

**MINUTES OF A MEETING OF
THE BOARD OF DIRECTORS OF THE
AEROTROPOLIS REGIONAL TRANSPORTATION AUTHORITY
HELD
October 31, 2018**

A meeting of the Board of Directors (the "Board") of the Aerotropolis Regional Transportation Authority (the "Authority") was held on Wednesday, October 31, 2018 at 11:00 a.m. at the City of Aurora, 15151 E. Alameda Avenue, Aurora, Colorado.

Attendance: In attendance were Board members:

Matthew Hopper, Chairman
Dave Gruber, Vice-Chairman
Nicole Johnston, Secretary
Steve O'Dorisio, Treasurer
Charles "Chaz" Tedesco, Director

Also in attendance were:

Alisha Reis and Ben Dahlman; Adams County
Jason Batchelor, Dan Brotzman and Michelle Gardner; City of Aurora
Bob Blodgett and Anna Jones; CliftonLarsonAllen LLP
Tom George; Spencer Fane LLP
MaryAnn McGeady and Elisabeth Cortese; McGeady Becher P.C.
Rick Gonzales; Marchetti & Weaver, LLC
Todd Johnson; AACMD
Carla Ferreira; AACMD
James Mann and Melissa Buck; Ehlers
Sam Sharp; D.A. Davidson

1. Call to Order and Approve Agenda

Chairman Hopper called the meeting to order at 11:38 a.m.

2. Declaration of Quorum/Director Qualifications/Disclosure Matters

Chairman Hopper noted that a quorum was present. No additional disclosures of potential conflicts of interest were made.

3. Approve Agenda

Upon a motion duly made by Vice-Chairman Gruber, seconded by Secretary Johnston Tedesco, and upon vote unanimously carried, the Board approved the agenda as presented.

4. Public Comment

There were no public comments.

5. Administrative Matters

A. Review and Consider Approval of October 17, 2018 Special Meeting Minutes

After review, upon a motion duly made by Vice-Chairman Gruber, seconded by Secretary Johnston, and upon vote unanimously carried, the Board approved the minutes of the October 17th Special Meeting minutes as presented.

B. Other

None.

6. Financial Matters

A. Discuss D.A. Davidson Financing Plan Model

Ms. Buck and Mr. Mann reviewed a PowerPoint presentation with the Board regarding the Aurora Highlands project and its ability to pay for the regional transportation system cost of approximately \$200 million. They reported that with the current assumptions of 90% of the approved homes being built (11,700 instead of 12,800) at an interest rate of 9% and an initial value of \$552,000, RTA debt can be repaid within 40 years. However, they expressed concerns regarding the approximate 25% increase in the average home value since April 2018. They stated that a market study is needed to verify the assumptions regarding housing values and absorption. The District stated the study should be complete in mid-December.

Ehlers reported that if the absorption is slowed or the housing values are lower, the RTA's debt cannot be paid within 40 years.

Mr. Mann further reported that at the graduated interest rate recommended by Ehlers of 8% for two years, 6% for five years and 5% for the balance of the repayment period, the RTA debt can be repaid by 2059.

Vice-Chairman Gruber stated the City of Aurora is considering granting a \$15 million loan at an approximate 5% interest rate within 60 to 90 days. If the Authority proceeds with the District and the lender of last resort sooner, the Aurora loan will refund the District loan at a lower rate. He also recommended that the E-470 and 38th Avenue overpass project be removed from the District funding plan so that the Authority can finance it separately.

Board members asked what the cost of funds would be for a 9% loan on \$15 million for approximately two months? Mr. Mann stated it is in the range of \$200,000 to \$300,000. The Aurora loan would also need to cover these interest amounts in addition to the principle when it refunds the lender note.

Discussion ensued regarding the E-470 and 38th Avenue overpass. Vice-Chairman Gruber stated the Authority should negotiate with E-470 on this project. Director Tedesco stated this could take one to two years to finalize with the E-470 board.

Secretary Johnston stated she is uncomfortable with a 9% interest rate on the funds without a market study. She stated she would prefer to start with a \$15 million loan from the City and do an RFP for the permanent commitment of \$200 million for the entire network, without a 9% loan first.

Chairman Hopper asked about the status of a term sheet from the City of Aurora? What will be the terms and conditions of this loan? Vice-Chairman Gruber noted the City of Aurora loan would not be approved until the market study is completed.

Treasurer O'Dorisio expressed concern about a 9% loan with the lender of last resort whose identity the Authority does not know. If the City does not loan the funds, the Authority should not start the project at 9%. He expressed concern regarding the cost of the delay of 60 days versus acting now with too high an interest rate.

Chairman Hopper recommended that the initial loan with the City of Aurora be approximately \$20 million which would finance the first four years of the road network envisioned within the establishing IGA.

