

**DENVER UNION STATION PROJECT AUTHORITY**

**MEETING OF THE BOARD OF DIRECTORS**

*June 25, 2009*

**MINUTES**

**BOARD MEMBERS PRESENT**

**BOARD MEMBERS ABSENT**

Elbra Wedgeworth

Judy Montero

Mario Carrera

Claude Pumilia

Peggy Catlin

Tom Gougeon

Terry Howerter

Jennifer Schaufele

Mike West

Marla Lien

Jerry Glick

Don Hunt

Robin Kneich

**I. CALL TO ORDER**

The Meeting of the Board of Directors of DUSPA was called to order at 1:31 p.m. by Elbra Wedgeworth, DUSPA Board President.

**II. WELCOME AND INTRODUCTION OF GUESTS**

Elbra Wedgeworth welcomed the Board Members and Guests to the meeting.

**III. PUBLIC COMMENT**

There was no public comment.

#### **IV. PUBLIC ROLL CALL**

At the request of Elbra Wedgeworth, Dawn Bookhardt called roll. Please see above.

#### **V. PUBLIC APPROVAL OF MEETING MINUTES**

Elbra Wedgeworth called for comments or amendments to the June 11, 2009 meeting minutes. Mario Carrera had one comment to amend the minutes. Robin Kneich moved to approve the June 11, 2009 meeting minutes as amended. Don Hunt seconded the motion. The motion carried unanimously.

## **VI. BOARD BUSINESS**

### **A. Plan of Finance/Schedule and Update**

Chad Fuller reported that RRIF hired its financial advisor last week and thanked the Board for approving payment to RRIF for this service. He stated that the financial advisor is reviewing the application and that he anticipates a discussion with them next week to answer any questions they may have.

Mr. Fuller also reported that TIFIA contacted Marla Lien to discuss the possibility of a program wherein DUSPA can pay the TIFIA loan subsidy rather than roll it into the loan. He stated that this process would remove DUSPA from the queue associated with the TIGER grant applicants and move the loan application forward independently of TIGER. He added that he has initiated preparing a proposal for paying the subsidy and assessing whether this process is prudent.

Mr. Fuller reminded the Board that the TIGER grant process has a deadline of September 15, 2009 and that all of the applications will be reviewed together. He stated that it is his understanding that these applications could take until the end of 2009 to be reviewed, with no deadline on actual approval of the applications.

Peggy Catlin stated that it was her understanding that TIFIA was tapped out.

Mr. Fuller responded that the budget for the credit authority for the subsidy is tapped out and that TIGER will fund the credit authority for TIFIA loans next year.

Marla Lien stated that the regulations allow an applicant to pay its own credit subsidy, but that the Office of Management and Budget has never undertaken this process. She added that the process of paying our subsidy avoids waiting for the budget authority from the government and is independent of TIGER.

Diane Barrett stated that TIFIA has contemplated the possibility of a lack of budget authority.

Peggy Catlin agreed with investigating the process of paying our own credit subsidy, but that DUSPA should still apply for the TIGER grant.

Chad Fuller agreed and stated that it is too early in the process to know whether paying our own credit subsidy would replace TIGER or compliment TIGER.

Diane Barrett stated that the team is in the exploration stage of this process and that we could know whether this will work in a few weeks. She stated that, if the process does work, it could change the game for DUSPA.

Cole Finnegan stated that the Hogan & Hartson partner in Washington D.C. is Jeff Shane and that he has considerable experience. He further stated that Mr. Shane has been talking with Mark Sullivan and Duane Callender and that the efforts to work with TIFIA have been well coordinated.

Marla Lien stated that Mark and Duane are the two people at TIFIA who are most familiar with the process and that they initiated the recommendation that DUSPA explore the process of paying its own credit subsidy.



Diane Barrett stated that Jeff Shane has been valuable and helpful to DUSPA in this process.

Elbra Wedgeworth stated that the Board will need to see the alternatives for the TIFIA process as well as alternatives in the event TIFIA does not move forward.

