

**High Performance Transportation Enterprise
Board of Directors Meeting Minutes
CDOT Headquarters Building, Conference Rm. 225
December 15, 2009**

PRESENT: Michael Cheroutes
Doug Aden
Heather Barry
Dan Cleveland
Tim Gagen
Charlotte Robinson
Stan Matsunaka

ALSO PRESENT: Russell George, CDOT Executive Director
Peggy Catlin, Deputy Executive Director
Heather Copp, CDOT Chief Financial Office
Leo Shkolnik, CDOT Controller
Harry Morrow, Chief Transportation Council
Marina Krasny, HPTE Accountant
Pam Hutton, Chief Engineer
Jennifer Finch, Transportation Development Director

AND: Carla Perez, Governor's Office

AND: Other organization representatives, the public, and the news media.

1. Call to order and Roll Call

Chairman Michael Cheroutes convened the HPTE Board of Directors regular meeting at 10:45 a.m. Chairman Cheroutes introduced the Board members and staff and asked the audience to introduce themselves.

2. Public Comment

No public comments

3. Approve November 17th Regular Meeting Minutes

Chairman Cheroutes asked for consideration of the November 17, 2009 HPTE regular meeting minutes. Director Cleveland moved for adoption of the meeting minutes. Chairman Cheroutes seconded the motion and on the vote of the of the Board, the minutes were unanimously adopted.

Resolution Number HPTE-5

BE IT HEREBY RESOLVED, the High Performance Transportation Enterprise Board of Directors' Regular Meeting Minutes for November 17, 2009 are hereby approved.

4. Brief summary of current contracts

Peggy Catlin discussed the contracts carried over from CTE. There are three types of contracts that were carried over:

- 1) Existing CDOT contracts-the Enterprise has access to use these contracts and pay for the services using the Enterprise's funds.
- 2) Contracts that were initiated by CTE, and are now assigned to the Enterprise
- 3) Intergovernmental Agreements (IGA) and Memorandum of Understanding (MOU)

The Enterprise has access to the following existing CDOT contracts: a non-project specific contract that was used for project managements services on the I-25 Express Lanes Project, financial advisor contract used for a feasibility study and financial analysis, and the Region 6 Mile High Courtesy Patrol contract.

The Enterprise also has access to several public relations contracts. These contracts were used for marketing materials for the opening of I-25, the annual report for the Legislature, a research survey/focus group and a follow up survey for the I-25 HOT Lanes.

New financial advisors and general engineering contract were initiated by CTE and are now assigned to the Enterprise. CTE also had contracts with Colorado State Patrol to pay for HOT Lane enforcement and a contract with a private contractor to maintain the HOT Lanes.

The contract with E-470 and CTE was also assigned to the Enterprise. This is an overall contract for the design of the back offices, toll collection software, and violation processing for the Express Lanes. This contract expires in 2010, however CDOT and the Enterprise are working to extend the contract. This contract allows the Enterprise to keep their staffing levels low and use the experience that E-470 has as a reference to the Enterprise.

There is an IGA with the Federal Highway Administration, because they require an agreement with any facility that needs to be tolled. There is also an IGA with the Regional Transportation District (RTD). The HOT Lanes were funded by Federal Transit Administration funds, therefore a contract with RTD was required. This contract listed the details about how the lanes would be managed and how the revenues would be distributed and used. This contract was signed by CDOT and CTE, and it received the required approval from the Federal Transit Administration and Federal Highway Administration.

CTE and CDOT have agreements for the loans provided by the Transportation Commission. The Transportation Commission issued a loan to CTE for startup activities. Some of the money has been transferred back to the Transportation Commission, because the activities that were anticipated at the time were not pursued. The general activities loans have not been paid back and monies from the HOT Lanes

cannot be used to pay back this loan. The loan for the I-25 HOT Lanes is being paid back on an annual basis from I-25 revenues.

Michael Cheroutes asked some questions about some of the current consulting contracts. Scott Balice Strategies was used to help create CTE and to assist with future activities. Scott Balice Strategies expertise is in tolling and public/private partnerships. They are a financial advisor, not an investment banking firm. CDOT has used Scott Balice Strategies for US 36, and will continue to use them if CDOT receives a grant.

Stifel Nicolaus is another consulting firm that CDOT uses. This consulting firm does routine work for CDOT, and the Enterprise has the option of using their services as well. Stifel Nicolaus' expertise is not in tolling and public/private partnerships.

