

**San Mateo County Express Lanes Joint Powers Authority
Board of Directors Special Meeting Minutes**

Meeting No. 13
July 17, 2020

In compliance with Governor’s Executive Order N-29-20, and pursuant to the Shelter-in-Place Order issued by the San Mateo County Health Officer, this meeting was conducted via remote conferencing.

Board of Directors: Alicia Aguirre, Don Horsley (Chair), Emily Beach, Maryann Moise Derwin, Diane Papan (Vice Chair), and Rico Medina

1.0 CALL TO ORDER/ ROLL CALL

Chair Horsley called the meeting to order at 10:00 a.m. Roll call was taken.

Members Present:

C/CAG Members:

Alicia Aguirre, Maryann Moise Derwin, Diane Papan

SMCTA Members:

Don Horsley, Rico Medina, Emily Beach

Members Absent:

None.

Staff Present:

Sandy Wong – Executive Council

Jim Hartnett – Executive Council

Mima Guilles – Secretary

Tim Fox – Legal Counsel

Matthew Click – Program/Policy Manager for SMCEL JPA, HNTB

Sean Charpentier, Van Ocampo – C/CAG staff supporting SMCEL JPA

Joe Hurley, April Chan, Derek Hansel – TA staff supporting SMCEL JPA

Peter Shellenberger – PFM Financial- Financial Advisor for SMCEL JPA

Rudy Salo, Nixon Peabody- Finance Legal Counsel for SMCEL JPA

Other members of the public were in attendance.

2.0 BRIEF OVERVIEW OF TELECONFERENCE MEETING PROCEDURES

Mima Guilles, Secretary, provided an overview of the teleconference procedures.

3.0 PUBLIC COMMENT

Note: Public comment is limited to two minutes per speaker. Public comment permitted on both items on the agenda and items not on the agenda.

In accordance with the agenda for this meeting, persons who wish to address the SMCEL- JPA Board on an item to be considered at this meeting, or on items not on this agenda, were asked to submit comments in writing to mguilles@smcgov.org by 9:00 AM on Friday July 17, 2020. Mima Guilles, Secretary, reported there were no public comments received by the deadline.

4.0 APPROVAL OF CONSENT AGENDA

This item is to set the final consent and regular agenda, and to approve the items listed on the consent agenda. All items on the consent agenda are approved by one action. There will be no separate discussion on these items unless members of the Board, staff or public request specific items to be removed for separate action.

Director Medina **MOVED** approval of Items 4.1 and 4.2. Director Beach **SECONDED**. Roll call was taken. **MOTION CARRIED 6-0-0**

4.1 Approval of the minutes of Board of Directors regular business meeting No. 12 dated June 12, 2020. **APPROVED**

4.2 Accept the Statement of Revenues and Expenditures for the Period Ending May 31, 2020 **APPROVED**

5.0 REGULAR AGENDA

5.1 Review and approval of Resolution SMCEL 20-10 establishing a Debt Policy. **APPROVED**

Peter Shellenberger updated the Board of Directors that due to this meeting being a Special meeting, according to the JPA law (Government Code Section 6592.1), we cannot enter into the bond loan agreement today until the next SMCEL-JPA Regular meeting on August 14, 2020.

Mr. Shellenberger provided a presentation on 1) Debt Policy 2) First Amendment to Operating Loans for the San Mateo County Express Lanes Joint Powers Authority.

Director Aguirre **MOVED** to approve item 5.1. Director Beach **SECONDED**. Roll call was taken. **MOTION CARRIED 6-0-0**

5.2 Review and approval of Resolution SMCEL 20-11 authorizing the SMCEL-JPA Chair to execute the US-101 Express Lanes Project Loan Agreement between the San Mateo County Express Lane Joint Powers Authority (SMCEL-JPA) and the San Mateo County Transportation Authority (SMCTA) for up to \$100 million. **NO ACTION**

Tim Fox, legal counsel, noted that the adoption of this item has to occur at a

Regular Meeting of the JPA Board and recommended to continue the adoption of the Resolution SMCEL 20-11 at the next SMCEL-JPA regular board meeting on August 14, 2020.