Chad Fuller stated that he and Alex Brown will present the Plan of Finance update and that, even if the alternate TIFIA process is pursued, they will not pass up other opportunities.

Alex Brown handed out an outline (see attached Capital Finance Plan Update).

Mr. Brown stated that the handout contains the key points for the two financial models that are being evaluated. He stated that the first model uses RRIF and TIFIA loans, with the assumptions associated with the model listed, for example, an updated interest rate of 4.75%. He also stated that the funding of the debt service reserves would help the credit rating of the project.

Mr. Brown discussed the second model, which is a RRIF loan and open market debt. The assumptions under this model include higher average interest rates which are being evaluated at 6% and 7.5%.

Peggy Catlin asked whether the first model assumes the TIGER/TIFIA combined credit support.

Alex Brown responded that the current model assumes the TIFIA credit premium is paid by DUSPA.

Ms. Catlin asked if RTD would pay the premium.

Mr. Brown responded that RTD would not directly pay the premium. He added that the premium would come from the loan proceeds but the RTD payments are part of the model and therefore RTD participates in the payments.

Jerry Glick inquired as to the amount of the premium.

Mr. Brown responded that the TIFIA premium is anticipated to be in the \$5 to \$6 million range and the RRIF premium is anticipated to be in the \$4 to \$5 million range.

Mr. Glick then asked whether the model budget includes the risk premiums.

Mr. Brown answered yes.

Mr. Glick asked whether the second model covers the risk premium.

Mr. Brown responded that the second model is more costly and does not quite cover the risk premium.

Peggy Catlin asked whether time is included.

Mr. Brown responded that time is part of both models.

Tom Gougeon stated that he thinks the question is whether both models support cost increases if delays are incurred.

Mr. Brown responded that both models use today's budget and that if the budget changes, those changes would require additional analysis.

Mr. Brown stated that the second model is less competitive because the open market funds are more expensive. He also stated that in today's market there would be a high cost of funds for an instrument such as zero coupon bonds because the risks are higher. He stated that the second model allows a funding amount that is less than the current budget and that the budget would require reductions.

Mr. Brown stated that the models are intended to vet the underlying assumptions and that he is getting feedback from the rating agencies regarding the assumptions.

Robin Kneich stated that it was her understanding that RRIF was more restrictive on the use of funds and asked whether the \$225 million number in the second model is realistic.

Mr. Brown responded that the \$225 million loan amount comes from guidance provided by RRIF, but that RRIF has not proven that \$225 can be the loan amount.

Jerry Glick asked for the budget shortfall under the second model.

Mr. Brown responded that it appears to be about \$4 to \$5 million per year and would require a reduction of about \$15 million from the construction budget.

Tom Gougeon inquired as to the benefit of DUSPA buying the credit premium and whether the benefits are timing and the ability to get RRIF and TIFIA funding at the same time.

Marla Lien stated that the benefit is also certainty as to the process. She explained that TIGER is very competitive and that we would not know whether the application will be approved until some time next year. She added that RRIF requires full funding of the project, therefore DUSPA could not get RRIF funds until TIFIA or the public market funds are secured, therefore the potential benefits of purchasing the credited premium are tremendous. Ms. Lien concluded that the first model is the preference, but that RRIF and TIFIA need to occur together.

Tom Gougeon asked whether RRIF increases our doubt about funding.

Chad Fuller stated that time increases our doubt or risk, not RRIF. He added that the U.S. Treasuries rate is also going up, which will increase the cost of the debt through RRIF, TIFIA and the open market and therefore it is not advisable to wait for the TIGER process.

Jerry Glick asked where the \$9 million (risk premium payments) come from if not from RTD.

Chad Fuller responded that it is part of RTD's annual payment. He added that the first year payment is \$6 million and the payments for the four following years are \$12 million.

Jerry Glick asked when the first RTD payment comes to DUSPA.

Mr. Fuller responded that the schedule still needs to be worked out.

Diane Barrett added that we don't know the exact risk premium amount yet.

