



AGENDA

BOARD OF DIRECTORS MEETING

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

Bacciocco Auditorium, 2nd Floor
1250 San Carlos Avenue, San Carlos, CA 94070

February 6, 2020 – Thursday

5:00 pm

- 1) Call to Order/Pledge of Allegiance
- 2) Roll Call
- 3) Public Comment For Items Not on the Agenda

Public comment by each individual speaker shall be limited two (2) minutes. Items raised that require a response will be deferred for staff reply.

- 4) Report of the Citizens Advisory Committee
- 5) Consent Calendar

Members of the Board may request that an item under the Consent Calendar be considered separately

- a) Approval of Minutes of the Board of Directors Meeting of January 9, 2020 MOTION
- b) Acceptance of Statement of Revenues and Expenses for December 2019 MOTION

- 6) Report of the Chair
- 7) San Mateo County Transit District Liaison Report
- 8) Joint Powers Board Liaison Report
- 9) Report of the Executive Director

10) Program

- a) State and Federal Legislative Update INFORMATIONAL
- b) San Mateo County US 101 Express Lanes Project Update INFORMATIONAL

11) Finance

Note: All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

San Mateo County Transportation Authority Meeting

- a) Acceptance of Quarterly Investment Report for the Period Ending December 31, 2019 MOTION
 - b) Authorize an Amendment to the Contract with Eide Bailly LLP for Financial Audit Services RESOLUTION
 - c) Adopt a Debt Policy and Declaration of Official Intent to Reimburse Expenditures from Proceeds of Indebtedness RESOLUTION
 - d) Amendment of Fiscal Year 2020 Budget RESOLUTION
- 12) Requests from the Authority
- 13) Written Communications to the Authority
- 14) Date/Time of Next Regular Meeting: Thursday, March 5, 2020, 5:00 pm at San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, San Carlos, CA 94070
- 15) Report of Legal Counsel
- 16) Adjourn

INFORMATION FOR THE PUBLIC

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

If you have questions on the agenda, please contact the Authority Secretary at 650-508-6242. Assisted listening devices are available upon request. Agendas are posted on the TA website at www.smcta.com. Communications to the Board of Directors can be emailed to board@smcta.com.

Free translation is available; Para traducción llama al 1.800.660.4287; 如需翻译 请电 1.800.660.4287

Location, Date and Time of Regular Meetings

Regular meetings are held at the San Mateo County Transit District Administrative Building located at 1250 San Carlos Ave., San Carlos, which is located one block west of the San Carlos Caltrain Station on El Camino Real. The building is also accessible by SamTrans bus routes ECR, 260, 295 and 398. Additional transit information can be obtained by calling 1-800-660-4287 (TTY 650-508-6448) or 511.

The Transportation Authority (TA) meets regularly on the first Thursday of the month at 5 p.m. The TA Citizens Advisory Committee (CAC) meets regularly on the Tuesday prior to the first Thursday of the month at 4:30 p.m. at the San Mateo County Transit District Administrative Building.

Public Comment

If you wish to address the Board, please fill out a speaker's card located on the agenda table. If you have anything that you wish distributed to the Board and included for the official record, please hand it to the Authority Secretary, who will distribute the information to the Board members and staff.

Members of the public may address the Board on non-agendized items under the Public Comment item on the agenda. Public testimony by each individual speaker shall be limited to one minute and items raised that require a response will be deferred for staff reply.

Accessible Public Meetings/Translation

Written materials in appropriate alternative formats, disability-related modification/accommodation, as well as sign language and foreign language interpreters are available upon request; all requests must be made at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email titlevi@samtrans.com; or request by phone at 650-622-7864 or TTY 650-508-6448.

Availability of Public Records

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
1250 SAN CARLOS AVENUE, SAN CARLOS, CA 94070
MINUTES OF JANUARY 9, 2020**

MEMBERS PRESENT: E. Beach (Chair), C. Groom, D. Horsley, J. Mates, K. Matsumoto, R. Medina (Vice Chair), C. Romero

MEMBERS ABSENT: None

STAFF PRESENT: J. Hartnett, A. Chan, J. Slavitt, J. Hurley, J. Cassman, J. Epstein, D. Hansel, J. Brook, D. Seamans

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Outgoing Chair Don Horsley called the meeting to order at 5:02 pm and led the Pledge of Allegiance.

2. SWEARING IN:

- a) Don Horsley (Board of Supervisors Representative)
- b) Emily Beach (Cities-at-Large Representative)
- c) Rico Medina (Northern Cities Representative)

3. ROLL CALL

Authority Secretary Dora Seamans called the roll. A quorum was confirmed.

4. ELECTION OF 2020 OFFICERS

Outgoing Chair Horsley nominated Director Emily Beach as Chair.

Motion/Second: Horsley/Romero

Ayes: Beach, Groom, Horsley, Mates, Matsumoto, Medina, Romero

Absent: None

Chair Beach nominated Director Medina as Vice Chair.

Motion/Second: Beach/Horsley

Ayes: Beach, Groom, Horsley, Mates, Matsumoto, Medina, Romero

Absent: None

5. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

None.

6. REPORT OF THE CITIZENS ADVISORY COMMITTEE

Chair Beach noted that the report was in the packet.

7. CONSENT CALENDAR

- a) Approval of Minutes of the Board of Directors Meeting of December 5, 2019
- b) Acceptance of Statement of Revenues and Expenses for November 2019

Director Carlos Romero requested that future financial reports have an enlarged version of the spreadsheets to make them easier to read.

Motion/Second: Horsley/Medina

Ayes: Beach, Groom, Horsley, Mates, Matsumoto, Medina, Romero

Absent: None

8. REPORT OF THE CHAIR

Chair Beach said that the Finance subcommittee of the JPA was very productive and more information would be forthcoming.

9. SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT

Chair Beach said that the report was in the packet.

10. JOINT POWERS BOARD LIAISON REPORT

Chair Beach said that the report was in the packet.

11. REPORT OF THE EXECUTIVE DIRECTOR

Jim Hartnett, Executive Director, said that the written report was in the packet.

Mr. Hartnett expanded on the JPB liaison report regarding the Caltrain Business Plan. He said that they were expediting procurement process for special counsel services regarding governance, with interviews occurring in February. He said the special counsel would advise the JPB Board on foundational documents including a joint powers agreement and related real property agreements. He said they expect to conclude negotiations by late summer 2020 and gave details on the formation of a new JPB Governance Ad Hoc Committee.

Director Horsley asked if the foundational documents could result in SamTrans blocking San Francisco and Santa Clara Counties from separating SamTrans from Caltrain. Mr. Hartnett said that SamTrans was being advised by special independent counsel regarding the documents. Mr. Hartnett said that his interpretation of the documents was that SamTrans would remain as the managing agency of JPB.

Director Horsley stated his opposition on giving up control of the JPB to San Francisco and Santa Clara Counties.

Chair Beach said there has been a lot of buildup towards the Caltrain Business Plan service vision. Casey Fromson, Director, Government and Community Affairs, noted that the goal delivery for the final plan is mid-2020.

12. PROGRAM

a) Adoption of 2020 Legislative Program

Ms. Fromson noted a small change had been made to clarify that the plan includes funding for grade separations.

Chair Beach asked about cities taking action to secure federal Build Grant opportunities. Ms. Fromson said more access to additional funds could happen by combining requests for funding.

Director Karyl Matsumoto said that the City of South San Francisco had their own federal lobbyists.

Director Romero asked how the TA legislative program intersects with the corresponding programs for SamTrans and JPB. Ms. Fromson noted there was less overlap between the legislative programs of JPB and the TA.

Motion/Second: Medina/Romero

Ayes: Beach, Groom, Horsley, Mates, Matsumoto, Medina, Romero

Absent: None

b) State and Federal Legislative Update

Ms. Fromson briefly summarized highlights of recent federal and state legislation. She said a state expert would be at the February Board meeting. She noted that all agencies have been funded following the President's recent signing of the budget.

She noted that there is a new \$50 million federal competitive grant program for at-grade crossings with \$10 million allotted for paid media campaigns.

She noted that in California, SB 50 had been reintroduced with some revisions. She added that a task force was formed to explore TDA (Transportation Development Act) reform, which has resulted in some public recommendations.

c) Status Report on Fiscal Year 2019 Transit Shuttle Program

April Chan, Chief Officer, Planning, Grants/Transportation Authority, said that Peter Skinner, Manager, Grants and Fund Programming, is stepping in while they recruit a replacement for former manager Joel Slavitt.

Mr. Skinner provided a presentation.

Director Romero asked about the funding sources. Mr. Skinner said the percentages were reflective of shuttles not running. Ms. Chan said the shuttle operators can only bill the TA what they expended.

Director Romero talked about the shuttle study results. Mr. Skinner said that the consulting firm of Fehr & Peers had been selected to conduct the study.

Chair Beach noted that fewer shuttles were being cancelled than in Fiscal Year 2019. Mr. Skinner said that according to Commute.org, the driver shortage has stabilized.

Chair Beach asked about what is being done to analyze the operator cost per passenger. Mr. Skinner said that the study will hopefully provide guidance on how to structure the program. He said that projects must show effectiveness to remain funded.

Director Romero requested access to the Excel version of the chart that was presented.

d) Joint TA and C/CAG San Mateo County Shuttle Program Call for Projects

Mr. Skinner provided a presentation on the program parameters.

Director Romero said that he sits on the Commute.org board and expressed the board's concerns that there could be up to a 45 percent increase in driver cost. Mr. Skinner said that they bumped up the rates beyond the CPI (Consumer Price Index) to take that into account.

Chair Beach asked about matches provided by shuttle providers. Ms. Chan said that information was in the chart.

13. REQUESTS FROM THE AUTHORITY

There were no requests.

14. WRITTEN COMMUNICATIONS TO THE AUTHORITY

The correspondence was included in the reading files.

15. DATE/TIME OF NEXT REGULAR MEETING

Chair Beach announced that the next meeting would be on Thursday, February 6, 2020, 5:00 pm at the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, San Carlos Avenue, San Carlos, CA 94070.

16. REPORT OF LEGAL COUNSEL

Joan Cassman, Legal Counsel, said she had nothing to report.

17. ADJOURN

Director Horsley said he had just heard that Jim Fox had passed away and requested to adjourn the meeting in memory of Mr. Fox. Mr. Hartnett said his family and Mr. Fox's family were friends growing up in Half Moon Bay. He noted that at one time, Mr. Fox was president of the California State Bar Association.

Chair Beach led a moment of silence prior to adjourning the meeting in memory of Jim Fox at 6:07 pm.

An audio/video recording of this meeting is available online at www.smcta.com. Questions may be referred to the Authority Secretary's office by phone at 650.508.6242 or by email to board@smcta.com.

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **STATEMENT OF REVENUES AND EXPENDITURES FOR THE PERIOD ENDING
December 31, 2019**

ACTION

Staff proposes that the Board accept and enter into the record the Statement of Revenues and Expenditures for the month of December 2019 and supplemental information.

The statement columns have been designed to provide easy comparison of year to date prior to current actuals for the current fiscal year including dollar and percentage variances.

SIGNIFICANCE

Year to Date Revenues: As of December year-to-date, the Total Revenue (page 1, line 9) is \$19.7 million higher than prior year actuals. This is primarily due to the new Measure W Sales Tax (Page 1, line 3).

Year to Date Expenditures: As of December year-to-date, the Total Expenditures (Page 1, line 30) are \$22.0 million lower than prior year actuals. This is primarily due to a fluctuation in expenditures associated with various capital projects.

Other Information: Starting in January 2019, the Agency modified the basis of reporting from accrual basis to modified cash basis (only material revenues and expenses are accrued) in monthly financial statements. The change in the accounting basis is not retroactively reflected in the prior year actual. As such, the monthly variance between the prior year and the current year actual may show noticeable variances for some line items on the financial statements.

Budget Amendment:

There are no budget amendments for the month of December 2019.

Prepared By:

Soe Aung, Senior Accountant- General Ledger
Jennifer Ye, Manager - General Ledger

650-622-8020
650-622-7890

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES

Fiscal Year 2020

December 2019

% OF YEAR ELAPSED: 50.0%

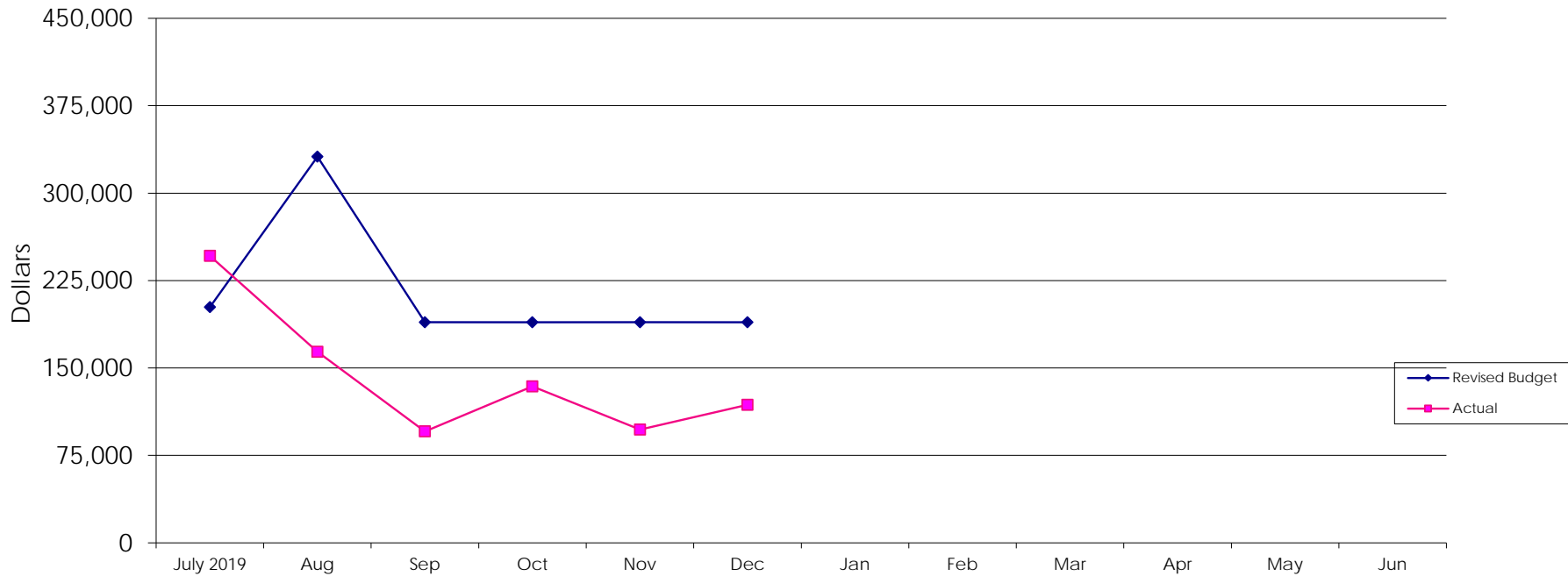
| | YEAR TO DATE | | | | ANNUAL |
|----------------------------------|--------------------|------------------------|---------------------|-------------------|-------------------------|
| | PRIOR ACTUAL | CURRENT ACTUAL | \$ VARIANCE | % VARIANCE | ADOPTED BUDGET |
| 1 REVENUES: | | | | | |
| 2 Measure A Sales Tax | 50,555,131 | 48,322,925 | (2,232,206) | (4.4%) | 91,000,000 |
| 3 Measure W Sales Tax | - | 22,762,614 | 22,762,614 | 100% | 45,500,000 |
| 4 Interest Income | 4,216,198 | 3,254,686 | (961,512) | (22.8%) | 8,673,040 |
| 5 Miscellaneous Income | 10,000 | - | (10,000) | 0.0% | - |
| 6 Rental Income | 367,468 | 465,404 | 97,936 | 26.7% | 911,951 |
| 7 Grant Proceeds | - | 72,411 | 72,411 | 100% | - |
| 8 | | | | | |
| 9 TOTAL REVENUE | 55,148,797 | 74,878,040 | 19,729,243 | 35.8% | 146,084,991 |
| 10 | | | | | |
| 11 EXPENDITURES: | | | | | |
| 12 | | | | | |
| 13 Measure A Annual Allocations | 18,452,623 | 17,637,868 | (814,755) | (4.4%) | 33,215,000 |
| 14 | | | | | |
| 15 Measure A Categories | 37,789,870 | 12,851,402 | (24,938,468) | (66.0%) | 41,405,000 |
| 16 | | | | | |
| 17 Measure W Annual Allocations | - | 4,550,000 | 4,550,000 | 100% | 9,100,000 |
| 18 | | | | | |
| 19 Measure W Categories | - | - | - | - | 36,400,000 |
| 20 | | | | | |
| 21 Oversight | 856,039 | 478,055 | (377,984) | (44.2%) | 2,250,000 |
| 22 | | | | | |
| 23 Administrative | | | | | |
| 24 Staff Support | 965,000 | 545,580 | (419,420) | (43.5%) | 1,255,946 |
| 25 Measure A Info-Others | - | - | - | - | 15,000 |
| 26 Other Admin Expenses | 291,408 | 309,779 | 18,371 | 6.3% | 1,155,642 |
| 27 | | | | | |
| 28 Total Administrative | 1,256,408 | 855,359 | (401,049) | (31.9%) | 2,426,588 |
| 29 | | | | | |
| 30 TOTAL EXPENDITURES | 58,354,940 | 36,372,684 | (21,982,256) | (37.7%) | 124,796,588 |
| 31 | | | | | |
| 32 EXCESS (DEFICIT) | (3,206,143) | 38,505,356 | 41,711,499 | (1,301.0%) | 21,288,403 |
| 33 | | | | | (15,470,000) (1) |
| 34 | | | | | 5,818,403 |
| 35 | | | | | |
| 36 BEGINNING FUND BALANCE | 407,684,194 | 387,232,043 (2) | | | 409,643,752 |
| 37 | | | | | |
| 38 ENDING FUND BALANCE | 404,478,051 | 425,737,399 | | | 415,462,155 |
| 39 | | | | | |

(1) Previously allocated \$13,650,000 of future years' budget to the 25th Avenue Grade Separation Project and \$1,820,000 of future years' budget to South San Francisco Ferry Terminal.

(2) Restated to reflect audited fund balance

43
44

SAN MATEO COUNTY TRANSPORTATION AUTHORITY ADMINISTRATIVE EXPENSES



Current Year Data

| | Jul '19 | Aug '19 | Sep '19 | Oct '19 | Nov '19 | Dec '19 | Jan '20 | Feb '20 | Mar 20 | Apr 20 | May 20 | Jun 20 |
|----------------------------|----------|---------|---------|---------|-----------|-----------|---------|---------|--------|--------|--------|--------|
| MONTHLY EXPENSES | | | | | | | | | | | | |
| Revised Budget | 202,216 | 331,277 | 189,309 | 189,310 | 189,309 | 189,310 | | | | | | |
| Actual | 246,168 | 163,810 | 95,574 | 134,229 | 97,182 | 118,396 | | | | | | |
| CUMULATIVE EXPENSES | | | | | | | | | | | | |
| Staff Projections | 202,216 | 533,493 | 722,802 | 912,112 | 1,101,421 | 1,290,731 | | | | | | |
| Actual | 246,168 | 409,978 | 505,552 | 639,781 | 736,963 | 855,359 | | | | | | |
| Variance-F(U) | (43,952) | 123,515 | 217,250 | 272,331 | 364,458 | 435,372 | | | | | | |
| Variance % | -21.74% | 23.15% | 30.06% | 29.86% | 33.09% | 33.73% | | | | | | |

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CASH AND INVESTMENTS AS OF DECEMBER 31, 2019**

12/31/2019

LIQUIDITY FUNDS MANAGED BY DISTRICT STAFF

| | | |
|--------------------------|----|---------------|
| Bank of America Checking | \$ | 19,741,143.37 |
| JP Morgan Bank Checking | | 12,920,907.71 |
| LAIF | | 52,956,030.04 |

INVESTMENT FUNDS

| | | |
|---------------------------------------|--|-----------------------|
| Investment Portfolio (Market Values)* | | 157,024,483.83 |
| MMF - US Bank Custodian Account | | 3,313,572.06 |
| Cash | | 1,666.49 |
| County Pool | | 176,150,557.47 |

Total

| | | |
|--|-----------|------------------------------|
| | \$ | <u>422,108,360.97</u> |
|--|-----------|------------------------------|

* Fund Managed by PFM Investment Advisor

clearwater

Report: Master Balance Sheet by Lot
 Account: SMCTA - Agg (165727)
 As of: 12/31/2019
 Base Currency: USD

| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued |
|------------|--------------|----------------------|---------------|-------------------|----------------------|------------------|----------------------|------------------------|
| ABS | | | | | | | | |
| 36255JAD6 | GMCAR 183 A3 | 700,000.00 | ABS | 05/16/2023 | 699,836.76 | 880.83 | 708,655.83 | 709,536.66 |
| 14313FAD1 | CARMX 183 A3 | 750,000.00 | ABS | 06/15/2023 | 749,897.78 | 1,043.33 | 760,647.65 | 761,690.98 |
| 89190BAD0 | TAOT 17B A3 | 1,211,463.27 | ABS | 07/15/2021 | 1,211,370.35 | 947.63 | 1,210,826.92 | 1,211,774.55 |
| 02007PAC7 | ALLYA 171 A3 | 116,964.71 | ABS | 06/15/2021 | 116,954.48 | 88.37 | 116,899.54 | 116,987.91 |
| 89238MAD0 | TAOT 17A A3 | 135,500.72 | ABS | 02/16/2021 | 135,484.77 | 104.19 | 135,448.72 | 135,552.91 |
| 34531EAD8 | FORDO 17A A3 | 486,920.57 | ABS | 06/15/2021 | 486,918.77 | 361.40 | 486,544.46 | 486,905.87 |
| 17305EGK5 | CCCT 18A1 A1 | 1,500,000.00 | ABS | 01/20/2021 | 1,499,792.40 | 16,703.75 | 1,509,820.28 | 1,526,524.03 |
| 17305EGB5 | CCCT 17A3 A3 | 1,600,000.00 | ABS | 04/07/2020 | 1,604,272.00 | 7,168.00 | 1,600,050.47 | 1,607,218.47 |
| 89238BAD4 | TAOT 18A A3 | 658,662.64 | ABS | 05/16/2022 | 658,655.07 | 687.94 | 660,392.00 | 661,079.94 |
| 02004VAC7 | ALLYA 182 A3 | 1,100,000.00 | ABS | 11/15/2022 | 1,099,800.24 | 1,427.56 | 1,106,665.42 | 1,108,092.98 |
| 02007HAC5 | ALLYA 172 A3 | 575,388.21 | ABS | 08/16/2021 | 575,320.37 | 455.20 | 575,150.98 | 575,606.17 |
| 47788BAD6 | JDOT 17B A3 | 480,053.66 | ABS | 10/15/2021 | 480,018.52 | 388.31 | 479,802.51 | 480,190.82 |
| 43814PAC4 | HAROT 173 A3 | 300,367.08 | ABS | 09/18/2021 | 300,334.55 | 194.15 | 300,250.40 | 300,444.55 |
| 47788CAC6 | JDOT 2018 A3 | 402,909.35 | ABS | 04/18/2022 | 402,880.39 | 476.33 | 404,314.51 | 404,790.84 |
| 02582JHQ6 | AMXCA 181 A | 2,610,000.00 | ABS | 10/17/2022 | 2,609,696.98 | 3,097.20 | 2,614,002.93 | 2,617,100.13 |
| 14041NFU0 | COMET 192 A | 2,800,000.00 | ABS | 09/15/2024 | 2,799,294.96 | 2,140.44 | 2,791,286.32 | 2,793,426.77 |
| --- | --- | 15,428,230.21 | ABS | 06/24/2022 | 15,430,528.39 | 36,164.64 | 15,460,758.94 | 15,496,923.58 |

AGCY BOND

| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued |
|------------|---------------------------------------|----------------------|------------------|-------------------|----------------------|------------------|----------------------|------------------------|
| 3135GON82 | FEDERAL NATIONAL MORTGAGE ASSOCIATION | 825,000.00 | AGCY BOND | 08/17/2021 | 822,177.68 | 3,838.54 | 820,106.10 | 823,944.64 |
| 3135GON82 | FEDERAL NATIONAL MORTGAGE ASSOCIATION | 2,675,000.00 | AGCY BOND | 08/17/2021 | 2,664,166.25 | 12,446.18 | 2,659,131.90 | 2,671,578.08 |
| 3130A8QS5 | FEDERAL HOME LOAN BANKS | 3,200,000.00 | AGCY BOND | 07/14/2021 | 3,180,540.80 | 16,700.00 | 3,176,051.20 | 3,192,751.20 |
| 3135G0T60 | FEDERAL NATIONAL MORTGAGE ASSOCIATION | 900,000.00 | AGCY BOND | 07/30/2020 | 897,273.00 | 5,662.50 | 899,294.40 | 904,956.90 |
| 3137EAEJ4 | FREDDIE MAC | 990,000.00 | AGCY BOND | 09/29/2020 | 988,208.10 | 4,111.25 | 989,837.64 | 993,948.89 |
| 3130ACE26 | FEDERAL HOME LOAN BANKS | 365,000.00 | AGCY BOND | 09/28/2020 | 363,828.35 | 1,296.51 | 364,273.29 | 365,569.80 |
| 3135G0U92 | FEDERAL NATIONAL MORTGAGE ASSOCIATION | 1,600,000.00 | AGCY BOND | 01/11/2022 | 1,598,848.00 | 19,833.33 | 1,632,152.00 | 1,651,985.33 |
| --- | --- | 10,555,000.00 | AGCY BOND | 06/17/2021 | 10,515,042.18 | 63,888.32 | 10,540,846.53 | 10,604,734.84 |