Board members suggested that Staff present the item for information because all the Board Members were present.

Peter Shellenberger provided a presentation on 1) The overview and rationale for the bond loan from SMCTA 2) 2020 SMCTA sales tax revenue bonds – estimated use of proceeds. 3) The bond loan key terms. 4) Funding for equity programs 5) Flow of funds – Repayment of the Bond and Operating Loans.

Director Papan clarified that Credit Enhancement Reduction requires 0.15 basis points of the 0.40 Credit Enhancement Fee to be used to reduce the loan balance in years when the loan repayment exceeds \$5 million. Peter Schellenberg and Derek Hansel confirmed this.

Director Aguirre asked for definition about the JPA lawful purposes related to the 15% of the excess revenues that would flow to the JPA. Peter Shellenberger responded that lawful purposes could include the equity program, improvements to the facility, operations and maintenance, and other program and capital costs. Director Papan noted that that the lawful purposes could also include funding for the expansion of the express lanes north of I-380. Sandy Wong confirmed this.

Director Papan noted that there have been significant changes from where the discussion started. The equity program was originally recommended at \$500,000 per year, and now includes a one-time payment of \$1 million and then \$600,000 per year. The original credit enhancement was 0.6%, and the current recommendation is 0.4%. The Agreement includes language that would allow for a means-based toll for equity purposes. The changes also balanced the desire for a meaningful Equity Program with the need to repay the loan.

Director Beach added that the Credit Enhancement Reduction requires 0.15 basis points of the 0.40 Credit Enhancement Fee to be used to reduce the loan balance in years when the loan repayment exceeds \$5 million. Also, that there are many options for the equity program that will be discussed in the future.

Director Papan noted that the 15% in excess revenue that can be used for any lawful JPA purpose can also be used for an equity program.

Director Derwin asked if the LA Metro has means based toll discounts. April Chan noted that LA Metro does not currently offer it, and that the MTC is considering a means-based tolling pilot on a BAIFA facility. There will be more discussion of the regional context at the next JPA Board meeting.

Matthew Click noted that LA Metro initially provided a means-based discounted transponder and is currently shifting its focus to increasing the facility's occupancy standards.

Chair Horsley asked what the rebate fund is. Peter Schellenberger said that it is a fund to repay the IRS if the interest paid on the bond proceeds exceeds the tax-exempt rate of the bond, and it is unlikely to occur.

Director Derwin recognized the Ad Hoc Committee's hard work, noted that it was mentioned that we were still working out the language in the Agreement, and asked if the language would be resolved.

Peter Shellenberger responded yes.

Chair Horsley noted that this item will return at the next regular meeting on August 14, 2020.

- 5.3 Review and approval of Resolution SMCEL 20-12 and Resolution SMCEL 20-13 authorizing the SMCEL-JPA Chair to execute the First Amendments of the Cooperative Funding Agreements (Operating Loan) with the City/County Association of Governments of San Mateo County (C/CAG) and the San Mateo County Transportation Authority (SMCTA), for \$917,244 and \$1,270,463, respectively. **APPROVED**

Mr. Shellenberger provided a presentation on the Operating Loans Supporting SMCEL-JPA FY 20-21 Operations.

Director Aguirre **MOVED** to approve item 5.3. Director Medina **SECONDED**. Roll call was taken. **MOTION CARRIED 6-0-0**

6.0 REPORTS

- a) Chairperson Report.

None.

- b) Member Communication.

None.

- c) Executive Council Report - Executive Council Verbal Report

Executive Council Sandy Wong had no report.

Executive Council Jim Harnett provided an update on Caltrain ridership and financial impacts due to COVID-19.

- d) Policy/Program Manager Report.

7.0 WRITTEN COMMUNICATIONS

None.

8.0 NEXT REGULAR MEETING

August 14, 2020

9.0 ADJOURNMENT – 11:08 a.m.