

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE
HIGH PERFORMANCE TRANSPORTATION ENTERPRISE (HPTE)**

Held: Tuesday, April 19 (1:00 – 5:00 pm) and Wednesday, April 20, 2016 (8:00 – 11:30 am)
Hyatt Place Denver, 4150 E. Mississippi Ave., Denver CO 80222

A special 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:

June 19, 2016	Kathy Gilliland, Chair	Gary Reiff	Thad Noll
Attendance:	Don Marostica, Vice Chair	Trey Rogers	Shannon Gifford
	Jan Martin		

Vice Chair Marostica called the meeting to order @1:00pm: All Board Directors were present, except for Chair Gilliland and Board Director Reiff who were running late and would be in attendance shortly.

Meeting Objectives: HPTE Director David Spector introduced the facilitator, Mike Hughes, who would be assisting with the Board retreat, and introduced the purpose of the strategic planning retreat, namely:

- To collaborate and articulate the top strategic initiatives that will guide the development of well-defined policies, HPTE’s strategic business plan and future budgeting cycles;
- To build communications between Board and HPTE staff leadership that will help address upcoming opportunities and challenges as HPTE expands its role.

HPTE Vision and Mission: The existing mission statement, adopted by the Board in 2010, was written in reference to HPTE’s enabling legislation. It is attached to these minutes as Appendix A. The group agreed that a “mission statement” should describe the purpose of HPTE. A “vision statement” should describe the desired end result of fulfilling the HPTE mission. Currently, there is no adopted vision statement for HPTE, although a draft list developed by staff was discussed.

The roundtable discussion highlighted the importance of the following topics:

- It is important to emphasize the private partnering that the state cannot do – specifically for financing mechanisms.
- What can HPTE do that CDOT cannot and how can it support CDOT to accomplish its mission of being “the best DOT in the country”?
- Mission should expand beyond roads to include multi-modal solutions, including bike, pedestrian, transit, etc.
- Vision should be very concise, without a lot of verbiage.
- Innovate/innovation, accelerate, partner are key descriptors.
- Focus on making people’s lives better through improved infrastructure – better lives are result of completing critical projects more quickly.

Action Item: Staff to draft revised mission and vision statements and present to HPTE Board for adoption.

Upcoming Organizational Initiatives and Challenges: Non-traditional P3 Projects – RoadX, Managed Motorways and Other Initiatives:
HPTE Director David Spector requested direction from the Board in terms of where HPTE’s focus should be. HPTE Operations Manager Nick Farber explained that last year an open-call Request For Information (RFI) was issued. The Board discussed what priority and level of focus HPTE should devote to these.

Action Item: Staff to recommend modifications to policies regarding RFIs and unsolicited proposals and revenue generation. This should describe a process for identifying and prioritizing projects to

pursue, and develop criteria for analyzing and managing proposals, and for recommending projects to HPTE Board and CDOT.

Public Outreach, Branding and Marketing:

HPTE Communications Manager Megan Castle described the genesis of the transparency and communications plans. The Governor's Executive order came first and was expanded upon via HPTE policy, then developed into a full strategic communications plan. She provided examples of Central 70 and proposed toll rate changes as current projects to which the transparency and communications plans are applied. She mentioned the important tie between consistency and transparency.

Discussion among the Board highlighted the following:

- All Board members agree that communication and outreach are a priority. However, there are differing opinions as to whether the focus should include branding of HPTE as an individual entity that people understand, or solely focus on awareness, education and marketing of specific projects.
- Legislative relationships need to be among top priorities.
- HPTE should run like a business. Advertising is a justifiable expense of business.
- HPTE needs an educational element for its outreach. HPTE benefits by educating customers how to use its services.

