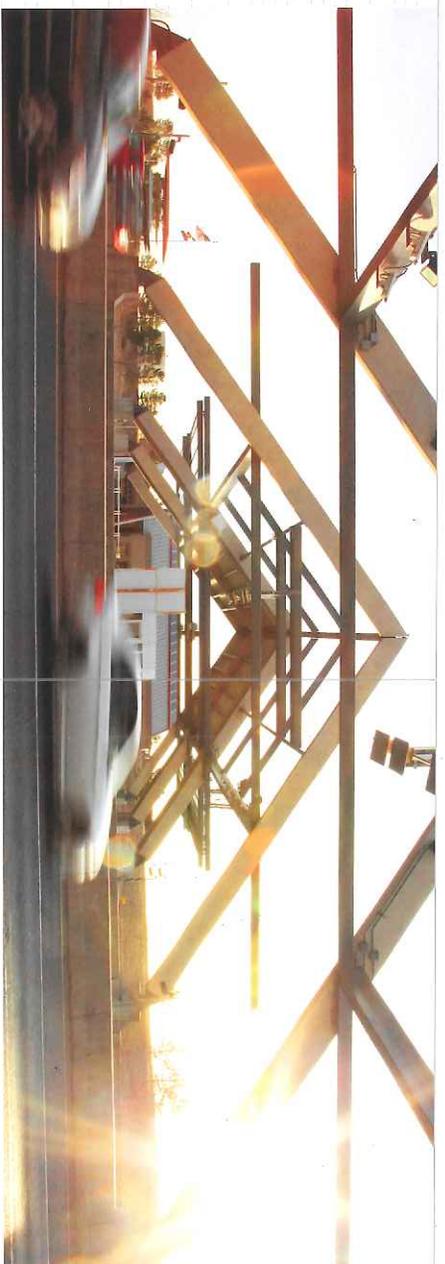


Our 20th year of putting the customer first



2011 Annual Report  
E-470 Public Highway Authority



E-470 mainline toll plaza.

## E-470 milestone: 20 years of serving our customers

The E-470 toll road forms a 47-mile semi-circular beltway around metropolitan Denver's eastern area and provides an entrance to the Denver International Airport (DIA).

### Composed of eight local governments

The highway has been financed, constructed, operated and governed by the E-470 Public Highway Authority. The authority is a legal subdivision of the State of Colorado, composed of five municipalities and three county governments: Adams, Arapahoe, and Douglas counties, and the municipalities of Aurora, Brighton, Commerce City, Parker, and Thornton. E-470 connects on the south to C-470 and on the north to the Northwest Parkway, a toll road managed by a separate highway authority.

### A 20-year track record of tolling convenience

In 2011, we observed the 20th anniversary of E-470's opening to traffic. Built and opened in segments, the first five-mile segment of the highway opened to drivers in Douglas County on June 1, 1991. Segment 1 stretches from the I-25/C-470 interchange on the west to Parker Road on the east.

### A full commitment to nonstop tolling

In July 2009, we again took a step forward in tolling convenience. We discontinued cash toll collection and became one of the first highways in the nation to become a fully electronic toll road, collecting tolls through ExpressToll or the newly introduced License Plate Toll.



