

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

OF THE

E-470 PUBLIC HIGHWAY AUTHORITY

Held: Thursday, November 10, 2022, at 9:00 a.m., at 22470 E. Stephen D. Hogan Parkway, in the Board Room, Aurora, Colorado.

Attendance:

A regular meeting of the Board of Directors of the E-470 Public Highway Authority was held as scheduled and in accordance with applicable statutes of the State of Colorado, with the following directors present:

John Diak, Councilmember Town of Parker
Francoise Bergan, Mayor Pro Tem City of Aurora
Tony Unrein, Councilmember City of Thornton
Chaz Tedesco, Adams County Commissioner
George Teal, Douglas County Commissioner

Wynne Shaw, Councilmember City of Lone Tree (*non-voting*)
Deborah Mulvey, DRCOG (*non-voting*)
Peggy Catlin, RTD (*non-voting*)
Kelly Brown, Tolling Operations Manager, CTIO/CDOT HPTE (*non-voting*)

Also present were: Dave Dinkel, Colorado State Patrol; Jessica Carson, toll operations director, Geoffrey Doctoroff, risk and administrative services manager, Ryan Dole, senior financial analyst, Terry Fabrizio-Rollert, operations coordinator, Ted Gies, team lead, IT service desk, Mark Gronowski, senior solutions delivery manager; Michael Hancock, tolling operations manager, Jaime Heitman, controller, Tiffany Jackson, marketing specialist, Kris Kellim, procurement manager, Jacob Kramer, HR manager, Diane Lundquist, executive assistant, Beau Memory, executive director, Jason Myers, director of finance and administrative services, Aaron Schilz, IT service desk technician, Ken Smith, information technology director, Briana Summers, accounting manager and Neil Thomson, engineering and roadway maintenance director, E-470 Public Highway Authority; Chris Chovan, Adams County; Tim Stewart, Atkins Global; Pedro Costa and Brenda Schuler, NWPLLC; Andrew Ma and Robyn Moore, Piper Sandler; Bryan Stelmack, Stifel; and Tamara Seaver, Icenogle Seaver Pogue, P.C.

Call to Order:

Councilmember Diak, noting the presence of a quorum of the directors, called the regular meeting to order at 9:06 a.m.

RECORD OF PROCEEDINGS

Pledge of Allegiance: Councilmember Diak led all present in the Pledge of Allegiance.

Public Comment: None.

Consent Calendar: Commissioner Teal moved approval of the consent agenda, comprising meeting minutes of October 13, 2022 and Fruition Contract Extension. The motion was seconded by Commissioner Tedesco and approved unanimously by the Board.

Finance and Administrative Services

Department:

Traffic and Revenue Consultant Contract with CDM Smith:

Mr. Myers addressed the Board and provided an overview regarding the recent Finance Department RFPs for a Traffic and Revenue Consultant, Municipal Advisor, and an Investment Management Services Consultant. He then provided an overview of the role of each consultant and noted the Finance, Budget, and Audit Committee was briefed three times during the RFP process for each consultant, with a complete and thorough briefing provided on October 27, 2022.

Mr. Kellim then addressed the Board and provided additional detail regarding the RFP process for each vendor and the need for interviews with Municipal Advisor proposers. Turning to the Traffic and Revenue Consultant RFP; Mr. Kellim reported that only the Authority's current consultant, CDM Smith, proposed. He reported that CDM is an industry leader with strong qualifications, strong track record of performing for the Authority, and very comparable pricing with the current CDM contract citing no significant increases. Commissioner Tedesco inquired as to the reason for the single response and Mr. Myers responded that other major firms did not respond but do serve other toll agencies. Mr. Myers then provided an overview of 2023 traffic and revenue studies needed, including studying customer travel and traffic patterns, re-forecasting traffic and revenue projections for 2024 – 2050, and updating a prior level of service study to inform the Authority's future road widening efforts. Commissioner Teal commented on the quality work previously been performed by CDM Smith and commended the Authority for going out to the market periodically.