Action Item: Staff to draft recommendation regarding the focus for outreach efforts; the recommendation will speak to the balance of organization-wide and project-specific messaging

HPTE as Toll Operator:

Joe Mahoney of OMPD gave an overview of the projects that have come online in the past year – US 36 and the I-70 Mountain Express Lane, with North I-25 Segment 2 coming online this year in July. He explained the current operational work of E-470 and CDOT's Traffic Operations Center (TOC). He noted that HPTE has been in project development mode since start-up in 2010, and will be shifting into significant operational mode soon. The staff is seeking more guidance as to administering toll operations.

Discussion among the Board highlighted the following:

- HPTE needs to prepare for operational responsibilities and have someone manage it; a long-term strategy and plan to get there is important.
- An internal position with specific focus on Express Lanes operations, including revenues, is necessary.
- HPTE needs to preserve its legal enterprise status.

Action Item: Staff to draft a position description for Express Lanes oversight and determine timeframe for hiring.

Coordination with OMPD:

David Spector described how OMPD was created, and serves, in part, as a way for CDOT to support HPTE's mission and activities. CDOT currently selects projects, and determining which of the projects is right for a P3 is the job of HPTE. HPTE is a tool to help CDOT get projects done. HPTE helps analyze CDOT's projects and brings project ideas to CDOT for consideration. He asked the Board if there should be more coordination between HPTE and OMPD? Should there be full integration?

Group discussion highlighted the following:

- Structure should be determined internally.
- Additional resources may be better utilized together, whether that is through sharing an office or some other way. With fee-for-service structure, where CDOT is reimbursing HPTE as any other vendor for services, it may be advantageous to look at combining the two

- organizations.
- Combining organizations/structure is a legally sound option.

Action Items: Staff to draft recommended staffing and structure/coordination between HPTE and OMPD staff for Board review.

Executive Session: Pursuant to C.R.S. Sections 24-6-402(3)(a)(II) and 24-6-402(3)(b)(I) the Board entered into Executive Session for the purposes of receiving legal advice pertaining to the US 36 and Central 70 projects, and to discuss employment matters personal to a particular employee, at that employee’s request.

Adjourn: The Board adjourned for the day at 5:15 pm.

April 20, 2016	Kathy Gilliland, Chair	Thad Noll	Jan Martin
Attendance:	Don Marostica, Vice Chair	Trey Rogers	Shannon Gifford

Chair Gilliland called the meeting to order at 8:00 am: All Board Directors were present except for Director Reiff, who arrived later.

Budget: Overview and Planning Timeframe:
 HPTE Director David Spector described how HPTE had historically borrowed money from CDOT for its annual budget. Currently, HPTE operates as a paid consultant to CDOT. HPTE Budget Analyst Piper Frode said OFMB has worked on strengthening communication between CDOT and HPTE budget offices, and presented a budget timeline to the Board. Budget requests/approval, and HPTE’s development of scope of work, must be 18 months to two years ahead of actual implementation/expenditures.

Staff questions to the Board were: How can the budgeting process be smoother, given the different schedules for HPTE and CDOT budget processes? How much feedback/oversight does the Board want for changes? How much flexibility does staff have to make budget decisions?

Group discussion highlighted the following:

- HPTE must determine what it needs, then ask for the budget to cover those needs. The strategic direction should define the needs/costs, then be presented for budget authorization.
- The Board expressed an openness to staff staff-level approval of budget changes up to 15% or a \$15,000 per line item limit, with no more than three changes between Board meetings.

Action Items: Staff to bring forward a recommendation for Board approval that will specify timing for budget reviews and when budget adjustments come to the Board. Staff to pursue Commission determination as to whether restriction of unrestricted funds can occur.

Conduit Issuer:

OMPDP Director Brett Johnson provided an overview of three debt “buckets” including: 1) Direct obligations secured by a bank (PPSL, I-25 N, C-470), 2) Conduit issuer (US 36 and Central 70), and 3) CDOT loans. He explained that coverage ratios are built into the toll and revenue studies, generally assuming 40% less repayment capacity than a T&R study demonstrates to ensure conservative revenue estimates. David Spector confirmed that HPTE’s debt will be high and revenues will remain low for a significant period of time, as toll revenues season. All current revenues are used to pay O&M and debt repayment, which will continue for a significant period of time.