# E-470 Public Highway Authority Leadership

## Board Members



**RANDY DRENNEN**  
Chair  
Council Member,  
City of Thornton



**DICK MCLEAN**  
Vice-Chair  
Mayor,  
City of Brighton



**JACK HILBERT**  
Secretary/Treasurer  
Commissioner,  
Douglas County



**W. R. "SKIP" FISCHER**  
Commissioner,  
Adams County



**BILL HOLEN**  
Commissioner,  
Arapahoe County



**STEVE HOGAN**  
Mayor,  
City of Aurora



**JIM BENSON**  
Council Member,  
City of Commerce City



**JOSH MARTIN**  
Council Member,  
Town of Parker

## Executive Leadership



**JOHN MCCUSKEY**  
Executive Director



**DAVID KRISTICK**  
Deputy Executive  
Director,  
Director of Operations



**JOE DONAHUE**  
Director of Finance



**NEIL THOMSON**  
Director of Engineering  
and Roadway  
Maintenance



**MARSHA WILLIAMS**  
Director of Information  
Technology

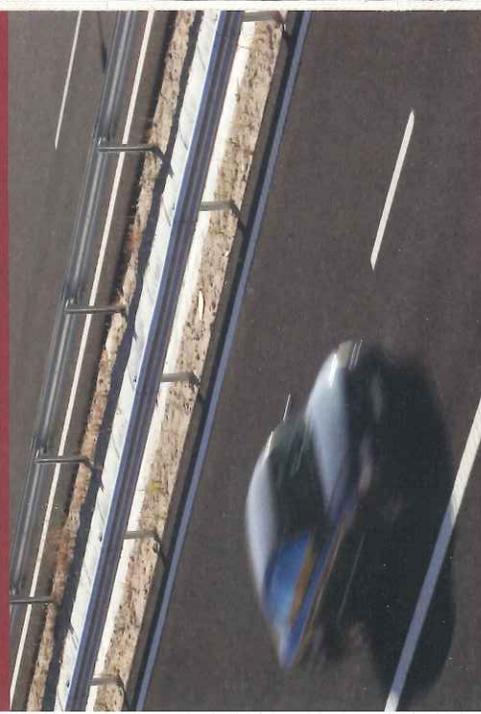
## Non-voting Members

### Local governments

- City of Arvada
- City and County of Broomfield
- City of Greeley
- Weld County

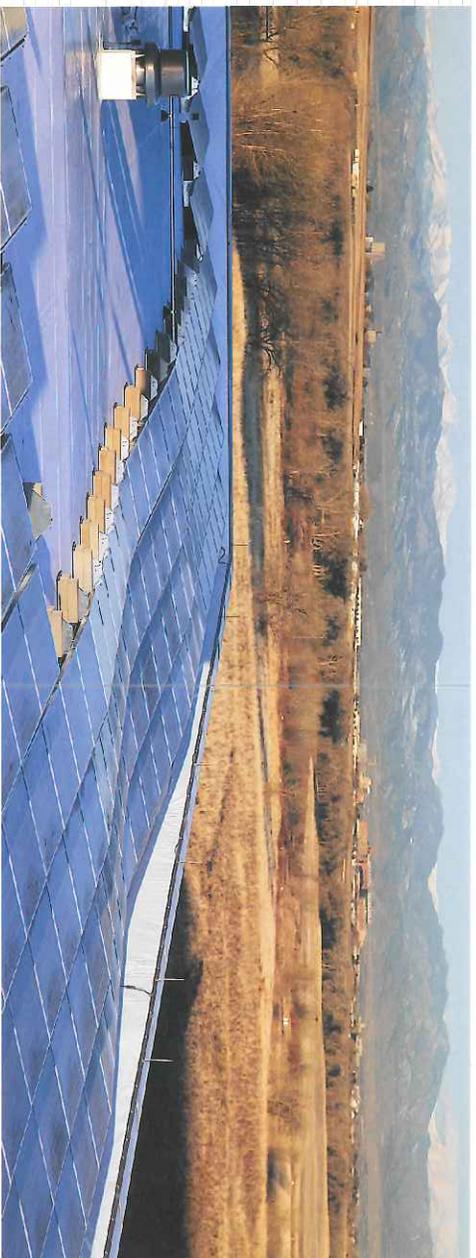
### Agencies

- Colorado Department of Transportation (CDOT)
- Denver Regional Council of Governments (DRCOG)
- Regional Air Quality Council (RAQC)
- Regional Transportation District (RTD)



