



STAPLETON

Photo Credit: Forest City Stapleton

Projects, Revenue & Next DURA Borrowing

Presentation Objective

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To present a summary of a proposed finance structure to fund trunk infrastructure at Stapleton which will:

- Access lower interest rates on new borrowings
- Provide a flexible funding facility
- Minimize transaction costs
- Leverage TIF revenues to narrow existing infrastructure gap
- Facilitate continued development at Stapleton

The presentation covers historical trunk infrastructure funding, remaining capital needs, operation of the new finance program and City risk management tools.

Trunk Funding Sources and Uses

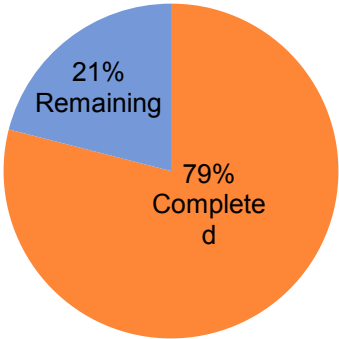
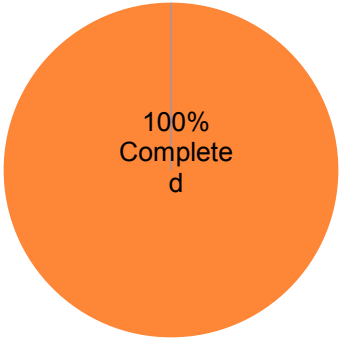
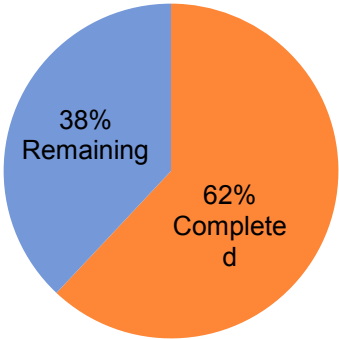
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Sources	Amount	Uses
DURA Tax-Increment Secured Bonds	\$ 332 M	Proceeds used for trunk construction, schools, city facilities, reserve funds, capitalized interest and issuance costs
System Development Fees	\$ 32 M	Trunk open space costs
City General Obligation Bonds	\$ 43 M	Library, Rec Center, CPB interchange
State and Federal Grants	\$ 23 M	Transportation
Forest City Contribution	\$ 24.5 M	Eligible trunk costs

Figures as of June 30, 2014

TIF Categories and Uses

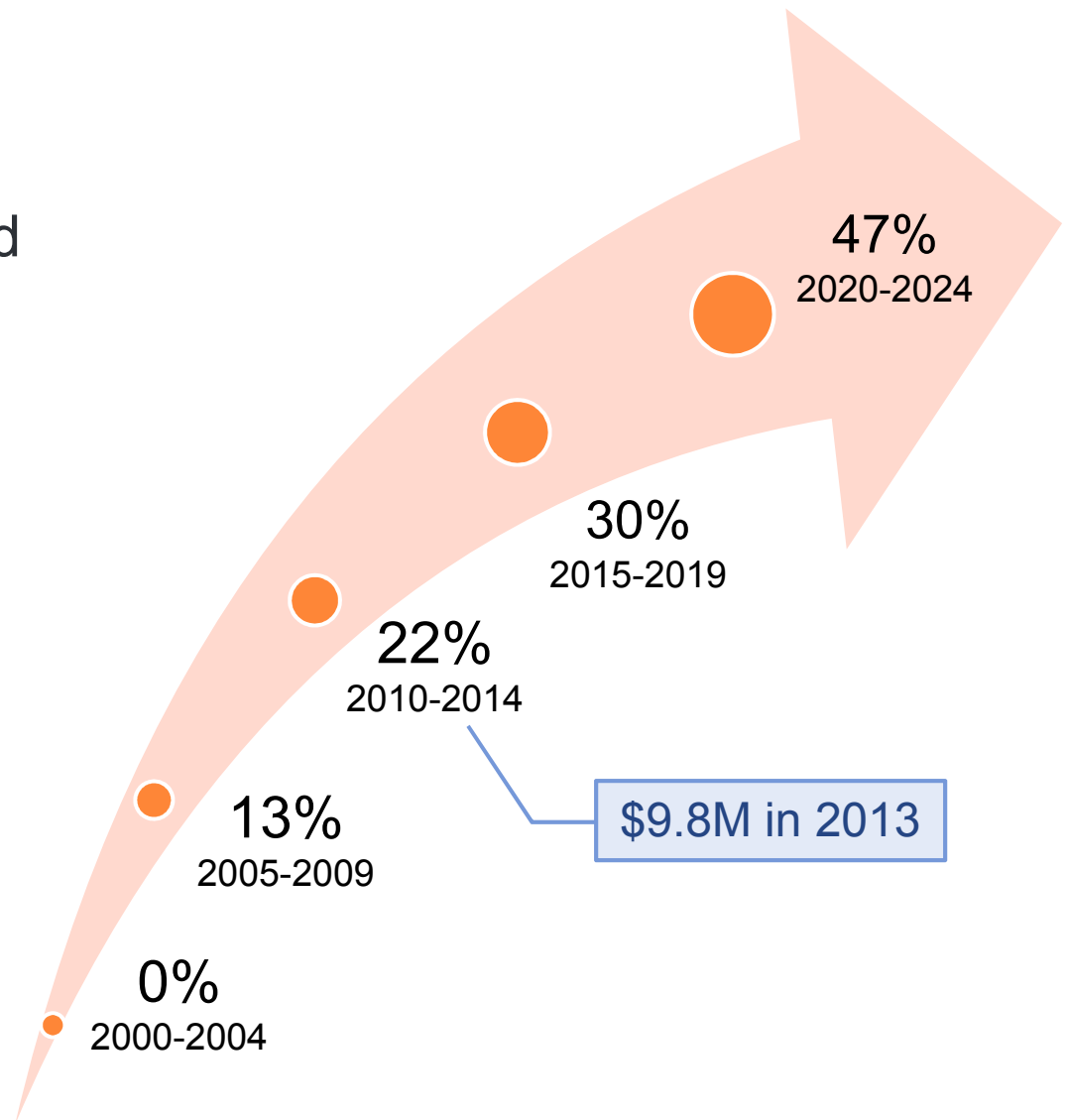
Regional Facilities (Trunk)	Arterial roads, regional parks, storm drainage facilities (Approximately 95% of remaining cost)
Schools	Five K-8 school buildings per agreement with DPS plus improvements at high school (Funding obligation completed)
City Facilities	Police and fire stations and parks maintenance building (Includes future North Fire Station)



