2047	99,311,456	0	-	-	0	0	0	0
2048	103,283,915	0	-	-	0	0	0	0
2049	103,283,915	0	-	-	0	0	0	0
2050	107,415,271	0	-	-	0	0	0	0
2051	107,415,271	0	-	-	0	0	0	0
2052	111,711,882	0	-	-	0	0	0	0
2053	111,711,882	0	-	-	0	0	0	0
2054	116,180,357	0	-	-	0	0	0	0
2055	116,180,357	0	-	-	0	0	0	0
2056	120,827,572	0	-	-	0	0	0	0
2057	120,827,572	0	-	-	0	0	0	0
2058	125,660,674	0	-	-	0	0	0	0
2059	125,660,674	0	-	-	0	0	0	0
2060	130,687,101	0	-	-	0	0	0	0
2061	130,687,101	0	-	-	0	0	0	0
2062	135,914,586	0	-	-	0	0	0	0
2063	135,914,586	0	-	-	0	0	0	0
2064	141,351,169	0	-	-	0	0	0	0
2065	141,351,169	0	-	-	0	0	0	0
2066	147,005,216	0	-	-	0	0	0	0
2067	147,005,216	0	-	-	0	0	0	0
2068	152,885,424	0	-	-	0	0	0	0
2069	152,885,424	0	-	-	0	0	0	0
2070	159,000,841	0	-	-	0	0	0	0
2071	159,000,841	0	-	-	0	0	0	0
2072	165,360,875	0	-	-	0	0	0	0
2073	165,360,875	0	-	-	0	0	0	0
2074	171,975,310	0	-	-	0	0	0	0
2075	171,975,310	0	-	-	0	0	0	0
Totals				0	918,000	258,600	12,975,556	14,152,156