Debt Overview and Repayment:

David Spector reviewed HPTE’s commitment of repayment to CDOT. He suggested the Board make a manageable commitment for payback to CDOT and factor it into annual budget as a consistent line item.

Questions posed to the Board were: Does the HPTE Board want to set a numerical threshold each year in terms of what is paid to CDOT, or should it be based on a percentage that is remaining in budget, or from unrestricted toll revenues?

Group discussion highlighted the following:

- Amortize and start repaying on quarterly or annual basis. Identify a date and make a solid commitment to start paying back.
- Pay interest only for five years, then begin to repay principal and interest.
- Strike a balance of reserves and repayment commitment. Structure in a way that allows flexibility for HPTE.

Action Item: Staff to draft approach based on priorities and objectives identified in strategic business plan for review by the Board.

Excess Revenue

While minimal data exists thus far on revenues, some initial parameters have been set. A common threshold requires 50% of excess revenues to be used for debt repayment, while the other 50% can be used within the corridor for additional improvements. There also is a need to incorporate ongoing HPTE staffing and oversight costs into fee-for-service charges to projects. Nick Farber mentioned the issue of cross-collateralization and cross-default between corridors. As the system of Express Lanes grows, this will become an important issue. Staff recommends development of a policy for how HPTE dedicates excess revenues.

Group discussion highlighted the following:

- Develop a way to measure the importance of a local road improvements that might improve the functionality of the core project.
- Encourage staff to be bold in looking at more revenue generating opportunities.

Action Item: Staff to develop excess revenue policy for review by the Board.

Procurement:

Nick Farber provided an overview of current Project Proposal Guidelines, including the possibility of issuing a rolling RFI every 1.5 to two years. Staff currently is so lean, it would be difficult to manage requests at all times. It is possible to charge staff time to review proposals, as well as exploring a tiered fee system, depending on scale of proposal. He noted two main issues of concern: 1) Time for initial review, and 2) if it proceeds, the idea must be opened up for bid. David Spector explained that consideration of unsolicited proposals is currently delayed because of lack of resources/staff time. He asked how important is this in terms of what we need to be focusing on?

Group discussion highlighted the following:

- If staff can't react at all, a potential opportunity may be lost. What is the trade-off in terms of staff time?
- General agreement that there should be some type of proposal review fee. Perhaps it is possible to have an on-call expert to review them, based on the fee charged.
- If using the Colorado Procurement Code for certain processes, it's important to make it clear that HPTE is not required to adhere to CPC, so HPTE maintain its statutory flexibility.

Action Item: Staff to develop procurement policy for review by the Board.

Discussion of
Strategic Priorities
for 2016 and
Beyond:

David Spector asked for the Board's input and prioritization for HPTE's short- and long-term plans. After some discussion, there was general agreement on the following:

Top Priorities for 2017 Strategic Plan Development and FY18 Budget Cycle:

- Develop, maintain and grow legislative relationships.
- Hire an internal staff member focused on revenue operations.
- Identify the next major projects for prioritization, focusing on level of impact and revenue generation.
- Develop a strategic business plan to drive FY18 budget cycle to focus on above priorities and include right-sizing of staff, coordination and support to/with CDOT, education and selection of future HPTE Board members

Adjourn:

There being no further business, the Board adjourned at 11:00 am.



Colorado High Performance Transportation Enterprise Mission Statement

Endorsed on June 15, 2010 by the
HPTE Board of Directors

“The mission of the Colorado High Performance Transportation Enterprise is to partner with local agencies, communities and private industry to seek out opportunities for creative means of financing and accelerating the delivery of multimodal transportation infrastructure projects.”

*Identify Opportunities. Develop
Partnerships.*

Provide Sustainable Alternatives.

Lead Innovative Financing.

Accelerate Program Delivery.

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