## Major milestones in E-470's 20-year history of road operations

- 1991** First segment of E-470, five miles long, opens to traffic and first tolls collected. The segment links from the I-25/C-470 interchange in Douglas County east to Parker Rd.
- 1998** Two new sections open: One from 56th Ave. to 120th Ave., providing access to Denver International Airport; and the other from Parker Rd. to Smoky Hill Rd.
- 1999** Additional section opens from Smoky Hill Rd. to 56th Ave., providing a continuous drive from E-470's southern I-25/C-470 interchange to Denver International Airport and 120th Ave.
- 2002** Additional section opens from 120th Ave. to U.S. 85.
- 2003** Final section, from U.S. 85 to new I-25/Northwest Parkway interchange in Thornton, opens, completing the 47-mile E-470 semi-circular beltway.
- 2006** E-470 flyby at I-70 interchange opens, eliminating our only signalized stop for through-drivers on the highway.
- ExpressToll customers can now use their transponders on the new tolled express lanes on I-25 north of downtown Denver operated by the Colorado Department of Transportation's High Performance Transportation Enterprise.
- 2007** Flyover ramp at I-70 interchange opens, creating a seamless connection from northbound E-470 to westbound I-70.
- 2009** License Plate Toll (LPT) introduced, cash toll collection discontinued.
- 2010** Median cable barrier installation along entire road completed.
- 2011** Speed limit increased from 70 mph to 75 mph.
- Transition begun from traditional hard-case transponders to sticker tags, with an estimated annual savings of \$1 million.



Solar panel installation atop E-470 Administrative Headquarters Facility, one of 22 new solar panel installations along E-470.

## 2011: Our 20th year of putting the customer first

Looking at our key indicators, 2011 was a successful year. Our traffic increased for the third straight year, attaining the second-highest total ever. Our toll revenues grew 14 percent, reaching a new high. Our total revenues were 101 percent of budget while expenditures were 93.5 percent of budget at year end.

### Scoring high in customer satisfaction

Another key indicator, the satisfaction level expressed by our customers, also produced gratifying results. Feedback surveys from our customers showed a remarkable satisfaction level with the service they received from our ExpressToll Service Center. Our customer service team earned an overall satisfaction rating of 4.9 out of a possible five.

That is an important achievement. Putting the customer first has always been an important part of our success. Now, in our new era of all-electronic tolling that includes our version of video tolling – License Plate Toll – providing excellent customer service is even more critical to retaining and growing our customer base.

- Here are some of the ways in 2011 we proved our commitment to putting the customer first:
  - We introduced our new, multi-dimensional Customer Driven Management program, the cornerstone of which is seeking our customers' evaluation of our performance after every customer service interaction.
  - We rolled out new ways to improve and promote two-way communication with our customers through our entry into Facebook and Twitter.
  - We introduced a new, greatly improved website.
  - We revised and eased policies, procedures and adjudication measures with respect to late-payment and non-payment, without lessening our commitment to toll collection. (95.3 percent of tolls are collected.)

## Other 2011 improvements our customers now enjoy...

Apart from our higher levels of customer service, other initiatives that benefitted our customers in 2011 include the following:

- We began phasing in ExpressToll sticker tags – small, windshield-mounted tags similar to oil change stickers. These eventually will take the place of our hard-case transponders. Sticker tags are easier for our customers to install and are far less costly for us to purchase and to mail (saving approximately \$1 million per year).
- We increased the speed limit from 70 mph to 75 mph.
- We resurfaced a six-mile section of our highway in Adams County, a project so well done that it won a top award from the Colorado Asphalt Paving Association.

## Tapping into the sun

In 2011, a project to install and utilize solar power facilities was launched. Solar collector panels were placed along a 17-mile-long stretch of E-470.

The solar generated electricity now helps power streetlights, variable message signs, toll collection equipment, plaza and maintenance facilities, and the E-470 administrative building.

This new, sustainable source of energy was made possible when E-470 negotiated a 20-year solar power purchase agreement that allowed an alternative energy company to install, with no capital investment by E-470, solar arrays at 22 sites. The equipment is linked to Xcel Energy's power grid. E-470 purchases power generated at a significant cost savings.