CASH

| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued |
|------------|-------------|-----------------|---------------|-------------------|-----------------|------------------|-----------------|------------------------|
| CCYUSD | Cash | 1,666.49 | CASH | 12/31/2019 | 1,666.49 | 0.00 | 1,666.49 | 1,666.49 |
| CCYUSD | Cash | 1,666.49 | CASH | 12/31/2019 | 1,666.49 | 0.00 | 1,666.49 | 1,666.49 |

CD

| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued |
|------------|--|----------------------|---------------|-------------------|----------------------|------------------|----------------------|------------------------|
| 86565BPC9 | Sumitomo Mitsui Banking Corporation, New York Bra | 1,550,000.00 | CD | 10/16/2020 | 1,547,892.00 | 11,238.79 | 1,549,164.32 | 1,560,403.11 |
| 87019U6D6 | Swedbank AB (publ) | 3,100,000.00 | CD | 11/16/2020 | 3,100,000.00 | 8,600.78 | 3,076,164.60 | 3,084,765.38 |
| 06417GU22 | Bank of Nova Scotia, Houston Branch | 1,600,000.00 | CD | 06/05/2020 | 1,599,392.00 | 3,559.11 | 1,601,964.94 | 1,605,524.05 |
| 78012UEE1 | Royal Bank of Canada New York Branch | 2,750,000.00 | CD | 06/07/2021 | 2,750,000.00 | 5,940.00 | 2,759,445.22 | 2,765,385.22 |
| 22535CDV0 | Credit Agricole Corporate And Investment Bank, New | 1,500,000.00 | CD | 04/01/2022 | 1,500,000.00 | 28,535.83 | 1,500,000.00 | 1,528,535.83 |
| 65558TLL7 | Nordea Bank Abp, New York Branch | 1,600,000.00 | CD | 08/26/2022 | 1,600,000.00 | 10,277.78 | 1,600,000.00 | 1,610,277.78 |
| 83050PDR7 | Skandinaviska Enskilda Banken AB (publ.) | 1,600,000.00 | CD | 08/26/2022 | 1,600,000.00 | 9,920.00 | 1,600,000.00 | 1,609,920.00 |
| 23341VZT1 | DNB Bank ASA, New York Branch | 1,600,000.00 | CD | 12/02/2022 | 1,600,000.00 | 2,357.33 | 1,600,000.00 | 1,602,357.33 |
| --- | --- | 15,300,000.00 | CD | 08/23/2021 | 15,297,284.00 | 80,429.63 | 15,286,739.08 | 15,367,168.71 |

clearwater

Report: Master Balance Sheet by Lot
 Account: SMCTA - Agg (165727)
 As of: 12/31/2019
 Base Currency: USD

| CORP | | | | | | | | | |
|------------|--|---------------|---------------|------------|---------------|------------------|---------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| 89236TEU5 | TOYOTA MOTOR CREDIT CORP | 1,200,000.00 | CORP | 04/13/2021 | 1,199,520.00 | 7,670.00 | 1,217,142.00 | 1,224,812.00 | |
| 808513AW5 | CHARLES SCHWAB CORP | 965,000.00 | CORP | 05/21/2021 | 964,971.05 | 3,484.72 | 982,620.90 | 986,105.62 | |
| 025816BU2 | AMERICAN EXPRESS CO | 1,550,000.00 | CORP | 05/17/2021 | 1,549,736.50 | 6,393.75 | 1,578,312.30 | 1,584,706.05 | |
| 06051GHH5 | BANK OF AMERICA CORP | 400,000.00 | CORP | 05/17/2022 | 400,000.00 | 1,710.62 | 407,477.60 | 409,188.22 | |
| 594918BV5 | MICROSOFT CORP | 1,520,000.00 | CORP | 02/06/2020 | 1,518,981.60 | 11,326.11 | 1,519,992.40 | 1,531,318.51 | |
| 037833CS7 | APPLE INC | 1,325,000.00 | CORP | 05/11/2020 | 1,323,648.50 | 3,312.50 | 1,324,758.85 | 1,328,071.35 | |
| 63743HER9 | NATIONAL RURAL UTILITIES COOPERATIVE FINANCE | 625,000.00 | CORP | 03/15/2021 | 624,306.25 | 5,336.81 | 632,076.88 | 637,413.68 | |
| 44932HAG8 | IBM CREDIT LLC | 1,500,000.00 | CORP | 02/05/2021 | 1,499,265.00 | 16,120.83 | 1,511,293.50 | 1,527,414.33 | |
| 06051GFW4 | BANK OF AMERICA CORP | 175,000.00 | CORP | 04/19/2021 | 176,358.00 | 918.75 | 176,528.63 | 177,447.38 | |
| 24422ETL3 | JOHN DEERE CAPITAL CORP | 685,000.00 | CORP | 01/06/2022 | 681,979.15 | 8,824.13 | 696,208.66 | 705,032.79 | |
| 437076BQ4 | HOME DEPOT INC | 750,000.00 | CORP | 06/05/2020 | 749,565.00 | 975.00 | 749,829.00 | 750,804.00 | |
| 713448DX3 | PEPSICO INC | 1,015,000.00 | CORP | 04/15/2021 | 1,014,797.00 | 4,285.56 | 1,016,993.46 | 1,021,279.02 | |
| 06051GGS2 | BANK OF AMERICA CORP | 965,000.00 | CORP | 10/01/2021 | 965,000.00 | 5,616.30 | 966,186.95 | 971,803.25 | |
| 904764AZ0 | UNILEVER CAPITAL CORP | 1,200,000.00 | CORP | 03/22/2021 | 1,193,868.00 | 9,075.00 | 1,212,944.40 | 1,222,019.40 | |
| 63743HER9 | NATIONAL RURAL UTILITIES COOPERATIVE FINANCE | 875,000.00 | CORP | 03/15/2021 | 871,298.75 | 7,471.53 | 884,907.63 | 892,379.15 | |
| 6174467P8 | MORGAN STANLEY | 3,150,000.00 | CORP | 07/24/2020 | 3,516,187.50 | 75,556.25 | 3,212,940.15 | 3,288,496.40 | |
| 14913Q2A6 | CATERPILLAR FINANCIAL SERVICES CORP | 1,100,000.00 | CORP | 09/04/2020 | 1,099,076.00 | 6,613.75 | 1,099,199.20 | 1,105,812.95 | |
| 931142EA7 | WAL-MART STORES INC | 1,550,000.00 | CORP | 12/15/2020 | 1,547,752.50 | 1,308.89 | 1,551,956.10 | 1,553,264.99 | |
| 427866BA5 | HERSHEY CO | 630,000.00 | CORP | 05/15/2021 | 629,565.30 | 2,495.50 | 640,164.42 | 642,659.92 | |
| 24422EUQ0 | JOHN DEERE CAPITAL CORP | 350,000.00 | CORP | 01/10/2022 | 349,664.00 | 5,320.00 | 359,632.35 | 364,952.35 | |
| 693475AV7 | PNC FINANCIAL SERVICES GROUP INC | 1,550,000.00 | CORP | 01/23/2024 | 1,561,036.00 | 23,809.72 | 1,627,627.10 | 1,651,436.82 | |
| 69371RP75 | PACCAR FINANCIAL CORP | 570,000.00 | CORP | 03/01/2022 | 569,498.40 | 5,415.00 | 581,884.50 | 587,299.50 | |
| 46647PBB1 | JPMORGAN CHASE & CO | 1,500,000.00 | CORP | 04/01/2023 | 1,500,000.00 | 12,026.25 | 1,532,592.00 | 1,544,618.25 | |
| 02665WCZ2 | AMERICAN HONDA FINANCE CORP | 1,550,000.00 | CORP | 06/27/2024 | 1,547,892.00 | 413.33 | 1,568,835.60 | 1,569,248.93 | |
| 38141EC23 | GOLDMAN SACHS & CO | 1,500,000.00 | CORP | 07/08/2024 | 1,569,870.00 | 27,752.08 | 1,582,459.50 | 1,610,211.58 | |
| 05531FBH5 | BB&T CORP | 1,550,000.00 | CORP | 08/01/2024 | 1,552,573.00 | 16,361.11 | 1,569,069.65 | 1,585,430.76 | |
| 254687FK7 | WALT DISNEY CO | 1,550,000.00 | CORP | 08/30/2024 | 1,543,676.00 | 8,664.93 | 1,533,249.15 | 1,541,914.08 | |
| --- | --- | 31,300,000.00 | CORP | 01/02/2022 | 31,720,085.50 | 278,258.43 | 31,736,882.86 | 32,015,141.29 | |

| CP | | | | | | | | | |
|------------|----------------------------------|--------------|---------------|------------|---------------|------------------|--------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| 62479LAD7 | MUFG Bank Ltd. (New York Branch) | 3,050,000.00 | CP | 01/13/2020 | 2,990,067.50 | 0.00 | 3,047,336.33 | 3,047,336.33 | |
| 63873JA34 | Natixis, New York Branch | 4,100,000.00 | CP | 01/03/2020 | 4,067,951.67 | 0.00 | 4,099,542.17 | 4,099,542.17 | |
| 62479LJ14 | MUFG Bank Ltd. (New York Branch) | 1,700,000.00 | CP | 09/01/2020 | 1,676,285.00 | 0.00 | 1,678,568.67 | 1,678,568.67 | |
| --- | --- | 8,850,000.00 | CP | 02/21/2020 | 8,734,304.17 | 0.00 | 8,825,447.17 | 8,825,447.17 | |

| FHLMC | | | | | | | | | |
|------------|--------------|--------------|---------------|------------|---------------|------------------|--------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| 3137BM6P6 | FHMS K721 A2 | 800,000.00 | FHLMC | 08/25/2022 | 806,812.50 | 2,060.00 | 816,576.00 | 818,636.00 | |
| 3137FKK39 | FHMS KP05 A | 469,316.97 | FHLMC | 07/25/2023 | 469,315.56 | 1,252.69 | 479,674.79 | 480,927.48 | |
| 3137FQ3V3 | FHMS KJ27 A1 | 614,033.34 | FHLMC | 07/25/2024 | 614,018.60 | 1,070.46 | 611,392.99 | 612,463.46 | |
| --- | --- | 1,883,350.30 | FHLMC | 06/29/2023 | 1,890,146.66 | 4,383.15 | 1,907,643.79 | 1,912,026.94 | |

| FNMA | | | | | | | | | |
|------------|---------------|--------------|---------------|------------|---------------|------------------|--------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| 3136BIXP4 | FNA 18M5 A2 | 660,974.70 | FNMA | 09/25/2021 | 674,122.16 | 1,960.89 | 668,232.21 | 670,193.10 | |
| 3136AJ7G5 | FNA 14M06B A2 | 1,913,434.10 | FNMA | 05/25/2021 | 1,952,151.25 | 4,270.96 | 1,928,569.36 | 1,932,840.33 | |
| --- | --- | 2,574,408.81 | FNMA | 06/26/2021 | 2,626,273.40 | 6,231.85 | 2,596,801.57 | 2,603,033.42 | |

clearwater

Report: Master Balance Sheet by Lot
 Account: SMCTA - Agg (165727)
 As of: 12/31/2019
 Base Currency: USD

| MMFUND | | | | | | | | | |
|---------------|------------------------------|----------------|---------------|------------|----------------|------------------|----------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| 31846V534 | FIRST AMER:US TRS MM Y | 3,313,572.06 | MMFUND | 12/31/2019 | 3,313,572.06 | 0.00 | 3,313,572.06 | 3,313,572.06 | |
| SM - CP N/M A | County Pool New Measure A | 125,115,075.79 | MMFUND | 12/31/2019 | 125,115,075.79 | 0.00 | 125,115,075.79 | 125,115,075.79 | |
| SM - CP O/M A | County Pool Old Measure A | 51,035,481.68 | MMFUND | 12/31/2019 | 51,035,481.68 | 0.00 | 51,035,481.68 | 51,035,481.68 | |
| SM - LAIF | Local Agency Investment Fund | 52,956,030.04 | MMFUND | 12/31/2019 | 52,956,030.04 | 0.00 | 52,956,030.04 | 52,956,030.04 | |
| --- | --- | 232,420,159.57 | MMFUND | 12/31/2019 | 232,420,159.57 | 0.00 | 232,420,159.57 | 232,420,159.57 | |

| MUNI | | | | | | | | | |
|------------|-----------------------------------|------------|---------------|------------|---------------|------------------|--------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| 15741ITK5 | CHAFFEY CALIF JT UN HIGH SCH DIST | 375,000.00 | MUNI | 08/01/2024 | 375,000.00 | 569.02 | 373,308.75 | 373,877.77 | |
| 15741ITK5 | CHAFFEY CALIF JT UN HIGH SCH DIST | 375,000.00 | MUNI | 08/01/2024 | 375,000.00 | 569.02 | 373,308.75 | 373,877.77 | |

| US GOV | | | | | | | | | |
|------------|------------------------|---------------|---------------|------------|---------------|------------------|---------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| 912828T9 | UNITED STATES TREASURY | 4,450,000.00 | US GOV | 08/15/2022 | 4,263,308.59 | 27,313.69 | 4,454,171.88 | 4,481,485.56 | |
| 912828R77 | UNITED STATES TREASURY | 3,500,000.00 | US GOV | 05/31/2021 | 3,409,082.04 | 4,207.65 | 3,489,062.50 | 3,493,270.15 | |
| 912828Q78 | UNITED STATES TREASURY | 970,000.00 | US GOV | 04/30/2021 | 950,751.56 | 2,271.77 | 967,120.31 | 969,392.08 | |
| 912828VF4 | UNITED STATES TREASURY | 180,000.00 | US GOV | 05/31/2020 | 177,672.66 | 216.39 | 179,803.13 | 180,019.52 | |
| 912828L32 | UNITED STATES TREASURY | 335,000.00 | US GOV | 08/31/2020 | 341,432.19 | 1,556.51 | 334,424.22 | 335,980.73 | |
| 912828X47 | UNITED STATES TREASURY | 7,500,000.00 | US GOV | 04/30/2022 | 7,260,351.56 | 23,952.61 | 7,549,218.75 | 7,573,171.36 | |
| 912828VP2 | UNITED STATES TREASURY | 1,000,000.00 | US GOV | 07/31/2020 | 1,032,642.62 | 8,369.57 | 1,002,031.25 | 1,010,400.82 | |
| 912828X47 | UNITED STATES TREASURY | 2,335,000.00 | US GOV | 04/30/2022 | 2,305,356.44 | 7,457.25 | 2,350,323.44 | 2,357,780.68 | |
| 912828N30 | UNITED STATES TREASURY | 2,450,000.00 | US GOV | 12/31/2022 | 2,389,324.22 | 143.03 | 2,487,132.81 | 2,487,275.84 | |
| 912828N30 | UNITED STATES TREASURY | 11,000,000.00 | US GOV | 12/31/2022 | 10,841,445.31 | 642.17 | 11,166,718.75 | 11,167,360.92 | |
| 912828N30 | UNITED STATES TREASURY | 5,700,000.00 | US GOV | 12/31/2022 | 5,609,601.56 | 332.76 | 5,786,390.63 | 5,786,723.39 | |
| 912828R69 | UNITED STATES TREASURY | 8,850,000.00 | US GOV | 05/31/2023 | 8,528,841.80 | 12,573.77 | 8,850,000.00 | 8,862,573.77 | |
| 912828R69 | UNITED STATES TREASURY | 2,850,000.00 | US GOV | 05/31/2023 | 2,781,421.87 | 4,049.18 | 2,850,000.00 | 2,854,049.18 | |
| 912828T91 | UNITED STATES TREASURY | 4,950,000.00 | US GOV | 10/31/2023 | 4,907,074.22 | 13,700.89 | 4,945,359.38 | 4,959,060.27 | |
| 912828T91 | UNITED STATES TREASURY | 2,000,000.00 | US GOV | 10/31/2023 | 2,011,484.38 | 5,535.71 | 1,998,125.00 | 2,003,660.71 | |
| 912828XX3 | UNITED STATES TREASURY | 4,650,000.00 | US GOV | 06/30/2024 | 4,744,089.84 | 255.49 | 4,713,937.50 | 4,714,192.99 | |
| 912828XX3 | UNITED STATES TREASURY | 6,500,000.00 | US GOV | 06/30/2024 | 6,597,500.00 | 357.14 | 6,589,375.00 | 6,589,732.14 | |
| --- | UNITED STATES TREASURY | 69,220,000.00 | US GOV | 02/13/2023 | 68,151,380.86 | 112,935.59 | 69,713,194.53 | 69,826,130.12 | |

| Summary | | | | | | | | | |
|------------|-------------|----------------|---------------|------------|----------------|------------------|----------------|------------------------|--|
| Identifier | Description | Par | Security Type | Maturity | Original Cost | Accrued Interest | Market Value | Market Value + Accrued | |
| --- | --- | 387,907,815.38 | --- | 12/13/2020 | 387,161,871.22 | 582,860.62 | 388,863,449.27 | 389,446,309.89 | |

* Grouped by: Security Type
 * Groups Sorted by: Security Type
 * Weighted by: Base Market Value + Accrued
 * Holdings Displayed by: Lot



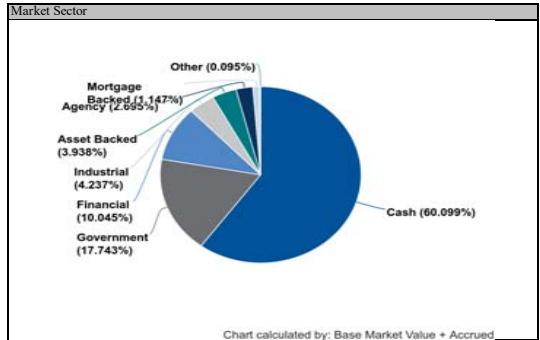
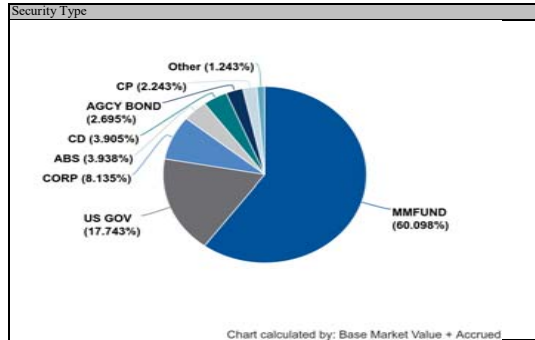
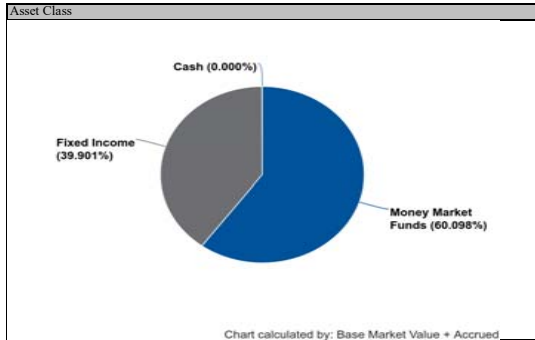
Report: Base Risk Summary - Fixed Income
 Account: SMCTA - Agg (165727)
 Date: 12/01/2019 - 12/31/2019

| Balance Sheet | |
|--------------------------|----------------|
| Book Value + Accrued | 392,035,292.32 |
| Net Unrealized Gain/Loss | 1,497,196.05 |
| Market Value + Accrued | 393,532,488.37 |

| Cash and Fixed Income Summary | |
|-------------------------------|----------------|
| Risk Metric | Value |
| Cash | 1,666.49 |
| MMFUND | 236,506,338.05 |
| Fixed Income | 157,024,483.83 |
| Duration | 2.067 |
| Convexity | 0.071 |
| WAL | 0.874 |
| Years to Final Maturity | 0.952 |
| Years to Effective Maturity | 0.873 |
| Yield | 1.841 |
| Book Yield | 0.891 |
| Avg Credit Rating | AA-/Aa3/AA- |

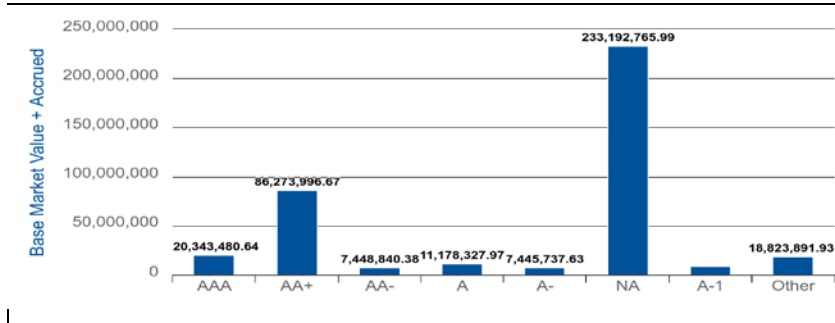
| Issuer Concentration | |
|---|----------------------------------|
| Issuer Concentration | % of Base Market Value + Accrued |
| (SM - CP N/M A) County Pool New Measure A | 30.979% |
| Other | 18.532% |
| United States | 17.743% |
| (SM - CP O/M A) County Pool Old Measure A | 14.821% |
| (SM - LAIF) State of California | 13.457% |
| Federal National Mortgage Association | 2.199% |
| Mitsubishi UFJ Financial Group, Inc. | 1.201% |
| American Express Company | 1.068% |
| --- | 100.000% |

Footnotes: 1,2

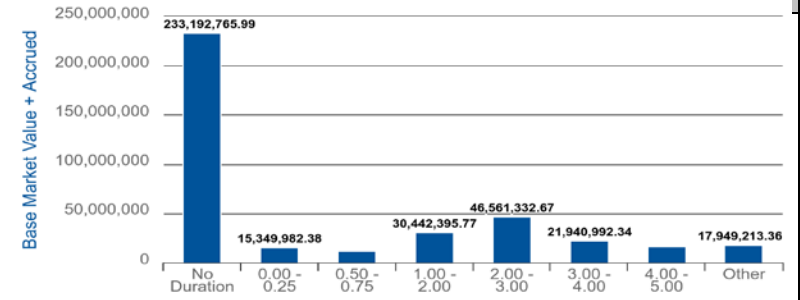
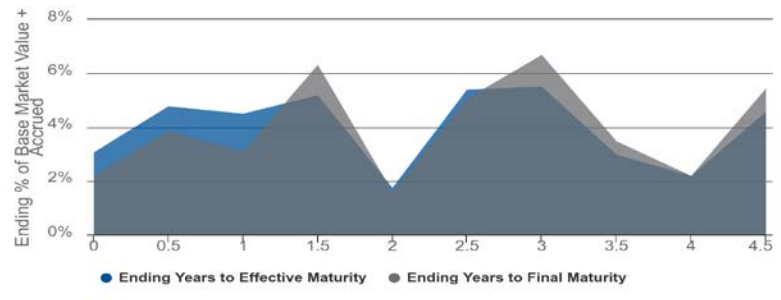




Report: Base Risk Summary - Fixed Income
 Account: SMCTA - Agg (165727)
 Date: 12/01/2019 - 12/31/2019



| Rating | 0 - 1 | 1 - 2 | 2 - 3 | 3 - 4 | 4 - 5 | 5 - 7 | 7 - 10 | 10 - 15 | 15 - 30 |
|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| AAA | 3.698% | 0.762% | 1.526% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| AA | 3.549% | 4.389% | 8.966% | 4.747% | 2.967% | 0.000% | 0.000% | 0.000% | 0.000% |
| A | 3.358% | 2.182% | 1.339% | 0.420% | 1.193% | 0.000% | 0.000% | 0.000% | 0.000% |
| BBB | 0.836% | 0.403% | 0.000% | 0.409% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| BB | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| B | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| CCC | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| CC | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| C | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| NA | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |



1: * Grouped by: Issuer Concentration
 2: * Groups Sorted by: % of Base Market Value + Accrued

clearwater

Report: Base Risk Summary - Fixed Income
 Account: SMCTA - Agg (165727)
 Date: 12/01/2019 - 12/31/2019