The HNTB contract has been inactive for an extended period of time. This contract was written to include every form of consulting; project development, strategic planning, marking, and community outreach.

There were some discussions about how a project is handed off to the Enterprise from CDOT. CDOT staff conducts the environmental studies for the project. After the NEPA document is signed, the project becomes an Enterprise project. The transferring of the project might create TABOR issues, but that will be address on a project by project basis.

5. Discuss HPTE Director Hiring Options and Qualifications

Carla Perez listed the various hiring options for the Executive Director on an interim basis and a long term strategy. On an interim basis there are the following options:

- 1) Contract employee within the State Personnel System
 - a) Senior Executive Service Employee (SES)-A one year contract. This individual may have the option to apply for the permanent position, after the one year contract term.
 - b) Temporary Employee-This individual would be used to get the Enterprise started, but would be on a six month nonrenewable contract.
- 2) Contract for management services-A personal services contract with a consultant whose primary focus would be to get the Enterprise started. The Enterprise may use an existing contract and write a task order to have a consulting firm provide the Executive Director's functions.
- 3) Loan from another State agency-Utilize the resources within the State system. There is a possibility for a budget or FTE transfer.
- 4) Reassign an existing employee-Reassign an existing CDOT employee to be a full time FTE for the Enterprise.

- 5) Loaned Executive-Find an individual outside of the State system that is nearing retirement or an executive that is willing to be loaned to the Enterprise for a year.
- 6) University partnership/loaned professor-The Enterprise will work with a University to build a relationship. This relationship would allow the Enterprise to gather new ideas and expertise from the University, and possibly develop an internship program.
- 7) Retired professional- Find an individual who recently retired from the transportation industry.

Here are the following long term strategies:

- 1) Hire a full time employee. The full time employee is subject to the State Personnel rules. In order for the employee to be exempt from the State Personnel rules, a legislative action will be needed.
- 2) National search-By doing a national search, this allows for a wide range of applicants.
- 3) SES position-This position will have a legislative exemption
- 4) Competitive salary-The salary needs to be able to attract the kind of candidate that the Enterprise is looking for.
- 5) Management team approach

There is a possibility to use one of the existing contracts with the broad scope of work to provide “executive director” functions to the Enterprise.

Several Directors voiced the concern that there will be no “face” of the enterprise is the consulting company is performing executive director functions.

Director Cheroutes stated he would like to have an overview of the corridor projects inventoried for the Blue Ribbon Panel at the January meeting. And focus on the projects that might be ready for financing help from the Enterprise.

Director Robinson voiced the concern about the interim director being a “face” of the Enterprise. She agreed that the Board needs to determine where the Board wants to go first. And then take a step towards looking for the Executive Director.

Director Cheroutes would like the Enterprise to have a strategic direction and was thinking that the Board should be the face of the organization at first. The Board should work through the issues that the Enterprise has then hire a director. Meanwhile the Board could use the existing contracts to get help with organizing and facilitating the search.

Carla Perez reviewed the proposed qualification for the Executive director position. The board would like this individual to have a passion for the Enterprise, and to get the Enterprise started. The director should be able to work through long and short term directives and also oversee the financial activity and budget approvals for the Enterprise. The ideal candidate would have project experience and expertise. This individual will hit the ground running and take the Enterprise to the next level. The Executive Director will establish a relationship with CDOT. This individual will build a seamless relationship between CDOT and the Enterprise. A similar model exists with the Aeronautics division of CDOT.

Director Gagen suggested reviewing existing contracts for the opportunity to use their expertise on the interim basis. Other Directors concurred.

Executive Director George proposed to have a high level overview of the projects at the January meeting so that the Board can decide which projects they would like to look in further detail. As a part of this overview, the Board asked to identify the local entities and coalitions involved in each project.

6. Other Matters

Peggy Catlin described the annual review that internal audit is currently performing. The Enterprise reports the results to the RTD and the Federal Highway Administration. The Internal Audit Division is currently reviewing the report and will submit it to the Federal Highway Administration and RTD by the end of January.

Carla Perez indicated that there had been an increased interest from various agencies and organizations in the activities of the Enterprise. The Board could participate in their meetings and have open discussions with them.

The meeting was adjourned at 12:00 pm followed by Board of Director's luncheon. During the luncheon the Board continued the discussion regarding Executive Director qualifications and hiring options.