

Resolution # BE - 50

Regular Meeting Minutes for November 18, 2010

Approved by the Bridge Enterprise Board of Directors: December 16, 2010

BE IT RESOLVED, that the Minutes for the November 18, 2010 meeting of the Bridge Enterprise Board of Directors are hereby approved by the Bridge Enterprise Board.

**Bridge Enterprise Board
Regular Meeting Minutes
Thursday, November 18, 2010**

PRESENT WERE: Leslie Gruen, Chairman, District 9

Steven Parker, Vice Chairman, District 8

Trey Rogers, District 1

Jeanne Erickson, District 2

Gary M. Reiff, District 3

Douglas E. Aden, District 7

Herman Stockinger, Secretary

ABSENT:

Bill Kaufman, District 5

Heather Barry, District 4

Gilbert Ortiz, Sr., District 10

Kim Killin, District 11

ALSO PRESENT:

Executive Director, Russ George

Pam Hutton, Chief Engineer

Jennifer Finch, Transportation Development Director

Heidi Bimmerle, Director, Human Resources & Administration

Herman Stockinger, Government Relations Director

Casey Tighe, representing Audit Division

Rick Gabel, Staff Services Director

Ben Stein, CFO

Tony DeVito, Region 1 Transportation Director

Tim Harris, Region 2 Transportation Director

Dave Eller, Region 3 Transportation Director

Johnny Olson, Region 4 Transportation Director

Richard Reynolds, Region 5 Transportation Director

Reza Akhavan, Region 6 Transportation Director

Harry Morrow, Chief Transportation Counsel

Doug Bennett, on behalf of FHWA Division Administrator

Vince Rogalski, Statewide Transportation Advisory

Committee (STAC) Chairman
Dave Wieder, Maintenance and Operations Branch Manager
David Gordon, Director, Aeronautics Division

AND: Vince Rogalski, Statewide Transportation Advisory
Committee (STAC) Chairman

AND: Other staff members, organization representatives, the
public and news media. One audiotape of the meeting was
made and supporting documents are filed in the Bridge
Enterprise Board office.

Chairman Les Gruen convened the meeting at 11:20 a.m. on November 18,
2010 in the auditorium of the headquarters building of the Colorado
Department of Transportation in Denver, Colorado.

BE Working Committee Report

Director Reiff delivered the following report:

- At the BE Workshop, Chairman Gruen reported that there were no comments to either the October 20th, 2010 BE Workshop meeting notes or the November 10th, 2010 CBE sub-committee meeting minutes.
- Ken Szeliga provided a program update which highlighted major achievements since the October CBE workshop which included: selection of eight NPS design consultants, bond ratings presentation, DRCOG presentation, five bridges had gone to AD and two bridges were completed in the period.
- Ken Szeliga then presented a CBE Contracting Delivery Program Plan in response to Commissioner Aden's question from the October BOD meeting. A handout identified areas of innovation the CBE will explore with the intent of being quicker, faster and smarter with the delivery of completed bridges.
- Ken Szeliga presented an overview of the Program Development phase, and collaborative development of a program implementation plan and schedule with the regions. AECOM asked to proceed with four subtasks that were included and funded within Task Order 1 put on hold pending November ballot outcome. Commissioner Reiff asked for clarification of the subtasks and associated dollar value, no exception was expressed by the Board.

- Ben Stein then reported on the Proposed 5th Budget Supplement which addressed:
 - Transfer of federal earmark funds for Structure G-22-J
 - \$950K requested for Structure G-22-J for construction dollars
 - \$525K requested for Structure L-05-B to cover engineer's estimate and scope
 - \$25K requested for Bridge F-16-EJ for emergency repairs
 - \$512K requested for Structure F-16-FL to cover indirects. Commissioners Reiff and Parker asked to explain the increase due to indirects, and Commissioner Reiff requested a summary of the expected program increase due to indirects.
- Marina Krasny distributed an update of the BE finances for the period ending Oct. 31st.
- Ben Stein noted that various MOU's are being prepared for the program, and specifically that FHWA is okay with their draft MOU and it has been sent onto FHWA HQ for review.
- Ben Stein discussed the Bond Financial Plan status. The ratings presentation was given on November 5th to Moody's and Standard & Poor's. A copy of the presentation was sent to the Commissioners. The ratings are expected today with an expected rating of AA, and Moody's unofficial rating was AA-3. The due diligence forms are to be completed and POS published by Friday. The target date for sale of bonds is December 1st. There is a lot of volume in the market post election, and the State Treasury is going to the bond market on Dec. 2nd. This may cause movement of the market date.
- The plan is for a 30 year initial bond issuance to be filled in later with smaller bond issuances. Commissioner Reiff asked for clarification on the debt service levels. The debt service levels do level out. He then asked if the next bond issuances will be 30 years as well. The current plan is that they will not be 30 year but will fill in. Ben Stein noted that the best deal available at the time of future bond requests will be pursued and that may be 30 year bonds or even shorter.
- Julian Mellini gave a presentation of the differences between having a 20 year versus a 30 year bond.