## "E-470 Good Guys" give back to the community

We are proud of our employees and the way they handle their responsibilities, as well as what many of them do for others in their free time. The "E-470 Good Guys," a volunteer group of employees, raised funds and donated countless hours to a variety of volunteer projects throughout 2011, including Habitat for Humanity, the March of Dimes March for Babies, the Military Care Package Drive, Coats for Colorado, and the Denver Rescue Mission.



*Clockwise from top:* Good Guys at March of Dimes event; updating sign with new 75-mph speed limit; 75-mph speed limit promoted at DIA terminal; Good Guys at work for Habitat for Humanity.





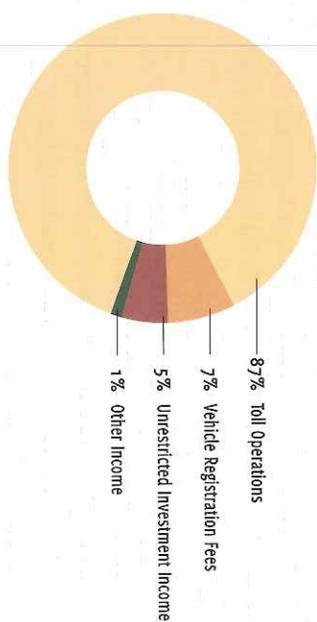


## 2011 Financial Overview

### 2011 Revenues

	2011 Budget	2011 Actual
Toll operations	\$ 109,012,000	\$111,362,630
Vehicle registration fees	7,500,000	8,767,892
Unrestricted investment income	8,930,000	6,132,591
Other income	1,565,000	1,779,708
<b>Total</b>	<b>\$ 127,007,000</b>	<b>\$ 128,042,821</b>

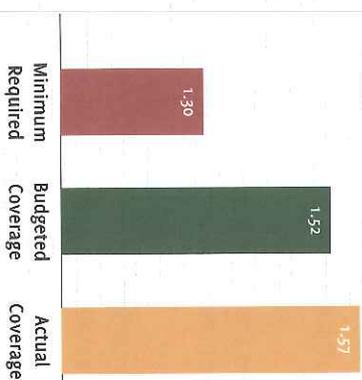
### 2011 Revenues: \$128.0 million



### 2011 Operating Budget

	2011 Budget	2011 Actual
Operating fund revenue	\$ 127,007,000	\$ 128,042,821
Operating fund expenses	27,804,400	25,529,628
Vehicle registration fee debt service	185,000	0
Funds available for senior debt service	\$ 99,017,600	\$ 102,513,193
Senior bonds debt service	\$ 65,162,900	\$ 65,099,797
Senior bonds debt service coverage	1.52	1.57

### 2011 Debt Service Coverage



As reported in the audited financial statements issued by the Authority on April 19, 2012.