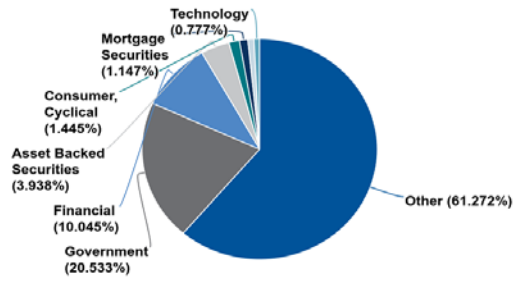


Chart calculated by: Base Market Value + Accrued

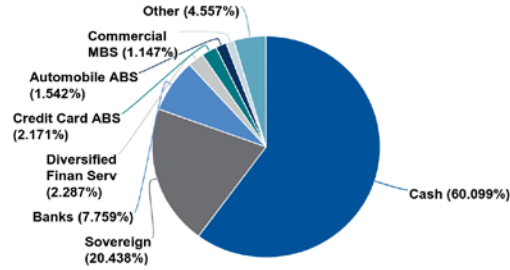


Chart calculated by: Base Market Value + Accrued

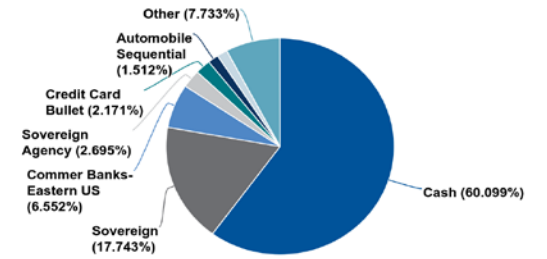


Chart calculated by: Base Market Value + Accrued

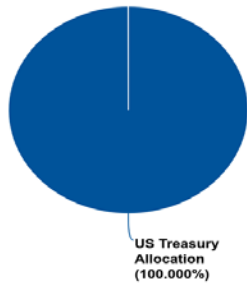


Chart calculated by: Base Market Value

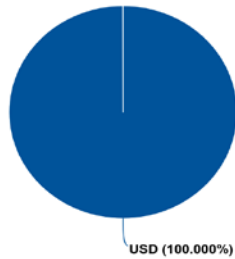


Chart calculated by: Base Market Value + Accrued

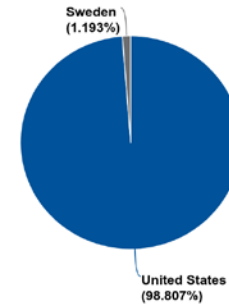


Chart calculated by: Base Market Value + Accrued



Report: GAAP Base Trading Activity
 Account: SMCTA - Agg (165727)
 Date: 12/01/2019 - 12/31/2019
 Base Currency: USD

* Does not Lock Down

| Identifier | Description | Base Original Units | Base Current Units | Transaction Type | Trade Date | Settle Date | Final Maturity | Base Principal | Accrued Interest | Market Value |
|------------|----------------------------------|---------------------|--------------------|-------------------|------------|-------------|-------------------|-------------------|--------------------|---------------------|
| 02007HAC5 | ALLYA 172 A3 | - | (98,973.47) | Principal Paydown | 12/15/2019 | 12/15/2019 | 08/16/2021 | (98,973.47) | - | 98,973.47 |
| 02007PAC7 | ALLYA 171 A3 | - | (26,319.98) | Principal Paydown | 12/15/2019 | 12/15/2019 | 06/15/2021 | (26,319.98) | - | 26,319.98 |
| 172967LF6 | CITIGROUP INC | (1,575,000.00) | (1,575,000.00) | Sell | 12/04/2019 | 12/06/2019 | 01/10/2020 | (1,575,031.50) | (15,649.38) | 1,590,680.88 |
| 23341VZT1 | DNB Bank ASA, New York Branch | 1,600,000.00 | 1,600,000.00 | Buy | 12/04/2019 | 12/06/2019 | 12/02/2022 | 1,600,000.00 | - | (1,600,000.00) |
| 3136AJ7G5 | FNA 14M06B A2 | - | (44,280.34) | Principal Paydown | 12/01/2019 | 12/01/2019 | 05/25/2021 | (44,280.34) | - | 44,280.34 |
| 3136B1XP4 | FNA 18M5 A2 | - | (22,793.93) | Principal Paydown | 12/01/2019 | 12/01/2019 | 09/25/2021 | (22,793.93) | - | 22,793.93 |
| 3137FKK39 | FHMS KP05 A | - | (35,294.02) | Principal Paydown | 12/01/2019 | 12/01/2019 | 07/25/2023 | (35,294.02) | - | 35,294.02 |
| 3137FQ3V3 | FHMS KJ27 A1 | - | (966.66) | Principal Paydown | 12/01/2019 | 12/01/2019 | 07/25/2024 | (966.66) | - | 966.66 |
| 31846V534 | FIRST AMER:US TRS MM Y | 5,114,193.85 | 5,114,193.85 | Buy | --- | --- | 12/31/2019 | 5,114,193.85 | - | (5,114,193.85) |
| 31846V534 | FIRST AMER:US TRS MM Y | (2,308,066.65) | (2,308,066.65) | Sell | --- | --- | 12/31/2019 | (2,308,066.65) | - | 2,308,066.65 |
| 34531EAD8 | FORDO 17A A3 | - | (102,152.17) | Principal Paydown | 12/15/2019 | 12/15/2019 | 06/15/2021 | (102,152.18) | - | 102,152.18 |
| 43814PAC4 | HAROT 173 A3 | - | (30,784.10) | Principal Paydown | 12/18/2019 | 12/18/2019 | 09/18/2021 | (30,784.10) | - | 30,784.10 |
| 47788BAD6 | JDOT 17B A3 | - | (41,904.18) | Principal Paydown | 12/15/2019 | 12/15/2019 | 10/15/2021 | (41,904.18) | - | 41,904.18 |
| 47788CAC6 | JDOT 2018 A3 | - | (32,241.45) | Principal Paydown | 12/15/2019 | 12/15/2019 | 04/18/2022 | (32,241.45) | - | 32,241.45 |
| 62479LJ14 | MUFG Bank Ltd. (New York Branch) | 1,700,000.00 | 1,700,000.00 | Buy | 12/06/2019 | 12/06/2019 | 09/01/2020 | 1,676,285.00 | - | (1,676,285.00) |
| 62479MZ63 | MUFG Bank Ltd. (New York Branch) | (1,600,000.00) | (1,600,000.00) | Maturity | 12/06/2019 | 12/06/2019 | 12/06/2019 | (1,600,000.00) | - | 1,600,000.00 |
| 717081EB5 | PFIZER INC | (2,080,000.00) | (2,080,000.00) | Maturity | 12/15/2019 | 12/15/2019 | 12/15/2019 | (2,080,000.00) | - | 2,080,000.00 |
| 89190BAD0 | TAOT 17B A3 | - | (153,752.83) | Principal Paydown | 12/15/2019 | 12/15/2019 | 07/15/2021 | (153,752.84) | - | 153,752.84 |
| 89238BAD4 | TAOT 18A A3 | - | (41,337.36) | Principal Paydown | 12/15/2019 | 12/15/2019 | 05/16/2022 | (41,337.36) | - | 41,337.36 |
| 89238MAD0 | TAOT 17A A3 | - | (37,513.86) | Principal Paydown | 12/15/2019 | 12/15/2019 | 02/16/2021 | (37,513.86) | - | 37,513.86 |
| 912828N30 | UNITED STATES TREASURY | (6,100,000.00) | (6,100,000.00) | Sell | 12/02/2019 | 12/05/2019 | 12/31/2022 | (6,191,500.00) | (55,654.21) | 6,247,154.21 |
| 912828VF4 | UNITED STATES TREASURY | (200,000.00) | (200,000.00) | Sell | 12/04/2019 | 12/06/2019 | 05/31/2020 | (199,796.88) | (45.08) | 199,841.96 |
| 912828VF4 | UNITED STATES TREASURY | (125,000.00) | (125,000.00) | Sell | 12/05/2019 | 12/05/2019 | 05/31/2020 | (124,873.05) | (23.48) | 124,896.53 |
| 912828XX3 | UNITED STATES TREASURY | 6,500,000.00 | 6,500,000.00 | Buy | 12/02/2019 | 12/05/2019 | 06/30/2024 | 6,597,500.00 | 55,815.22 | (6,653,315.22) |
| --- | --- | 926,127.20 | 257,812.86 | --- | --- | --- | 11/08/2021 | 240,396.40 | (15,556.93) | (224,839.47) |

* Showing transactions with Trade Date within selected date range.

* Weighted by: Absolute Value of Base Principal

* MMF transactions are collapsed

* The Transaction Detail/Trading Activity reports provide our most up-to-date transactional details. As such, these reports are subject to change even after the other reports on the website have been locked down.

While these reports can be useful tools in understanding recent activity, due to their dynamic nature we do not recommend using them for booking journal entries or reconciliation.

SMCTA – Glossary of Terms

Accrued Interest - The interest that has accumulated on a bond since the last interest payment up to, but not including, the settlement date. Accrued interest occurs as a result of the difference in timing of cash flows and the measurement of these cash flows.

Amortized Cost - The amount at which an investment is acquired, adjusted for accretion, amortization, and collection of cash.

Book Yield - The measure of a bond's recurring realized investment income that combines both the bond's coupon return plus its amortization.

Average Credit Rating - The average credit worthiness of a portfolio, weighted in proportion to the dollar amount that is invested in the portfolio.

Convexity - The relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes.

Credit Rating - An assessment of the credit worthiness of an entity with respect to a particular financial obligation. The credit rating is inversely related to the possibility of debt default.

Duration - A measure of the exposure to interest rate risk and sensitivity to price fluctuation of fixed-income investments. Duration is expressed as a number of years.

Income Return - The percentage of the total return generated by the income from interest or dividends.

Original Cost - The original cost of an asset takes into consideration all of the costs that can be attributed to its purchase and to putting the asset to use.

Par Value - The face value of a bond. Par value is important for a bond or fixed-income instrument because it determines its maturity value as well as the dollar value of coupon payments.

Price Return - The percentage of the total return generated by capital appreciation due to changes in the market price of an asset.

Short-Term Portfolio - The city's investment portfolio whose securities' average maturity is between 1 and 5 years.

Targeted-Maturities Portfolio - The city's investment portfolio whose securities' average maturity is between 0 and 3 years.

Total Return - The actual rate of return of an investment over a given evaluation period. Total return is the combination of income and price return.

Unrealized Gains/(Loss) - A profitable/(losing) position that has yet to be cashed in. The actual gain/(loss) is not realized until the position is closed. A position with an unrealized gain may eventually turn into a position with an unrealized loss, as the market fluctuates and vice versa.

Weighted Average Life (WAL) - The average number of years for which each dollar of unpaid principal on an investment remains outstanding, weighted by the size of each principal payout.

Yield - The income return on an investment. This refers to the interest or dividends received from a security and is expressed as a percentage based on the investment's cost and its current market value.

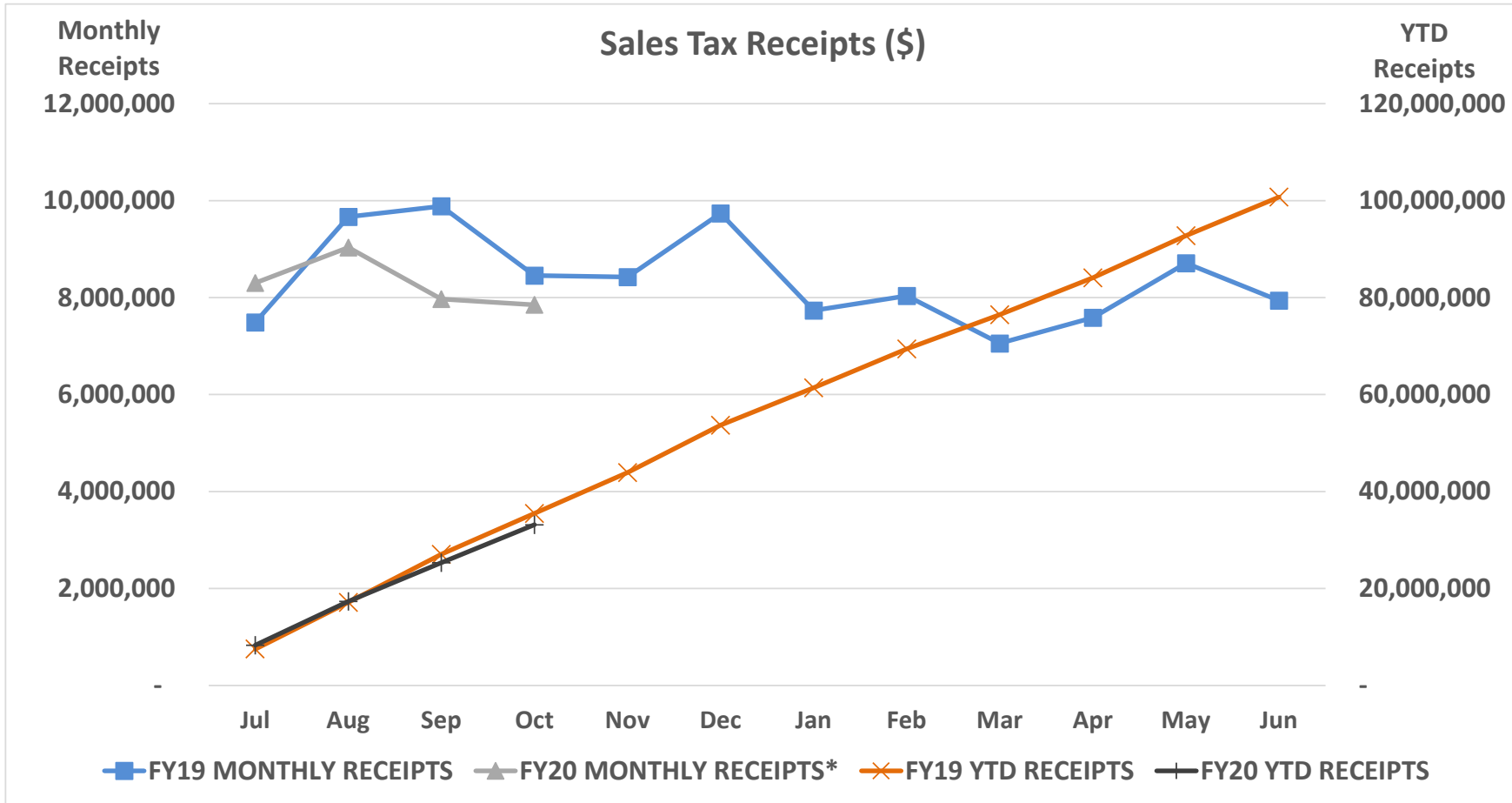
Yield to Maturity at Cost (YTM @ Cost) - The internal rate of return of a security given the amortized price as of the report date and future expected cash flows.

Yield to Maturity at Market (YTM @ Market) - The internal rate of return of a security given the market price as of the report date and future expected cash flows.

Years to Effective Maturity - The average time it takes for securities in a portfolio to mature, taking into account the possibility that any of the bonds might be called back to the issuer.

Years to Final Maturity - The average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio. Weighted average maturity measures the sensitivity of fixed-income portfolios to interest rate changes.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
FY2020
December 2019**



SAN MATEO COUNTY TRANSPORTATION AUTHORITY
CHECKS WRITTEN
Dec-19

| Unit | Ref | Name | Amount | Method | Description |
|-------|--------|--|---------------------|--------|---|
| SMCTA | 000339 | BEACH, EMILY RANDOLPH | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000344 | BEACH, EMILY RANDOLPH | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000342 | GROOM, CAROLE | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000338 | HORSLEY, DONALD | 100.00 | ACH | Board Member Compensation |
| SMCTA | 005080 | MATES, JULIA EVON | 100.00 | CHK | Board Member Compensation |
| SMCTA | 005087 | MATES, JULIA EVON | 100.00 | CHK | Board Member Compensation |
| SMCTA | 000341 | MATSUMOTO, KARYL M. | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000340 | MEDINA, RICO E. | 100.00 | ACH | Board Member Compensation |
| SMCTA | 000345 | MEDINA, RICO E. | 100.00 | ACH | Board Member Compensation |
| SMCTA | 005089 | ROMERO, CARLOS | 100.00 | CHK | Board Member Compensation |
| SMCTA | 005107 | AGUIRRE, ALICIA | 100.00 | CHK | EL JPA Operating Admin |
| SMCTA | 005082 | DERWIN, MARYANN MOISE | 100.00 | CHK | EL JPA Operating Admin |
| SMCTA | 005083 | GUILLES, MIMA | 44.41 | CHK | EL JPA Operating Admin |
| SMCTA | 005084 | PAPAN, DIANE | 100.00 | CHK | EL JPA Operating Admin |
| SMCTA | 005111 | VAVRINEK, TRINE, DAY & CO., LLP | 7,500.00 | CHK | Auditing Services (Operating) |
| SMCTA | 005077 | CDM SMITH, INC. | 31,994.22 | CHK | Caltrain Strategic Plan 2020-2024 |
| SMCTA | 005108 | CDM SMITH, INC. | 23,564.36 | CHK | Caltrain Strategic Plan 2020-2024 |
| SMCTA | 005090 | DALY CITY, CITY OF | 12,073.74 | CHK | Capital Program - Daly City Bayshore Shuttle |
| SMCTA | 005091 | GRAY-BOWEN-SCOTT | 6,866.39 | CHK | Capital Programs - Express Lane Operations |
| SMCTA | 005092 | GRAY-BOWEN-SCOTT | 64,382.62 | CHK | Capital Programs - 101 HOV Ln Whipple-San Bruno |
| SMCTA | 005093 | GRAY-BOWEN-SCOTT | 6,927.09 | CHK | Capital Programs - 101 HOV Ln Whipple-San Bruno |
| SMCTA | 005081 | PACIFIC GAS & ELECTRIC COMPANY | 8,893.78 | CHK | Capital Programs - 101 HOV Ln Whipple-San Bruno |
| SMCTA | 005088 | PACIFIC GAS & ELECTRIC COMPANY | 11,547.85 | CHK | Capital Programs - 101 HOV Ln Whipple-San Bruno |
| SMCTA | 005098 | PACIFIC GAS & ELECTRIC COMPANY | 3,830.35 | CHK | Capital Programs - 101 HOV Ln Whipple-San Bruno |
| SMCTA | 005099 | PACIFIC GAS & ELECTRIC COMPANY | 7,217.75 | CHK | Capital Programs - 101 HOV Ln Whipple-San Bruno |
| SMCTA | 005101 | SAN MATEO COUNTY TAX COLLECTOR | 2,173.00 | CHK | Capital Programs - 101 Interchange to Broadway |
| SMCTA | 005102 | PENINSULA CORRIDOR JOINT POWERS BOARD | 461,243.76 | WIR | Capital Programs - 25th Ave Grade Separation |
| SMCTA | 005103 | PENINSULA CORRIDOR JOINT POWERS BOARD | 1,257,511.51 | WIR | Capital Programs - 25th Ave Grade Separation |
| SMCTA | 005104 | PENINSULA CORRIDOR JOINT POWERS BOARD | 426,569.89 | WIR | Capital Programs - 25th Ave Grade Separation |
| SMCTA | 005105 | PENINSULA TRAFFIC CONGESTION RELIEF | 324,924.53 | CHK | Capital Programs - ACR Countywide TDM Prgm |
| SMCTA | 005106 | SAN CARLOS, CITY OF | 22,593.02 | CHK | Capital Programs - Shuttles FY19-20 Funding |
| SMCTA | 900185 | SAN MATEO COUNTY COMM COLLEGE DISTRICT | 31,496.64 | CHK | Capital Programs - Shuttles FY19-20 Funding |
| SMCTA | 900186 | SOUTH SAN FRANCISCO, CITY OF | 89,023.13 | CHK | Capital Programs - Shuttles FY19-20 Funding |
| SMCTA | 900187 | KADESH & ASSOCIATES, LLC | 4,600.00 | CHK | Consultants (Operating) |
| SMCTA | 005100 | GREENOUGH CONSULTING GROUP, INC. | 1,160.00 | CHK | Consultants- Temporary Staff |
| SMCTA | 000343 | KHOURI CONSULTING LLC | 5,250.00 | ACH | Legislative Advocate (Operating) |
| SMCTA | 000346 | SAN MATEO COUNTY TAX COLLECTOR | 595.00 | CHK | Operating expense - Admin. |
| SMCTA | 005085 | SAN MATEO, COUNTY OF | 5,356.00 | CHK | Operating expense - Admin. |
| SMCTA | 005109 | BIANCHINI'S CATERING | 304.13 | CHK | Operating expense - Admin. |
| SMCTA | 005086 | LEVIN SALES COMPANY | 42.00 | CHK | Operating expense - Admin. |
| SMCTA | 005078 | GOVERNMENT FINANCE OFFICERS ASSN | 345.00 | CHK | Operating expense - Business License |
| SMCTA | 005094 | GREENOUGH CONSULTING GROUP, INC. | 28,601.25 | CHK | Consultants(1) |
| SMCTA | 005079 | MARK THOMAS & COMPANY AND AECOM JV | 92,838.38 | CHK | Consultants(2) |
| SMCTA | 005097 | MARK THOMAS & COMPANY AND AECOM JV | 341,086.46 | CHK | Consultants(3) |
| SMCTA | 005095 | HANSON BRIDGETT LLP | 66,559.65 | CHK | Legal Services (4) |
| SMCTA | 005110 | HANSON BRIDGETT LLP | 579.00 | CHK | Legal Services (Operating) |
| | | | <u>3,348,994.91</u> | | |

- (1) Consultants- Temporary Staff Support \$28,601.25
(2) 101/SR92 Interchange Area Impr. \$31,262.97; 101/SR 92 Direct Connector \$32,623.58; 101 HOV Ln Whipple -San Bruno \$ 28,951.83
(3) 101 Interchange to Broadway \$2,092.07; 101 HOV Ln Whipple-San Bruno \$338,994.39
(4) 101 Managed Lane North of I-380 \$2,693; Managed Lane Operations \$4,200; 101 Interchange to Broadway \$2,006; Highway Oversight \$1,804; 101 HOV Ln Shipple -San Bruno \$,5,880; 101 Holly Street Interchange \$920; Operating expense- Admin \$49,056.65



BOARD OF DIRECTORS 2020

EMILY BEACH, CHAIR
RICO E. MEDINA, VICE CHAIR
CAROLE GROOM
DON HORSLEY
JULIA MATES
KARYL MATSUMOTO
CARLOS ROMERO

JIM HARTNETT
EXECUTIVE DIRECTOR

AGENDA ITEM #9
FEBRUARY 6, 2020

Memorandum

Date: January 23, 2019
To: TA Board of Directors
From: Jim Hartnett, Executive Director
Subject: Executive Director's Report – February 6, 2020

101/Holly Project

Since 2012, the TA has programmed and allocated a total of \$17.57 million for the Holly Interchange Project (Project), which is to convert the existing interchange to a partial cloverleaf design, realign the on and off-ramps to eliminate weaving problems, and to construct a new pedestrian overcrossing (POC) parallel to the interchange.

The City of San Carlos (City) issued a Request for Proposal (RFP) in August 2019 with the intention to award the construction contract in November 2019. Due to the complication of the in coordination with the U.S. 101 Express Lanes Project, the bid opening was extended to the end of October 2019. The Project was advertised for construction bids with a one-year construction delay clause and which includes some scope of work shifted from the Express Lanes Project. In November 2019, the TA Board programmed and allocated an additional \$2.6 million to accommodate these changes to the Project.

Eight bids were received with the lowest bid 30% above the San Carlos engineer's estimate. With the high bids, the Project deficit is now about \$6.5 million even with the additional \$2.6 million from the TA. The City did not have enough funding to award the contract before December 2019 and therefore did not fulfill the requirement for the \$4.2 million Active Transportation Program (ATP) funding that was allocated for the POC element of the Project. The City intends to conduct value engineering to explore cost saving opportunities along with pursuing additional funding sources. This includes the next cycle of ATP funding schedule to be available March 2021. If successful, the City intends to re advertise the Project in May 2021.

The work that was proposed to be shifted to the City of San Carlos project will now remain and be done as part of the 101 Express Lanes project instead.

101/Peninsula Project

The Peninsula Interchange Project sponsored by the City of San Mateo and funded by the TA (\$2.5 million for the environmental phase), proposes to relocate the existing southbound US-101 on- and off-ramps from East Poplar Avenue to the interchange at Peninsula Avenue. The Project was proposed to mitigate several safety issues at the East Poplar Avenue ramps including the non-standard ramp length, high vehicle speed exiting the freeway, traffic queuing, and congestion as well as improve access to the eastside of US101 from southbound US101. While the relocated ramps at Peninsula Avenue would alleviate these issues and improve traffic flow, there are concerns that have been raised by some neighboring communities regarding additional cut through traffic and traffic pattern shifts that would result.

In December 2016, San Mateo staff presented at both San Mateo and Burlingame City Council meetings. Burlingame City Council expressed concerns about potential traffic impacts in Burlingame neighborhoods as a result of the Project. To address these concerns, the Project team (i.e., San Mateo and the TA) solicited feedback at two community meetings held in both cities in May 2017 and used that feedback to expand the scope of the traffic study required for the environmental phase. Based on the feedback and to respond to the community concerns, the project team decided to complete the traffic study prior to moving forward with engineering and environmental studies required for the environmental phase.

Work was suspended on this Project pending adoption of Burlingame's General Plan Environmental Impact Report (EIR) to compare regional land use forecast values and Burlingame's updated General Plan (GP) land use forecast values to ensure they were in alignment with the Project. It was identified that there were proposed developments in Burlingame's Bayfront area that were not included in the regional land use forecasts. Excluding these developments from the traffic studies would result in lower projected traffic volumes and not adequately represent project benefits and/or impacts. Necessary adjustments were made to the Project traffic studies to reflect the subject developments.

On January 28, 2020, San Mateo, Burlingame and TA staff met with elected officials from San Mateo (Mayor Goethals, Councilmember Papan) and Burlingame (Mayor/TA Chair Beach) to provide project update and seek guidance if and how best to move forward with the Project.

On February 3, 2020, San Mateo City Council held a study session to solicit input on the Project and subsequent steps.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
General Manager/CEO

FROM: Seamus Murphy
Chief Communications Officer

SUBJECT: **STATE AND FEDERAL LEGISLATIVE UPDATE**

ACTION

This report is for information only. No Board action is required.

SIGNIFICANCE

The 2020 Legislative Program establishes the principles that will guide the legislative and regulatory advocacy efforts. Based on those principles, staff coordinates closely with our Federal and State advocates on a wide variety of issues that are considered in Congress and the State legislature. The attached reports highlight the recent issues and actions that are relevant to the Board.