- Pam Hutton presented a handout with Potential Financial Alternatives for the I70 Viaduct. There are many alternatives which have been and will continue to be considered for the funding of the viaduct. There will be a presentation to DRCOG this evening to answer their questions regarding the viaduct. A copy of the presentation was sent to the Commissioners. The Commissioners were pleased with the information and the many alternatives being considered. Commissioner Gruen reiterated the need to keep the discussion going and requested that the board be given briefings prior to BE presentations in the future.
- The next sub-committee meeting will be held on Friday, December 3rd, with a 10:00 a.m. start time.
- Ben Stein requested that the people involved with the pricing committee send him their contact information for November 30th and December 1st for the bond sales.

Discuss and Act on the Regular Meeting Minutes for October 21, 2010

Chairman Gruen asked for a motion for approval of the Minutes and the motion was made by Director Aden. The motion was seconded by Director Parker. On a vote of the Board of Directors, the minutes were unanimously approved.

Resolution # BE - 44

Regular Meeting Minutes for October 21, 2010

Approved by the Bridge Enterprise Board of Directors: November 18, 2010

BE IT RESOLVED, that the Minutes for the October 21, 2010 meeting of the Bridge Enterprise Board of Directors are hereby approved by the Bridge Enterprise Board.

Discuss and Act on 5th Budget Supplement

Ben Stein mentioned that the Budget Supplement as presented in the Agenda packet would have the addition of two walk on items:

- Region 1: request for Structure G-22-J increased from the original request of \$700,000 to \$950,000

- Region 6: \$25,000 request for structure F-16-EJ for an emergency repair to keep the bridge functioning while the design and construction of the replacement bridge are completed.

Ben then requested action from the Board of Directors on the Budget Supplement.

Chairman Gruen asked for a motion for approval of the 5th Budget Supplement and the motion was made by Director Reiff. The motion was seconded by Director Rogers. On a vote of the Board of Directors, the 5th Budget Supplement was unanimously approved.

Resolution # BE - 45

Fifth Supplement to the Fiscal Year 2010-2011 Budget

Approved by the Bridge Enterprise Board of Directors: November 18, 2010

BE IT RESOLVED, That the Fifth Supplement to the Fiscal Year 2010-2011 Budget is approved by the Bridge Enterprise Board.

Discuss and Act on Resolution to approve the repay bond debt

Ben Stein mentioned that the item was a Memorandum of Understanding with the FHWA for the Debt service that was discussed earlier on Thursday, November 18, 2010 during the Transportation Commission Meeting and Ben said that based on the earlier conversation he would request approval of the item.

Chairman Gruen asked for a motion for approval of the Resolution and the motion was made by Director Erickson. The motion was seconded by Director Parker. On a vote of the Board of Directors, and the following Resolution was unanimously approved.

