

FINANCING OF THE DENVER UNION STATION

"If you can find a path with no obstacles, it probably doesn't lead anywhere." Frank A. Clark

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Project Costs/Funding Sources

Challenge: Estimated project costs of over \$500M. How will the project be funded?

Solution:

- Grants
- Proceeds of Real Estate Sales
- Debt

Funding Sources

Project Finance Summary

Cash Sources	Description	Amount
FHWA	PNRS	\$ 45.3 M
FTA	5309	\$ 9.5 M
CDOT	SB-1	\$ 17.4 M
	FASTER Grant	\$ 4.0 M
DRCOG	TIP Funds	\$ 2.5 M
	ARRA (stimulus) Grant	\$ 18.6 M
RTD	ARRA (stimulus) Grant	\$ 9.8 M
	Property Sales Proceeds	\$ 38.4 M
	RTD FasTracks Contribution	\$ 40.8 M
CPV District	Bond Funds	\$ 1.0 M
TOTAL		\$187.3 M
Required Financing		(\$300.6 M)

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Identifying Borrowing Entity

Challenge: Which entity can borrow funds to finance the project and achieve the following goals:

- Issue debt which complies with state constitutional debt limitations (TABOR)
- Issue debt on a tax-exempt basis
- Pledge various revenues to repay it
- Permit all 4 partner governmental agencies (CCD, RTD, CDOT and DRCOG) as well as private partners to participate in the governance of the borrowing entity

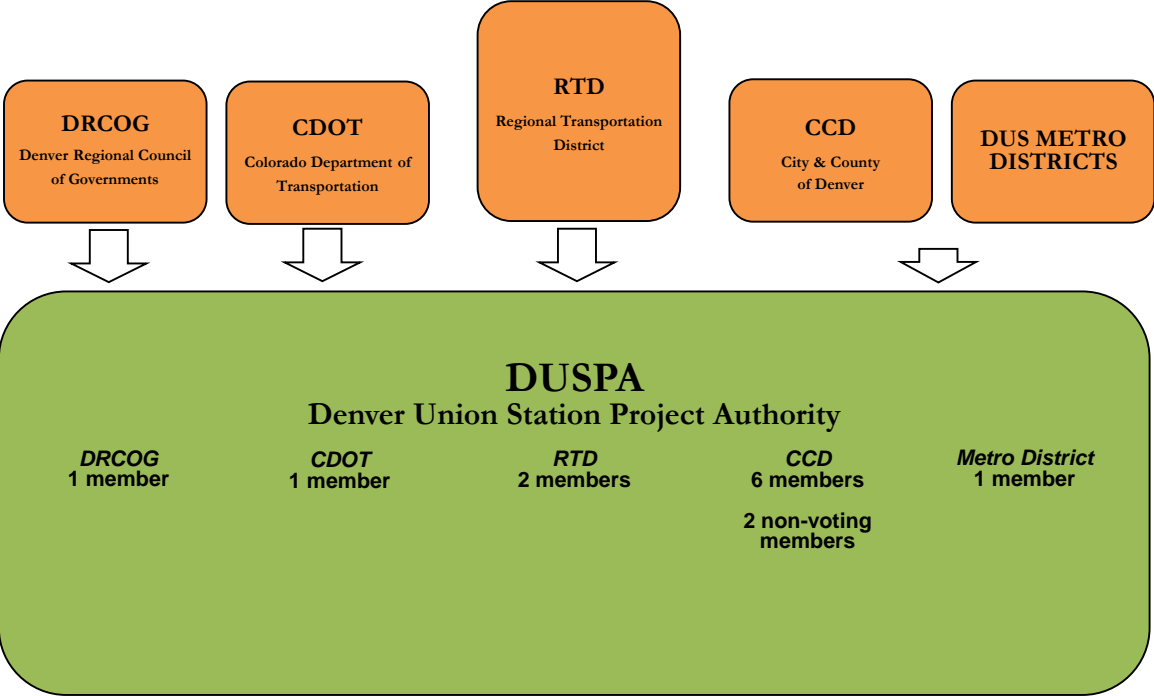
Identifying Borrowing Entity

Solution: The Denver Union Station Project Authority (DUSPA)