Prepared By: Casey Fromson, Government and
Community Affairs Director

650-508-6493

KADESH & ASSOCIATES, LLC

Federal Update
San Mateo County Transportation Authority
As of January 14, 2020

December featured the ultimate successful passage of all FY20 appropriations bills and avoided a government shutdown. Following House action, the Senate passed the national security appropriations minibuss containing the FY20 Defense, Homeland Security, CJS, and Financial Services appropriations bills, by a vote of 81 to 11 on December 19 as well as the domestic package by a vote of 71-23. That package contained: LHHS, THUD, Ag, Legislative Branch, Energy & Water, Interior, MilCon, and State/Foreign Operations. The President signed both packages into law on December 20.

The THUD title appropriated \$100 million to continue the federal commitment to the PCEP FFGA.

Congress recessed following completion of the appropriations packages and resumed in early January. The pending impeachment trial in the Senate is scheduled to begin on January 21 and the resulting drama from the trial will likely sideline serious consideration of anything meaningful until it resolves. The Speaker has set February 4 as the date for the State of the Union address and we are expecting the FY21 budget request to be submitted on February 10, although there are already reports that date may be slipping.

It is unclear how House T&I plans to move ahead with either WRDA or FAST Act reauthorization, but both are expected to start in the first quarter.

FRA Launches Public Web Portal to Report Blocked Rail Crossings

On December 20, 2019, the Federal Railroad Administration (FRA) added a new blocked crossing incident report to its website and app where the public can post information about trains blocking crossings for long periods of time. This comes after excessive complaints to the agency and congressional offices, claiming delays can last for hours up to half a day. The new portal allows users to report the date, time, location and duration of blocked crossings. In addition to encouraging railroads into taking action to limit the duration of blocked crossings, the data FRA collects can be used to support problems when municipalities and transportation agencies seek federal funds for grade separations.

DOT Announces Safety Enhancements for Highway-Rail Grade Crossings

On December 2, 2019, DOT Secretary Elaine Chao announced publication of a proposed rule to improve safety at public highway-rail grade crossings nationwide. The proposed rule would require all states to develop and implement a new or updated highway-rail grade crossing action plan no later than one year after the effective date of the final rule. These action plans will enable states to prioritize infrastructure and equipment investments at railway crossings using a variety of resources, including federal formula funds and grants. In a press release, Secretary Chao said “The Department is committed to supporting infrastructure improvements, new communications tools, and working to change driver behavior so that highway-rail grade crossings are safe environments for all transportation users.” Since 2017, the Federal Highway Administration (FHWA) has

KADESH & ASSOCIATES, LLC

distributed more than \$900 million in formula funds to States for grade crossing improvements through the Section 130 program. Additionally, the Administration has awarded \$324 million in discretionary grant funds to 43 projects that include grade crossing improvements and trespass prevention elements, with more than 500 grade crossings in 26 states to be improved as a result of these investments.

Lastly, on January 13, DOT released the NOFO for the FY20 round of INFRA grants. Applications are due on February 25. Information was provided to TA staff.



January 10, 2020

TO: Board Members, San Mateo County Transportation Authority
FROM: Gus Khouri, Principal
Khoury Consulting

RE: STATE LEGISLATIVE UPDATE – JANUARY

On January 10, Governor Newsom released his proposed FY 2020-21 State Budget. The 2020-21 Budget, which contains \$153.1 billion in General Fund spending (up \$6 billion from last year) is projected to have a healthy one-time surplus of \$21.4 billion.

The Budget assumes an additional \$1.8 billion transfer in the budget year and an additional \$1.4 billion over the remainder of the forecast period, leaving a reserve of \$21 billion, bringing the Rainy Day Fund to \$18 billion in 2020-21 and \$19.4 billion by 2022-23. The state however will continue to face uncertain times, given that we are overdue for a recession, the volatility of our reliance on personal income tax and capital gains, and the ramifications of the recently enacted federal tax bill, which have not yet been factored into the Budget's economic or revenue forecasts. A one-year recession in 2019-20 that is larger than the 2001 recession, but milder than the 2007 recession, could result in a nearly \$70 billion revenue loss and a \$40 billion budget deficit over three years.

2020 Five-Year Infrastructure Plan

The Governor proposed a \$53 billion 2020 Five-Year Infrastructure Plan (Plan) focused on how the state's investment in infrastructure, which underpins economic activity, can be leveraged to create a sustainable and resilient California. The Plan essentially uses SB 1 and a new \$12 billion Climate Resilience Plan and builds upon the Governor's Executive Order issued last September (N-19-19) directing state agencies with primary responsibility over major state-owned or operated assets—the Departments of Transportation and General Services—to align investments with the state's climate goals. This Plan includes but is not limited to the state's responsibility to reduce risks from climate change while transitioning to a carbon neutral economy. The majority of the proposed funding in the Plan—more than 76 percent (\$45 billion out of the \$53 billion is predominantly used to fund the High-Speed Rail System and includes \$965 million in Cap and Trade funding, some of which goes to public transportation)—is dedicated to the state's transportation system, which makes up 40 percent of the state's carbon emissions and is a central focus of the Administration's Climate Budget.

Climate Resilience

The Budget proposes a comprehensive approach to California's investments to protect the state's environment, address the effects of climate change, and promote resiliency. This Resiliency Budget includes \$12 billion over the next five years. Three key areas of the Climate Budget are a proposed climate resilience bond, Cap and Trade expenditures to continue the transition to a carbon-neutral economy, and a new Climate Catalyst Fund to promote the deployment of new technologies, especially by small businesses and emerging industries.

The Climate Catalyst Fund, which will be administered by the Infrastructure and Economic Development Bank, will finance investments in low-carbon transportation, sustainable agriculture, and waste diversion through low-interest loans. The Budget proposes to capitalize the Fund with \$1 billion General Fund over the next four years. The Fund will have a revolving loan structure that will leverage private capital and will support projects well into the future. It will be designed to support good jobs and a just transition to achieving California's climate goals.

A priority of the Governor is decarbonization in the state's largest sector of emissions by providing clean vehicles, clean fuels, low-carbon transportation options, and transit-oriented development, with enhanced prioritization on short-term environmental and public health benefits in disadvantaged and vulnerable communities.

The Administration is proposing a \$4.75 billion climate resilience bond for the November 2020 ballot to support investments over the next five years to reduce specific climate risks across California through long-term investment in natural and built infrastructure, especially in the state's most climate-vulnerable communities. The bond is structured based on climate risks, and approximately 80 percent of the funds are allocated to address immediate, near-term risks (floods, drought, and wildfires), while the remaining funds lay the groundwork for addressing long-term climate risk (sea level rise and extreme heat). The Climate Resilience Bond would dedicate funding as follows: \$2.925 billion (62%) for drinking Water, flood, drought; \$750 million (16%) for wildfire prevention; \$500 million (10%) for sea level rise to address coastal wetland protection; \$325 million (7%) to combat extreme heat through using cooler materials and urban greening and forestry; and \$250 million (5%) for community resilience.

Housing

Over the next five years, the state will invest approximately \$17 billion to continue to bolster housing production, including an estimated \$2 billion from Cap and Trade proceeds for affordable housing and sustainable communities as well as \$1.75 billion one-time General Fund from the 2019 Budget Act to promote the production of housing as follows:

- \$250 million for planning grants to local governments for technical assistance in developing plans to reach statewide housing production goals.
- \$500 million for grants for infrastructure that support higher-density affordable and mixed-income housing in locations designated as infill.
- \$500 million to expand the Mixed-Income Loan Program at the California Housing Finance Agency to provide loans to developers for mixed-income developments.
- \$500 million ongoing for state tax credits for the development of new affordable housing and for deeper subsidies for preservation projects across the state, helping to maintain the state's overall housing availability.

Transportation Funding

SB 1 generates \$5.2 billion annually, \$26 billion over the five-year period.

Over the next five years, \$22 billion will be available for new state highway repair and rehabilitation projects in the State Highway Operations and Protection Program (SHOPP). The Road Repair and Accountability Act of 2017, Chapter 5, Statutes of 2017 (SB 1), increased available SHOPP funding capacity by \$8 billion through 2022-23. As the state invests in ongoing road maintenance, it is critical that the state does so in a way that is resilient in the face of physical climate impacts like floods, fires, extreme heat, and sea level rise.

Over this same five-year period, \$3.3 billion will be available for the State Transportation Improvement Program (STIP), which provides funding for future multi-modal transportation improvements throughout California. This program supports the implementation of regional Sustainable Community Strategies (75 percent), as well as interregional travel (25 percent). This could curb investments made to expand highway projects on the state highways system. Public transportation is expected to receive \$5 billion over the five-year period, and \$1.1 billion for active transportation. An additional \$1 billion for partnerships with local transportation agencies is also included in the Plan. We are waiting on additional details from the Department of Finance.

SMCTA-Sponsored Legislation

SMCTA is pursuing legislation to increase the procurement thresholds, from \$75,000 to \$150,000, for the purchase of supplies, equipment and materials. The threshold has not been adjusted in at least 15 years and does not allow for best value. The code section that we are seeking to amend, PUC Section 131285, has provisions relating to the Bay Area County Traffic and Transportation Funding Act, and pertains to all Bay Area Transportation Authorities. This section of law is what provided SMCTA and others with the ability to come into existence

Below is a sample of sister agencies that are comparable to SamTrans' existing limits for the solicitation process:

- For AC Transit, Public Contract Code 20211 allows for lowest responsible bidder or best value, and has a threshold of \$100,000.
- For VTA, Public Contract Code 20301 allows for lowest responsible bidder or best value, and a threshold of \$150,000.
- For Golden Gate Bridge, Highway and Transportation District, Public Contract Code 20916.1 allows for lowest responsible bidder and best value, and has a threshold of \$100,000.
- For LA Metro, Public Utilities Code 130232 allows for lowest responsible bidder or best value, between \$3,000 and \$150,000.
- For San Diego MTD, under Public Utilities Code 120222, they can only use lowest responsible bidder and have a threshold of \$100,000.
- For SacRT, Public Contract Code 20322 requires lowest responsible bidder for all contracts over \$5,000 but no cap.

Assembly Member Berman is currently contemplating authoring the bill on SMCTA's behalf. Contact has been made with the other eight transportation authorities in the Bay Area and none are opposed.

Statewide Competitive Grant Programs

At the request of SMCTA staff, we have included in this report a list of major competitive grant programs administered by the State from which transit and rail projects are eligible/can be funded.

Transit and Intercity Rail Capital Program (TIRCP)

The TIRCP was created to fund capital improvements to modernize California's intercity rail, bus, ferry, and rail transit systems to reduce emissions, expand and improve transit service and ridership, integrate rail services and improve transit safety. Funding from this program can be used to purchase zero-emission buses. Funds available are estimated at \$450-500 million for Cycle 4 but could change on auction proceeds and changing cash flow requirements of already awarded projects.

Important Dates:

January 2020 – Applications Due

April 2020 – CalSTA Award Announcement

Solutions for Congested Corridors Program (SCCP)

The SCCP provides funding to achieve a balanced set of transportation, environmental, and community access improvements to reduce congestion throughout the state. The program makes \$250 million available annually (programmed in 2-year increments) for projects that implement specific transportation performance improvements.

Important Dates:

October 2019 – Guidelines Adopted

January 2020 – Applications Due

June 2020 – Program Adoption

Local Partnership Program (LPP)

The LPP is intended to provide local and regional transportation agencies that have passed sales tax measures, developer fees, or other imposed transportation fees with a continuous appropriation of \$200 million annually from the Road Maintenance and Rehabilitation Account to fund road maintenance and rehabilitation, sound walls, and other transportation improvement projects. The Competitive program is funded at \$100 million annually.

Important Dates:

October 2019 – Guidelines Adopted

January 2020 – Applications Due

June 2020 – Program Adoption

Trade Corridor Enhancement Program (TCEP)

The TCEP provides funding for infrastructure improvements on federally designated Trade Corridors of National and Regional Significance, on the Primary Freight Network as identified in California Freight Mobility Plan, and along other corridors that have a high volume of freight movement. There is approximately \$300 million provided per year (programmed in 2-year increments) for the competitive program.

Important Dates:

January 2020 – Guidelines Adopted

March 2020 – Applications Due

June 2020 – Program Adoption

Zero-Emission Bus Funding

At the request of SMCTA Staff, we have included in this report a list of current and future grant programs administered by State and local entities that fund zero-emission buses and charging infrastructure.

Volkswagen Environmental Mitigation Trust (\$65 million in FY 2019-20)

The Volkswagen (VW) Mitigation Trust provides incentives to transit agencies, shuttle bus companies and school districts for the purchase of zero-emission buses and the installation of charging and/or refueling infrastructure on a first-come/first-served basis. The VW Environmental Mitigation Trust is a one-time funding opportunity resulting from a consent decree between the United States Environmental Protection Agency, ARB and VW.

Current Guidelines: See Beneficiary Mitigation Plan found [here](#) and certifications found [here](#)
Status: [Funding cycle open](#)

Carl Moyer (\$50 million in FY 2019-20)

The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer) offers grants to owners of heavy-duty vehicles and equipment to reduce emissions from heavy-duty engines on a first-come/first-served basis. Carl Moyer is funded through tire fees, smog abatement vehicle registration fees and AB 617 investments.

Current Guidelines: Found [here](#)
Status: [Funding cycle open](#)

Future Opportunities

Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (\$142 million in FY 2019-20)

The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) provides point-of-sale discount vouchers to fleet owners to reduce the purchase cost of zero- and near-zero emission trucks and buses operated in California on a first-come/first-served basis. HVIP is funded through the state's Greenhouse Gas Reduction Fund and is subject to an annual appropriation.

Current Guidelines: Found [here](#); an update to the guidelines for FY 2019-20 is pending
Status: [Funding cycle is currently oversubscribed](#)

Alternative and Renewable Fuel and Vehicle Technology Program – Medium and Heavy-Duty Zero-Emission Vehicle and Infrastructure Concept (Up to \$47.5 million in FY 2019-20)

The Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) promotes the accelerated development and deployment of advanced transportation and fuel technologies. In 2019, the California Energy Commission circulated a funding concept, which could provide up to \$47.5 million to public and private transit agencies and truck fleets for new installations of, or upgrades to fueling infrastructure for battery electric and hydrogen fuel cell transit vehicles (sometimes referred to as “make-ready” infrastructure).

Current Guidelines: Concept found [here](#)
Status: Concept under review, solicitation expected Q1 2020

Grade Separation Funding

Below is a list of the funding sources that we are aware of and/or that have been used to fund grade separations in the recent years. The funding sources below are managed across various state agencies and departments, including the Public Utilities Commission (PUC), the California State Transportation Agency (CalSTA), the California Transportation Commission (CTC), and Caltrans.

PUC Section 190 Grade Separation Program

The Program is a [state funding program](#) to grade separate crossings between roadways and railroad tracks and provides approximately \$15 million annually, transferred from Caltrans. Agencies apply to the PUC for project funding.

State Transportation Improvement Program

The STIP, managed by Caltrans and programmed by the CTC, is primarily used to fund highway expansion projects throughout the state, but also supports grade separations. The STIP is programmed every two years (currently the 2018 STIP added \$2.2 billion in new funding). Local agencies receive a share of STIP funding, as does the State. The STIP is funded with gasoline excise tax revenues.

Transit and Intercity Rail Capital Program

The TIRCP is managed by CalSTA and is available to fund rail and transit projects that reduce greenhouse gas emissions. The program receives funding from Cap and Trade and the recently created Transportation Improvement Fee to the tune of approximately \$500 million per year. The TIRCP is programmed over 5 years, with the most recent cycle beginning in May 2018. Caltrain received \$160 million for the CalMod project.

Proposition 1A

This \$9.9 billion Bond Act is the primary funding source for the high-speed rail project and has been used to fund a very limited number of grade separation projects in the past, including in the City of San Mateo.

SMCTA Bill Matrix – January 2019

| Measure | Status | Bill Summary | Recommended Position |
|--|---|---|---|
| <p>AB 148 Quirk-Silva (D)</p> <p>Regional Transportation Plans: Sustainable Communities Strategy</p> | <p>1/24/19</p> <p>Assembly Transportation Committee</p> <p>Two-Year Bill</p> | <p>Existing law requires certain transportation planning agencies to prepare and adopt a regional transportation plan directed at achieving a coordinated and balanced regional transportation system. The existing law also requires:</p> <ul style="list-style-type: none"> • The State Air Resources Board, on or before September 1, 2018, and every 4 years thereafter, to prepare a report that assesses progress made by each metropolitan planning organization in meeting the regional greenhouse gas emission reduction targets set by the state board. • Each transportation planning agency to adopt and submit to the California Transportation Commission and the Department of Transportation an updated regional transportation plan every 4 or 5 years, as specified. <p>This bill would require each sustainable communities strategy to also identify areas within the region sufficient to house an 8-year projection of the emergency shelter needs for the region, as specified.</p> | <p style="text-align: center;">Watch</p> |
| <p>AB 352 Garcia (D)</p> <p>Greenhouse Gas Reduction Fund: Investment Plan & Transformative Climate Communities Program</p> | <p>6/18/19</p> <p>Senate Environmental Quality Committee</p> <p>Two-Year Bill</p> | <p>This bill, beginning July 1, 2020, would require state agencies administering competitive grant programs that allocate moneys from the Greenhouse Gas Reduction Fund, such as the California Air Resources Board and Strategic Growth Council to give specified communities preferential points during grant application scoring for programs intended to improve air quality, to at least three months between the first call for applications or proposals for projects to be funded and the due date of the application or proposal.</p> <p>Last Amended on 5/20/19.</p> | <p style="text-align: center;">Watch</p> |
| <p>SB 25 Caballero (D)</p> <p>CEQA: Qualified Opportunity Zones</p> | <p>7/8/19</p> <p>Assembly Natural Resources Committee</p> <p>Two-Year Bill</p> | <p>This bill would, until January 1, 2025, establish specified procedures under CEQA for the administrative and judicial review of the environmental review and approvals granted for projects located in qualified opportunity zones that are funded, in whole or in part, by specified funds. The bill would require the Judicial Council by September 1, 2020, to adopt rules of court applicable to an action or proceeding brought to attack, review, set aside, void, or annul the certification or adoption of an environmental review document or the granting of project approvals, including any appeals to be resolved, to the extent feasible, within 270 days of the filing of the certified record of proceedings with the court to an action or proceeding seeking judicial review of the lead agency's action related to those projects located in a qualified opportunity zone.</p> <p>The bill would require a party seeking to file an action or proceeding pursuant to CEQA to provide the lead agency and the real party in interest a notice of intent to sue within 10 days of the posting of a certain notice and would prohibit a court from accepting the filing of an action or proceeding from a party that fails to provide the notice of intent to sue. Last Amended on 4/30/19.</p> | <p style="text-align: center;">Watch</p> |

SMCTA Bill Matrix – January 2019

| Measure | Status | Bill Summary | Recommended Position |
|--|---|--|---|
| <p>SB 43 Allen (D)</p> <p>Carbon Taxes</p> | <p>7/8/19</p> <p>Assembly Revenue & Taxation Committee</p> <p>Two-Year Bill</p> | <p>This bill would require the California Air resources Board (CARB), by no later than January 1, 2022, to submit a report to the Legislature on the findings of a study to propose, and to determine the feasibility and practicality of, assessing the carbon intensity of all retail products subject to the tax imposed pursuant to the Sales and Use Tax Law. Last amended on 7/1/19.</p> | <p style="text-align: center;">Watch</p> |
| <p>SB 50 Wiener (D)</p> <p>Planning and Zoning: Housing Development & Equitable Communities Incentive</p> | <p>1/17/2020</p> <p>Senate Committee</p> <p>Two-Year Bill</p> | <p>This bill would require a city, county, or city and county to grant upon request an equitable communities incentive when a development proponent seeks and agrees to construct a residential development that is either a job-rich housing project or a transit-rich housing project. The bill would provide counties with populations greater than 600,000 that are eligible for an equitable communities incentive to receive waivers from maximum controls on density and automobile parking requirements greater than 0.5 parking spots per unit, and specified additional waivers if the residential development is located within a 1/2-mile or 1/4-mile radius of a major transit stop, as defined. The bill would authorize a local government to modify or expand the terms of an equitable communities incentive, provided that the equitable communities incentive is consistent with these provisions. The bill would also delay implementation of this bill in sensitive communities, as defined, until July 1, 2026, as provided. Last Amended on 1/6/20.</p> | <p style="text-align: center;">Watch</p> |
| <p>SB 278 Beall (D)</p> <p>Metropolitan Transportation Commission</p> | <p>1/14/2020</p> <p>Senate Appropriations Committee</p> <p>Two-Year Bill</p> | <p>The Metropolitan Transportation Commission Act creates the Metropolitan Transportation Commission as a local area planning agency to provide comprehensive regional transportation planning for the region comprised of the nine San Francisco Bay area counties. The act requires the commission to continue to actively, on behalf of the entire region, seek to assist in the development of adequate funding sources to develop, construct, and support transportation projects that it determines are essential.</p> <p>This bill would also require the commission to determine that those transportation projects are a priority for the region.</p> <p>The act authorizes each county in the region, together with cities and transit operators within the county, to develop or update a transportation plan for the county and the cities within the county every 2 years. The act requires the commission to develop guidelines to be used in the preparation of county transportation plans and to adopt revised guidelines by January 1, 1995.</p> <p>This bill would require the commission to adopt revised guidelines by January 1, 2021, and every 4 years thereafter.</p> <p>By requiring the commission to perform additional duties, the bill would impose a state-mandated local program. This bill is a spot bill for FASTER. Last amended on 3/28/19.</p> | <p style="text-align: center;">Watch</p> |

SMCTA Bill Matrix – January 2019

| Measure | Status | Bill Summary | Recommended Position |
|--|---|--|--|
| <p>SB 664 Allen (D)</p> <p>Electronic toll and transit fare collection systems</p> | <p>9/10/19</p> <p>Assembly Floor</p> <p>Two-Year Bill</p> | <p>This bill would clarify that existing law permits toll operators statewide to enforce toll policies and issue toll violations in accord with existing privacy protections. Last amended on 8/13/19.</p> | <p>Supported</p> <p>9/5/19</p> |
| <p>SB 795 Beall (D)</p> <p>Affordable Housing and Community Development Investment Program</p> | <p>1/6/2020</p> <p>Introduced</p> | <p>This bill would establish the Local-State Sustainable Investment Incentive Program, to authorize a city, county, city and county, joint powers agency, enhanced infrastructure financing district, affordable housing authority, community revitalization and investment authority or transit village development district to apply for funding for eligible projects including, among other things, construction, predevelopment, development, acquisition, rehabilitation, and preservation of workforce and affordable housing, certain transit-oriented development, and "projects promoting strong neighborhoods." Funding would be available in the amounts of \$200,000,000 per year from July 1, 2020, to June 30, 2025, and \$250,000,000 per year from July 1, 2025, to June 30, 2029. The source of money would come from reductions in annual ERAF contributions for applicants for projects approved pursuant to this program. Reintroduction of SB 5, which was supported by SMCTA but vetoed by the Governor. The introduced bill language is identical to the most current version of SB 5 sent to the Governor.</p> | <p>Supported</p> <p>8/1/2019</p> |

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

FROM: April Chan
Chief Officer, Planning, Grants and
Transportation Authority

SUBJECT: **SAN MATEO US 101 EXPRESS LANES PROJECT UPDATE**

ACTION

No action is required. This item is being presented to the Board for information only.

SIGNIFICANCE

The US 101 Express Lanes Project is jointly sponsored by Caltrans, City and County Association of Governments of San Mateo County (C/CAG) and the Transportation Authority (TA). The project will result in the creation of 44 miles (22 miles in each direction) of new express lanes on the 101 corridor in San Mateo County. The project will be delivered through three major construction contracts.

Due to the magnitude of the project's footprint, cost and impacts to the traveling public and neighboring community, the Board has requested periodic updates on the project's progress and community outreach efforts.

The first contract which began in March 2019 will provide the roadway infrastructure modification to the existing HOV lanes between the Santa Clara County Line and Whipple Avenue in Redwood City. Construction for this contract is estimated to be completed in February 2020.

The second contract which will provide the roadway infrastructure that will add new lanes from Whipple Avenue to I-380 has completed final design, a construction contract was awarded to Kiewit Corporation, the fifth largest general contractor in the U.S., and construction scheduled to begin in March 2020 with an estimated duration of 2 years.

The third contract the Toll System Integration which includes the tolling hardware and software utilized to operate to toll system began design in September. This work is being done under contract with the Bay Area Infrastructure and Financing Authority utilizing their contractor Transcore. The toll system construction is scheduled to begin in May 2020 for the southern segment and May 2021 for the northern segment.

To coincide with the opening of the 101 express lanes south of the Santa Clara County Line, the San Mateo Express Lanes Team is exploring an early opening of the southern segment late 2021. There would be a subsequent opening of the northern segment in late 2022.

Staff will be presenting an update and public outreach associated with the 101 Express Lanes Project.

BUDGET IMPACT

There is no budget impact.

BACKGROUND

The Project is being implemented through a collaborative effort between Caltrans, C/CAG, and the TA. The Project will reduce congestion and improve mobility on US 101 by creating an express lane in each direction between the Santa Clara County Line and Interstate 380 in San Bruno.

The Project will incentivize the use of public transit, carpools, and other shared-ride options, while also creating a new revenue stream from individuals willing to pay a fee to drive in the express lanes. Net revenues generated can be used for additional transportation enhancements in the corridor.

