

Agenda Item: **MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE HIGH PERFORMANCE TRANSPORTATION ENTERPRISE (HPTE)**
Held: Wednesday, February 15, 2017; 11:30 am
4201 E. Arkansas Ave., CDOT HQ Auditorium, Denver, CO 80222

The regular meeting of the Board of Directors of the HPTE was convened in accordance with applicable statutes of the State of Colorado, with the following Directors present:

Attendance:	Kathy Gilliland, Chair	Don Marostica, Vice Chair	Jan Martin
	Thad Noll	Shannon Gifford	Gary Reiff
		Trey Rogers	

Chair Gilliland called the meeting to order @11:30 am: All Board Directors were present.

Director's Agenda Overview and Discussion: HPTE Director David Spector introduced Ron Papsdorf, HPTE Legislative Liaison, who reported on recent activity at the Capitol. One key bill to watch is HB 1068 (Rep. Benavidez), amended to apply Davis-Bacon wages to P3 projects. The measure goes to the Senate Transportation Committee on February 7. HB 1153 (Rep. McKean, Rep. Williams) has been introduced. It mandates reinstatement of HOV2+ and gives priority in funding to certain major corridor projects. The fiscal note indicates that the bill carries significant potential impact to HPTE. Mr. Papsdorf noted the measure is not likely to pass.

Director Spector said the advertisement for the Toll Operations Manager resulted in over 30 applications, and that HPTE is establishing a panel to review and interview candidates. A selection is expected in mid-March. He also noted there will be a Joint Special Meeting with the Transportation Commission on March 3 to approve the Central 70 RFP.

On C-470, talks with stakeholders to address finance concerns regarding a reallocation of RAMP funding (due to an increase in borrowing) have made progress. HPTE Board Director Reiff noted that eventual excess revenues will stay with the project and be used for corridor improvements. The reallocation is expected to put \$19M back into the HPTE RAMP Development Fund to jumpstart other projects, maintaining a consistent policy for HPTE RAMP Development Fund use. Director Spector said there will be an update on C-470 financing later in the agenda.

HPTE Communications Manager Megan Castle outlined recent outreach activities. She said the final transparency meetings for the Central 70 Project final RFP will be held soon, including a telephone town hall meeting and an in-person open house and meeting at Swansea Elementary School. She invited Board members to participate in both. HPTE Chair Gilliland encouraged all to come and hear the issues.

HPTE Accountant Kay Hruska said the annual audited financials are complete, and there are no audit findings.

HPTE Budget Analyst Piper Frode said the HPTE FY18 Annual Budget will be presented in March for approval. Her presentation later in the Agenda is an update. She said Board input has helped clarify line items and the connection with projects. New this year will be the addition of an itemized travel budget. She said the budget cycle requires an 18-month look ahead, which is key in prioritizing upcoming projects. OMPD Project Manager Joe Mahoney noted upcoming projects include westbound visioning for the I-70 Mountain Corridor, a potential civic development project at Federal and Colfax, I-25 South, and parking for Bustang bus routes.

HPTE Operations Manager Nick Farber outlined the C-470 finance item that is later on the Agenda. There is a Resolution to approve the Amended Intra-Agency Agreement and the Direct Agreement

(required by TIFIA). There is another Resolution to approve finance documents including the Master Trust Indenture, Preliminary Opening Statement, Bond Purchase Agreement and the TIFIA loan.

Board Break,
Reconvene and Roll
Call:

The Board took a five-minute break. Upon reconvening, all Board members were present.

Consent Agenda:
Resolution #221
Approving January,
2017 Minutes:

Upon a motion by Board Director Rogers and second by Board Director Gifford, the Consent Agenda was approved.

Public Comment:

Chair Gilliland invited members of the public to come forward if they wished to comment. No speakers came forward.

Director's Report:

HPTE Director David Spector briefed the Board on the progress for hiring a Toll Operations Manager. He expects to have an offer out in the next four weeks. He noted the upcoming transparency meetings for the Central 70 Project and a Special Meeting with the Transportation Commission on March 3 for the final RFP. He also recently attended Stanford Global Projects Center's Infrastructure Workshop, and said he hoped to have them come to CDOT to provide their P3 education and training for the staff teams involved with public-private partnership projects.

OMPD Report:

OMPD Director Brett Johnson said there is encouraging progress on the I-70 westbound visioning process, with CDOT, consultants and stakeholders setting aggressive goals for decision-making. His office is also working with FHWA on financing for the I-25 North from Johnstown to Fort Collins extension of Express Lanes, with the idea to provide financing later in the project rather than sooner.