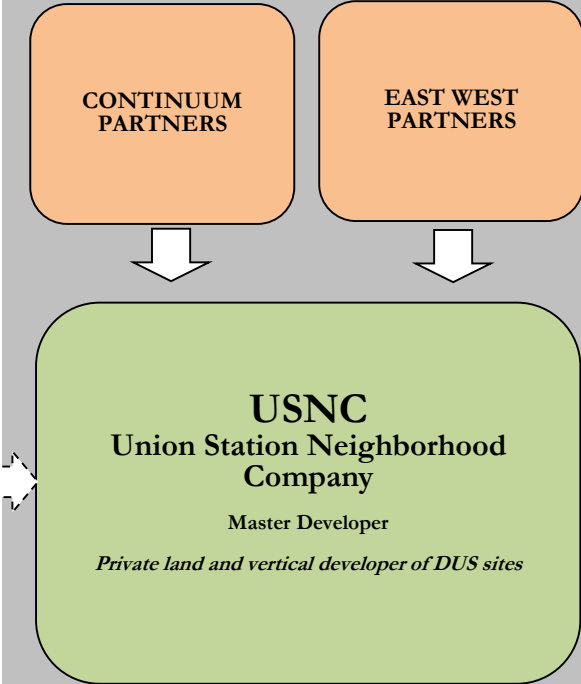
- Non-profit corporation organized under Colorado statutes by the City and County of Denver for the purpose of managing, financing and implementing the Denver Union Station Project
- An "enterprise" under TABOR with authority to issue its own revenue bonds
- "On behalf of issuer" for federal tax purposes with the power to issue tax-exempt debt
- All 4 governmental partner agencies plus the private partner participate in the governance of DUSPA through board membership

DUSPA

PUBLIC



PRIVATE



Revenue Streams

Challenge: Creating viable revenue sources to repay approximately \$300M of debt

Solution:

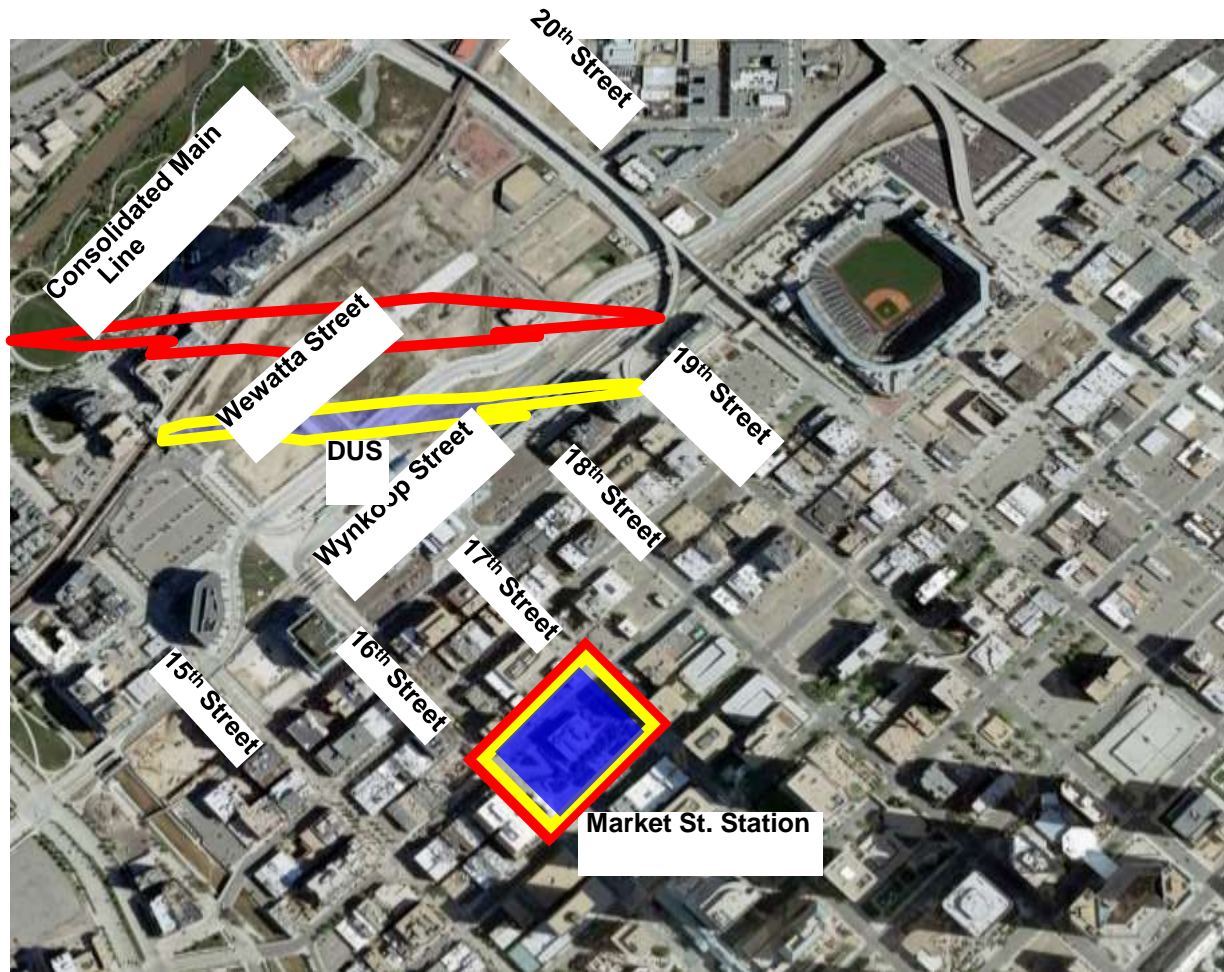
- RTD FasTracks dollars;
- Revenue generated from incremental increases in property and sales tax revenues (tax increment financing or TIF); and
- Property taxes after the TIF period expires.