City Retained Taxes (CRT)

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- Established to provide financial resources to support City General Fund services at Stapleton
- CRT payment is an increasing percentage of annual TIF revenue
- Initially structured as City “off the top” payment; in 2004 subordinated to Senior debt issued by DURA
- No funds collected during the first five years



Remaining Trunk Infrastructure Needs

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2014 to 2015

\$58.9M estimated cost*
\$13.9M projected TIF
revenue

(after scheduled debt service)
+ 14.4M pre-paid SDFs

Stapleton Transit Station
Infrastructure

Westerly Creek North /
Sand Creek Uplands

CPB 46th to 50th

IFDA 45; supports
Conservatory Green

Parks North of I-70

* Costs exclude financing costs

2016 to 2019

\$54.2M estimated cost*
\$28.5M projected TIF
revenue

(after scheduled debt service)

CPB 36th to 49th

Maintenance Facility

Section 10 Drainage

Smith Rd Extension

Southwest Entry Park

Gallery Park East of CPB

Prairie Park North of 56th

Fire Station North

General Grading

North Sports Complex

2020 to 2025

\$30.5M estimated cost*
\$67.3M projected TIF
revenue

(including use of bond reserves)

MLK Extension

Havana: Florence to
Smith

No Action Scenario

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- Current revenues support current debt
- New development may slow or stall
- Any use of “developer advances” would be at a higher interest rate and reduce proceeds for infrastructure
- Possible elimination of projects
- Exposes the City to finding non-TIF funds to complete the infrastructure, e.g. bond issues, partners, General Fund, etc.

Proposed Finance Structure

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- DURA will borrow up to \$60M in three or more draws, secured by TIF revenue
- The City's annual CRT payment will be offered as an additional reserve available to meet required debt payments (not a "moral obligation" pledge because it is limited to actual CRT funds owed to the City and payment does not require an additional ordinance)
- If CRT funds are needed, DURA will deliver a note to the City obligating DURA to repay the City, with interest, from future TIF revenue
- Offering this support is central to establishing a credit package acceptable to lenders and securing a lower interest rate (4.5% vs. 8.5%) on future trunk borrowings

Risk Management Tools

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- Future program borrowing will be actively managed by DURA and the City and will not operate on “auto pilot”
- Draws will be timed (up to max of \$60 M) subject to internal debt management policies, overseen by the Manager of Finance, which include the following:
 - **Coverage ratio standard**: This establishes a buffer or cushion to guard against lower than expected revenues. A debt coverage ratio (e.g. 1.10) will be a benchmark against which the ability to make future draws is measured
 - **Adherence to projected growth**: An independent consultant provides a forecast of future growth and revenues which will be updated periodically. If revenue forecasts cannot support project debt, a draw may be declined
 - **Specific approval for each draw**: Approval of the program does not authorize any future draw. Each will require approval by the Manager of Finance before the CRT funds are eligible for loan repayment support

What-If Scenarios

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Future growth is more rapid and revenues exceed forecasts

- 1.**
 - DURA can borrow \$60 M to support the completion of projects over the next several years. As additional TIF funds are available, more projects can be completed.