Marla Lien asked the Board to please not be concerned with this level of detail yet because the risk premiums will not be due until the loans close. She added that by proceeding along the suggested path, if one of the agency loans work, the other loan should work and it she suggests waiting to see what happens with the agencies.

Alex Brown stated that the model assumes that TIFIA is a 4% risk premium, which would be 4% of \$155 million or about \$6.2 million.

B. Owner's Representative Report

i) Project Progress

Bill Mosher stated that there is an issue with the Kiewit contract for discussion in executive session and that the USNC agreement should be ready in the near term. He added that most of the time that has been spent regarding the USNC agreement has pertained to the LOI between the EOC and USNC and the land sales.

Robin Kneich asked whether the USNC agreement will be provided to the Board with a summary.



Bill Mosher responded that he intended to provide a power point presentation if it's acceptable to the Board.

Ms. Kneich stated that the presentations are acceptable for her.

Mr. Mosher handed out a balance sheet and a budget (see the attached). He stated that budget shows two payouts that will appear on the balance sheet next time. He added that the budget spreadsheet will show the full project budget just as shown on the handout and that it will turn into a very large spreadsheet.

Elbra Wedgeworth asked if there were any questions regarding the budget and balance sheet (there were none).

Bill Mosher stated the first Peer Review meeting will be June 26, 2009 at 8:00 a.m. at AECOM's offices. He stated that the next meeting will be July 16 followed by a public meeting.

Mr. Mosher introduced Ellen Ittleson and added that she has done a great job with the peer review process.

Elbra Wedgeworth asked for the names of the people participating in the peer review.

Ellen Ittleson handed out biographies of the peer review participants and read the names as follows:

Wendi Birchler

Richard Farley

Charles Keyes

Christopher Smith

David Tryba

Mario Carrera stated that, pursuant to Councilwoman Montero's inquiries about diversity amongst the peer group, Chris Smith is African American. Mr. Carrera added that an intern is also in the group.

Bill Mosher stated that it was Judy Montero's idea to add an intern from UCD to be the seventh panelist.

Mr. Mosher stated that the critical issues list will be in executive session today.

ii) Update regarding historic grant application.

Ellen Ittleson stated that Historic Denver applied for a grant to conduct an assessment of the historic building. She added that the grant is for about \$100,000 with the expectation that there will be \$33,000 in matching funds from DUSPA.

Ms. Ittleson stated that the State Historic Office has an outline of the assessment and that it is a comprehensive process. She stated that Historic Denver will distribute an RFP to architects for the assessment. She added that this assessment is a requirement under the Memorandum of Understanding, Section 106 and that following through with this commitment is important. She also added that all funds for the assessment project must be in the account before Historic Denver will hire a consultant.

Bill Mosher stated that DUSPA can write a check for this amount.

Ellen Ittleson stated that DUSPA should interact with Historic Denver because the assessment process is as much of an art as a science. She added that she will assist DUSPA on a proposal for interacting with Historic Denver.

Bill Mosher also added that the assessment will be a part of the agreement with USNC.

#### C. Public Outreach Subcommittee Report

Mario Carrera stated that he needs to rely on Ellen Ittleson's assistance with the presentation and thanked the Board for the opportunity to participate in this important responsibility of the Board. He stated that he originally had the notion that DUSPA was entirely new, but that it is really an evolution of the older organizations originating with the EOC.

Mr. Carrera stated that he met with Bill Mosher, Ellen Ittleson, Diane Barrett and Judy Montero last Friday. He added that getting the background and prior public outreach efforts was important.

Ellen Ittleson summarized the background of the public outreach efforts, which included the Union Station Advisory Committee (USAC) and the break-out groups (BOGs) that included finance, land use, design and others. She described the process starting with the original four partnering agencies and the original IGA for the EOC beginning in 2001 with the acquisition of the DUT.

Ms. Ittleson added that the EOC was formed to manage the project with RTD as the owner of record and that the EOC coordinated the services necessary to move the project forward including the alliance with CRL, Parsons Brinkerhoff and SOM for the initial design, public outreach and public participation and to prepare the environmental impact statement.