Commissioner Teal moved that the Board of Directors approve a Master Task Order contract with CDM Smith, the Authority's Traffic and Revenue Consultant, beginning on January 1, 2023 for a period of three (3) years through December 31, 2025 along with two one (1) year contract extension options and

RECORD OF PROCEEDINGS

to authorize the Executive Director to execute the Master Task Order contract, subject to the review and approval of General Counsel. The motion was seconded by Councilmember Unrein and approved unanimously by the Board.

Commissioner Tedesco then moved that the Board of Directors approve 2023 Task Orders #1-3 to the New Master Contract for a Customer Travel and Traffic Pattern analysis, Re-forecast Traffic and Revenue Projections for 2024 to 2050 and update future level of Service studies with a total combined not-to-exceed amount for 2023 of \$625,000 and authorize the Executive Director to execute the Task Orders, subject to the review and approval of General Counsel. The motion was seconded by Commissioner Teal and unanimously approved by the Board.

Municipal
Advisor Contract
with Piper
Sandler:

Mr. Kellim then reviewed the RFP process for the Municipal Advisor, noting how competitive the proposals were. He reported that 5 vendors proposed and 3 were shortlisted for interviews. He reported that staff recommends Piper Sandler & Co for approval. He then reviewed the contract metrics with the Board.

Following Board discussion, Commissioner Teal moved to approve a Master Contract with Piper Sandler commencing January 1, 2023 and running through December 31, 2025, including two 1-year contract extension options and an overall not-to-exceed contract amount of \$440,000 for general municipal advisory services and authorize the Executive Director to execute the Master Contract, subject to the review and approval of General Counsel. The motion was seconded by Councilmember Unrein and unanimously approved by the Board.

Investment
Management
Services Contract
with Chandler
Asset
Management:

Mr. Kellim then presented the Investment Manager RFP, reporting on the services be provided, the receipt of 5 proposals, and the staff recommendation for engagement of Chandler Asset Management as the best value to the Authority. He reported they were also the lowest bid. Councilmember Diak noted that the Finance Committee was fully briefed and he was supportive of all 3 vendors recommended by staff, including Chandler.

Commissioner Teal moved to approve a new Master Contract with Chandler Asset Management for investment management fee services commencing January 1, 2023 and running through December 31, 2025 including two 1-year contract extension options with an overall not-to-exceed contract amount of \$1,250,000 and to authorize the Executive Director to execute the Master Contract, subject to the review and approval of General Counsel. The motion was seconded by Councilmember Unrein and unanimously approved by the Board.

RECORD OF PROCEEDINGS

Toll Rate Policy
– Resolution 22-
02:

Mr. Myers reviewed with the the Board the current toll rate resolution (Resolution 21-02) and the Board’s annual review/reaffirmation per Resolution 21-02. Mr. Myers reviewed a sample of what rates would look like in 2023 under Resolution 21-02. He then reported on 2022 traffic projections relative to actual traffic through October of 2022, noting the volatility month to month and overall results at 95% of projections. He reviewed the expected 2023 toll revenues in the context of the 2023 budget, noting the information was presented during the Budget Workshop in October, and the proposed toll revenue budget for 2023 would be reduced by \$10 million from original projections based on actual trends and results so far in 2022. Mr. Myers then reviewed various 2023 toll revenue scenarios based on volume volatility and economic unknowns including finishing the year \$5 million above the proposed budget, \$5 million below, and a reduction in revenue based on a potential recession. He then reported on the financial goals approved by the board in May of 2020 within the Debt Management Policy, and then displayed the potential trends from 2023 to 2025 based on the estimated toll revenue scenarios and ranges. With these toll revenue scenarios and estimating the operating and capital budgets similar to those shown at the budget workshop in October and use of \$50 million towards a debt call opportunity in 2024, Mr. Myers then presented how the financial metrics correspond to projected debt service coverage ratios and unrestricted fund balances during this period. Mr. Myers also reviewed inflation trends in the U.S. and Colorado and associated increases to the costs of the Authority’s Capital Plan due to inflation. Considering the toll revenue scenarios, higher operating and capital budget and cost estimates and use of cash in 2024 towards paying down debt, he noted the Authority’s unrestricted fund balance projections at the end of each fiscal year, noting that the end of 2024 nears the minimum financial goal for this balance.