RESOLUTION BE-46

Memorandum of Understanding with FHWA for Debt Service

Approved by the Bridge Enterprise Board of Directors: November 18, 2010

WHEREAS, the Colorado Bridge Enterprise is charged with the reconstruction, rehabilitation, and replacement of Designated Bridges, as defined in C.R.S. 43-4-803(10), on the state's transportation system; and

WHEREAS, the Colorado Bridge Enterprise promulgates and adopts an annual budget; and

WHEREAS, the Colorado Bridge Enterprise Director has the responsibility to plan, develop, construct, coordinate and promote the repair, reconstruction, and replacement of these designated poor bridge in cooperation with federal and other agencies; and

WHEREAS, the Colorado General Assembly created the Colorado Bridge Enterprise in C.R.S. 43-4-805 as a government-owned business within CDOT for the business purpose of financing, repairing, reconstructing and replacing Designated Bridges; and

WHEREAS, the Colorado Bridge Enterprise intends to issue bonds for the purpose of financing, repairing, reconstructing and replacing Designated Bridges and desires to use eligible federal funds made available by CDOT to the Colorado Bridge Enterprise to pay debt service costs as allowed under 23 U.S.C. 122; and

WHEREAS, the Federal Highway Administration and CDOT have developed a Memorandum of Understanding for Accounting for Faster Bridge Program Debt Service Reimbursements;

NOW THEREFORE BE IT RESOLVED, the Colorado Bridge Enterprise approves execution by the Director of the Bridge Enterprise of the Memorandum of Understanding with FHWA establishing the process for using eligible federal funds to pay debt service costs of the Colorado Bridge Enterprise.

Discuss and Act on Resolution to approve the MOU on reimbursement of costs for routine inspection and maintenance of bridges

Ben Stein mentioned that the item was a Memorandum of Understanding that was a mirror image of one discussed earlier on Thursday, November 18, 2010 during the Transportation Commission Meeting and Ben said that based on the earlier conversation he would request approval of the item

Chairman Gruen asked for a motion for approval of the Resolution and the motion was made by Director Rogers. The motion was seconded by Director Aden. On a vote of the Board of Directors, the following Resolution was unanimously approved.

RESOLUTION #BE-47

Bridge Inspection and Maintenance Agreement

Approved by the Bridge Enterprise Board of Directors: November 18, 2010

WHEREAS, the Colorado Bridge Enterprise was created by the “Funding Advancements for Surface Transportation and Economic Recovery Act of 2009” (“FASTER”), cited as Chapter 5, Session Laws of Colorado 2009, First Regular Session, 67th General Assembly, as a government-owned business with the Colorado Department of Transportation (“CDOT”); and

WHEREAS, FASTER identifies the business purpose of the Colorado Bridge Enterprise to include financing, repairing, reconstructing, and replacing any Designated Bridge (as defined by Section 43-4-803(10)), in the State, and as agreed upon by the Colorado Bridge Enterprise and the Transportation Commission, or CDOT to the extent authorized by the Transportation Commission, to maintain the Designated Bridges it finances, repairs, reconstructs, and replaces; and

WHEREAS, the Colorado Bridge Enterprise and CDOT have previously executed a Master Agreement effective January 21, 2010 (the “Master Agreement”) which sets forth terms and conditions for interaction between the Colorado Bridge Enterprise and CDOT in furtherance of the Colorado Bridge Enterprise’s business purposes and to preserve the status of the Colorado Bridge Enterprise as an “enterprise” under Section 20 of Article X of the Colorado Constitution; and

WHEREAS, Article Three of the Master Agreement provides for a separate maintenance agreement between the Colorado Bridge Enterprise and CDOT providing the terms of each party’s maintenance obligations with respect to Designated Bridges transferred to the Colorado Bridge Enterprise by CDOT; and

WHEREAS, in furtherance of the business purposes of the Colorado Bridge Enterprise and additionally to preserve the status of the Colorado Bridge Enterprise as an “enterprise” under section 20 of article X of the State Constitution, the Colorado Bridge Enterprise Board has determined it is necessary and convenient to enter into a written agreement with CDOT, acting with the authorization of the Transportation Commission, to define and provide for the roles, responsibilities and powers of the Colorado Bridge Enterprise and CDOT relating to inspection and maintenance of Designated Bridges in the State.

NOW THEREFORE BE IT RESOLVED, the Colorado Bridge Enterprise Board approves execution by the Colorado Bridge Enterprise Director of the Agreement for Bridge Inspection and Routine Bridge Maintenance by and between the Colorado Bridge Enterprise and CDOT.

