



- #1. Debt Policy**
- #2. Bond Loan Agreements**
- #3. First Amendment to Operating Loans**

**For San Mateo County Express Lanes Joint Powers Authority**

**Presented by:  
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**July 17, 2020**

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## Overview of 3 Recommended Separate Actions

- ◆ Approve Resolution SMCEL 20-10 establishing a Debt Policy for the JPA
- ◆ Approve 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.
- ◆ Approve Resolutions SMCEL 20-12 and Resolution SMCEL 20-13 authorizing the SMCEL-JPA Chair to execute the First Amendments of the Cooperative Funding (Operating Loan) Agreements with the City/County Association of Governments of San Mateo County (C/CAG) and San Mateo County Transportation Authority (SMCTA), for \$917,244 and \$1,270,463, respectively



## The SMCEL-JPA Debt Policy

- ◆ Senate Bill 1029, effective January 1, 2017, requires local agencies within the State, such as SMCEL-JPA, to establish and implement a formal policy governing the methods by which the SMCEL-JPA issues debt obligations (“Debt”) and the internal controls over the issuance of the Debt
- ◆ The SMCTA has requested that the JPA adopt a debt policy prior to entering into the Loan Agreement with the SMCTA to satisfy SB 1029
- ◆ SMCEL-JPA Debt Policy establishes and includes:
  - Purposes of debt
  - Types and limitations of debt
  - Internal controls over the issuance of debt
  - Consideration of debt within capital planning and budgeting framework
- ◆ Debt policy shall be presented to the Board every three (3) years for consideration and re-approval



## ◆ The SMCEL-JPA Debt Policy

- ◆ Approve Resolution SMCEL 20-10 establishing a Debt Policy for the JPA

◆ QUESTIONS?



## Overview & Rationale for the Bond Loan from SMCTA

- Total Cost of the Express Lane Project (“Project”) is approximately \$581 million
- Of the \$581 million, Project has a funding need of approximately \$86.5 million through September 2022, which requires borrowing today
- The San Mateo County Transportation Authority (TA) will issue sales tax revenue bonds and loan bond proceeds to the Project
- The TA’s AA+ sales tax credit (subordinate lien) provides easy market access and lower cost of borrowing that is passed through to the SMCEL-JPA
- The TA will issue variable rate bonds and pass the actual cost of borrowing through to the SMCEL- JPA. Estimated bond sale and closing in late July/early August.



## Overview of the Bond Loan from the SMCTA

- ◆ \$100 Million Bond Loan to fund US 101 Project and equity program
- ◆ Bond Loan amount = 2020 sales tax revenue bond par amount
- ◆ Transportation Authority will fund US 101 Project directly to Caltrans from 2020 Bond proceeds
  - Requisition signed by Transportation Authority and SMCEL JPA
  - ~\$12 million previously advanced by Transportation Authority



## 2020 SMCTA Sales Tax Revenue Bonds – Estimated Use of Proceeds

- ◆ Not to exceed \$100,000,000 in aggregate par
  - ~\$91,455,000 for US 101 Project's construction and start up costs. (including reimbursement of certain Transportation Authority funds previously advanced)
    - Approximately \$86.5M for construction costs / \$4.9M for start-up & related costs
  - \$1,000,000 for SMCEL JPA equity programs
  - \$6,800,000 in capitalized interest and costs
  - ~\$745,000 for transaction costs
    - Transportation Authority bond-related costs (Underwriters, advisors, legal, bank, rating agency)
    - SMCEL JPA costs (legal and advisory)



## Bond Loan – Key Terms

- ◆ SMCEL JPA to repay Bond Loan from excess net toll revenues when operations begin
  - Interest rate on Bond Loan will equal the Bond Rate + Annual Bond Costs (first 3 years are capitalized from 2020 Bond proceeds)
    - Annual Costs: LOC Fee (0.29%), Remarketing Agents (0.08%), Rating Agency surveillance (\$7,500), Trustee
    - Credit enhancement fee of 0.40% x outstanding Bond Loan amount (first 2 years are capitalized)
    - If in any year, the SMCEL-JPA reduces the bond loan balance by at least \$5 million, the SMCTA will reduce the bond loan balance by 0.15%. The effect is to reduce credit enhancement fee to 0.25% in such circumstances
  - Principal on the Bond Loan will be repaid beginning in FY 2022 or FY 2023, as toll revenue becomes available





## Bond Loan – Key Terms

- ◆ Excess Net Revenue after interest payments and deposits to reserves
  - 85% to Repayment of Operating Loans and Bond Loan
  - 15% to SMCEL JPA for any lawful purpose
  
- ◆ Fiscal Agent
  - The SMCEL-JPA will hire a fiscal agent to receive all toll revenues and distribute the funds in accordance with the flow of funds.



## Funding for Equity Programs

- ◆ \$1 million in initial funding from bond proceeds
- ◆ Annual \$600,000 set-aside on priority basis after O&M
- ◆ Option for a means-based tolling discount if certain financial thresholds are met (toll discount does not reduce toll lane revenue by more than 10% and SMCEL JPA has been, and can continue to reduce bond loan balance by at least \$5 million per year)
- ◆ SMCEL-JPA Board will consider specific program or policy options for the Equity Program in early 2021



## Flow of Funds: Repayment of the Bond and Operating Loans



Note: If in any given year, excess revenues to the TA are more than \$5 million, 0.15% of the TA's Credit Enhancement Fee will be used for additional Bond Loan principal repayment.



# \$100 Million Bond Loan

- ◆ Approve 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.

## Questions?



## Operating Loans Supporting SMCEL-JPA FY 20-21 Operations

- ◆ SMCEL-JPA must rely on funding from its member agencies (C/CAG and the SMCTA) to initially pay for its operating costs until toll revenue is generated from the Project
- ◆ The SMCEL-JPA will receive two operating loans totaling \$2,187,707 that will fully fund the adopted Fiscal Year 2020-21 operating budget
  - C/CAG FY 20-21 amount: \$ 917,244
  - TA FY 20-21 amount: \$1,270,463
- ◆ Operating Loan interest will accrue monthly at the County Investment Pool interest rate
- ◆ Principal of the Operating Loan is based on a term of 5 years payback period after the initiation of the revenue collection on the Project



# First Amendment to SMCTA & C/CAG Operating Loans

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

## Questions?