To come up with the TIF and property tax revenues as additional revenue sources it was necessary to create additional legal entities, namely the Downtown Denver Authority and Denver Union Station Metropolitan Districts.

Downtown Denver Authority (DDA)

- No downtown renewal authorities existed in downtown Denver at that time
- DDA has statutory authority to use TIF which lasts for 30 years (5 years longer than a TIF through urban renewal authorities), unless obligations retired earlier
- DDA plan area includes the DUS project area (19.5 acres) plus additional 25 acres

DDA Boundaries



-  DDA Boundary
-  DUS Met Districts
-  DUS Site
-  Market St. Station

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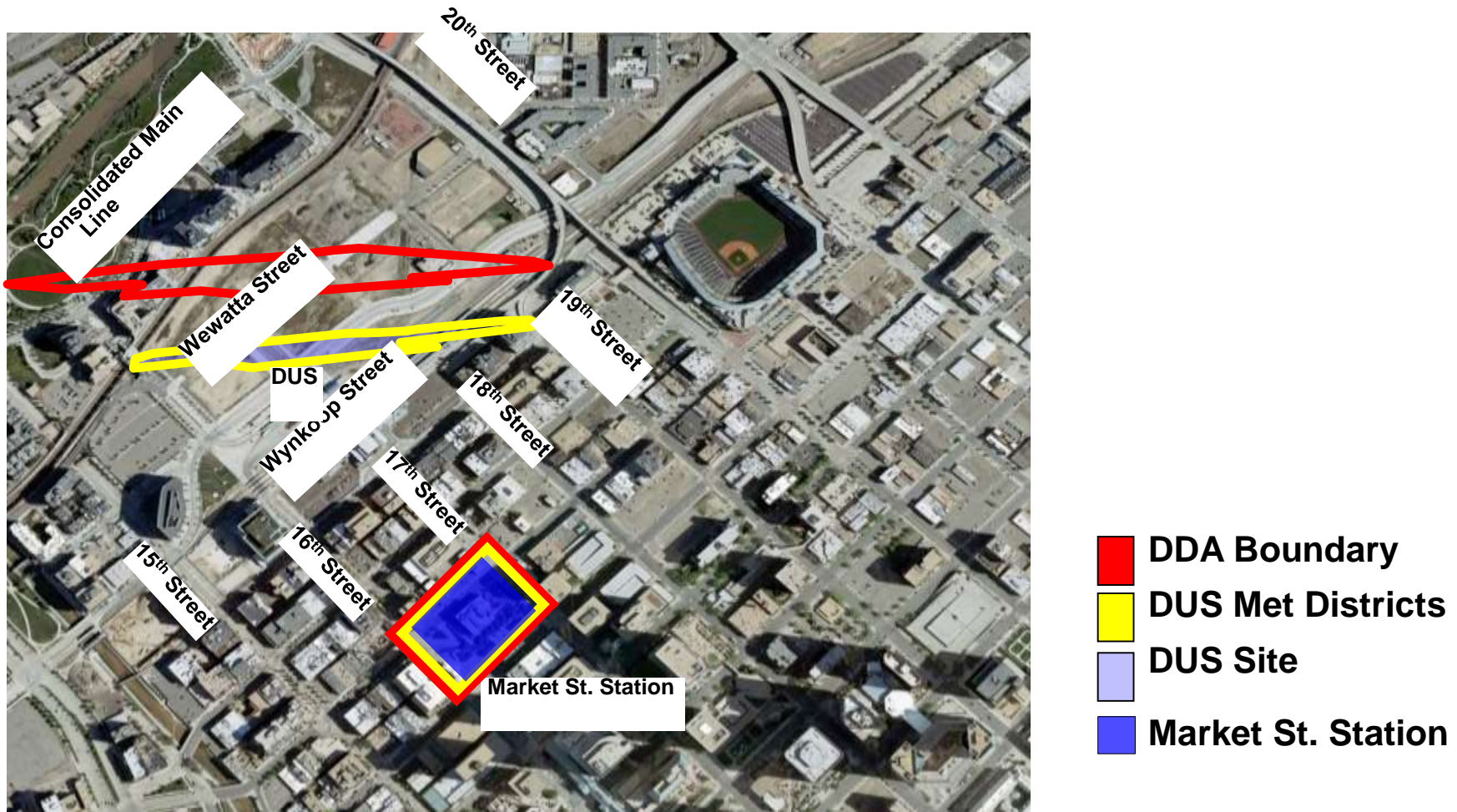
Downtown Denver Authority (DDA) (Cont'd)