In June 2019, the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) was established as the owner of the express lanes. SMCELJPA is comprised of members of the C/CAG and TA Boards.

In August 2019, the California Transportation Commission (CTC) unanimously approved the application submitted by the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) to develop and operate a high-occupancy toll facility on US 101 in San Mateo County.

Prepared By: Joseph Hurley, Director TA Program

650-508-7942

SM 101
EXPRESS LANES PROJECT

Quarterly Project Update

US 101

Caltrans

Transportation Authority

C/CAG

SMCTA Board Meeting February 6, 2020

SM 101
EXPRESS LANES PROJECT

US 101

Caltrans

Transportation Authority

C/CAG

- Construction Progress
- Traffic Impacts
- Public Outreach Plan

SM 101 EXPRESS LANES PROJECT

US 101

Caltrans

Transportation Authority

CCAG

- **Construction Progress**
- Traffic Impacts
- Public Outreach Plan

SM 101 EXPRESS LANES PROJECT

PROJECT LIMITS

US 101

Caltrans

Transportation Authority

CCAG

LEGEND

--- COUNTY LINE

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SM 101 EXPRESS LANES PROJECT
CONSTRUCTION ACTIVITIES COMPLETED


US 101

Caltrans


Transportation Authority

CCAG


Placing concrete barrier



Pouring barrier foundation



Erecting an express lane sign



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SM 101 EXPRESS LANES PROJECT
CONSTRUCTION ACTIVITIES COMPLETED

US 101

Caltrans

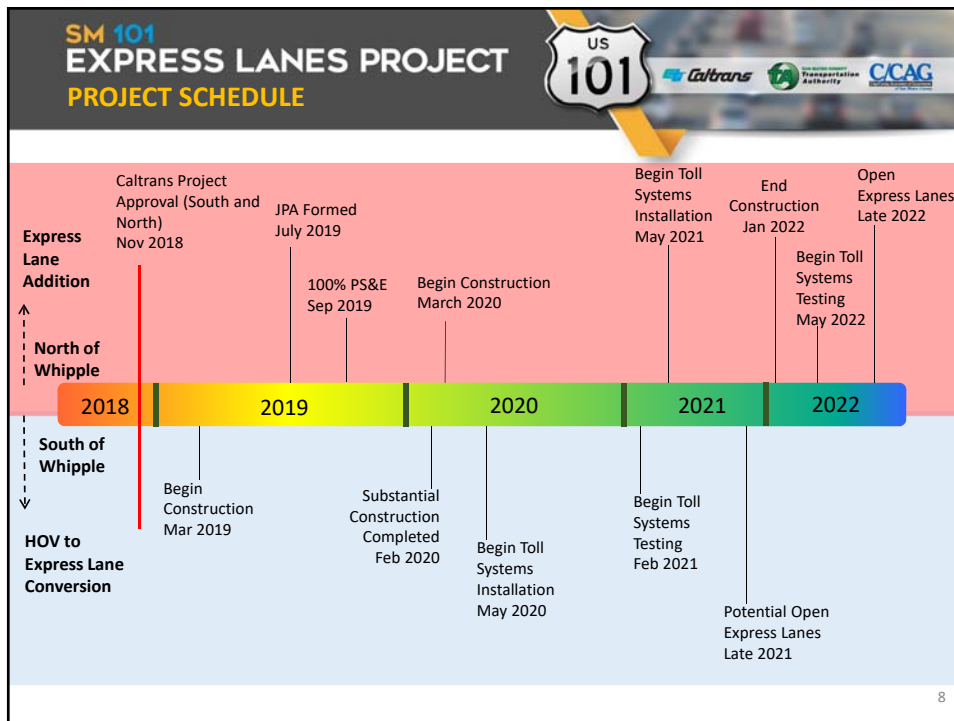
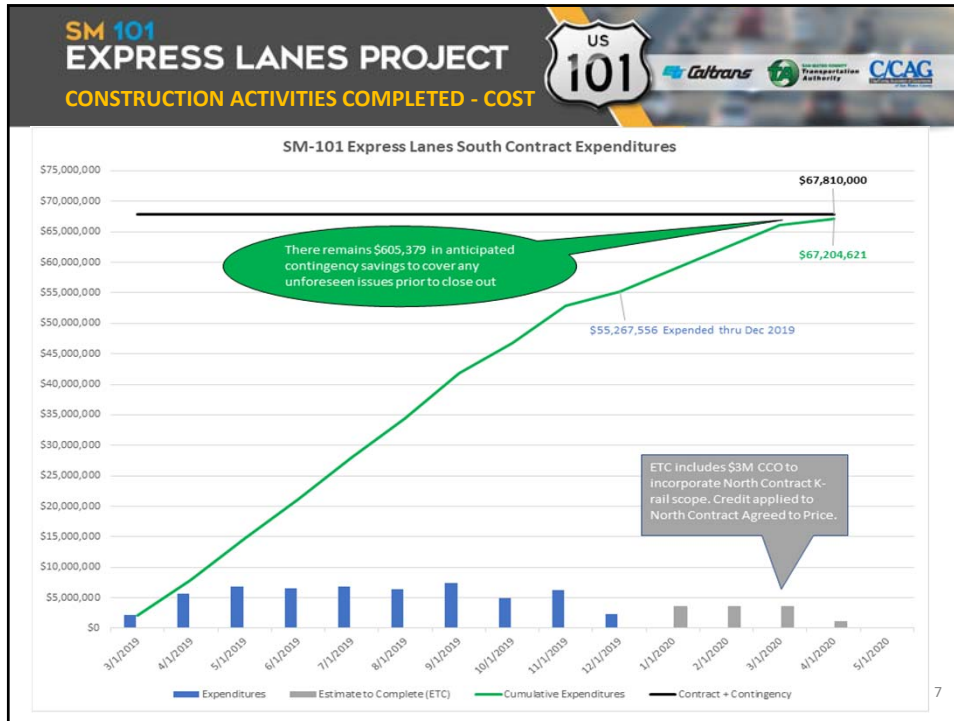
Transportation Authority

CCAG

Through December, south of Whipple:

- \$54.8M of work completed (89%)
 - 26 signs installed
 - 2+ miles of concrete barrier constructed
 - 28+ miles of conduit placed
 - 17.4 miles of fiber optic cable installed
- Substantial civil construction completion anticipated February 2020

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SM 101 EXPRESS LANES PROJECT
NORTHERN SEGMENT CONSTRUCTION



Cities:

- Redwood City
- San Carlos
- Belmont
- Foster City
- San Mateo
- Burlingame
- Hillsborough
- Millbrae
- San Bruno
- South San Francisco

Minor Work in:


- East Palo Alto
- Menlo Park
- Palo Alto

Noticeable Construction Activities:

- Vegetation removal in Caltrans right-of-way
- Sound wall removal/reconstruction
- Sewer line relocation
- PG&E and AT&T service work
- Pavement removal
- Grading and paving
- Pile driving and drilling
- Concrete barrier removal and reconstruction
- Replacement planting

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SM 101 EXPRESS LANES PROJECT
CONSTRUCTION ACTIVITIES UPCOMING







In February and March,


- **South of Whipple:**
 - Toll System 65% design wraps up
 - Final striping (night work)
- **North of Whipple:**
 - Install fencing around Environmentally Sensitive Areas
 - Tree and other vegetation removal (day work) and hauling (night work)
 - Concrete barrier moved into working position (night work)
 - Restriping of the entire corridor (night work)
 - Begin sewer relocation at Dore Ave. off-ramp
 - Begin sound wall demolition between Newbridge Ave. and Beacon Ave. in San Mateo

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SM 101 EXPRESS LANES PROJECT
CONSTRUCTION ACTIVITIES UPCOMING


Sound wall demolition




Remove existing barrier




Drilling for pile foundation




Installing sign foundation rebar



Installing sign foundation rebar







Machine creation of new barrier



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SM 101 EXPRESS LANES PROJECT
CURRENT PROJECT COST

| | Budget | Estimate |
|-----------------------------|---------------|-----------------|
| | | in \$millions |
| Environmental, Design & ROW | \$ 64.5 | \$ 64.5 |
| South Civil Contract | \$ 74.8 | \$ 74.8 |
| North Civil Contract | \$ 388.7 | \$ 388.7 |
| Highway Planting | \$ 4.8 | \$ 4.8 |
| Toll System Contract | \$ 45.0 | \$ 45.0 |
| Toll System Early Opening | <u>\$ 3.1</u> | <u>\$ 3.1</u> |
| | \$ 580.9 | \$ 580.9 |

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SM 101 EXPRESS LANES PROJECT






- Construction Progress
- **Traffic Impacts**
- Public Outreach Plan

SM 101 EXPRESS LANES PROJECT
IMPACTS TO MOTORISTS

Cities:

- Redwood City
- San Carlos
- Belmont
- Foster City
- San Mateo
- Burlingame
- Hillsborough
- Millbrae
- San Bruno
- South San Francisco

Minor Work in:


- East Palo Alto
- Menlo Park
- Palo Alto




Temporary Freeway & Street Closures:

- Nighttime freeway lane closures
 - Sunday through Thursday night,
 - starting as early as 9:00pm and
 - ending no later than 5:30am
- Ramp closures
- Local street lane closures
- Traffic impacts to/from SFO
 - 9:00pm to 1:30am for the duration of the project
- Six overnight full freeway closures (2021)

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SM 101
EXPRESS LANES PROJECT
ANTICIPATED FREEWAY DELAY



Project goal: avoid delays before 9PM and after 6AM.

Anticipated Project-related Freeway Delays

- Nightly delays 9 PM to 1:30 AM (some in excess of 25 mins.)
- Delays more than 15 minutes are not anticipated between 1:30 AM - 5 AM
- Construction delays are anticipated to be cleared by 6 AM
- Real-time delay information will be displayed on portable changeable message signs on the freeway
- Weekly construction emails will describe lane closures

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SM 101
EXPRESS LANES PROJECT












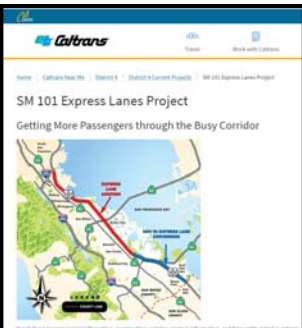
- Construction Progress
- Traffic Impacts
- **Public Outreach Plan**

SM 101 EXPRESS LANES PROJECT

CONSTRUCTION OUTREACH TO DATE

- 4 meetings with the C/CAG TAC
- Meetings with city staff of all corridor cities including public works and public outreach/communications
- Meetings with transportation committees for business groups
- Ongoing e-mail, website, and social media updates

SM 101 EXPRESS LANES PROJECT

PROJECT WEBSITE










- New website address (**101express.com**)
- Will include:
 - upcoming construction information,
 - project fact sheet
 - Caltrans PIO contact information
 - *weekly* construction updates
 - project FAQs
 - project documents



SM 101
EXPRESS LANES PROJECT
CONSTRUCTION PUBLIC OUTREACH PLAN



Press Releases/Traffic Advisories:

- Jan. 2020 and Feb. 2020 (leading up to 1st lane closure)

Radio ads:

- KCBS, KBRG (Spanish), KEST (Cantonese and Mandarin)

Signage:


- Caltrans freeway overhead changeable message signs that point to 511.org
- Ramp closure notification on ramps posted to changeable message signs two weeks in advance of closures and
- “Under Construction” banners that point to 511.org on installed signs (under consideration by Caltrans)




Door Hangers:

- Posted in neighborhood prior to sound wall demolition

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SM 101
EXPRESS LANES PROJECT
PRESS RELEASES











- Northern Segment construction Traffic Advisory posted January 15th to Caltrans District 4 website
 - Announcement of upcoming construction, lane closure hours, Caltrans Smart Traffic System information, and vegetation removal information
- Second Northern Segment announcement as Press Release and Traffic Advisory anticipated mid-February, just prior to start of construction
 - Announcement of construction start, traffic delay information, project activities, and overall construction schedule

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SM 101
EXPRESS LANES PROJECT
RADIO ADS











- Targeted to increase profile of project, including potential for traffic delays; promote website for more information
- 15 second ads - 4 times per night (8:30pm -11:30pm) for
 - Five plus days prior to first 9 pm lane closure
 - Continue for one week after first closure
 - Evaluating the potential for 1am-6am spots
- KCBS, KEST (Mandarin/Cantonese), KRBG (Spanish)

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SM 101
EXPRESS LANES PROJECT
CONSTRUCTION PUBLIC OUTREACH PLAN



Weekly construction emails:

- Construction information; ramp closure details
- Emailed to those signed up on the project email list; posted to website

Quarterly project updates (Newsletter & Board Presentations):

- Project overview and long-range updates
- Emailed to Elected Officials, City Officials, and to those signed up on the project email list; posted to website

Other communications:

- Established key contacts and preferred distribution tools related to each city
- Public alerts via social media (Twitter, Facebook, etc.)

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SM 101
US 101

EXPRESS LANES PROJECT
CONSTRUCTION UPDATE VIA E-MAIL

Project construction is underway! Caltrans is constructing express lanes on U.S. 101 from I-380 in San Bruno to the San Mateo County/Santa Clara County border. Construction activities have begun in Palo Alto and will continue northward to South San Francisco. Construction is expected to occur between 2019 and 2022.

STAY CONNECTED! Caltrans has launched a new website with [enhanced digital accessibility](#). Check out the new [SM 101 Express Lanes Project Webpage](#).

Construction Update
 During the month of August, construction activities will continue along US 101 from the San Mateo County/ Santa Clara County border to US 101/ Whipple Avenue and will include lane closures on the freeway, some freeway ramps, and some local City streets next to the freeway.

Freeway Work: Intermittent lane closures will continue on northbound and southbound US 101 from 10 p.m. to 5 a.m., excluding Friday and Saturday nights. During lane closures, at least one lane will remain open at all times.

Freeway work includes:

- installing freeway sign foundations
- demolishing portions of the existing median barrier
- installing new median barrier
- installing drainage systems

Construction crews working on freeway median to prepare for electrical connections

Ramps: Work on the freeway ramps will continue periodically for restriping and installing temporary traffic monitoring equipment. This work may require temporary, nightly ramp closures in Palo Alto and East Palo Alto. Ramp closures:

- will be displayed on changeable message signs
- will take place at night
- will last 3 to 8 hours
- will reopen by 5 a.m. daily
- will have detour signs posted

Those interested can sign up for regular Construction Updates e-mails at the new [SM 101 Express Lanes Project Webpage!](#)
101express.com

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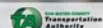
SM 101
US 101

EXPRESS LANES PROJECT
CONSTRUCTION UPDATES AND INFORMATION

- For more information on the project, visit 101express.com
- To sign up for updates, email 101express@dot.ca.gov with “Weekly” or “Quarterly” in the subject line.
- To ask a question about the project, contact:
 - Caltrans PIO, Alejandro Lopez, (510) 286-4948, 101express@dot.ca.gov
 - Public Outreach Coordinator, Catherine Clark, (510) 874-1756, Catherine.L.Clark@aecom.com

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SM 101
EXPRESS LANES PROJECT



Questions?

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **QUARTERLY INVESTMENT REPORT AND
FIXED INCOME MARKET REVIEW AND OUTLOOK**

ACTION

Staff recommends the Board accept and enter into the record the Quarterly Investment Report and Fixed Income Market Review and Outlook for the quarter ended December 31, 2019.

SIGNIFICANCE

The San Mateo County Transportation Authority (TA) Investment Policy contains a requirement for a quarterly report to be transmitted to the Board within 30 days of the end of the quarter. This staff report was forwarded to the Board of Directors under separate cover on January 30, 2020 in order to meet the 30-day requirement.

BUDGET IMPACT

As this reports on the Quarterly Market Review and Outlook, there is no budget impact.

BACKGROUND

The TA is required by State law to submit quarterly reports within 30 days of the end of the quarter covered by the report to the Board of Directors. The report is required to include the following information:

1. Type of investment, issuer, and date of maturity, par and dollar amount invested in all securities, investments and money held by the local agency;
2. Description of any of the local agency's funds, investments or programs that are under the management of contracted parties, including lending programs;
3. For all securities held by the local agency or under management by any outside party that is not a local agency or the State of California Local Agency Investment Fund (LAIF), a current market value as of the date of the report and the source of this information;
4. Statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and,
5. Statement that the local agency has the ability to meet its pool's expenditure requirements (cash flow) for the next six months or provide an explanation as to why sufficient money shall or may not be available.

A schedule, which addresses the requirements of 1, 2, and 3 above, is included in this report on pages 9 and 10. The schedule separates the investments into two groups: the Investment Portfolio managed by PFM Asset Management LLC (PFM), and Liquidity funds, which are managed by TA staff. The Investment Policy governs the management and reporting of the Investment Portfolio and Liquidity funds.

PFM provides the TA a current market valuation of all the assets under its management for each quarter. Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par.

The Liquidity funds managed by TA staff are considered to be cash equivalents and therefore market value is considered to be equal to book value (i.e. cost). The shares of beneficial interest generally establish a nominal value per share. Because the Net Asset Value is fixed at a nominal value per share, book and market value are equal and rate of income is recalculated on a daily basis.

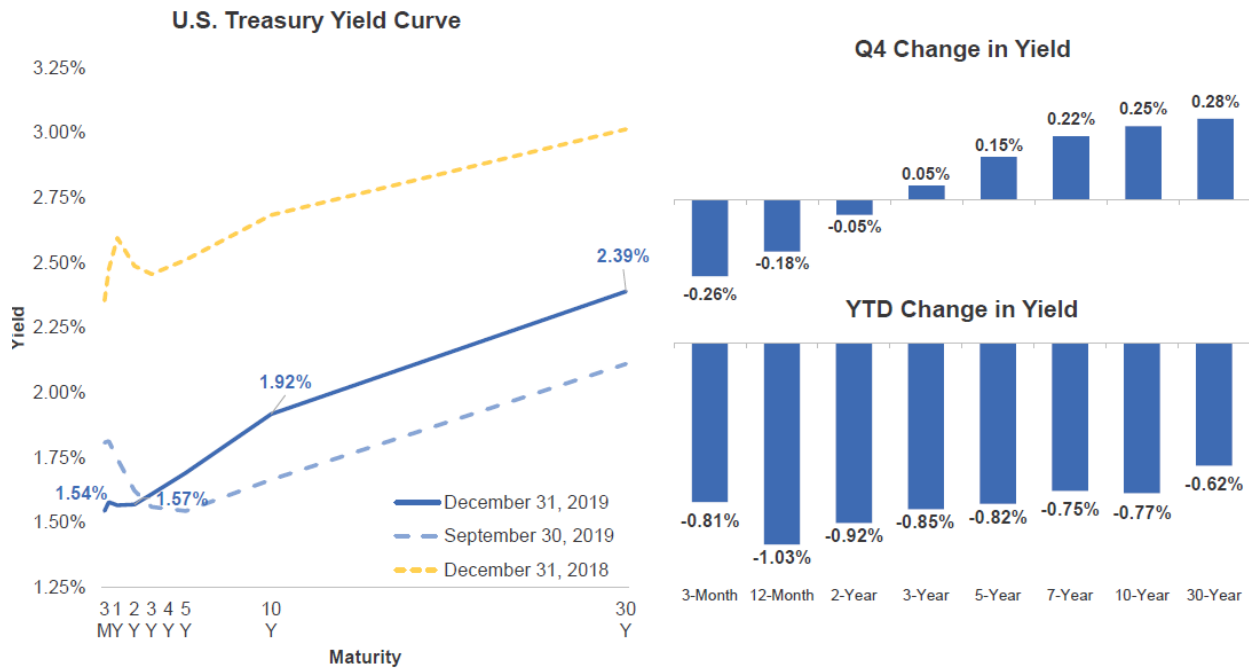
The portfolio and this Quarterly Investment Report comply with the Investment Policy and the provisions of Senate Bill 564 (1995). The TA has the ability to meet its expenditure requirements for the next six months.

DISCUSSION

Market Conditions

- During fourth quarter, fixed income prices remained largely unchanged during the quarter as a sell-off in U.S. Treasuries countered a rally in credit-sensitive debt. The Bloomberg Barclays U.S. Aggregate Index (Agg) returned 0.2% during the quarter as the 10-year Treasury yield climbed 25 basis points (0.25%) over the three months. The yield curve steepened as long-term yields rose faster than short-term yields. The spread between 10- year and 2-year Treasury yields widened to an 18-month high during the quarter
- The Federal Reserve (Fed) reduced interest rates by 25 basis points (0.25%) in October 2019. At that meeting, policymakers signaled a pause in rate cuts, which was confirmed when the Fed kept rates unchanged in December 2019
- U.S. economic conditions are characterized by: solid gross domestic product (GDP) growth; muted inflation pressures; and increased downside risks, including a slowdown in manufacturing, weaker business investments, and protracted trade wars

- The Russell 3000 Index returned 9.1% during the fourth quarter, bringing its 2019 return to 31%, its best since 2013. Investor sentiment was buoyed by anticipation that the United States and China would strike a trade deal, which was confirmed in December, and signals from the Fed that it would hold rates steady for an extended period of time



Portfolio Recap

- Our strategy throughout the quarter included the following elements:
 - Following three consecutive Fed rate cuts, we continued to maintain portfolio durations in line with benchmarks for the quarter as market expectations called for stable rates well into 2020
 - We maintained broad diversification across all permitted fixed income sectors. Although most sector spread levels were on the tighter end of their recent trading history, the incremental income was generally additive to performance in a range-bound interest rate environment in the fourth quarter
 - We continued to de-emphasize agencies, generally reducing allocations in favor of other sectors. Value in federal agency issuers remained extremely limited, largely on scarce supply. Spreads remained near historically tight levels, capping both sectors' excess returns in the fourth quarter. In some instances, agencies were trading at yields less than similar-maturity Treasuries. We also largely avoided callable agencies during the quarter as early redemption risk remained elevated
 - Corporate bonds performed top-of-class once again as yield spreads tightened to their lowest in 2019 and approached post-recession lows. As a result, investment-grade (IG) corporates generated attractive excess returns for the fourth quarter, with lower-quality issuers once again outperforming those of higher quality. Year-to-date excess returns from IG corporates were fantastic, generating 100 to 200 basis points (1% to 2%) of incremental return relative to similar duration Treasuries. Our corporate sector strategy during the fourth quarter included opportunistic selling, booking profits on the most expensive issues and modestly de-risking portfolios as spreads moved to very narrow levels
 - Asset-backed securities (ABS) allocations were maintained during the quarter as principal pay downs were largely offset by modest new issue additions. Excess returns were muted as incremental income offset the impact of spread widening
 - Following a volatile third quarter in which we opportunistically added to mortgage-backed security (MBS) allocations, the fourth quarter saw a retracement of both volatility and spreads. As a result, the prior-period purchases were a boon for portfolio performance as MBS generated relatively attractive excess returns in the quarter
 - In the municipal sector, taxable issuance volume remained elevated. New issue yield concessions provided good value for portfolios compared to other government alternatives and even some high-grade corporates.

Excess returns from the sector helped buoy portfolio performance, especially for government-focused strategies

- Short-term investors found opportunities from wider spreads on money market credit investments (commercial paper and negotiable bank CDs). Increased allocations to these sectors at attractive levels helped cushion the impact of the Fed's lower overnight target rate

Investment Strategy Outlook

We expect the Fed to remain on hold for an extended period and rates to remain mostly range-bound in the near-term. As a result, we plan to continue a duration-neutral strategy relative to benchmarks.

Our outlook for the major investment-grade fixed income sectors is as follows:

- Federal agency yield spreads remain very tight after trading in a close range for most of 2019. We do not expect this to change. We continue to favor further reductions in agency holdings as their benefit and upside is limited
- In the IG corporate sector, we plan to continue to modestly reduce allocations and target a modestly higher average credit quality. Although the credit markets are benefiting from stable fundamentals, positive earnings growth, and strong demand, yield spreads have recently approached post-recession lows, making them less attractive
- Yield spreads on AAA-rated asset backed securities (ABS) gradually ascended off multi-year lows to close 2019. In some instances, ABS spreads are now wider than those on some high-grade corporate bonds. As a result, we view the ABS sector as a strong alternative to corporates
- A seasonal slowdown and a more stable rate environment are expected to restrain mortgage-backed securities (MBS) prepayments, improving their risk-adjusted return prospects. Although we continue to favor structures that are less sensitive to interest rate movements, like commercial MBS (CMBS) and well-seasoned mortgage pools, the spread environment across structures and coupons make the sector more broadly attractive for longer-term allocations
- We expect the recent surge of municipal issuance to continue in the near term, albeit at more moderate levels assuming the Fed maintains their patient stance and the interest rate environment remains steady. We will look to monitor the sector for instances where yield concessions offer attractive value relative to other government securities
- In the money market space, a positively sloped yield curve and wide spreads have created opportunities for incremental earnings potential

BUDGET IMPACT

Total return is interest income plus capital gains (or minus losses) on an investment and is the most important measure of performance as it is the actual return on investment during a specific time interval. For the quarter ending December 31, the total return of the portfolio was **0.45 percent**. This compares to the benchmark return of **0.39 percent**. The Performance graph on page 11 shows the relative performance of the TA over the last 12 months.

The yield at cost represents the yield on a fixed-income security at its current rate (at the time of purchase) of return until maturity equivalent to the annual percentage rate of interest an investor would receive for investing the purchase price of a given security in a bank account that paid interest semiannually. As of the end of the quarter, the portfolio's yield to maturity at cost was **2.30 percent**.