Ms. McGeady stated the goal of the District is to fund their share of the adjacent \$295 million in transportation costs and close at the same time as the Authority does on the approximate \$200 million commitment for their share of the entire network. She stated that other parties are responsible for some of the \$295 million of adjacent improvements on the IGA exhibit. Ms. McGeady stated the District can't commit to a joint closing with the Authority if all of the terms for the loan are not agreed upon.

Vice-Chairman Gruber stated he would like assurances from the District that all of the remaining required infrastructure (water, sewer, storm, drainage, etc.) are also being completed in addition to the road network.

Ms. McGeady stated the term sheet and an agreement with the Authority is critical so that all the other necessary transactions with builders, contractors and others can continue to proceed concurrently. All of the different pieces must all in place at the same time.

Ms. McGeady stated the deadline of November 14th for an acceptable term sheet from the Authority remains. This is in advance of a November 15th District board meeting to decide whether to continue to proceed on the initial improvements and adjacent improvements design and construction.

Mr. Batchelor expressed concern about the deadline and schedule. He indicated the City was not aware of this deadline until recently. Chairman Hopper stated these dates have been in front of the Authority since shortly after the establishing IGA was signed.

Treasurer O'Dorisio expressed concern about completing a term sheet without the market study.

Chairman Hopper stated the term sheet will have conditions. If the conditions are not met (approved financing plan and market study) the District will not close on a loan and the Authority will not close at the same time as the District.

Secretary Johnston echoed Treasurer O'Dorisio's concern regarding the term sheet deadline of November 14th without an RFP to ensure the Authority is getting the best possible interest rate. She would like other lenders to review an RFP first. Secretary Johnston stated she is uncomfortable with negotiating an arrangement with the lender of last resort this prior to November 14th.

Chairman Hopper stated a 9% rate appears to be the market rate at the present time. It will be costly to stop and restart this process for both the Authority and the District.

Vice-Chairman Gruber noted 200 homes are to be built by January 2020. What are the consequences if the regional road network is delayed?

Director Tedesco requested additional information on the specific timelines in the Establishing IGA. He noted that if a term sheet with conditions is prepared by November 14th it does not commit the District to close on the loan.

Treasurer O'Dorisio asked if the term sheet is binding? Mr. George noted that the term sheet is an agreement to agree, it is not a final approval by the Authority on a loan.

Ms. McGeady recommended that the Authority and the District continue to work together to agree upon a term sheet so financing may be put in place and move forward.

Mr. Johnson reported the 90 day IGA expires November 23rd. The District must make a decision at their November 15th meeting as to whether to continue with design and construction. The District is attempting to meet its obligations in the establishing IGA.

Treasurer O'Dorisio asked if the initial design IGA could be extended for some period of time? Mr. George reported that he will review this issue but it will not be a simple matter to extend the 90 day IGA.

Director Tedesco again asked about timelines in the Establishing IGA and what it means if the RTA fails to meet these timelines?

Additional discussion was deferred until the Authority could meet in executive session to discuss the status of the term sheet negotiations with the District.

B. Other

None.

7. Engineering/Construction Matters

A. Update on Initial Design and Adjacent Improvements Initial Design IGA - Todd Johnson

Mr. Johnson reported the District has met with E-470, and is moving forward on the design regarding the 38th Ave. Interchange, AURA Parkway and 48th Boulevard are also proceeding with design. Meetings have been held with the City and the Urban Drainage and Flood Control District regarding design issues.

B. Review Options for Professional Engineering Independent Cost Verification Services (enclosed)

Mr. Blodgett reported that proposals and cost information will be obtained from each of these three firms for consideration at the November 7th Board meeting if possible. The District and Authority staff will develop a joint recommendation for the Authority to consider. Mr. George noted the Authority and the District will jointly contract for this independent engineering review.

8. Managers Matters

A. Other

None.

9. Legal Matters

A. Consider Approval of Amendment to By-Laws Regarding Official Minutes

Upon a motion duly made by Vice-Chairman Gruber, seconded by Secretary Johnston, and upon vote unanimously carried, the Board approved the Amendment to the By-Laws.

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).

Upon a motion duly made by Vice-Chairman Gruber, seconded by Secretary Johnston, the Board adjourned into executive session pursuant to C.R.S. 24-6-402(4)(e) to develop negotiating positions, strategy, or instruct negotiations concerning the same at 1:22 p.m. Upon a motion duly made by Vice-Chairman Gruber, second by Treasurer O'Dorisio, the Board adjourned out of executive session 2:22 p.m. No action was taken by the Board.

10. Other Business

None.

11. Adjournment

As there were no further matters to discuss, upon a motion duly made by Vice-Chairman Gruber, seconded by Treasurer O'Dorisio, the Board adjourned the meeting at 2:23 p.m.

Respectfully submitted,



Secretary for the Meeting