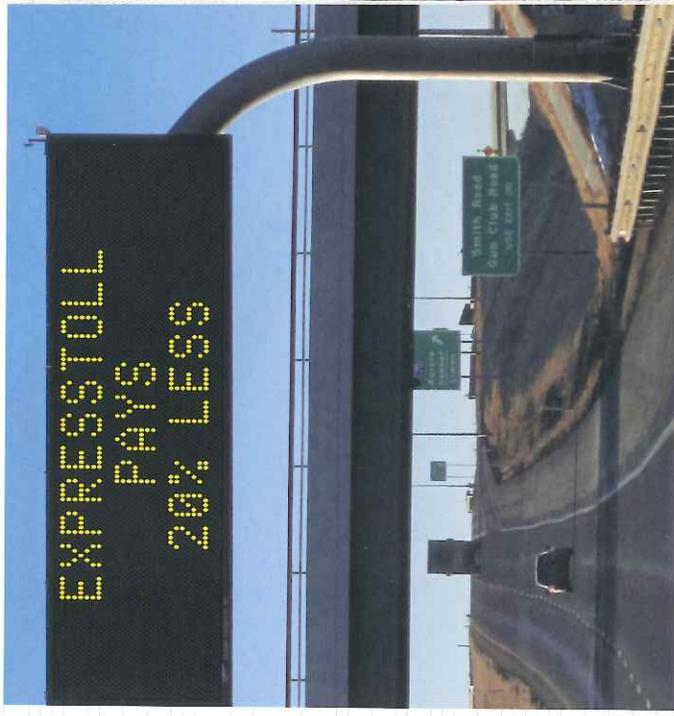
# 2011 Financial Statements

## Statement of Revenue, Expenses, and Changes in Net Deficit

	As of December 31, 2011
Operating Revenue - toll operations	\$ 111,362,630
<b>Operating Expenses</b>	
Toll road operations	22,079,768
Salaries and benefits	5,002,306
General and administrative	2,174,464
Total operating expenses before depreciation expense	29,256,538
Depreciation expense	33,868,940
Total operating expenses	63,125,478
Operating income	48,237,152
<b>Non-Operating Revenue (expense)</b>	
Vehicle registration fees	8,767,892
Investment income	11,574,839
Derivative instruments gain (loss)	(30,438,648)
Interest expense	(97,668,699)
Other income (loss)	(281,786)
Total non-operating revenue (expense), net	(108,046,402)
Changes in net deficit	(59,809,250)
Net Deficit, beginning of year	(438,136,239)
<b>Net Deficit, end of year</b>	<b>\$ (497,945,489)</b>

## Statement of Net Deficit

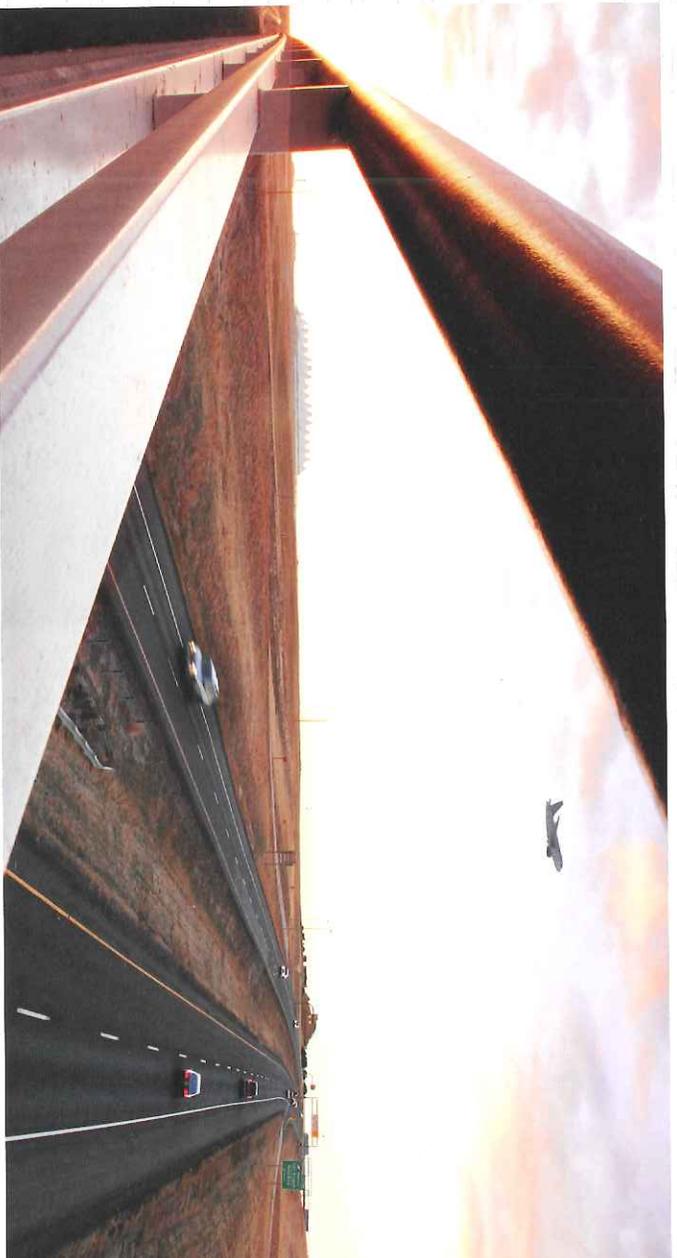
	As of December 31, 2011
<b>Assets</b>	
Current assets	\$ 114,727,359
Non-current assets	216,271,891
Capital assets (net of accumulated depreciation)	692,125,889
Bond issuance costs (net of accumulated amortization)	37,339,600
Total assets	<u>1,060,464,739</u>
<b>Liabilities and Net Deficit</b>	
Current liabilities	70,527,161
Non-current liabilities	1,487,883,067
Total liabilities	<u>1,558,410,228</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	(154,720,602)
Restricted	43,827,676
Unrestricted	(387,052,563)
Total net deficit	<u>(497,945,489)</u>
<b>Total liabilities and net deficit</b>	<b><u>\$ 1,060,464,739</u></b>