- DDA entered into an agreement with the City and County of Denver (CCD): CCD will remit TIF to DDA and DDA will pledge it to the payment of debt incurred to finance certain improvements built as part of the Denver Union Station project
- Certain taxing entities were excluded from the DDA area and the payment of the TIF, such as Central Platte Valley Metropolitan District and Cherry Creek Subarea Business Improvement District

Denver Union Station Metropolitan Districts

- Title 32 special metropolitan districts were created within the DUS project area and the Market Street Station
- Pledged 20 mills to DUSPA until 12/31/49 to pay for debt incurred to finance public improvements within the Denver Union Station project.
- During the TIF period, revenues generated from the 20 mills on incremental property values are payable through DDA, and thereafter, for additional 11 years are payable through the Districts

DUS Metropolitan Districts Boundaries



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Debt Financing

Challenge: Tax-exempt bond financing is not economically feasible. Need another type of low interest financing

Solution: Innovative financing structure involving federal loans from 2 agencies within the US Department of Transportation

- Federal Highway Administration – loan under the Transportation Infrastructure Finance and Innovation Act (TIFIA) – \$145M due in 2040
- Federal Railroad Administration –the Railroad Rehabilitation and Improvement Finance (RRIF) loan – \$155M due in 2038

Structure of TIFIA and RRIF Loans

Challenge: TIFIA cannot be in a subordinate position in the DUS financing because some of the TIFIA loan requirements will not be met

Solution: TIFIA loan was structured as a senior loan and RRIF loan as a subordinate

- For the first time ever, FHA and FRA were lenders for the same project
- TIFIA loans had typically been structured as subordinate lien loans and RRIF loans as senior lien loans

Repayment Sources for Loans

TIFIA has senior lien and RRIF has subordinate lien on the following repayment sources:

- RTD Subordinate Sales Tax Revenue Bond \$165M issued by RTD to DUSPA annuitized at 5.65% to \$12M annually
- DDA pledge of TIF for 30 years
- DUS Districts pledge of property taxes (20 mills) generated within the DUS project area for 11 years after the TIF expires
- Lodger's tax generated within the DUS project area to the extent appropriated by the City and pledged to DUSPA

Repayment Sources for Loans (Cont'd)

RRIF loan was additionally secured by the City's moral obligation (City Contingent Commitment)

- In the event of a shortfall of pledged revenue available for debt service on the RRIF loan and the draw on the reserve fund established to secure the RRIF loan, the City and County of Denver will request its City Council to appropriate annually during the term of the loan an amount sufficient to maintain the reserve fund at the required minimum amount