The yield at market is the yield that an investor can expect to receive in the current interest rate environment utilizing a buy-and-hold investment strategy. This calculation is based on the current market value of the portfolio including unrealized gains and losses. For the quarter ending December 31, the portfolio's market yield to maturity was **1.77 percent**.

Prepared by: Jayden Sangha, Manager - Treasury

650-508-6405

Investment Glossary:

Asset Backed Securities - An asset-backed security (ABS) is a financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.

Certificate of Deposit - A certificate of deposit (CD) is a savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment. CDs are generally issued by commercial banks and are insured by the FDIC up to \$250,000 per individual.

Collateralized Mortgage Obligation - Collateralized mortgage obligation (CMO) refers to a type of mortgage-backed security that contains a pool of mortgages bundled together and sold as an investment. Organized by maturity and level of risk, CMOs receive cash flows as borrowers repay the mortgages that act as collateral on these securities. In turn, CMOs distribute principal and interest payments to their investors based on predetermined rules and agreements.

Commercial Paper - Commercial paper is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days. Commercial paper is usually issued at a discount from face value and reflects prevailing market interest rates.

Credit Spreads - The spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Duration - The term duration has a special meaning in the context of bonds. It is a measurement of how long, in years, it takes for the price of a bond to be repaid by its internal cash flows. It is an important measure for investors to consider, as bonds with higher durations carry more risk and have higher price volatility than bonds with lower durations.

Net Asset Value - Net asset value (NAV) is value per share of a mutual fund or an exchange-traded fund (ETF) on a specific date or time. With both security types, the per-share dollar amount of the fund is based on the total value of all the securities in its portfolio, any liabilities the fund has and the number of fund shares outstanding.

Roll-down - A roll-down return is a form of return that arises when the value of a bond converges to par as maturity is approached. The size of the roll-down return varies greatly between long and short-dated bonds. Roll-down is smaller for long-dated bonds that are trading away from par compared to bonds that are short-dated.

Roll-down return works two ways in respect to bonds. The direction depends on if the bond is trading at a premium or at a discount. If the bond is trading at a discount the roll-

down effect will be positive. This means the roll-down will pull the price up towards par. If the bond is trading at a premium the opposite will occur. The roll-down return will be negative and pull the price of the bond down back to par.

Volatility - Volatility is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

Yield Curve - A yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates, and it is also used to predict changes in economic output and growth.

Yield to Maturity - Yield to maturity (YTM) is the total return anticipated on a bond if the bond is held until the end of its lifetime. Yield to maturity is considered a long-term bond yield, but is expressed as an annual rate. In other words, it is the internal rate of return of an investment in a bond if the investor holds the bond until maturity and if all payments are made as scheduled.

Source: Investopedia.com

EXHIBIT 1
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
REPORT OF INVESTMENTS
FOR QUARTER ENDED DECEMBER 31, 2019

SECURITIES MANAGED BY INVESTMENT ADVISOR

| Identifier | Asset Back Securities | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|-------------------|------------------------------|---------------------------|-----------------------|-----------------------------|--------------------------|------------------------------------|
| 36255JAD6 | GMCAR 183 A3 | 700,000.00 | 05/16/2023 | 880.83 | 708,655.83 | 709,536.66 |
| 14313FAD1 | CARMX 183 A3 | 750,000.00 | 06/15/2023 | 1,043.33 | 760,647.65 | 761,690.98 |
| 34531EAD8 | FORDO 17A A3 | 486,920.57 | 06/15/2021 | 361.40 | 486,544.46 | 486,905.87 |
| 89238MAD0 | TAOT 17A A3 | 135,500.72 | 02/16/2021 | 104.19 | 135,448.72 | 135,552.91 |
| 02004VAC7 | ALLYA 182 A3 | 1,100,000.00 | 11/15/2022 | 1,427.56 | 1,106,665.42 | 1,108,092.98 |
| 89238BAD4 | TAOT 18A A3 | 658,662.64 | 05/16/2022 | 687.94 | 660,392.00 | 661,079.94 |
| 02582JHQ6 | AMXCA 181 A | 2,610,000.00 | 10/17/2022 | 3,097.20 | 2,614,002.93 | 2,617,100.13 |
| 02007PAC7 | ALLYA 171 A3 | 116,964.71 | 06/15/2021 | 88.37 | 116,899.54 | 116,987.91 |
| 89190BAD0 | TAOT 17B A3 | 1,211,463.27 | 07/15/2021 | 947.63 | 1,210,826.92 | 1,211,774.55 |
| 47788CAC6 | JDOT 2018 A3 | 402,909.35 | 04/18/2022 | 476.33 | 404,314.51 | 404,790.84 |
| 02007HAC5 | ALLYA 172 A3 | 575,388.21 | 08/16/2021 | 455.20 | 575,150.98 | 575,606.17 |
| 17305EGK5 | CCCIT 18A1 A1 | 1,500,000.00 | 01/20/2021 | 16,703.75 | 1,509,820.28 | 1,526,524.03 |
| 43814PAC4 | HAROT 173 A3 | 300,367.08 | 09/18/2021 | 194.15 | 300,250.40 | 300,444.55 |
| 47788BAD6 | JDOT 17B A3 | 480,053.66 | 10/15/2021 | 388.31 | 479,802.51 | 480,190.82 |
| 17305EGB5 | CCCIT 17A3 A3 | 1,600,000.00 | 04/07/2020 | 7,168.00 | 1,600,050.47 | 1,607,218.47 |
| 14041NFU0 | COMET 192 A | 2,800,000.00 | 09/15/2024 | 2,140.44 | 2,791,286.32 | 2,793,426.77 |

| Identifier | Agency Bonds | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|-------------------|---------------------------|---------------------------|-----------------------|-----------------------------|--------------------------|------------------------------------|
| 3135G0N82 | FEDERAL NATIONAL MORTGAGE | 825,000.00 | 08/17/2021 | 3,838.54 | 820,106.10 | 823,944.64 |
| 3135G0N82 | FEDERAL NATIONAL MORTGAGE | 2,675,000.00 | 08/17/2021 | 12,446.18 | 2,659,131.90 | 2,671,578.08 |
| 3130A8Q85 | FEDERAL HOME LOAN BANKS | 3,200,000.00 | 07/14/2021 | 16,700.00 | 3,176,051.20 | 3,192,751.20 |
| 3135G0U92 | FEDERAL NATIONAL MORTGAGE | 1,600,000.00 | 01/11/2022 | 19,833.33 | 1,632,152.00 | 1,651,985.33 |
| 3135G0T60 | FEDERAL NATIONAL MORTGAGE | 900,000.00 | 07/30/2020 | 5,662.50 | 899,294.40 | 904,956.90 |
| 3130ACE26 | FEDERAL HOME LOAN BANKS | 365,000.00 | 09/28/2020 | 1,296.51 | 364,273.29 | 365,569.80 |
| 3137EAEJ4 | FREDDIE MAC | 990,000.00 | 09/29/2020 | 4,111.25 | 989,837.64 | 993,948.89 |

| Identifier | Certificate of Deposits | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|-------------------|---------------------------------------|---------------------------|-----------------------|-----------------------------|--------------------------|------------------------------------|
| 78012UEE1 | Royal Bank of Canada New York Bran | 2,750,000.00 | 06/07/2021 | 5,940.00 | 2,759,445.22 | 2,765,385.22 |
| 22535CDV0 | Credit Agricole Corporate And Investn | 1,500,000.00 | 04/01/2022 | 28,535.83 | 1,500,000.00 | 1,528,535.83 |
| 06417GU22 | Bank of Nova Scotia, Houston Branch | 1,600,000.00 | 06/05/2020 | 3,559.11 | 1,601,964.94 | 1,605,524.05 |
| 65558TLL7 | Nordea Bank Abp, New York Branch | 1,600,000.00 | 08/26/2022 | 10,277.78 | 1,600,000.00 | 1,610,277.78 |
| 83050PDR7 | Skandinaviska Enskilda Banken AB (pt | 1,600,000.00 | 08/26/2022 | 9,920.00 | 1,600,000.00 | 1,609,920.00 |
| 86565BPC9 | Sumitomo Mitsui Banking Corporation | 1,550,000.00 | 10/16/2020 | 11,238.79 | 1,549,164.32 | 1,560,403.11 |
| 87019UD6D | Swedbank AB (publ) | 3,100,000.00 | 11/16/2020 | 8,600.78 | 3,076,164.60 | 3,084,765.38 |
| 23341VZT1 | DNB Bank ASA, New York Branch | 1,600,000.00 | 12/02/2022 | 2,357.33 | 1,600,000.00 | 1,602,357.33 |

| Identifier | Corporate Bonds | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|-------------------|------------------------------|---------------------------|-----------------------|-----------------------------|--------------------------|------------------------------------|
| 63743HER9 | NATIONAL RURAL UTILITIES COC | 625,000.00 | 03/15/2021 | 5,336.81 | 632,076.88 | 637,413.68 |
| 63743HER9 | NATIONAL RURAL UTILITIES COC | 875,000.00 | 03/15/2021 | 7,471.53 | 884,907.63 | 892,379.15 |
| 06051GGS2 | BANK OF AMERICA CORP | 965,000.00 | 10/01/2021 | 5,616.30 | 966,186.95 | 971,803.25 |
| 44932HAG8 | IBM CREDIT LLC | 1,500,000.00 | 02/05/2021 | 16,120.83 | 1,511,293.50 | 1,527,414.33 |
| 904764AZ0 | UNILEVER CAPITAL CORP | 1,200,000.00 | 03/22/2021 | 9,075.00 | 1,212,944.40 | 1,222,019.40 |
| 06051GFW4 | BANK OF AMERICA CORP | 175,000.00 | 04/19/2021 | 918.75 | 176,528.63 | 177,447.38 |
| 24422ETL3 | JOHN DEERE CAPITAL CORP | 685,000.00 | 01/06/2022 | 8,824.13 | 696,208.66 | 705,032.79 |
| 06051GHH5 | BANK OF AMERICA CORP | 400,000.00 | 05/17/2022 | 1,710.62 | 407,477.60 | 409,188.22 |
| 89236TEU5 | TOYOTA MOTOR CREDIT CORP | 1,200,000.00 | 04/13/2021 | 7,670.00 | 1,217,142.00 | 1,224,812.00 |
| 025816BU2 | AMERICAN EXPRESS CO | 1,550,000.00 | 05/17/2021 | 6,393.75 | 1,578,312.30 | 1,584,706.05 |
| 808513AW5 | CHARLES SCHWAB CORP | 965,000.00 | 05/21/2021 | 3,484.72 | 982,620.90 | 986,105.62 |
| 713448DX3 | PEPSICO INC | 1,015,000.00 | 04/15/2021 | 4,285.56 | 1,016,993.46 | 1,021,279.02 |
| 427866BA5 | HERSHEY CO | 630,000.00 | 05/15/2021 | 2,495.50 | 640,164.42 | 642,659.92 |
| 24422EUQ0 | JOHN DEERE CAPITAL CORP | 350,000.00 | 01/10/2022 | 5,320.00 | 359,632.35 | 364,952.35 |
| 594918BV5 | MICROSOFT CORP | 1,520,000.00 | 02/06/2020 | 11,326.11 | 1,519,992.40 | 1,531,318.51 |
| 693475AV7 | PNC FINANCIAL SERVICES GROUP | 1,550,000.00 | 01/23/2024 | 23,809.72 | 1,627,627.10 | 1,651,436.82 |
| 69371RP75 | PACCAR FINANCIAL CORP | 570,000.00 | 03/01/2022 | 5,415.00 | 581,884.50 | 587,299.50 |
| 46647PBB1 | JPMORGAN CHASE & CO | 1,500,000.00 | 04/01/2023 | 12,026.25 | 1,532,592.00 | 1,544,618.25 |
| 037833CS7 | APPLE INC | 1,325,000.00 | 05/11/2020 | 3,312.50 | 1,324,758.85 | 1,328,071.35 |

| | | | | | | |
|-----------|------------------------------|--------------|------------|-----------|--------------|--------------|
| 437076BQ4 | HOME DEPOT INC | 750,000.00 | 06/05/2020 | 975.00 | 749,829.00 | 750,804.00 |
| 02665WCZ2 | AMERICAN HONDA FINANCE COR | 1,550,000.00 | 06/27/2024 | 413.33 | 1,568,835.60 | 1,569,248.93 |
| 38141EC23 | GOLDMAN SACHS & CO | 1,500,000.00 | 07/08/2024 | 27,752.08 | 1,582,459.50 | 1,610,211.58 |
| 6174467P8 | MORGAN STANLEY | 3,150,000.00 | 07/24/2020 | 75,556.25 | 3,212,940.15 | 3,288,496.40 |
| 05531FBH5 | BB&T CORP | 1,550,000.00 | 08/01/2024 | 16,361.11 | 1,569,069.65 | 1,585,430.76 |
| 254687FK7 | WALT DISNEY CO | 1,550,000.00 | 08/30/2024 | 8,664.93 | 1,533,249.15 | 1,541,914.08 |
| 14913Q2A6 | CATERPILLAR FINANCIAL SERVIC | 1,100,000.00 | 09/04/2020 | 6,613.75 | 1,099,199.20 | 1,105,812.95 |
| 931142EA7 | WAL-MART STORES INC | 1,550,000.00 | 12/15/2020 | 1,308.89 | 1,551,956.10 | 1,553,264.99 |

| Identifier | Commercial Paper | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|------------|----------------------------------|--------------------|----------------|----------------------|-------------------|-----------------------------|
| 62479LAD7 | MUFG Bank Ltd. (New York Branch) | 3,050,000.00 | 01/13/2020 | 0.00 | 3,047,336.33 | 3,047,336.33 |
| 63873JA34 | Natixis, New York Branch | 4,100,000.00 | 01/03/2020 | 0.00 | 4,099,542.17 | 4,099,542.17 |
| 62479LJ14 | MUFG Bank Ltd. (New York Branch) | 1,700,000.00 | 09/01/2020 | 0.00 | 1,678,568.67 | 1,678,568.67 |

| Identifier | FHLMC | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|------------|--------------|--------------------|----------------|----------------------|-------------------|-----------------------------|
| 3137BM6P6 | FHMS K721 A2 | 800,000.00 | 08/25/2022 | 2,060.00 | 816,576.00 | 818,636.00 |
| 3137FKK39 | FHMS KP05 A | 469,316.97 | 07/25/2023 | 1,252.69 | 479,674.79 | 480,927.48 |
| 3137FQ3V3 | FHMS KJ27 A1 | 614,033.34 | 07/25/2024 | 1,070.46 | 611,392.99 | 612,463.46 |

| Identifier | FNMA | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|------------|---------------|--------------------|----------------|----------------------|-------------------|-----------------------------|
| 3136AJ7G5 | FNA 14M06B A2 | 1,913,434.10 | 05/25/2021 | 4,270.96 | 1,928,569.36 | 1,932,840.33 |
| 3136BJXP4 | FNA 18M5 A2 | 660,974.70 | 09/25/2021 | 1,960.89 | 668,232.21 | 670,193.10 |

| Identifier | Municipal Debt | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|------------|--------------------------------|--------------------|----------------|----------------------|-------------------|-----------------------------|
| 157411TK5 | CHAFFEY CALIF JT UN HIGH SCH I | 375,000.00 | 08/01/2024 | 569.02 | 373,308.75 | 373,877.77 |

| Identifier | US Government Debt | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|------------|------------------------|--------------------|----------------|----------------------|-------------------|-----------------------------|
| 912828TJ9 | UNITED STATES TREASURY | 4,450,000.00 | 08/15/2022 | 27,313.69 | 4,454,171.88 | 4,481,485.56 |
| 912828Q78 | UNITED STATES TREASURY | 970,000.00 | 04/30/2021 | 2,271.77 | 967,120.31 | 969,392.08 |
| 912828X47 | UNITED STATES TREASURY | 2,335,000.00 | 04/30/2022 | 7,457.25 | 2,350,323.44 | 2,357,780.68 |
| 912828X47 | UNITED STATES TREASURY | 7,500,000.00 | 04/30/2022 | 23,952.61 | 7,549,218.75 | 7,573,171.36 |
| 912828R77 | UNITED STATES TREASURY | 3,500,000.00 | 05/31/2021 | 4,207.65 | 3,489,062.50 | 3,493,270.15 |
| 912828N30 | UNITED STATES TREASURY | 2,450,000.00 | 12/31/2022 | 143.03 | 2,487,132.81 | 2,487,275.84 |
| 912828N30 | UNITED STATES TREASURY | 11,000,000.00 | 12/31/2022 | 642.17 | 11,166,718.75 | 11,167,360.92 |
| 912828N30 | UNITED STATES TREASURY | 5,700,000.00 | 12/31/2022 | 332.76 | 5,786,390.63 | 5,786,723.39 |
| 912828R69 | UNITED STATES TREASURY | 8,850,000.00 | 05/31/2023 | 12,573.77 | 8,850,000.00 | 8,862,573.77 |
| 912828R69 | UNITED STATES TREASURY | 2,850,000.00 | 05/31/2023 | 4,049.18 | 2,850,000.00 | 2,854,049.18 |
| 912828VF4 | UNITED STATES TREASURY | 180,000.00 | 05/31/2020 | 216.39 | 179,803.13 | 180,019.52 |
| 912828T91 | UNITED STATES TREASURY | 4,950,000.00 | 10/31/2023 | 13,700.89 | 4,945,359.38 | 4,959,060.27 |
| 912828VP2 | UNITED STATES TREASURY | 1,000,000.00 | 07/31/2020 | 8,369.57 | 1,002,031.25 | 1,010,400.82 |
| 912828L32 | UNITED STATES TREASURY | 335,000.00 | 08/31/2020 | 1,556.51 | 334,424.22 | 335,980.73 |
| 912828T91 | UNITED STATES TREASURY | 2,000,000.00 | 10/31/2023 | 5,535.71 | 1,998,125.00 | 2,003,660.71 |
| 912828XX3 | UNITED STATES TREASURY | 4,650,000.00 | 06/30/2024 | 255.49 | 4,713,937.50 | 4,714,192.99 |
| 912828XX3 | UNITED STATES TREASURY | 6,500,000.00 | 06/30/2024 | 357.14 | 6,589,375.00 | 6,589,732.14 |

| Identifier | Money Market Funds | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|---------------|------------------------------|--------------------|----------------|----------------------|-------------------|-----------------------------|
| 31846V534 | FIRST AMER.US TRS MM Y | 3,313,572.06 | 12/31/2019 | 0.00 | 3,313,572.06 | 3,313,572.06 |
| SM - CP N/M A | County Pool New Measure A | 125,115,075.79 | 12/31/2019 | 0.00 | 125,115,075.79 | 125,115,075.79 |
| SM - CP O/M A | County Pool Old Measure A | 51,035,481.68 | 12/31/2019 | 0.00 | 51,035,481.68 | 51,035,481.68 |
| SM - LAIF | Local Agency Investment Fund | 52,956,030.04 | 12/31/2019 | 0.00 | 52,956,030.04 | 52,956,030.04 |

| Identifier | Cash and Cash Equivalent | Base Current Units | Final Maturity | Base Accrued Balance | Base Market Value | Base Market Value + Accrued |
|------------|--------------------------|--------------------|----------------|----------------------|-------------------|-----------------------------|
| CCYUSD | Cash | 1,666.49 | 12/31/2019 | 0.00 | 1,666.49 | 1,666.49 |

EXHIBIT 2

For the Quarter Ended December 31, 2019

SAN MATEO COUNTY TRANS AUTHORITY

Portfolio Performance

Portfolio Performance (Total Return)

| Portfolio/Benchmark | Effective Duration | Current Quarter | 1 Year | Annualized Return | | | Since Inception (03/31/15) |
|---|--------------------|-----------------|--------|-------------------|--------|---------|----------------------------|
| | | | | 3 Year | 5 Year | 10 Year | |
| SAN MATEO COUNTY TRANS AUTHORITY | 2.13 | 0.45% | 4.25% | 2.36% | - | - | 1.68% |
| <i>San Mateo County Trans Authority Custom Index*</i> | 2.09 | 0.39% | 3.85% | 2.04% | - | - | 1.54% |
| Difference | | 0.06% | 0.40% | 0.32% | - | - | 0.14% |

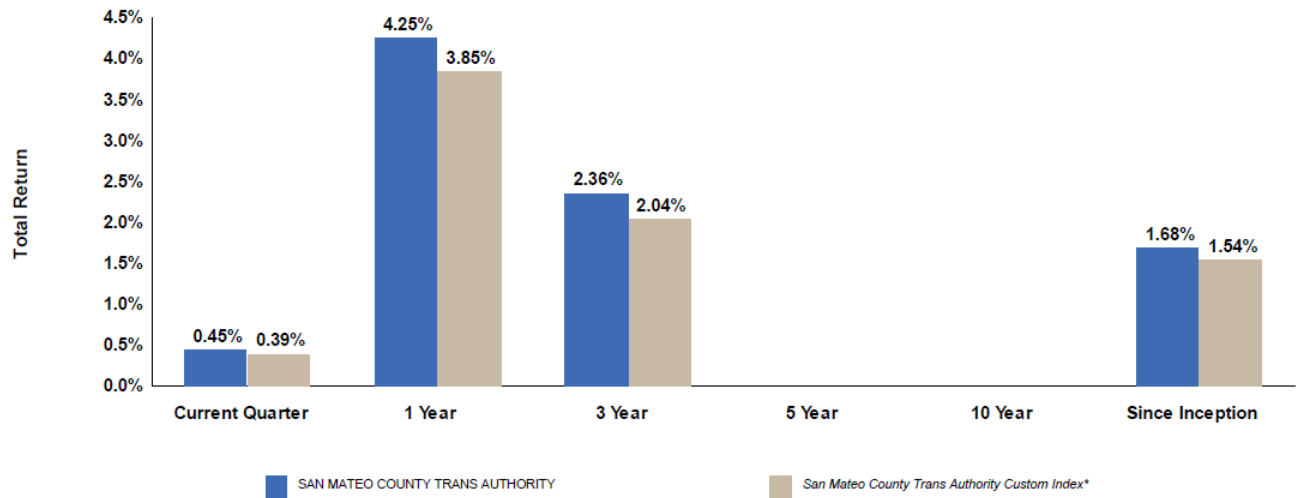


EXHIBIT 3

For the Quarter Ended December 31, 2019

SAN MATEO COUNTY TRANS AUTHORITY

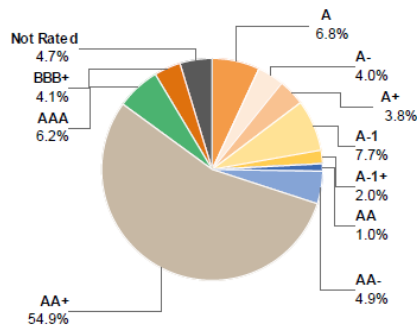
Portfolio Snapshot

Portfolio Statistics

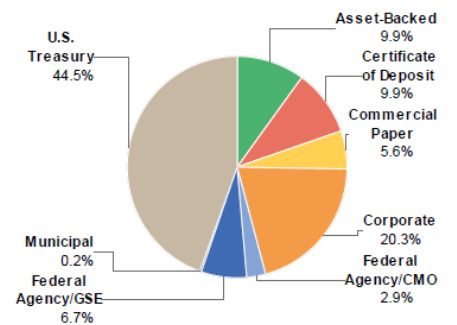
As of December 31, 2019

| | |
|------------------------|---------------|
| Par Value: | \$155,485,989 |
| Total Market Value: | \$160,520,417 |
| Security Market Value: | \$156,620,356 |
| Accrued Interest: | \$586,489 |
| Cash: | \$3,313,572 |
| Amortized Cost: | \$154,867,589 |
| Yield at Market: | 1.77% |
| Yield at Cost: | 2.30% |
| Effective Duration: | 2.13 Years |
| Duration to Worst: | 2.17 Years |
| Average Maturity: | 2.43 Years |
| Average Credit: * | AA |

Credit Quality (S&P Ratings)**



Sector Allocation



Maturity Distribution

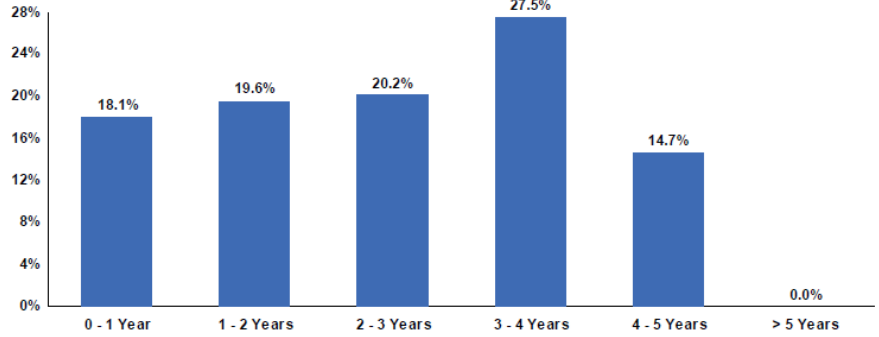


EXHIBIT 4

SAN MATEO COUNTY TRANS AUTHORITY

For the Quarter Ended December 31, 2019

Portfolio Performance

| | Portfolio Earnings | |
|-------------------------------------|--|---------------------------------------|
| | <i>Quarter-Ended December 31, 2019</i> | |
| | <u>Market Value Basis</u> | <u>Accrual (Amortized Cost) Basis</u> |
| Beginning Value (09/30/2019) | \$156,548,686.71 | \$154,294,174.93 |
| Net Purchases/Sales | \$171,452.34 | \$171,452.34 |
| Change in Value | (\$99,782.88) | \$401,961.79 |
| Ending Value (12/31/2019) | \$156,620,356.17 | \$154,867,589.06 |
| Interest Earned | \$817,477.37 | \$817,477.37 |
| Portfolio Earnings | \$717,694.49 | \$1,219,439.16 |

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **AUTHORIZE AN AMENDMENT TO THE CONTRACT WITH EIDE BAILLY LLP FOR
FINANCIAL AUDIT SERVICES**

ACTION

Staff recommends that the Board:

1. Approve an amendment to the contract with the Eide Bailly LLP (Eide Bailly) to extend the contract term for two years through May 31, 2022 for provision of financial audit services; and increase the firm-fixed price by \$70,631 from \$164,860 to \$235,491.
2. Authorize the Executive Director, or his designee, to execute a contract amendment with Eide Bailly in a form approved by legal counsel.