Above: Message aimed at License Plate Toll customers, whose tolls are higher. Below: New ExpressToll sticker tags.



As reported in the audited financial statements issued by the Authority on April 19, 2012.



View from E-470 of Denver International Airport.

### **Continued financial strength**

Our increased revenue, coupled with prudent management of our operating expenditures, enabled us to end the year well positioned to meet our debt service obligation. We built our financial reserves, giving us increased flexibility in the future in regard to our debt service.

All of this is proof that we remain committed to, and capable of, maintaining a stable debt management program with strong reserves and liquidity. Additionally, our solid reserves allow us to continue to reinvest in maintaining and expanding our highway infrastructure and customer service operations by helping boost our capital improvement fund. Our self-funded program includes the complete \$14.5 million reconstruction in 2012 of 2.5 miles of the oldest section of E-470, which opened in 1991. Another such project was the resurfacing of a six-mile section in Adams County that we completed in 2011.

### **Meeting the challenge of rising debt**

E-470 has \$1.5 billion in outstanding bond debt. The debt service obligation each year increases by an average of \$6.5 million until 2020, when it levels off at \$125 million annually until final maturity in 2041. The 14 percent growth in toll revenues in 2011 was sufficient to meet E-470's financial obligations, which included a \$65.1 million debt service payment to bondholders.

We continued to exceed our 1.3 minimum debt ratio requirement. Our budgeted ratio was 1.52; we achieved a ratio of 1.57.

## **Financial Highlights**

### **Record-setting revenue, with expenditures much less than expected**

Increased traffic, along with a toll increase, resulted in a significant boost in toll revenue – rising 14 percent from \$94.3 million in 2010 to \$107.7 million in 2011. This was the highest annual toll revenue in E-470's history. We also collected \$3.7 million of toll violation-related revenues, for total toll operations revenue of \$111.4 million in 2011.

E-470 was able to save 6.5 percent, or almost \$2 million, in operating costs compared to budget. Major savings were achieved in the areas of snow removal and administrative costs.

