RTD Board Briefing

Eagle P3 Project
Draft RFP

January 6, 2009
Eagle P3 Draft RFP

- Background
- Outline of Draft RFP
- Major Deal Points
- Payment Structure
Background – Eagle P3 Project
Eagle P3 Project

Design-Build
- East and Gold Line
- Maintenance Facility
- DUS systems (power, signals, etc.)
- Commuter rail cars including options

Operate & Maintain
- East and Gold Line corridors
- All commuter rail cars

Finance
- Certain Design-Build elements
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2008</td>
<td>Industry Forum</td>
</tr>
<tr>
<td></td>
<td>Draft RFP for Review by Short-Listed Teams</td>
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<tr>
<td></td>
<td>Finalize RFP</td>
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<tr>
<td></td>
<td>Draft RFP Review</td>
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<td>Issue RFP</td>
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<td>Proposal Preparation</td>
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<td>2009</td>
<td>Technical Proposals Due</td>
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<td></td>
<td>Final Proposals Due</td>
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<td>Preferred Bidder Selected</td>
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<tr>
<td>2010</td>
<td>Financial Close</td>
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Concessionaire Team

• Teams consist of:
  – Equity investors/ infrastructure funds
  – Financial firms
  – Operators and maintainers
  – Rolling stock manufacturers
  – Construction contractors
  – Engineering firms
## Prequalified Concessionaire Teams

<table>
<thead>
<tr>
<th>Denver Transit Partners</th>
<th>Mile High Transit</th>
<th>Mountain-Air Transit Partners</th>
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<tbody>
<tr>
<td>Fluor Enterprises, Inc.</td>
<td>John Laing</td>
<td>Babcock &amp; Brown</td>
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<td>Macquarie Capital Group Ltd</td>
<td>HOCHTIEF PPP Solutions</td>
<td>Siemens</td>
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<td>Ames Construction</td>
<td>Bombardier</td>
<td>Veolia</td>
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<td>Balfour Beatty Rail, Inc.</td>
<td>Flatiron Corporation</td>
<td>Kiewit</td>
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<td>Archer-Western</td>
<td>Herzog</td>
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<td>HDR Global Design Consultants</td>
<td>Aldridge Electric</td>
<td>Stacy and Witbeck</td>
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<td>Arup</td>
<td>DMJM-Harris/AECOM</td>
<td>HNTB Corporation</td>
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<td>Orrick, Herrington &amp; Sutcliffe LLP</td>
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<td>Millibank, Tweed, Hadley &amp; McCoy</td>
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<td>Interfleit Technology, Inc.</td>
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<td>Citi</td>
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<td>Romero and Wilson</td>
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<td>Merrill Lynch</td>
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Outline of Draft RFP

• Three Volumes
  – Volume 1: Instructions to Proposers
  – Volume 2: Concession Agreement
  – Volume 3: Reference Documents

• All requirements are subject to change and revision as a result of Board direction, the Environmental Clearance process, review by FTA and industry
Volume 1: Instructions to Proposers (ITP)

- Overview of project
- Instructions to Proposers regarding delivery and contents of submissions
- Description of evaluation criteria
- Weighting of criteria
- Administrative matters
- Stipend Agreement – to be returned by Proposers by Jan 9, 2009
Pass/Fail Criteria

• **Administrative Pass/Fail Requirements**
  – The Proposer has provided all documents required to be submitted as part of the Final Proposal
  – The Final Proposal does not contain any significant irregularities rendering it incomplete, indefinite, or ambiguous
  – The Proposer has otherwise complied with the requirements of the ITP

• **Financial Pass/Fail Requirements**
  – The Proposer has submitted evidence of Equity Commitments and committed debt funding that is sufficient to comply with the requirements
  – The Financial Proposal contains each of the submittals required by the ITP

• **Technical Pass/Fail Requirements**
  – The Technical Proposal contains each of the submittals required by the ITP
Financial Evaluation Criteria (60%)

- **Base Annual Service Payment (BASP) (50 points)**
  - The lower the BASP proposed, the higher the score
  - A formula is included in the ITP

- **Feasibility of Financial Proposal (7 points).**
  - Executability of debt portion of Financing Plan
    - Financing Plan provides evidence of significant development in the financial structuring
    - Evidence of a high level of commitment from Lenders
    - Evidence of technical and insurance due diligence
    - Detailed schedule showing a short time period from award of the Concession Agreement to Financial Close
  - Commitment of Equity Providers and Core Contractors
  - Robustness of Financial Proposal
  - Hedging strategy