She stated that in 2004 the landmark plan was approved and that 48 stakeholder groups participated in the process for the USAC with smaller technical advisory committees. She added that all of the pieces and groups were integral to the Master Plan, the zoning and the landmark designation. She also added that this entire process was only Phase I.

Ms. Ittleson stated that Phase II of the process in November, 2006 and included the selection of USNC. The Master Plan Supplement was, in part, based upon the USNC proposal and that the USAC, with the Land Use BOG and Urban Design BOG continued to provide important assistance and input to process for the development of the Master Plan Supplement.

Ms. Ittleson stated that the final phase was refinement including the public space conceptual design and that the Land Use BOG and USAC, with SOM as designer for the transit architecture were still critical participants in moving the project forward. She added that the adoption of the General Development Plan and Design Standards & Guidelines earlier this year signified the termination of the USAC and the BOGs.

Mario Carrera thanked Ms. Ittleson for the background information and stated that the mind trust and memory of the USAC, the BOGs and CRL are valuable resources for the DUSPA public outreach and participation process.

Mr. Carrera stated that the subcommittee discussed the following:

1. The scope of services for any firm that DUSPA retains.
2. Whether DUSPA should retain multiple firms for different components of the program or one parent firm.
3. Whether DUSPA should keep the team of CRL/PB/SOM because of the existing experience and memory.

Mr. Carrera added that the subcommittee identified a 12 point scope of services for the public information program as follows:

1. i. Stakeholder Outreach
2. ii. General Public Outreach
3. iii. Government Relations
4. iv. Messaging
5. v. Issue Management
6. vi. Media Relations
7. vii. Crisis Management
8. viii. Website Administration
9. ix. Social Media/Networking
10. x. Graphics/Presentations

- 11. xi. Speaker Bureau
- 12. xii. Special Events

Mr. Carrera stated that it was the belief and recommendation the subcommittee to have one umbrella firm with the expectation of sub-consultants.

Mr. Carrera stated that the subcommittee discussed whether there should be an RFP process or a sole source of the team with the mind trust and memory.

Mr. Carrera stated that the recommendation of the subcommittee is to retain CRL to develop and implement the public involvement program. He added that CRL underwent a competitive process with the EOC and that this team would provide seamless coordination and allow the process to be active much faster than with any other firm.

Mr. Carrera concluded his presentation that he had additional information for discussion in executive session.



Peggy Catlin stated that a point of caution to avoid losing any federal funds may require at least a limited RFP process.

Robin Kneich added that she would like to participate in this subcommittee and thanked Mr. Carrera and the subcommittee for their efforts. She added a request for triage on DUSPA's notices of public meetings on the website because it has not been very good and that members of the public showed up to the DUSPA Board meeting that was cancelled.

Elbra Wedgeworth asked Ms. Kneich to forward the email list for notifications for public meetings to Dawn Bookhardt.

## **VII. EXECUTIVE SESSION**

Elbra Wedgeworth requested a motion for the Board to go into executive session as follows: The Board will enter into an executive session in order to discuss certain matters as permitted under the Colorado Open Meetings Law, C.R.S. §24-6-401 et seq. related to financial negotiations and financial management.

Jerry Glick moved to go into executive session. Mario Carrera seconded the motion. The vote was unanimous. The Board entered executive session at 2:44 p.m. The executive session ended at 3:57 p.m.

#### **VIII. ACTION ITEMS RESULTING FROM EXECUTIVE SESSION**

None.

#### **IX. CARRYOVER AND FUTURE AGENDA ITEMS**

- CDOT Coordination Agreement
- Best Practices Expert and discussion regarding committees.

Please look forward to an update/discussion of the RRIF and TIFIA application process.

Mr. Mosher will have an update regarding additional construction matters and critical issues.

Dawn Bookhardt and Cole Finnegan will report on transaction movement.

**X. ADJOURNMENT**

There being no further business, the meeting was adjourned at 3:57 p.m.