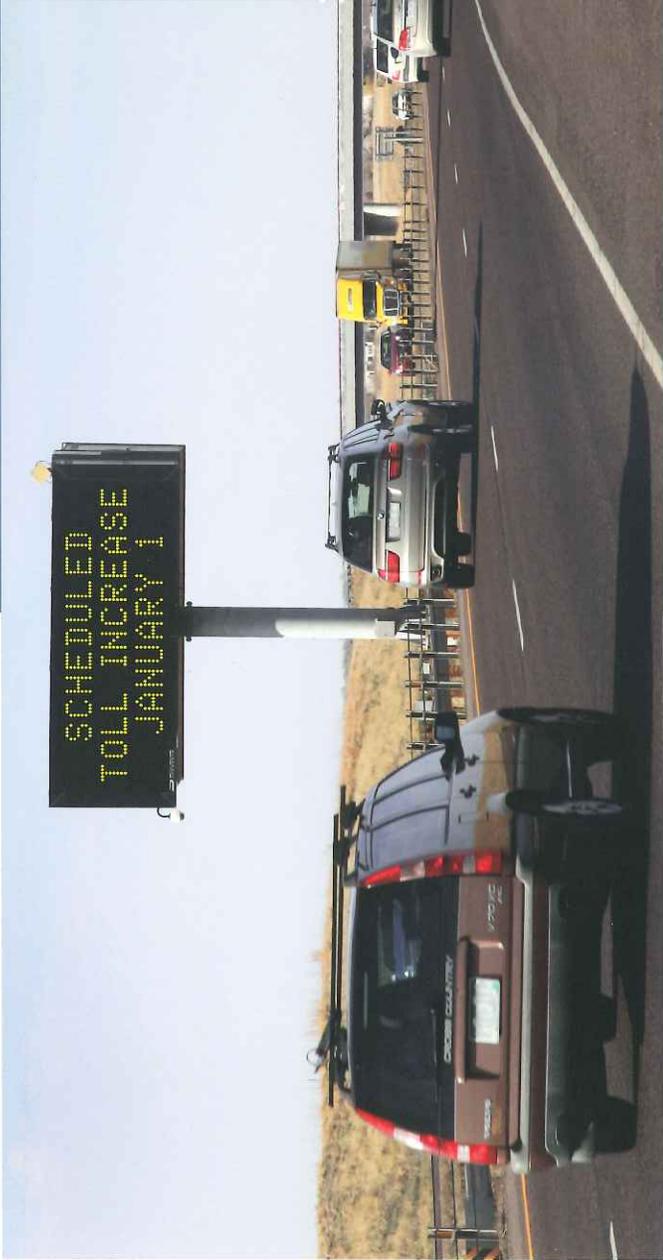
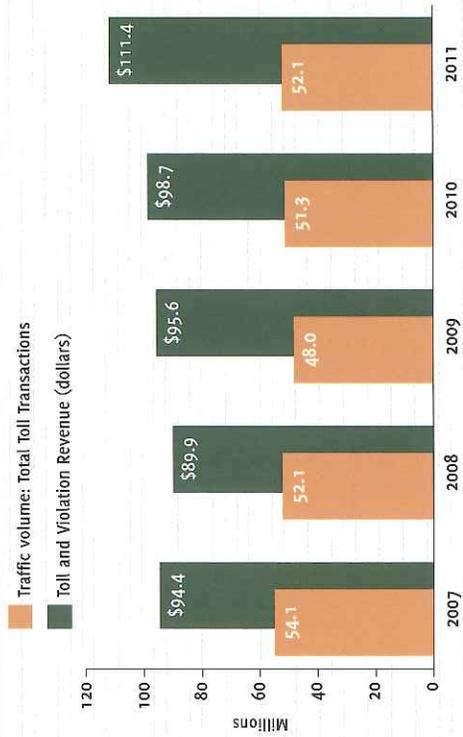
## Bond transaction

Demonstrating prudent financial management, the Series 2007A-2 and 2007B-2 Bonds were successfully refunded by their conversion date of September 2, 2011, leading to savings in interest expense. The Series 2011A SIFMA Index Term Rate Bonds with aggregate principal of \$72,565,000 were issued to fully refund the outstanding Series 2007A-2 and 2007B-2 Bonds, with a mandatory tender and remarketing date of September 1, 2014. The final maturity date of the 2011A Bonds is September 1, 2039.

## Traffic increase meets projections

Toll transactions rose 1.5 percent last year from 51.3 million to 52.1 million, making 2011 the third straight year of traffic growth and reaching a level second only to the 54.1 million total in 2007. The 52.1 million transactions were 101 percent of the projection for the year.

## E-470 Yearly Toll Transactions and Revenue





E-470 Public Highway Authority

22470 East 6th Parkway

Suite 100

Aurora, Colorado 80018

303-537-3400

[www.E-470.com](http://www.E-470.com)