SIGNIFICANCE

Approval of the above actions will ensure continuation of professional, independent financial audit services as required by the San Mateo County Transportation Authority's (Authority) enabling legislation, Measure A and Measure W.

BUDGET IMPACT

Funding for financial audit services will be available under approved and projected budget.

BACKGROUND

In May 2015, Board Resolution No. 2015-10 authorized award of a five-year contract with Vavrinek, Trine, Day & Co., LLP (VTD) to provide financial audit services for a firm-fixed price of \$164,860, and supplemental annual audit services for not to exceed a total amount of \$100,000. The contract will expire on May 31, 2020.

VTD was merged effective July 22, 2019 with Eide Bailly. The Authority and Eide Bailly executed a Consent to Assignment and Assumption of Services Agreement, and a first amendment to the Agreement to change the consultant's name.

Staff has determined that a two-year extension of the existing contract will allow time for the Finance division to further assess and streamline accounting processes and internal controls while leveraging the current team of auditors' familiarity and experience with the Authority's accounting and financial reporting processes. An increase of \$70,631 from \$164,860 to \$235,491, in the firm-fixed price, is therefore needed to complete audit services for fiscal years 2020 and 2021.

The performance of Eide Bailly to date has been satisfactory and in accordance with the requirements of the contract. Staff intends to conduct a competitive procurement of audit services, requiring at a minimum, rotation of audit Consultant, for services beginning with the fiscal year 2022 audit.

Project Manager: Grace Martinez, Director, Accounting
Contract Administrator: Shruti Ladani

650-508-6274
650-622-7857

RESOLUTION NO. 2020 –

BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA

* * *

**AUTHORIZING AN AMENDMENT TO THE CONTRACT WITH EIDE BAILLY LLP FOR FINANCIAL
AUDIT SERVICES TO EXTEND THE CONTRACT TERM FOR TWO YEARS AND
INCREASE THE TOTAL CONTRACT AMOUNT BY \$70,631**

WHEREAS, pursuant to Resolution No. 2015-10, the Board of Directors (Board) of the San Mateo County Transit Transportation Authority (Authority) awarded a contract for financial audit services to Vavrinek, Trine, Day & Co., LLP (VTD) for a five-year term for a firm-fixed price of \$164,860, and supplemental annual audit services for a total not to exceed amount of \$100,000, which is set to expire on May 31, 2020; and

WHEREAS, VTD was merged effective July 22, 2019 with Eide Bailly LLP (Eide Bailly), and the parties executed a first amendment to the Agreement to change the consultant to Eide Bailly; and

WHEREAS, Staff has determined that a two-year extension of the existing contract will allow time for the Finance division to further assess and streamline accounting processes and internal controls while leveraging the current team of auditors' familiarity and experience with the Authority's accounting and financial reporting processes; and

WHEREAS, the Executive Director recommends that the Board authorize an amendment to the contract with Eide Bailly to extend the contract term from May 31, 2020 to May 31, 2022, and increase the firm-fixed price by \$70,631 from \$164,860 to \$235,491.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors (Board) of the San Mateo County Transportation Authority authorizes the Executive Director, or his designee, to execute an amendment to the contract with Eide Bailly, in a form approved by legal counsel, to extend the contract term from May 31, 2020 to May 31, 2022, and increase the firm-fixed price by \$70,631 from \$164,860 to \$235,491.

Regularly passed and adopted this 6th day of February, 2020 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: SMCTA Board

THROUGH: Jim Hartnett
Executive Director

FROM: Derek Hansel
Chief Financial Officer

SUBJECT: **DEBT POLICY AND DECLARATION OF OFFICIAL INTENT TO REIMBURSE
EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS**

ACTION

Staff recommends the Board:

1. Adopt a Debt Policy; and
2. Adopt a Declaration of Official Intent Providing for Use of Proceeds of Tax-Exempt Indebtedness to Reimburse Prior Qualified Expenditures.

SIGNIFICANCE

The San Mateo County Transportation Authority (the "TA") is contemplating the potential issuance of sales tax revenue bonds the proceeds of which will be loaned to the San Mateo County Express Lanes Joint Powers Authority ("SMCELJPA") to fund its share of the cost of equipping and installing approximately 22 miles of managed lanes in both directions on US 101 from the San Mateo/Santa Clara County line to Interstate 380 (the "Project"). The TA may need to issue additional debt in the future for other purposes, when it is prudent and appropriate to do so.

To comply with California Government Code Section 8855, the TA is required to adopt a Debt Policy complying with said provisions of the Government Code prior to filing the report of a proposed debt issuance required to be filed with the California Debt and Investment Advisory Commission prior to the issuance of any public debt.

The TA expects to advance funds to the SMCELJPA for certain expenditures related to the Project to be financed prior to incurrence of indebtedness for the purpose of financing costs associated with the Project on a long-term basis. Section 1.150-2 of the Treasury Regulations requires the TA to declare its reasonable official intent to reimburse such prior expenditures for the Project with proceeds of a subsequent borrowing.

BUDGET IMPACT

There is no budget impact associated with the authorizations requested in these

recommendations.

BACKGROUND

Pursuant to Government Code Section 8855, a Report of Proposed Debt Issuance must be filed with the California Debt and Investment Advisory Commission (“CDIAC”) before the sale of any bond issue.

On September 12, 2016, Governor Brown signed State Senate Bill 1029 (“SB 1029”), which became effective January 1, 2017. SB 1029 amended Government Code Section 8855 and, among other things, SB 1029 effectively requires a local government agency to adopt a formal debt policy before issuing bonds. SB 1029 imposes a new requirement that each Report of Proposed Debt Issuance must include the issuer’s certification that it has adopted a local debt policy and that the contemplated bond issue is consistent with such adopted policy. SB 1029 provides that the local debt policy must include the following:

1. The purpose for which the debt proceeds may be used.
2. The types of debt that may be issued.
3. The relationship of the debt to and integration with, the issuer’s capital improvement program or budget, if applicable.
4. Policy goals related to the issuer’s planning goals and objectives.
5. Internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The proposed Debt Policy complies with the provisions of SB 1029 as currently written. Revisions may be necessary in the future if changes are made to the applicable section of the Government Code.

Adoption of the Declaration of Official Intent is made solely for purposes of establishing compliance with Section 1.150-2 of the Treasury Regulations, which will enable the TA to reimburse itself for allowable expenditures incurred prior to completion of a contemplated tax-exempt financing. It does not bind the TA to make any expenditure or incur any indebtedness, but rather serves to preserve flexibility for the TA as we develop the financing plan for the Project.

| | | |
|--------------|---|--------------|
| Prepared By: | Derek Hansel, Chief Financial Officer | 650.508.6466 |
| | Connie Mobley-Ritter, Director-Treasury | 650.508.7765 |

RESOLUTION NO. 2020-__
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA

* * *

ADOPTION OF DEBT POLICY

WHEREAS, the San Mateo County Transportation Authority (the "TA") is required to submit reports to the California Debt and Investment Advisory Commission ("CDIAC") in connection with its debt issuances;

WHEREAS, pursuant to Section 8855(i) of the California Government Code, CDIAC now requires that issuers include a certification in reports filed in connection with debt issuances certifying that the issuer has adopted a local debt policy;

WHEREAS, in order to comply with Section 8855(i) of the California Government Code, the TA proposes to adopt a debt policy; and

WHEREAS, a proposed form of debt policy (the "Debt Policy") has been prepared and placed on file with the TA Secretary prior to this meeting;

NOW, THEREFORE BE IT RESOLVED by the Board of Directors (Board) of the San Mateo County Transportation Authority as follows:

Section 1. Findings. The foregoing recitals are true and correct.

Section 2. Debt Policy. The Debt Policy is hereby adopted.

Section 3. Effective Date. This Resolution shall take effect immediately upon its passage.

Regularly passed and adopted this 6th day of February, 2020 by the following
vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

RESOLUTION NO. 2020 –

BOARD OF DIRECTORS, SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA

* * *

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY
TRANSPORTATION AUTHORITY DECLARING ITS INTENTION TO REIMBURSE ITSELF OR A
NEWLY FORMED JOINT POWERS AUTHORITY OF WHICH IT IS A MEMBER FROM THE
PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES
MADE AND/OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION
AND EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

WHEREAS, the San Mateo County Transportation Authority (the “TA”) is a political subdivision and county transportation authority organized and existing under the laws of the State of California; and

WHEREAS, the San Mateo County Express Lanes Joint Powers Authority (“SMCEL JPA”) is a newly created joint powers authority one of the members of which is the TA (and the other member of which is the City/County Association of Governments of San Mateo County); and

WHEREAS, the TA or SMCEL JPA [has paid, beginning no earlier than December 8, 2019, and] will pay, on and after the date hereof, certain expenditures (the “Expenditures”) in connection with the acquisition, construction and/or equipping of approximately 22 miles of managed lanes in both directions on U.S. Highway 101 from the San Mateo/Santa Clara County line to Interstate 380 (the “Project”); and

WHEREAS, it is expected that SMCEL JPA will be the conduit borrower with respect to an issue of tax-exempt bonds to be issued by the TA (the “Bonds”) to finance the Project; and

WHEREAS, the Board of Directors of the TA (the "Board") has determined that those moneys [previously advanced no more than 60 days prior to the date hereof and] to be advanced on and after the date hereof by the TA or SMCEL JPA to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the TA or SMCEL JPA, as the case may be, for the Expenditures from the proceeds of the Bonds;

NOW, THEREFORE BE IT RESOLVED by the Board of Directors (Board) of the San Mateo County Transportation Authority as follows:

Section 1. The Board hereby declares the TA's intent to reimburse the TA or SMCEL JPA, as the case may be, with the proceeds of the Bonds for the Expenditures with respect to the Project made on and after [December 8, 2019, which date is no more than 60 days prior to] the date hereof. The TA reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure [was and] will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the TA or SMCEL JPA so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the TA or SMCEL JPA.

Section 3. The maximum principal amount of the Bonds expected to be issued for the Project is \$125,000,000.

Section 4. The TA or SMCEL JPA will make a reimbursement allocation, which is a written allocation by the TA or SMCEL JPA that evidences the TA's or SMCEL JPA's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The TA recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain *de minimis* amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. This resolution shall take effect immediately upon its passage.

Regularly passed and adopted this 6th day of February, 2020 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

SAN MATEO COUNTY TRANSPORTATION AUTHORITY DEBT POLICY

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SAN MATEO COUNTY TRANSPORTATION AUTHORITY

DEBT POLICY

Dated as of January __, 2020

I. Purpose

The purpose of this Debt Policy (the "Debt Policy") is to establish comprehensive guidelines for the issuance and management of debt (herein referred as "Debt") issued by the San Mateo County Transportation Authority (the "Issuer"). This Debt Policy is intended to help ensure that: (i) the Issuer, the governing body of the Issuer (the "Board of Directors" or the "Board"), and Issuer management and staff adhere to sound debt issuance and management practices; (ii) the Issuer achieves the most advantageous cost of capital within prudent risk parameters; (iii) the Issuer preserves future financial flexibility; and (iii) the Issuer preserves and enhances the credit ratings assigned to its debt.

II. Scope of Debt Policy

This Debt Policy shall provide guidance for the issuance and management of bonds and other forms of indebtedness of the Issuer, together with any credit, liquidity and other ancillary instruments and agreements secured or executed in connection with such transactions. While adherence to this Debt Policy is recommended in applicable circumstances, the Issuer recognizes that changes in the capital markets, Issuer programs and other unforeseen circumstances may produce situations that are not covered by the Debt Policy or require modifications or exceptions to achieve Debt Policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the Board is obtained. The Issuer may approve Debt and other related agreements the terms or provisions of which deviate from this Debt Policy, upon the recommendation and approval of the Chief Financial Officer of the Issuer (the "Chief Financial Officer") as circumstances warrant. The failure by the Issuer to comply with any provision of this Debt Policy shall not affect the validity of any Debt that is otherwise duly authorized and executed.

The Chief Financial Officer is the designated administrator of the Debt Policy. The Chief Financial Officer shall have the day-to-day responsibility and authority for structuring, implementing and managing the Issuer's debt and financing program. The Debt Policy requires that each debt issuance be specifically authorized by the Board of Directors.

III. Legal Authority; Compliance with Laws, Resolutions, Debt Documents and Contracts

A) Legal Authority

The Issuer has exclusive authority to plan and issue Debt for Issuer related purposes, subject to approval by the Board of Directors.

B) Compliance with Law

All Debt of the Issuer shall be issued in accordance with applicable Federal and State laws, rules and regulations, including without limitation the Internal Revenue Code of 1986 (the "Code") with respect to the issuance of tax-exempt Debt, the Securities Act of 1933 and the Securities Exchange Act of 1934, in each case as supplemented and amended, and regulations promulgated pursuant to such laws.

C) Compliance with Issuer Resolutions and Debt Documents

Debt of the Issuer shall be issued in accordance with applicable resolutions and debt documents of the Issuer, in each case as supplemented and amended.

D) Compliance with Other Agreements

Debt of the Issuer shall be issued in compliance with any other agreements of the Issuer with credit or liquidity providers, bond insurers or other third parties.

E) Compliance with SB 1029

This Debt Policy complies with California Senate Bill 1029 (2016). The following paragraph cross-references the debt policy requirements of SB 1029 with the relevant sections of this policy.

- 1) Cal. Gov. Code Section 8855(i)(1)(A): The purposes for which the debt may be used. See Section V: Purposes for Debt.
- 2) Cal. Gov. Code Section 8855(i)(1)(B): The types of debt that may be issued. See Section VI: Types of and Limitations on Debt.
- 3) Cal. Gov. Code Section 8855(i)(1)(C): The relationship of the debt to, and integration with, the issuer's capital improvement program or budget. See Section XV: Budgeting and Capital Planning.
- 4) Cal. Gov. Code Section 8855(i)(1)(D): Policy goals related to the issuer's planning goals and objectives. See Section I: Purpose.
- 5) Cal. Gov. Code Section 8855(i)(1)(E): The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the

proposed debt issuance will be directed to the intended use. See Section IV: Administration of Debt Policy.

IV. Administration of Debt Policy

A) Issuer

The Issuer shall be responsible for:

- 1) Approval of the issuance of all Debt and the terms and provisions thereof;
- 2) Appointment of municipal advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants, trustee and other professionals retained in connection with the issuance of Debt;
- 3) Approval of this Debt Policy and any supplements or amendments;
- 4) Periodic approval of the Issuer's expenditure plans;
- 5) Periodic approval of proposed Issuer annual and supplemental budgets for submission to the Board of Directors, including without limitation provisions for the timely payment of principal of and interest on all Debt; and
- 6) Maintaining internal control procedures with respect to Debt proceeds. Debt proceeds will be held either by a third-party trustee, which will disburse such proceeds to the Issuer upon the submission of one or more written requisitions, or by the Issuer to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Issuer.

B) Chief Financial Officer

The Chief Financial Officer shall have responsibility and authority for the structure, issuance and management of the Issuer's Debt and financing programs. These responsibilities shall include, but not be limited to, the following:

- 1) Determining the appropriate structure and terms for all proposed debt transactions;
- 2) Undertaking to issue Debt at the most advantageous interest and other costs consistent with prudent levels of risk;
- 3) Ensuring compliance of any proposed Debt with any applicable additional debt limitations under State law, or the Issuer's Debt Policy, resolutions and debt documents;
- 4) Seeking approval from the Board of Directors for the issuance of Debt or other debt obligations;

- 5) Coordinating with other public agencies in connection with necessary approvals associated with Debt issuance;
- 6) Recommending to the Board of Directors the manner of sale of any Debt or other debt transactions;
- 7) Monitoring opportunities to refund outstanding Debt to achieve debt service savings, and recommending such refunding to the Board, as appropriate;
- 8) Providing for and participating in the preparation and review of all legal and disclosure documents in connection with the issuance of any Debt by the Issuer;
- 9) Recommending the appointment of municipal advisors, bond counsel, disclosure counsel, Issuer consultants, underwriters, feasibility consultants and other professionals retained in connection with the Issuer's debt issuance as necessary or appropriate;
- 10) Distributing information regarding the business operations and financial condition of the Issuer to appropriate bodies on a timely basis in compliance with any applicable continuing disclosure requirements;
- 11) Communicating regularly with the rating agencies, bond insurers, investment providers, institutional investors and other market participants related to the Issuer's Debt; and
- 12) Maintaining a database with summary information regarding all of the Issuer's outstanding Debt and other debt obligations.

C) Procedures for Approval of Debt

Any proposed issuance of Debt by the Issuer shall be submitted to and subject to authorization and approval by the Board of Directors.

D) Considerations in Approving Issuance of Debt

The Issuer may take into consideration any or all of the following factors, as appropriate, prior to approving the proposed issuance of Debt:

- 1) Whether the proposed issuance complies with this Debt Policy;
- 2) Source(s) of payment and security for the Debt;
- 3) Projected revenues and other benefits from the projects proposed to be funded;
- 4) Projecting operating, other costs and potential revenues with respect to the proposed projects;

- 5) Impacts, if any, on Issuer and Debt credit ratings;
- 6) Period, if any, over which interest on the Debt should be capitalized;
- 7) Extent to which debt service on the Debt should be level or non-level;
- 8) Appropriate lien priority of the Debt;
- 9) Adequacy of the proposed disclosure document.

V. Purposes for Debt

The Issuer may issue Debt for the purposes of financing and refinancing the costs of capital projects undertaken by the Issuer. The Issuer may also issue Debt to pay extraordinary unfunded costs, including, but not limited to, termination or other similar payments due in connection with interest rate swaps (if any) and investment agreements entered into in connection with Debt. Proceeds of Debt may be applied to pay costs of issuance, to fund capitalized interest and debt service reserves and to pay costs incurred in connection with securing credit enhancement, including, but not limited to, premiums payable for bond insurance and reserve fund sureties.

The Issuer shall not issue Debt for the purpose of funding operating costs.

A) New Money Debt

New money issues are those financings that generate additional funding to be available for expenditure on capital projects. New money proceeds may not be used to fund non-capital operational activities.

B) Refunding Debt

The Issuer may issue Debt to refund the principal of and interest on outstanding Debt of the Issuer in order to (i) achieve debt service savings; (ii) restructure scheduled debt service; (iii) convert from or to a variable or fixed interest rate structure; (iv) change or modify the source or sources of payment and security for the refunded Debt; or (v) modify covenants otherwise binding upon the Issuer. Refunding Debt may be issued either on a current or advance basis, as permitted by applicable Federal tax laws. The Issuer may also utilize a tender offer process to refund Debt that is not otherwise subject to optional call by the Issuer.

Refunding Debt should be issued to achieve debt service savings in most cases. Refundings which do not produce savings are permitted if justified based on the need for restructuring to remove covenants/pledges that are restrictive and/or no longer required by the market and/or to make other changes in debt documents that would benefit the current, short-term, or long term capital cost of the Issuer.

VI. Types of and Limitations on Debt

A) Long-Term Debt

The Issuer may issue Debt with longer-term maturities to amortize Issuer capital or other costs over a period commensurate with the expected life, use or benefit provided by the project, program or facilities financed from such Debt. Long-term Debt will generally have a final maturity of five (5) years or more. Long-term debt is appropriate for financing essential capital projects and certain capital equipment where the project being financed will provide benefit over multiple years and the Issuer considers the project to be of vital, time-sensitive need and there are no plausible alternative financing sources after considering other alternatives, such as pay-as-you-go funding or existing funds on hand.

B) Short-Term Debt

The Issuer may issue Debt with shorter-term maturities to provide interim funding for capital projects and expenditures that will ultimately be funded from another source such as a grant, a long-term Debt issue, or the receipt of Federal or State grants, other revenues, and/or for cash flow management. Short-term Debt shall consist of Debt of an issue with a final maturity of less than five (5) years and may include, but is not limited to, Debt in the form of Tax and Revenue Anticipation Notes, Bond Anticipation Notes, Grant Anticipation Notes, and/or Commercial Paper.

C) Sales Tax Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from sales tax revenues. It is expected that sales tax revenue debt will represent the principal form of Debt of the Issuer.

D) Other Revenue Debt

If and to the extent authorized in accordance with applicable provisions of State law, the Issuer may issue Debt payable in whole or in part from other types of revenues.

E) Other Federally Supported Programs

The Issuer may also participate in federal loans administered or provided by the United States Department of Transportation, including, but not limited to, loans provided under the Transportation Infrastructure Finance and Innovation Act (TIFIA), as well as federally subsidized taxable and tax-exempt bond programs, and may secure credit enhancement and/or credit support provided under Federal programs, provided such loans, bonds or programs provide an attractive funding cost or other desirable features such as, but not limited to, deep subordination of the repayment

obligation, an unusually long repayment term, or no payment due until a certain period after substantial project completion.

F) Fixed-Rate Debt

The Issuer may issue Debt that bears a fixed-rate rate of interest.

G) Variable Rate Debt

The Issuer may also issue Debt that bears a variable rate of interest, including, but not limited to, variable rate demand obligations, commercial paper and floating rate notes.

VII. Terms and Provisions of Debt

A) Debt Service Structure

The Issuer shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility and, as practical, to recapture or maximize its debt capacity for future use. Annual debt service payments will generally be structured on a level basis; however, principal amortization may occur more quickly or slowly where permissible, to mirror debt repayment streams and/or provide future financing flexibility.

B) Amortization of Principal

Long-term Debt of the Issuer shall be issued with maturities that amortize the principal of such Debt over a period commensurate with the expected life, use or benefit (measured in years) provided by the projects, programs and/or facilities financed from the proceeds of such Debt. The weighted average maturity of such Debt (if issued as tax-exempt Debt) should not exceed one hundred and twenty percent (120%) of the reasonably estimated weighted average life, use or benefit (measured in years) of the projects, programs and/or facilities financed from the proceeds of such Debt.

Amortization of principal may be achieved either through serial maturities and/or through term Debt subject to mandatory sinking fund payments and/or optional redemptions.

C) Capitalized Interest

The Issuer may fund interest on Debt from proceeds of Debt for legal, budgeting or structuring purposes.

D) Call Provisions for Debt

- 1) Optional Call Provisions. The Issuer shall seek to include the shortest practicable optional call rights, with and/or without a call premium, consistent with optimal pricing of such Debt. Call premiums, if any, should not be in excess of then prevailing market standards and to the extent consistent with the most advantageous borrowing cost for the Issuer. Non-callable maturities may be considered and used to accommodate market requirements or other advantageous benefits to the Issuer.
- 2) Extraordinary Call Provisions. The Issuer, at its option, may include extraordinary call provisions, including for example with respect to unspent proceeds, damage to or destruction of the project or facilities financed, or other matters, as the Issuer may determine is necessary or desirable.

E) Payment of Interest

- 1) Current Interest Debt may be issued. It is anticipated that the interest on most, if not all, Debt issued will be paid on a current interest basis.
- 2) Deferred Interest Debt may also be issued. Debt of the Issuer may be issued with the payment of actual or effective interest deferred in whole or in part to the maturity or redemption date of each debt instrument, or the conversion of such debt instrument to a current interest-paying debt instrument (known, respectively, as capital appreciation bonds, zero coupon bonds and convertible capital appreciation bonds). Deferred Interest Debt may be issued to achieve optimal sizing, debt service structuring, pricing or other purposes.

F) Determination of Variable Interest Rates on Debt

The interest rate from time to time on Debt the interest of which is not fixed to maturity may be determined in such manner that the Issuer determines, including without limitation on a daily, weekly, monthly or other periodic basis, by reference to an index, prevailing market rates or other measures, and by or through an auction or other method.

G) Tender Options on Debt

The Issuer may issue Debt subject to the right or obligation of the holder to tender the Debt back to the Issuer for purchase, including, for example, to enable the holder to liquidate their position, or upon the occurrence of specified credit events, interest rate mode changes or other circumstances. The obligation of the Issuer to make payments to the holder upon any such tender may be secured by (i) a credit or liquidity facility from a financial institution in an amount at least equal to the principal amount of the Debt subject to tender, (ii) a liquidity or similar account into which the Issuer shall

deposit and maintain an amount at least equal to the principal amount of the Debt subject to tender, or (iii) other means of self-liquidity that the Issuer deems prudent.

H) Multi-Modal Debt

The Issuer may issue Debt that may be converted between two or more interest rate modes without the necessity of a refunding. Such interest rate modes may include, without limitation: daily interest rates, weekly interest rates, other periodically variable interest rates, commercial paper rates, auction rates, fixed rates for a term and fixed rates to maturity (in each case with or without tender options).