Councilmember Diak noted the close coordination with the Finance Committee and the importances of tying all recommendations back to the Authority’s financial goals is very important.

Thereafter, Mr. Myers reviewed staff’s 2023 Toll Rate recommendation to hold at 2022 Rates in early 2023, pending re-evaluation no later than July 1, 2023 to allow for additional months of traffic, revenue, budget and economic and inflation data. Commissioner Teal inquired about the Board’s ability to reevaluate even in February or March under the resolution, and Ms. Seaver responded that the proposed Resolution 22–02 would not prohibit such action and provided flexibility with an outside date for the reevaluation by no later than July 1, 2023. Councilmember Shaw inquired as to the press release and Messrs. Myers and Memory responded on a potential press release, pending direction from the board. Mayor Pro-Tem Bergan reported she felt the resolution

RECORD OF PROCEEDINGS

appropriately balanced the Board's desire to lower tolls against current toll revenue and economic volatility.

Commissioner Tedesco noted how difficult it was for him to freeze tolls in light of the Board's philosophy, even under stressful economic circumstances. He acknowledged the poor economy and yet expressed his concerns, and asked about the timing of this resolution. Mr. Myers noted that the Resolution 21-02 contemplates an effective date of January 1, and includes the board policy to review and reaffirm those rates each year. Ms. Mulvey commented that the analysis and recommendation seemed prudent given the volatile economics. Mayor Pro-Tem Bergan asked that any press release emphasize the flexibility embedded in the proposed Resolution 22-02 and ability to reevaluate. Commissioner Teal echoed Commissioner Tedesco's comments and expressed appreciation for the fullness of the Finance Department's analysis, acknowledged the need to file the upcoming 2023 budget in December before the fiscal year begins with certainty of toll rates. He then informed the Board that his preference would be to re-evaluate as early as possible in 2023 to preserve, if at all possible, the lowering of tolls. Councilmember Shaw expressed appreciation for the commitment to the Board's prior decision and noted that if she were a voting member, she would vote in favor of the proposed Resolution given the economic realities and challenges.

Councilmember Diak inquired about what data would be available during the December 8th Board meeting to postpone the decision. Mr. Myers reported that he would have November traffic and not quite final toll revenue numbers. Councilmember Teal inquired about the logistics of signage changing and staff reported they could meet a December toll rate approval timeline. Commissioner Tedesco noted, if Resolution 22-02 was approved, he would want to reevaluate 2023 Toll Rates by February of 2023. Mr. Myers noted his team would be ready. Ms. Mulvey inquired about HPTE/CTIO and Northwest Parkway Public Highway Authority. Mr. Myers reported on his understanding that other Colorado tolling entities have already or were planning to increase their toll rates. Councilmember Diak noted the delicate balance between the desire to lower tolls and economic realities and challenges along with the financial goals and large upcoming capital project needs. Ms. Brown noted HPTE/CTIO has its own toll rate policy.

Following the extended discussion, Commissioner Teal moved to continue consideration of Resolution 22-02 Regarding 2023 Toll Rates and Toll Rate Schedule for the E-470 Public Highway Authority to December 8th for consideration at that time. The motion was seconded by Councilmember Unrein and unanimously approved by the Board.