Communications
Report:

HPTE Communications Manager Megan Castle said the Central 70 team is focused on the upcoming transparency events, including a telephone town hall and in-person town hall meeting at the Swansea Recreation Center. She emphasized the purpose of the meetings is focused on the P3 financing and final RFP. Recent good news comes from the US 36 diverging diamond interchange at McCaslin Blvd., which is being recognized for improved traffic flow and safety. On the HOV3+ rollout, staff continues to monitor performance data and community feedback on the new policy, noting that the bulk of calls to the ExpressToll service center were before January 1.

FY16 Audited
Financials:

HPTE Accountant Kay Hruska presented the FY2016 audit, and was pleased to report that there were no audit findings. HPTE Board Chair Gilliland congratulated Ms. Hruska and her team for the hard work and exceptional results.

Draft FY18 F4S and
Annual Budget:

HPTE Budget Analyst Piper Frode gave a quick update on the budget development process, noting the Board has reviewed and provided input on previous drafts. She will bring the annual budget to the Board for approval next month. HPTE Board Chair Gilliland said the format and clarity of the annual budget continues to improve over previous years, and thanked Ms. Frode and her team for work well done.

Resolution #222
Approving C-470 IAA
and Direct
Agreement:

HPTE Operations Manager Nick Farber asked the Board to approve the Intra-Agency Agreement (IAA) and Direct Agreement for the C-470 Project. The Board has seen and discussed the IAA and Direct Agreement earlier. He said the Direct Agreement is at the request of TIFIA and addresses CDOT's obligations to complete construction and operate and maintain the project. The IAA with CDOT includes the ability to ask for a backup loan for O&M expenses and cCDOT's commitment to cover construction cost overruns should HPTE's \$210M contribution be insufficient to complete construction. Upon a motion by Board Director Reiff and second by Board Director Marostica, Resolution #222 was approved by all present.

Resolution #223
Authorizing and

Mr. Farber then summarized a number of other C-470 financing documents including forms of the Loan Agreement with USDOT, the Master Trust Indenture, Preliminary Official Statement, and the Bond

Approving C-470
Financial
Documents:

Purchase Agreement. TIFIA's credit review team is expected to begin the approval process next week and set forth the closing process. Mr. Farber expects to have the final ratings for the C-470 project in a couple weeks. He expects the Bond pricing to be set in mid-March, followed by closing with TIFIA soon after.

Assistant Attorney General Brent Butzin, HPTE General Counsel, distributed a corrected Resolution #223 authorizing the issuance of the Bonds and approving the forms of the financing documents. Mr. Butzin summarized each of the differences in the proposed financing parameters between the resolution posted for public notice and the version being considered for Board approval.

The Board engaged in general discussion regarding interest rates and sizing parameters of the Bonds and the reallocation of RAMP funds. The discussion focused on the extent to which the impact of changes in interest rates can be absorbed by the project's existing financial plan. The concern was that the existing parameters could leave little cushion should the project not meet performance expectations. Board Director Reiff expressed concern regarding the 100 basis point buffer provided in the interest rate parameters of the resolution under consideration. Following additional Board discussion, Board Director Rogers made a motion, with a second by Board Director Marostica, to amend the resolution under consideration to reduce the maximum permissible interest rates by 50 basis points each, with a resulting maximum interest rate to be borne by the Series 2017 Bonds not to exceed 5.50% per annum and a true interest cost not to exceed 5.35%, and a maximum interest rates to be borne by the TIFIA Bond not to exceed 4.00% per annum. The motion to amend the resolution passed unanimously.

The Board asked staff to develop a comparison of scenarios with basis points, interest rates and proceeds that realistically differ from the Rating Case. HPTE Board Director Rogers suggested a separate workshop of discussion is needed on this matter. Staff agreed to bring this information to the Board in March. The Board also engaged in general discussion with Director Spector and Mr. Butzin regarding the work undertaken to date to ensure HPTE has made a complete and accurate disclosure in the Preliminary Official Statement in accordance with law.

Upon a motion by Board Director Reiff to approve Resolution #223 as previously amended and second by Board Director Marostica the amended Resolution #223 was approved by all present.

Joint Executive
Session with the
Transportation
Commission and
Bridge Enterprise
Board of Directors
regarding the
Central 70 Project

HPTE Board Chair Gilliland requested a motion to convene the Board in Executive Session pursuant to C.R.S. Sections 24-6-402(3)(a)(II) and (III) and C.R.S. Section 24-72-204(3)(a)(IV) for the purpose of discussing confidential commercial and financial information and to receive legal advice regarding the Central 70 Project. Upon motion by Board Director Reiff to enter into Executive Session, with a second by Board Director Noll, the Board approved the motion unanimously. The Board entered into Executive Session at 2:08 pm. Members of the public were excused.

The Board exited the Executive Session at 2:30 pm.

Adjourn:

There being no further business, the Board adjourned at 2:31 pm.