- **Rolling Stock Option (3 points)**
  - Option for RTD to procure additional railcars during first 10 years
  - Price and other factors will be considered in allocating a score
Technical Evaluation Criteria (40%)

• Technical Approach (25 points)
  – Quality of the technical solutions offered
  – Quality of the operations and maintenance plans proposed and commitment to provide and maintain a quality revenue service
  – Quality of proposal for inclusion of safety in design and operation
  – Quality of proposal for integration of components, systems, civil and building works and operations in a systematic manner
Technical Evaluation Criteria cont’d

• **Quality of Team and Approach (10 points)**
  – Proposer's ability and commitment to deliver a safe Project
  – Proposer's ability and commitment to deliver the Eagle Project with quality assured
  – Proposer's ability and commitment to deliver the Eagle Project on time through a comprehensive management program
  – Proposer's ability and commitment to exceed the system assurance requirements
  – Proposer's experience and key personnel
  – Proposer's DBE and SBE approach, creativity, demonstrated commitment to RTD's DBE and SBE policies and programs, ability to successfully comply with RTD's DBE and SBE requirements

• **Value-Added Proposals (5 points)**
  – Any Value-Added Proposals will be awarded points in accordance with RTD's determination of the value of such Proposals to RTD
Volume 2: Concession Agreement

- Concession Agreement
  - Principal agreement between RTD and Concessionaire
  - Defines risk allocation for all phases of agreement
  - Includes 24 attachments
Concession Agreement Attachments

- Att. #1: Forms; term sheets for DB and O&M contracts; financial model; Form of Lenders Agreement
- Att. #2: Description of Sites and Availability Schedule
- Att. #3: Details of DUS Infrastructure Agreement
- Att. #4: Material Subcontractors (defined by Proposers)
- Att. #5: RTD Permits
Concession Agreement Attachments

- Att. #6: Contract Data Requirements List
- Att. #7: Design, Construction and Rolling Stock Requirements
- Att. #8: Construction Payments Schedule
- Att. #9: Project and Construction Management
- Att. #10: O&M Specifications
- Att. #11: Service Payments
- Att. #12: Insurance
- Att. #13: Compensation on Termination
Concession Agreement Attachments

- Att. #14: Handover Procedures
- Att. #15: Specified Requirements
- Att. #16: Dispute Resolution Panel
- Att. #17: RTD Change Pricing Conditions
- Att. #18: Environmental Impact Statements and FONSI
- Att. #19: Concessionaire Technical Proposal (defined by successful Proposer)
- Att. #20: Utilities
Concession Agreement Attachments

- Att. #21: List of Intergovernmental Agreements
- Att. #22: List of Railroad Agreements
- Att. #23: Rolling Stock Options
- Att. #24: Reference Data List
Volume 3: Reference Documents

- Contains numerous documents that have been developed during the planning and development phase
- Documents cannot be relied on by Proposers unless specifically referenced from Concession Agreement
- Example Reference Documents include:
  - Alignment drawings
  - Station concepts
  - Detailed rolling stock specification
  - Geotechnical and structural reports
Major Deal Points

- Single Concession Agreement
  - 50 year term including ~5 years design/build
  - Underlying lease of real property and improvements
    - RTD owns all assets at all times
  - Approximately 50% of finance “at-risk” from Concessionaire
  - Proposers committing to firm, fixed cost of design build and indexed firm price for O&M

- Approach builds on lessons learned from TREX and contracted bus operations

- Incentives for on budget and schedule adherence
RTD Responsibilities

- Fare policy, revenue and ridership
- Real property acquisition
- Unidentified conditions
- Environmental conditions and clearances
- Energy costs
- Marketing of service
Concessionaire Risks & Responsibilities

- RTD Appropriations
- Cost and schedule
- Design and construction
- Quality
- Utilities
- Operations quality and quantity
Payment Structure

• RTD will make:
  – Construction payments during design/build phase
    ▪ Capped amounts payable based on progress achieved
      – Annual payments for “federal project”
      – Monthly payments for locally funded project components
  – Service availability payments during O&M
    ▪ Indexed over concession term
    ▪ Adjustable based on performance
Service Payments

• Annual cost indexed to agreed indices
  – An upset cost capped by RTD will be included
  – Actual cost will be based on best bid received

• Payments paid monthly and adjusted for availability and performance
  – Provision of required service
  – On-time performance of trains
  – Station availability
  – Quality and timely maintenance

• Payment adjustments are approximately:
  – Increase of up to 0.5% for perfect delivery
  – Reduced by up to 50% for inferior delivery
QUESTIONS?