



MEMORANDUM

TO: HIGH-PERFORMANCE TRANSPORTATION ENTERPRISE BOARD OF DIRECTORS
FROM: NICK FARBER, DIRECTOR
PIPER DARLINGTON, BUDGET AND SPECIAL PROJECTS MANAGER
DATE: JANUARY 19, 2022
SUBJECT: CDOT-HPTE TOLLING EQUIPMENT FINANCING REQUEST

Purpose

To make the High-Performance Transportation Enterprise (HPTE) Board of Directors (Board) aware of a \$4.0 million HPTE loan request for tolling equipment, software, and installation (Tolling Equipment) that was approved in December 2021 as part of the CDOT fiscal year (FY) 2021-22 budget amendment. The request was made under the Tolling Equipment Financing Agreement (Agreement) between the High-Performance Enterprise (HPTE) and the Colorado Department of Transportation (CDOT), which was executed in May 2019. Funds will be used for Tolling Equipment needed for the I-70 Central project.

Requested Action

No HPTE Board action is being requested, the purpose is informational only.

Background

To maintain its enterprise status, HPTE must own the Tolling Equipment on all Express Lanes projects. There are currently three options that HPTE uses to fund the capital costs related to installing, testing, and integrating Tolling Equipment on the Express Lanes:

1. On Express Lanes projects that are integrated with other Express Lanes that are operational, HPTE will use existing toll revenue to pay for the capital cost of Tolling Equipment. This is HPTE and CDOT's approach to partially fund the I-70 Mountain Express Lane (MEXL) Westbound Project.
2. On Express Lanes projects where HPTE is contributing financing for constructing the lanes, loan proceeds can be used to pay for the capital cost of Tolling Equipment directly. This is HPTE and CDOT's approach on projects such as I-70 Mountain Express Lane (MEXL) Eastbound, C470: I-25 to Wadsworth, I-25 North: 120th to E470, and intends to use on I-25 Johnstown to Fort Collins. Once the lane is open and operational, HPTE then repays the lenders using toll revenue generated on the corridor.
3. On Express Lanes projects where HPTE cannot use toll revenue and is not contributing financing, HPTE borrows money from CDOT to pay for the capital cost of the Tolling Equipment. This is the financing mechanism that HPTE and CDOT used on I-25 North: US36th to 120th, initial costs on C470: I-25 to Wadsworth before financial close, part of I-70 MEXL Westbound and the I-25 South GAP Monument to Castle Rock project. Once the lane is open and operational, HPTE then repays CDOT with toll revenue generated on the corridor.

Current Details:

For Express Lanes projects that fall into the third category, HPTE and CDOT entered into a Tolling Equipment Finance Agreement to document the terms of the financial arrangement and to address upcoming project needs. The Agreement provides flexibility to allow CDOT and HPTE to order the Tolling Equipment for each Express Lane project when needed and document the specific financial terms applicable to each system of Tolling Equipment at different times.

These specific terms will be documented in exhibits to the Agreement, which will include (1) a description of the Tolling Equipment; (2) an applicable repayment schedule; and (3) an indexed invoice of Tolling Equipment. While the agreement does provide needed flexibility, each exhibit to the Agreement will require the approval of CDOT's Chief Financial Officer and the HPTE Director. In addition, the following financial parameters have been identified in the Agreement: (1) CDOT will charge the current State Infrastructure Bank (SIB) interest rate at the time funds are requested which will accrue upon HPTE's acceptance of the funds; (2) HPTE may repay any amounts accrued with no prepayment penalty; (3) the cost of the equipment and accrued interest must be paid in full no later than ten (10) years from the date HPTE accepts the funds; (but will generally be repaid immediately following ramp-up of the specific Express Lane facility).

Below is a summary of all loans to-date that have been made by CDOT to HPTE under the Tolling Equipment Finance Agreement:

HPTE Project	Loan Amount	Loan Funding Source	Date Approved
I-70 MEXL Westbound	\$2,000,000	TC Program Reserve	May 21, 2020
Cloud Based Tolling System Development	\$950,000	TC Program Reserve	July 16, 2020
I-25 South GAP Monument to Castle Rock	\$4,000,000	TC Program Reserve	May 20, 2021
I-70 Central Project	\$4,000,000	Strategic Projects	December 16, 2021
Total	\$10,950,000		

At the time of repayment, HPTE will work with CDOT to make sure that the repayment of the loan (including interest) is credited back to the appropriate budget line.

Future Needs Under the Agreement

HPTE does not anticipate coming to CDOT and the TC to request additional Tolling Equipment loans under the Agreement for CDOT's upcoming projects. It is assumed that on Express Lane projects under construction and/or development, including I-270, I-70 Floyd Hill and I-25 North Johnstown to Fort Collins (Segments 6,7 and 8), HPTE will be contributing financing for the construction of the lanes and will have loan proceeds can be used to directly pay for the capital cost of Tolling Equipment.

Next Steps:

- HPTE staff will coordinate with the OFMB to ensure that the approved funding is distributed and available for use to meet project deadlines.
- If needed, HPTE staff will inform the Board of all future requests made by HPTE to CDOT for project funding under the Agreement.
- HPTE staff will update the Board on the repayment status of the loans as needed.