Growth is in line with current forecasts

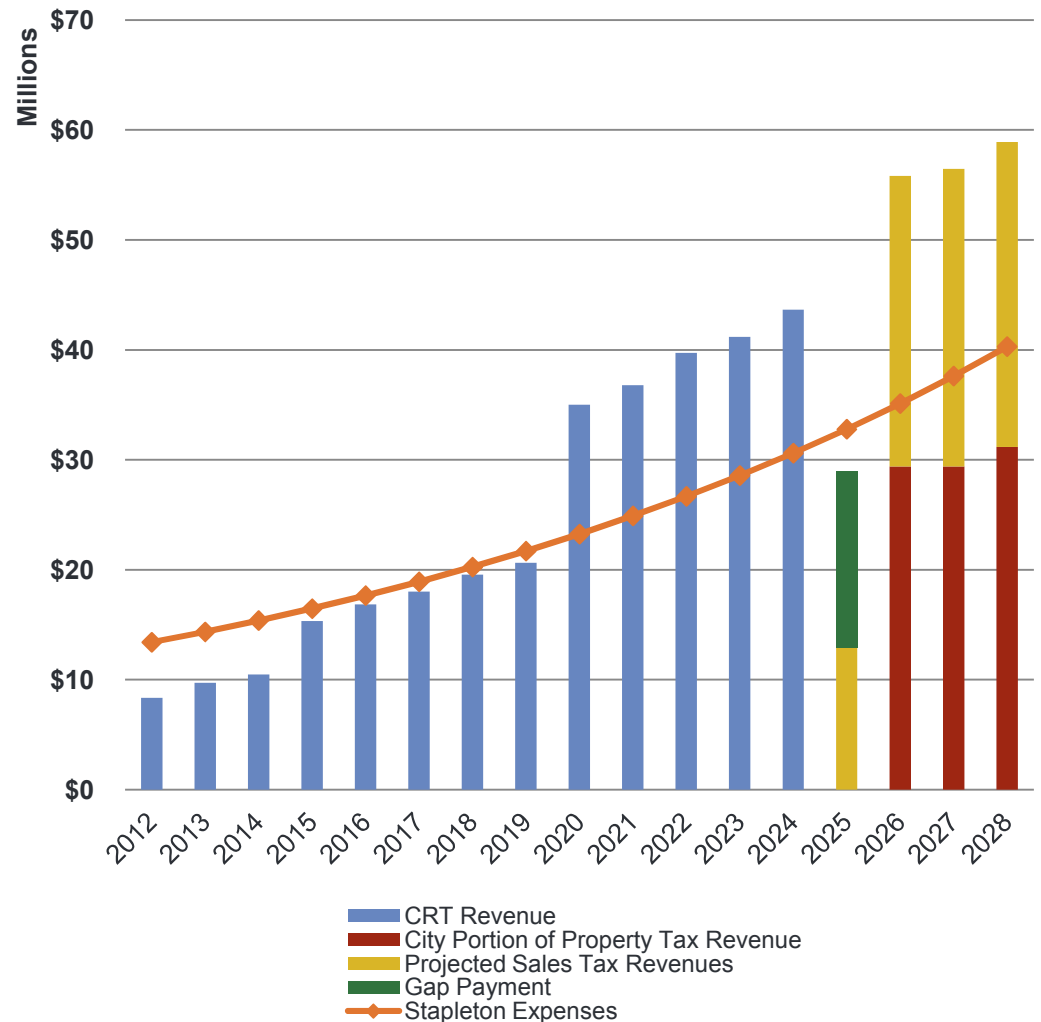
- 2.**
 - The initial draw will be up to \$36M in 2014, complemented by annual surplus revenue to support additional trunk needs. The City and DURA will monitor future revenues for potential future draws.

Growth falls short of forecasts

- 3.**
 - CRT funds are used to make a loan payment and future draws are suspended. DURA issues a CRT note payable to the City which would be paid ahead of using future revenue for trunk projects.

Year 2025 Agreement

- Stapleton TIF expires on July 1, 2025
- General Fund will receive six months of sales tax revenue
- The majority of property tax is received in the first six months each year and will therefore be captured by the TIF; General Fund revenues will be negatively impacted without further action
- An agreement has been reached with DURA to add a 20% payment in 2025 to address projected gap



Summary

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- Stapleton has immediate trunk needs to support continued development
- Current trunk infrastructure needs exceed annual TIF revenues; funds must be borrowed from some source to meet these needs
- Remaining funds for trunk infrastructure have to be “stretched” to maximize funds used for construction versus other uses such as interest costs
- Using the CRT will facilitate a more efficient source for borrowed funds
- Risk management tools will be part of program management to guard against an actual use of CRT funds
- The proposal does the most to maximize remaining TIF funds for trunk infrastructure