Discuss and Act on Resolution to Authorize Issuance of Bonds

Ben stated that the Resolution would authorize the Director of the Bridge Enterprise to issue the bonds and includes a copy of the consultation with the

pricing committee and that listed within the text the bonds would be issued up to \$350M but, that the current intent was \$300M. Ben reported that he wanted to have some flexibility in case something extraordinary happened in the Stock Market and he would be able to talk to the Pricing Committee and make an adjustment. He then asked for approval of the Resolution.

Director Reiff mentioned that for the pricing committee the Resolution text should be changed to read: "appoints a subcommittee consisting of Directors Gary Reiff, Les Gruen, Steve Parker and Douglas Aden, of which three of four constitute a quorum, to participate in the pricing call for sale of the 2010 Bonds."

Chairman Gruen asked for a motion for approval of the amended Resolution and the motion was made by Director Aden. The motion was seconded by Director Rogers. On a vote of the Board of Directors, the following Resolution was unanimously approved with the suggested changes.

Resolution #BE-48

Bridge Enterprise Resolution Approving 2010 Bonds

Approved by the Bridge Enterprise Board of Directors: November 18, 2010

WHEREAS, the Colorado Bridge Enterprise was created pursuant to C.R.S. 43-4-805 as an enterprise for purposes of section 20 of article X of the Colorado Constitution and as a government-owned business within the Colorado Department of Transportation with authority to issue revenue bonds provided it receives less than ten percent of annual revenues in grants from state and local governments combined; and

WHEREAS, on May 20, 2010 the Colorado Bridge Enterprise Board of Directors adopted Resolution #BE-29 which delegated to the Bridge Enterprise Director the authority to execute contracts and enter agreements regarding all matters necessary or advantageous to obtain financing for the design, repair, reconstruction or replacement of designated bridges, including authority to take all necessary actions for issuance of revenue bonds; and

WHEREAS, the Colorado Bridge Enterprise Board of Directors wishes to confirm its delegation of authority to the Bridge Enterprise Director to execute all necessary documents and take all necessary actions for issuance of Colorado Bridge Enterprise Revenue Bonds, Senior Taxable Build America Series 2010A and Colorado Bridge Enterprise Revenue Bonds, Senior Tax Exempt Series 2010B (collectively "the 2010 Bonds") with up to a total par value of \$350 million; and

WHEREAS, the Colorado Bridge Enterprise Board of Directors wishes to appoint a subcommittee consisting of Directors Gary Reiff, Les Gruen, Steve Parker and Douglas Aden to participate in the pricing call for sale of the 2010 Bonds.

NOW THEREFORE BE IT RESOLVED, the Bridge Enterprise Board of Directors hereby confirms its prior delegation to the Bridge Enterprise Director of authority to execute documents and take all necessary actions for issuance of the 2010 Bonds and further appoints a subcommittee consisting of Directors Gary Reiff, Les Gruen, Steve Parker and Douglas Aden, of which three of four constitute a quorum, to participate in the pricing call for sale of the 2010 Bonds.

Discuss and Act on Resolution for Bond Proceed Reimbursement

Ben Stein mentioned that the purpose of the Resolution was to allow for future action to be taken if there was a bridge under construction with special fund monies that staff desired to substitute with bond proceeds the Resolution would allow this action. He then requested approval of the item.

Chairman Gruen asked for a motion for approval of the Resolution and the motion was made by Director Parker. The motion was seconded by Director Erickson. On a vote of the Board of Directors, the following Resolution was unanimously approved.

Resolution BE-49

Bond Proceeds Reimbursement

Approved by the Bridge Enterprise Board of Directors: November 18, 2010

WHEREAS, pursuant to SB09-108 and C.R.S. 43-4-805(2)(a)(I) the Statewide Bridge Enterprise was created as a government-owned business within the Colorado Department of Transportation (CDOT); and

WHEREAS, the business purpose of the Bridge Enterprise is to complete designated bridge projects that involve the financing, repair, reconstruction, and replacement of bridges designated as structurally deficient or functionally obsolete and rated as poor by CDOT; and

WHEREAS, the Bridge Enterprise is authorized, under C.R.S. 43-4-805(2)(b)(II) to issue revenue bonds; and

WHEREAS, the Bridge Enterprise has begun the bonding process to be ready to take advantage of favorable market conditions and advance the bridge program; and

WHEREAS, the Bridge Enterprise Board approved the Bridge Enterprise staff to take the necessary steps to prepare for a bonding program including but not limited to, hiring bond attorneys, disclosure attorneys, investment bankers, and rating agencies.

