



US-101 Express Lanes Project Loan Agreement

For San Mateo County Express Lanes Joint Powers Authority

**Presented by:
Peter Shellenberger, Managing Director**

August 14, 2020



Overview of Recommended Actions

- 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.



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?