

RECORD OF PROCEEDINGS

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

Held: Wednesday, April 16, 2014; 1:00pm

Hilton Garden Inn DTC, Executive Boardroom

7675 E. Union Avenue, Denver CO 80237

A Special Planning 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:

Tim Gagen, Chair

Don Marostica

Brenda Smith

Kathy Gilliland, Vice Chair

Gary Reiff (Excused)

Doug Aden

Trey Rogers

Chair Gagen welcomed all directors and others present.

HPTE Director Cheroutes outlined the reasons to come together for this special planning meeting: to discuss the goals of HPTE, the role of the HPTE Board, and future expectations related to HPTE's relationship with CDOT.

Down the Road: A 3 to 5 year Vision for HPTE

Consideration of the future of HPTE began with a discussion of possible legislation that may impact HPTE. HPTE Director Cheroutes provided a brief synopsis of the bill that is expected to be introduced. The bill includes various requirements related to HPTE holding public meetings prior to issuing an RFP for concession projects, limitations on certain contractual terms that HPTE can include in concession arrangements (e.g., length of term, types of compensation events), and the requirement that Directors of HPTE be confirmed by the Senate.

Director Smith offered that the outreach required by the bill is only a minimum and that HPTE staff can do more.

Chair Gagen sought clarification regarding which projects these requirements impact. HPTE Director Cheroutes confirmed it would be the P-3 projects.

Directors Aden and Smith wondered whether these requirements would have a severely detrimental impact on HPTE's operations. Director Cheroutes discussed the requirements and did not believe so.

Director Marostica noted the audit provision permitting the state auditor to audit HPTE. It was believed that the state auditor already had this power.

Director Aden stressed the importance of outreach and gave an example of telephone town halls that have been successful in the western slope.

Chair Gagen noted the need for early outreach and the need to partner with local communities in that effort.

HPTE Director Cheroutes confirmed that HPTE can work with the bill in the version most recently circulated with only minor changes/clarifications.

HPTE Organization: Board Committees, Strategic Communications

HPTE Director Cheroutes expressed that the outreach efforts topic was a good segue to discuss HPTE's strategic communications. Stressing the importance for HPTE to have an identity outside of CDOT's identity, HPTE Director Cheroutes briefed the board on a new spokesperson position that has been filled within HPTE. It was the belief that a separate spokesperson for HPTE will help in developing this identity. In addition to this, HPTE Director Cheroutes offered that HPTE is considering engaging a public relations expert to assist in the various outreach efforts. These efforts will help with the upcoming I-70 viaduct project.

Director Smith wondered if it made sense for the Board to be involved in the process of retaining the public relations expert. HPTE Director Cheroutes indicated that the board was previously advised that it should not but perhaps that should be reexamined.

Keeping on the topic of the organization of HPTE, HPTE Director Cheroutes described the org chart of CDOT and noted HPTE's position within the organization. HPTE most frequently interacts with the Office of Major Project Development (OMPD). HPTE's relationship with OMPD is described in an MOU between HPTE and CDOT. HPTE Director Cheroutes encouraged the board to revisit the MOU and consider whether changes are needed.

Break: 10:15-10:30

HPTE Director Cheroutes asked whether the board thought there was a need for board committees.

Director Aden voiced that he did not see a need for committees since the board itself is not very big. HPTE Director Cheroutes agreed.

Down the Road: A 3 to 5 year vision for HPTE

HPTE Director Cheroutes communicated that he wanted to circle back to the discussion regarding HPTE's future and stressed the need to discuss this in light of HPTE's mandate—to actively pursue innovative means of financing surface transportation projects. HPTE Director Cheroutes requested that the board consider whether HPTE should prepare a business plan.

Director Smith noted she believed this to be a good idea and thought a 10 year plan would be suitable. Having the expertise in this area, Director Smith offered to assist if necessary. This plan would need to consider various revenue sources.

Chair Gagen noted that HPTE's operating costs should be calculated and the revenue sources should be identified in this plan, including the tolling sources.

Director Marostica offered that he has experience with a public entity that issues bonds for private parties and the public entity is compensated through a fee that is paid with the bond proceeds. Director Marostica noted that it is the board's fiduciary duty to ensure that a business plan is developed. Director Marostica offered to assist.

HPTE Director Cheroutes suggested that a success-fee model be considered.

Director Smith expressed the need to consider whether HPTE should take a certain percentage of the tolls in P-3 transactions. It was noted that this might increase the cost of a particular project.

HPTE Director Cheroutes noted the upcoming projects, including the I-70 viaduct project, the I-70 West project, the I-25 North project and possible opportunities in the northwest section of the metro-area beltway, and possible opportunities that could be developed in connection with E-470.

Director Gilliland noted that there could be a revenue opportunity in developing a back-office tolling collection group.

Director Rogers noted that HPTE should consider enterprise requirements when analyzing the revenue possibilities.

Discussion: HPTE's role within CDOT; relationship with Transportation Commission

HPTE Director Cheroutes expressed that it was his belief that the Transportation Commission decides which projects to pursue, HPTE then evaluates the project by conducting a value for money analysis and suggests a delivery method, CDOT ultimately decides the delivery method, and HPTE then assists with the implementation when necessary. HPTE Director Cheroutes requested thoughts on this.

Director Aden noted that this process, in light of the I-70 viaduct project, should also take into consideration the Bridge Enterprise (CBE).

Director Gilliland recommended a series of joint meetings between CDOT, HPTE, and CBE when all parties are involved in a project.

CDOT Executive Director Hunt agreed with HPTE Director Cheroutes in that HPTE assists with the value for money analysis and in the implementation of a project.

Director Smith suggested that a flowchart might help in documenting the interaction of the entities in a project.

Chair Gagen suggested that the process should be viewed in light of lessons learned in the U.S. 36 Transaction. Chair Gagen stressed the need to include the process of interfacing with the community impacted by the project early in the timeline.

Director Aden agreed that a collaborative process was important.

Director Gilliland noted that HPTE will achieve transparency through communication.

HPTE Director Cheroutes agreed.

Misc.

Director Gagen noted that early engagement with the various local governments occurred with the U.S. 36 Project but that engagement with the communities did not translate to communication to the public as expected.

HPTE Director Cheroutes introduced Randy Harrison, a member of the faculty at the University of Colorado. Mr. Harrison introduced himself as a faculty member in the public policy department at the University of Colorado at Denver and thanked CDOT Executive Director Hunt and HPTE Director Cheroutes for participating in panels organized to discuss P-3s. Mr. Harrison stressed the prevalence of P-3s in other countries and noted that he is using HPTE and HPTE's projects in his classroom.

A discussion of the pending lawsuit filed against HPTE (among other parties) by the Drive Sunshine Institute was discussed generally. Assistant Attorney General Jordan Chase has recommended that if any of the board members have any questions that they contact Senior Assistant Attorney General Pat Sayas.

The meeting was adjourned at approximately 12:30.