RECORD OF PROCEEDINGS

Toll Operations

Department:

Resolution 22-03
Membership in
Central US
Interoperability
Hub:

Ms. Carson reported regarding the 4 interoperability hubs in the United States and that Authority's Next Generation Lane System would read 6-C, SEGO, and E-Z Pass protocols. She then provided background with respect to a prior Authority effort to join the Central US Interoperability (CUSIOP) Hub. Councilmember Shaw asked about how she would be billed if she traveled on a toll road in Kansas. Ms. Carson explained the process. Additional discussion ensued and Commissioner Tedesco inquired about whether the Authority would be charged with enforcing/collecting out of state tolls. Ms. Seaver reported that there were legal impediments which prohibit the Authority from collecting the out of state tolls and that there were legal impediments to using the program for LicensePlateToll® customers, so joining would only be for ExpressToll® customers. Commissioner Unrein inquired about fees for joining and Mr. Myers reported regarding the same. Ms. Carson noted the customer will not pay any additional costs. Ms. Mulvey stated she believed this to be a good service for all residents in Region 1 of DRCOG.

Ms. Carson then reported on the process to join CUSIOP, including the proposed Resolution 22-03. At this point, Commissioner Teal left and rejoined the meeting electronically.

Commissioner Tedesco moved to join the Central U.S. Interoperability HUB by approval of Resolution 22-03 Regarding Entering into Agreement Regarding Interoperability of Toll Systems and Transponders to Join Central U.S. Interoperability Hub, and to authorize the Executive Director to execute all application materials, including Appendix J the Third Amendment to Agreement Regarding Interoperability of Toll Systems and Transponders (the "IGA"), and all other documents needed to effectuate the Authority's membership, including but not limited to Appendix L, Counterpart to the IGA, all subject to review and approval of General Counsel. The motion was seconded by Councilmember Unrein and unanimously approved by the Board. At this point, Ms. Mulvey left the meeting.

Executive

Department:

Briefing and
Approval of
FAMLI:

Mr. Kramer reviewed the Family and Medical Leave Insurance Program (FAMLI) with the Board of Directors. Mr. Kramer reported regarding the Family and Medical Leave Insurance Program ("FAMLI") approved by Colorado voters in November of 2020 and revised benefits associated with plan. He then reviewed with the committee members the Authority's options with respect to FAMLI, noting staff's recommendation to the Board will be to decline the employer portion of participation for the Authority and to assist employees

RECORD OF PROCEEDINGS

should they want to opt in by remitting the employee's share of premiums and wage data.

Legal:

Resolution 22-04 Regarding FAMLI: Following Ms. Seaver's review of Resolution 22-04 Councilmember Unrein moved to approve Resolution 22-04 Regarding the Paid Family and Medical Leave Insurance Act, Sections 8-13.3-501 et seq., C.R.S. ("FAMLI"), which effectuates the Authority opting out of employer participation in the program while making the Authority responsible for remitting Authority employee shares of premiums and for submitting wage data quarterly to the FAMLI Division in order to streamline the process for the benefit of Authority staff. Commissioner Tedesco seconded the motion, which was unanimously approved by the Board.

Executive Director Report:

In light of Veterans Day, Mr. Memory asked all present to recognize those veterans serving the Authority in various capacities. All present recognized and expressed gratitude to the following veterans for their service: Chaz Tedesco, Bill Holen, George Teal, Jim Brady, Jon Campbell, Vince Demaio, Robert Coffin, Patrick Flynn, Jacob Kramer, Sam Bettencourt and Jamie Murray.

Executive Session:

The Board determined not to conduct an executive session.

Other Business:

Commissioner Tedesco asked everyone to mark their calendars for the May 29, 2023 opening of Adams County Veterans' Memorial of the USS Colorado Battleship. Ms. Catlin noted that pending December 5th certification, she would continue as an RTD Board Member and, in turn, her service for the Authority.

Adjournment:

There being no further business to come before the Board, Councilmember Diak adjourned the meeting at 11:03 A.M.



Chair of the Meeting