WHEREAS, the Bridge Enterprise presently intends, and reasonably expects, to issue bonds, or enter into other agreements, with respect to up to \$350 million in principal amount of obligations that qualify as “build America” or “tax exempt” obligations to finance capital expenditures for the repair, reconstruction and replacement of designated bridge projects; and

WHEREAS, the Bridge Enterprise may initially pay for such capital expenditures from the Bridge Special Fund established under C.R.S. 43-4-805(3)(a) , with the expectation that amounts paid from the Bridge Special Fund will be reimbursed from proceeds of obligations; and

NOW THEREFORE BE IT RESOLVED, that this resolution is being adopted as an “official intent” under Treasury Regulation section 1.150-2 to permit the Bridge Enterprise to reimburse itself from proceeds of obligations for capital expenditures initially paid no earlier than 60 days before the date hereof from the Bridge Special Fund, provided that such obligations are issued and the reimbursement is made (a) not later than 18 months after the later of (i) the date the first expenditure for which reimbursement is sought was paid or (ii) the date the project on which the capital expenditure is made is placed in service or abandoned; and (b) in all events no more than three years after the date the first capital expenditure for which reimbursement is sought was paid.

Progress Report

Pam Hutton presented a PowerPoint containing the following information:

Major Achievements (Oct workshop – Nov workshop)

- Selection of NPS FASTER design consultants - 8 at \$3.0M per contract (\$24.0M design capacity)
 - Initiate Design Task Orders (approximately 15 - 25 bridges) pending bond proceeds
- Bond Ratings Presentation (11/05)
- Bond Program Financial Plan (issued final draft)
- CBE BOD subcommittee meeting (11/10)
- Receipt of Moody's / S&P Bond Ratings

- ❑ CBE Program Presentations / Education
 - ❑ CDOT Staff Bridge Communication Day
 - ❑ Chief Engineer RTD, PE III, and Region Business Mgrs Meetings
 - ❑ DRCOG (11/17)

Program Reporting

Major Achievements (Oct workshop – Nov workshop)

- ❑ Five bridges went to AD
 - ❑ N-17-N: R2 I-25 ML NBND over Missouri Creek
 - ❑ F-17-AE: R6 SH 30 ML/Havana Str over Cherry Crk
 - ❑ F-16-DT: R6 I-25 ML NBND over US 85 ML (Santa Fe)
 - ❑ F-16-DW: R6 I-25 ML SBND over US 85 ML (Santa Fe)
 - ❑ E-17-EZ: R6 84th Ave over I-25 ML
- ❑ Two bridges were completed
 - ❑ F-14-B: R1 I-70 Frontage Road over Clear Creek
 - ❑ O-05-AQ: R5 US 160 ML over Animas River

Completed FASTER Bridges

- ❑ Bridge F-14-B
 - I-70 Frontage Road over Clear Creek
 - West of Idaho Springs
- ❑ Bridge O-05-AQ
 - US 160 ML over Animas River
 - Durango

The worst 30 Bridges

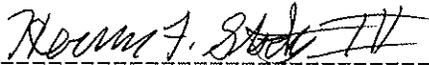
- ❑ 13 are complete
- ❑ 7 in construction
- ❑ 1 that is designed and ready to go to ad
- ❑ 6 in design
- ❑ 3 more need to begin the process

FASTER Next Steps

- Development of Program Implementation Plan
 - Build-off Bond Program Financial Plan cost and schedule information
 - Collaborative Effort with Regions
 - Identify “delivery method” for each bridge - seeking innovation
 - Application of Innovation to derive cost and scheduling savings to the program
- Development of a holistic CBE program delivery schedule
 - Refine project delivery schedules
 - Refine cash-draw down schedules
 - Finalize Program Performance Measures
- Document Processes, Procedures and Guidance

Adjournment

Chairman Gruen called for adjournment of the Bridge Enterprise Board of Directors meeting at 11:45 on Thursday, November 18, 2010.



Herman Stockinger, Secretary
Colorado Bridge Enterprise