I) Debt Service Reserve Funds

The Issuer may issue Debt that is secured by amounts on deposit in or credited to a debt service reserve fund or account in order to minimize the net cost of borrowing and/or to provide additional reserves for debt service or other purposes. Debt service reserve funds may secure one or more issues of Debt, and may be funded by proceeds of Debt, other available moneys of the Issuer, and/or by surety policies, letters or lines of credit or other similar instruments. Surety policies, letters or lines of credit or other similar instruments may be substituted for amounts on deposit in a debt service reserve fund if such amounts are needed for capital projects or other purposes.

Amounts in the debt service reserve funds shall be invested in accordance with the requirements of the applicable Debt documents in order to (i) maximize the rate of return on such amounts; (ii) minimize the risk of loss; (iii) minimize volatility in the value of such investments; and (iv) maximize liquidity so that such amounts will be available if it is necessary to draw upon them.

J) Lien Levels

The Issuer may create senior and junior lien pledges, as well as pledges at various lien priority levels, for each fund source which secures Debt repayment in order to optimize financing capacity.

VIII. Maintenance of Liquidity; Reserves

The Issuer may maintain unencumbered reserves in amounts sufficient in the determination of the Issuer to cover unexpected revenue losses, extraordinary payments and other contingencies, and to provide liquidity in connection with the Issuer's outstanding Debt.

IX. Investment of Debt Proceeds and Related Moneys

Proceeds of Debt and amounts in the Issuer's debt service, project fund and debt service reserve funds with respect to outstanding Debt shall be invested in accordance with the terms of the applicable Debt documents and other applicable agreements of the Issuer.

X. Third Party Credit Enhancement

The Issuer may secure credit enhancement for its Debt from third-party credit providers to the extent such credit enhancement is available upon reasonable, competitive and cost-effective terms. Such credit enhancement may include municipal bond insurance ("Bond Insurance"), letters of credit and lines of credit (collectively and individually, "Credit Facilities"), as well as other similar instruments.

A) Bond Insurance

All or any portion of an issue of Debt may be secured by Bond Insurance provided by municipal bond insurers ("Bond Insurers") if it is economically advantageous to do so, or if it is otherwise deemed necessary or desirable in connection with a particular issue of Debt. The relative cost or benefit of Bond Insurance may be determined by comparing the amount of the Bond Insurance premium to the present value of the estimated interest savings to be derived as a result of the insurance.

B) Credit Facilities

The issuance of certain types of Debt requires a letter of credit or line of credit (a "Credit Facility") from a commercial bank or other qualified financial institution to provide liquidity and/or credit support. The types of Debt where a Credit Facility may be necessary include commercial paper, variable rate Debt with a tender option and Debt that could not receive an investment grade credit rating in the absence of such a facility.

The criteria for selection of a Credit Facility provider shall include the following:

- 1) Long-term ratings from at least two nationally recognized credit rating agencies ("Rating Agencies") preferably to be equal to or better than those of the Issuer;
- 2) Short-term ratings from at least two Rating Agencies of at least P-1/A-1 or equivalent;
- 3) Experience providing such facilities to state and local government issuers;
- 4) Fees, including without limitation initial and ongoing costs of the Credit Facility; draw, transfer and related fees; counsel fees; termination fees and any trading differential; and

- 5) Willingness to agree to the terms and conditions proposed or required by the Issuer.

XI. Use of Derivatives

Derivative products include but are not limited to interest rate swaps, interest rates caps and collars and forward or other hedging agreements. Derivative products will be considered in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces risk of fluctuations in expense or revenue, or, alternatively, where it will reduce total debt service cost in a manner that exceed the risks. Derivative products will only be utilized following the adoption of derivative product policy and with prior Board approval. In addition, an analysis of early termination costs and other conditional terms must be completed by the Issuer's municipal advisor prior to the approval of any derivative product by the Board. Such analysis will document the risks and benefits associated with the use of the particular derivative product.

XII. Methods of Sale and Pricing of Debt

There are three principal methods for the sale of Debt: (i) competitive; (ii) negotiated and (iii) private placement. In addition, Debt may be incurred as a direct loan. The Issuer shall utilize the method of sale that (a) is reasonably expected to produce the most advantageous interest cost with respect to the Debt and (b) provides the Issuer with the flexibility most desirable in connection with the structuring, timing or terms of such Debt. The Issuer shall utilize such method that is likely to provide the most advantageous borrowing costs and execution on behalf of the Issuer.

Debt may be sold at such prices, including at par, a premium or a discount, as the Issuer, in consultation with its municipal advisor, may determine is likely to produce the most advantageous interest cost under then prevailing market conditions, subject to compliance with applicable State law and Federal securities laws.

A) Competitive Sale

The competitive method of sale is appropriate when:

- 1) Bond prices are stable and/or there is strong demand for the bonds;
- 2) Market timing and interest rate sensitivity are not critical to the pricing;
- 3) Issuer has a strong credit rating and is well known to investors;
- 4) The Issuer has straightforward political and organizational structure, and the project, funding, and credit quality are easy to understand and market to potential investors;

- 5) The Debt type and structure are conventional and the transaction size is manageable.

B) Negotiated Sale

A negotiated sale is appropriate when:

- 1) There is market volatility and/or weak demand and high supply of competing financings;
- 2) The Debt structure is complex;
- 3) Issuer has lower or weakening credit rating and is not well known to investors;
- 4) The Debt has non-standard structural features, such as a forward delivery, issuance of variable rate bonds, use of derivative products, or possesses a specific structuring feature that benefits from a negotiated sale;
- 5) Early structuring and market participation by underwriters are desired and there is strong projected retail demand for the Debt;
- 6) The Debt size is significantly larger and would limit competition.

For a negotiated bond sale, the Issuer, with the assistance of its municipal advisor, will conduct a competitive underwriter selection process for either a specific Debt issue or through the establishment of an underwriter pool from which to choose over a defined period of time.

C) Private Placement

A private placement is structured for one investor or a small group of investors, who are typically qualified institutional buyers, in a non-public offering conducted by an underwriting firm serving as placement agent. Since no public offering is involved, securities disclosure requirements are not as heavy. If a private placement is considered as the optimal sale method for the Issuer, the municipal advisor will conduct a competitive selection process to recommend the placement agent.

D) Direct Purchase; Direct Loan; Revolving Obligations

A direct purchase or direct loan is structured specifically for one bank (or a syndicate of banks), putting the Issuer and bank in a bilateral borrower-lender relationship. Examples include a direct purchase agreement or revolving credit facility. Securities disclosure requirements are the least burdensome for this structure. A direct purchase or direct loan may be advisable if the Issuer is unable to access the municipal capital markets. If a direct purchase or direct loan is contemplated, the municipal advisor

will conduct a competitive selection process to recommend the bank. Selection criteria will include:

- 1) A term sheet to be provided along with the request for qualifications, with any requested modifications to be highlighted by the bank and taken into consideration in the evaluation process;
- 2) A representative list of clients for whom the bank has provided similar agreements; and
- 3) Evaluation of fees, specifically, cost of the agreement including index, spread, and other administrative charges. The evaluation of fees, terms and conditions will be compared to other alternative financing methods.

XIII. Debt Redemption Programs

The Issuer may establish from time-to-time a plan or program for the payment and/or redemption of outstanding Debt and/or interest thereon from revenues and/or other available funds pursuant to a recommendation from the Chief Financial Officer. Such plan or program may be for the purposes of reducing outstanding Debt, managing the amount of debt service payable in any year, or other suitable purposes, as determined by the Issuer.

XIV. Professional Services

The Issuer may retain professional services providers as necessary or desirable in connection with: (i) the structuring, issuance and sale of its Debt; (ii) monitoring of and advice regarding its outstanding Debt; and (iii) the negotiation, execution and monitoring of related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives and investment agreements; and (iv) other similar or related matters. Professional service providers may include municipal advisors, bond counsel, disclosure counsel, Issuer consultants, bond trustees and Federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remarketing agents, auction agents, broker-dealers, escrow agents, verification agents and other similar parties.

The Issuer shall require that its Municipal Advisors, bond and disclosure counsel and other Issuer consultants be free of any conflicts of interest, or that any necessary or appropriate waivers or consents are obtained.

A) Municipal Advisors

The Issuer may utilize one or more municipal advisors to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Bond Insurance, Credit Facilities, Derivatives, investment agreements and other similar matters. Municipal advisors

must be registered with the Municipal Securities Rulemaking Board and as a municipal advisor as such term is defined in the Securities Exchange Act of 1934 and shall be required to disclose any conflicts of interest.

B) Bond Counsel, Disclosure Counsel and Other Legal Counsel

- 1) Bond Counsel. The Issuer may utilize one or more bond counsel firms to provide ongoing legal advisory services with respect to the Issuer's outstanding and proposed Debt and related agreements, including without limitation Credit Facilities, Derivatives, investment agreements and other similar matters. All Debt issued by the Issuer shall require a written opinion from the Issuer's bond counsel, as appropriate, regarding (i) the validity and binding effect of the Debt, and (ii) the exemption of interest from Federal and State income taxes.
- 2) Disclosure Counsel. The Issuer may utilize a disclosure counsel firm to provide ongoing legal advisory services with respect to initial and continuing disclosure in connection with the Issuer's outstanding and proposed Debt. Such firm may be one of the Issuer's bond counsel firms.
- 3) Other Legal Counsel. The Issuer may encourage or require, as appropriate, the retention and use of legal counsel by other parties involved in the issuance of Debt and the execution of related agreements which are approved by the Issuer.

C) Issuer Consultant

The Issuer may utilize one or more outside Issuer consultants to provide ongoing advisory services with respect to the Issuer's outstanding and proposed Debt, Issuer fares, strategic business and financial decisions and such other matters as the Issuer requires.

D) Trustees and Fiscal Agents

The Issuer may engage bond trustees and/or fiscal agents, paying agents and tender agents, as necessary or appropriate, in connection with the issuance of its Debt.

E) Underwriters/Remarketing Agents/Broker-Dealers

The Issuer may engage an underwriter or a team of underwriters, including a senior managing underwriter, in connection with the negotiated sale of its Debt. The Issuer also may engage one or more underwriters, as necessary or appropriate, to serve as remarketing agents, broker-dealers or in other similar capacities with respect to variable rate, auction, tender option, commercial paper and other similar types of Debt issued by the Issuer.

F) Feasibility Consultants

The Issuer may retain feasibility consultants in connection with proposed project, programs, facilities or activities to be financed in whole or in part from proceeds of Debt. The criteria for the selection of such feasibility consultants, in addition to those set forth above, shall include their expertise and experience with projects, programs, facilities or activities similar to those proposed to be undertaken by the Issuer.

G) Arbitrage Rebate Services Providers

Because of the complexity of the Federal arbitrage rebate statutes and regulations, and the severity of potential penalties for non-compliance, the Issuer may retain an arbitrage rebate services provider in connection with its outstanding and proposed Debt, and may also solicit related legal and tax advice from its bond counsel or separate tax counsel. The responsibilities of the arbitrage rebate services provider shall include: (i) the periodic calculation of any accrued arbitrage rebate liability and of any rebate payments due under and in accordance with the Code and the related rebate regulations; (ii) advice regarding strategies for minimizing arbitrage rebate liability; (iii) the preparation and filing of periodic forms and information required to be submitted to the Internal Revenue Service; (iv) the preparation and filing of requests for reimbursement of any prior overpayments; and (v) other related matters as requested by the Issuer.

The Issuer shall maintain necessary and appropriate records regarding (i) the expenditure of proceeds of Debt, including the individual projects and facilities financed and the amounts expended thereon, and (ii) investment earnings on such Debt proceeds. The Issuer shall maintain such records for such period of time as shall be required by the Code.

H) Other Professional Services

The Issuer may retain such other professional services providers, including without limitation verification agents, escrow agents, auction agents, as may be necessary or appropriate in connection with its Debt.

XV. Budgeting and Capital Planning

The Issuer's budgeting process, including its budgeting process for capital expenditures, shall provide a framework for evaluating proposed Debt issuances.

XVI. Credit Rating Objectives

The Issuer shall seek to preserve and enhance the credit ratings with respect to its outstanding Debt to the extent consistent with the Issuer's current and anticipated business operations and financial condition, strategic plans and goals and other objectives, and in accordance with any developed credit strategies.

XVII. Debt Affordability

Consistent with its credit rating objectives, the Issuer shall periodically review its debt affordability levels and capacity for the undertaking of new financing obligations to fund its expenditure plans. Debt affordability measures shall be based upon the credit objectives of the Issuer, criteria identified by rating agencies, comparison of industry peers and other internal factors of the Issuer.

XVIII. Relationships with Market Participants

The Issuer shall seek to preserve and enhance its relationships with the various participants in the municipal bond market, including without limitation, the Rating Agencies, Bond Insurers, credit/liquidity providers and current and prospective investors, including through periodic communication with such participants.

The Issuer shall prepare or cause to be prepared appropriate disclosures as required by the Securities and Exchange Commission Rule 15c2-12, the federal government, the State of California, rating agencies and other persons or entities entitled to disclosure to ensure compliance with applicable laws and regulations and agreements to provide ongoing disclosure.

XIX. Periodic Review

The Chief Financial Officer shall review this Debt Policy on a periodic basis, and recommend any changes to the Board for consideration. This Debt Policy, including any proposed changes or additions hereto, shall be presented to the Board at least once every three (3) years for re-approval.

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STAFF REPORT**

TO: Transportation Authority

THROUGH: Jim Hartnett
Executive Director

FROM: Derek Hansel
Chief Financial Officer

April Chan
Chief Officer Planning, Grants,
and Transportation Authority

SUBJECT: **AMENDMENT OF THE FISCAL YEAR 2020 BUDGET TO INCREASE TOTAL
EXPENDITURES FROM \$124,796,588 TO \$131,481,049**

ACTION

Staff recommends the Board to increase the Fiscal Year (FY) 2020 Budget for both the Measure A Category expenditures and Staff Support by a combined total of \$6,684,461, for a revised total budget of \$131,481,049 (Line 36 of Attachment A).

The proposed budget amendment reflects a “true-up” in certain expenditure categories to reflect the actual amount of FY2019 sales tax revenue collected (\$100,728,384) (Line 1 of Attachment A), rather than the amount budgeted in FY2019 (\$86,353,200).

Measure W was approved in November 2018 and sales tax collection was effective July 1, 2019. The first year of true up on Measure W will be presented in FY21 Revised Budget once the audited sales tax actuals for FY20 are available.

SIGNIFICANCE

This action is recommended to make more fully transparent the funds available in each of the 2004 Measure A Transportation Expenditure Plan (TEP) categories that are programmed and allocated by the Board of Directors (Board).

EXPENDITURES:

FY2020 Measure A Categories expenditures are proposed to increase by \$6,540,709 and Staff Support expenditures are proposed to increase by \$143,752 to reflect the actual amount of FY2019 Sales Tax collected.

Measure A Categories (Attachment A, Line 20): Increase of \$6,540,709

Line 20, Measure A Categories, reflects funds that are pooled by the TA for distribution to project sponsors in accordance with the 2004 TEP and as determined by the Board. The amounts budgeted for FY2019 were based on tax revenue estimates, which were

exceeded during the year. The excess revenues now must be included in the FY2020 budget to "true-up" funds available for the following categories and projects: Alternative Congestion Relief, Dumbarton, Caltrain, Pedestrian and Bicycle Program, Local Shuttle, and Streets and Highways, as more specifically set forth in Attachment B.

Under the 2004 TEP, several expenditure categories are percentage-based "pass-through" to recipients such as each city in San Mateo County and the County of San Mateo. The amounts allocated under these categories are transmitted directly to the recipients when tax revenues are received. Accordingly, the higher-than-budgeted funds generated and distributed in FY2019 do not need to be reflected in the revised FY2019 Budget.

Staff Support (Attachment A, line 31): Increase of \$143,752

Staff Support is projected to be \$1.3 million. \$910,000 is funded by one percent of the FY2020 Sales tax, and the remainder is funded from previous years' surplus in the category. The amendment to Staff Support budget of \$143,752 reflects the available funding from FY2019 sales tax receipts to the staff support category that are programed and allocated by the Board of Directors (Board).

BUDGET IMPACT

The overall impact to the FY2020 Budget is an increase of \$6,684,461 in total expenditures, from \$124,796,588 to \$131,481,049.

BACKGROUND

The San Mateo County Transportation Authority annually adopts a budget. On June 6, 2019, the Board adopted the FY2020 Budget in the amount of \$124,796,588 per Board Resolution No. 2019-10. Staff proposes the Board amend the budget at this time for a new total of \$131,481,049.

Prepared by: Jeannie Chen, Manager, Budgets

650-508-6259

**RESOLUTION NO. 2020 –
SAN MATEO COUNTY TRANSPORTATION AUTHORITY
STATE OF CALIFORNIA**

* * *

**AMENDING THE FISCAL YEAR 2020 BUDGET TO INCREASE TOTAL EXPENDITURES
FROM \$124,796,588 TO \$131,481,049**

WHEREAS, on November 2, 2004, the voters of San Mateo County approved the continuation of the collection and distribution by the San Mateo County Transportation Authority (TA) of the New Measure A half-cent transactions and use tax for an additional 25 years to implement the 2004 Transportation Expenditure Plan (TEP) beginning January 1, 2009; and

WHEREAS, the Board of Directors (Board) adopted the TA's Fiscal Year (FY) 2020 Budget on June 6, 2019, pursuant to Resolution 2019-10, based on projected tax revenues for FY2019; and

WHEREAS, staff recommends the Board increase the FY2020 Budget to reflect higher-than-budgeted sales tax revenues generated in FY2019, specifically to "true-up" actual sales receipts available for the 2004 TEP categories subject to programming and allocation by the Board as follows:

1. Increase the FY2020 Budget by \$6,684,461 in total expenditures, from \$124,796,588 to \$131,481,049 (Line 36 of Attachment A), which includes the increase in actual FY2019 sales tax revenues from \$86,353,200 to \$100,728,384 (Line 1 of Attachment A); and
2. Increase Measure A Category expenditures for the Alternative Congestion Relief, Dumbarton, Caltrain, Pedestrian and Bicycle Program, Local Shuttle, and Streets and Highways categories by \$6,540,709 (Line 20 of Attachment A); and

3. Increase Staff Support expenditures by \$143,752 (Line 31 of Attachment A);
and

WHEREAS, the revised budget does not reflect the additional \$5,246,942 of sales tax revenue passed-through directly the cities in San Mateo County, the County of San Mateo and other entities to which funds are transmitted on a percentage basis in accordance with the 2004 TEP when tax revenues are received.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Mateo County Transportation Authority hereby amends the Fiscal Year 2020 Budget to increase Measure A Category expenditures by \$6,540,709 and Staff Support expenditures by \$143,752 for a revised total Budget of \$131,481,049 as set forth in Attachments A and B.

Regularly passed and adopted this 6th day of February, 2020 by the following vote:

AYES:

NOES:

ABSENT:

Chair, San Mateo County Transportation Authority

ATTEST:

Authority Secretary

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
FY2020 REVISED BUDGET

| | FY2019 <u>ACTUAL</u> A | FY2020 <u>ADOPTED</u> B | FY2020 <u>REVISED</u> C | FY20 REVISED TO FY20 ADOPTED Increase (Decrease) D = C-B | BUDGET PERCENT CHANGE E = D/B | | |
|---|------------------------------|-------------------------------|-------------------------------|--|--|-------|----|
| REVENUE: | | | | | | | |
| 1 Sales Tax - Measure A | 100,728,384 | 91,000,000 | 91,000,000 | - | 0.0% | 1 | |
| 2 | | | | | | 2 | |
| 3 Sales Tax - Measure W | | 45,500,000 | 45,500,000 | | | 3 | |
| 4 | | | | | | 4 | |
| 5 Interest Income | 8,286,405 | 8,673,040 | 8,673,040 | - | 0.0% | 5 | |
| 6 | | | | | | 6 | |
| 7 Miscellaneous Income | - | - | - | - | | 7 | |
| 8 | | | | | | 8 | |
| 9 Rental Income | 653,814 | 911,951 | 911,951 | - | 0.0% | 9 | |
| 10 | | | | | | 10 | |
| 11 Grant Proceeds | 65,782 | - | - | - | | 11 | |
| 12 | | | | | | 12 | |
| 13 TOTAL REVENUE | 109,734,385 | 146,084,991 | 146,084,991 | - | 0.0% | 13 | |
| 14 | | | | | | 14 | |
| 15 | | | | | | 15 | |
| 16 EXPENDITURES: | | | | | | 16 | |
| 17 | | | | | | 17 | |
| 18 Measure A Annual Allocations | 37,726,258 | 33,215,000 | 33,215,000 | (1) | 0.0% | 18 | |
| 19 | | | | | | 19 | |
| 20 Measure A Categories | 96,150,483 | 41,405,000 | 47,945,709 | (1) | 6,540,709 | 15.8% | 20 |
| 21 | | | | | | 21 | |
| 22 Measure W Annual Allocations | - | 9,100,000 | 9,100,000 | (1) | - | 0.0% | 22 |
| 23 | | | | | | 23 | |
| 24 Measure W Categories | - | 36,400,000 | 36,400,000 | (1) | - | 0.0% | 24 |
| 25 | | | | | | 25 | |
| 26 Dumbarton Maintenance of Way | 30,522 | - | - | - | | 26 | |
| 27 | | | | | | 27 | |
| 28 Oversight | 1,668,411 | 2,250,000 | 2,250,000 | - | 0.0% | 28 | |
| 29 | | | | | | 29 | |
| 30 Administrative: | | | | | | 30 | |
| 31 Staff Support | 1,664,011 | 1,289,924 | 1,433,676 | (1) | 143,752 | 11.1% | 31 |
| 32 Measure A Info-Others | 978 | 15,000 | 15,000 | - | 0.0% | 32 | |
| 33 Other Admin Expenses | 578,876 | 1,121,664 | 1,121,664 | - | 0.0% | 33 | |
| 34 Total Administrative | 2,243,865 | 2,426,588 | 2,570,340 | 143,752 | 5.9% | 34 | |
| 35 | | | | | | 35 | |
| 36 TOTAL EXPENDITURES | 137,819,540 | 124,796,588 | 131,481,049 | 6,684,461 | 5.4% | 36 | |
| 37 | | | | | | 37 | |
| 38 EXCESS/(DEFICIT) | (28,085,155) | 21,288,403 | 14,603,942 | (6,684,461) | -31.4% | 38 | |
| 39 <i>*Previously allocated to the 25th Ave Grade Separation Project and South San Francisco Ferry Terminal</i> | | (15,470,000) | (15,470,000) | (2) | | 39 | |
| 40 Adjusted EXCESS/(DEFICIT) | | 5,818,403 | (866,058) | | | 40 | |
| 41 | | | | | | 41 | |
| 42 BEGINNING FUND BALANCE | 407,684,194 | 409,643,752 | 387,232,043 | (2) | | 42 | |
| 43 | | | | | | 43 | |
| 44 ESTIMATED ENDING FUND BALANCE | 387,232,043 | 415,462,155 | 386,365,985 | | | 44 | |
| 45 | | | | | | 45 | |
| 46 (1) See Attachment B for details. | | | | | | 46 | |
| 47 (2) The FY2019 and FY2020 adopted budget does not include Grade Separation and Ferry that were previously included in budgets in FY2017 and FY2010 per | | | | | | 47 | |
| 48 resolution 2016-25 and 2009-09, respectively. The budget authority for Grade Separation was for 25th Ave Grade Separation project and the budget authority | | | | | | 48 | |
| 49 for Ferry was for the South San Francisco Ferry Terminal. | | | | | | 49 | |

ATTACHMENT B

FY2020 ALLOCATIONS AND EXPENDITURES

| | | | New Measure TEP % Share | FY2020 Adopted | FY2019 True Up | FY2020 Revised | |
|--------------------------------------|--|----------------|--|-----------------------|-----------------------|-----------------------|----|
| MEASURE A ANNUAL ALLOCATIONS: | | | | | | | |
| 1 | ALLOCATION TO LOCAL ENTITIES | | 22.50% | 20,475,000 | | 20,475,000 | 1 |
| 2 | SFO BART EXTENSION | | 2.00% | 1,820,000 | | 1,820,000 | 2 |
| 3 | | | Total Pass-Thru | 22,295,000 | - | 22,295,000 | 3 |
| 4 | | | | | | | 4 |
| 5 | PARATRANSIT | | 4.00% | 3,640,000 | | 3,640,000 | 5 |
| 6 | TRANSFER TO SMCTD FOR CALTRAIN | | 8.00% | 7,280,000 | | 7,280,000 | 6 |
| 7 | | | | | | | 7 |
| 8 | TOTAL ANNUAL ALLOCATIONS | | | 33,215,000 | - | 33,215,000 | 8 |
| 9 | | | | | | | 9 |
| 10 | MEASURE A CATEGORIES: | PROJECT | | | | | 10 |
| 11 | ALTERNATIVE CONGESTION RELIEF | | 1.00% | | | | 11 |
| 12 | Available for future ACR projects | 000903 | | 342,964 | 143,752 | 486,716 | 12 |
| 13 | Commute.org TDM program | 000807 | | 567,036 | | 567,036 | 13 |
| 14 | | | | | | | 14 |
| 15 | DUMBARTON | 100263 | 2.00% | 1,820,000 | 287,504 | 2,107,504 | 15 |
| 16 | | | | | | | 16 |
| 17 | CALTRAIN | 000605 | 8.00% | 7,280,000 | 1,150,015 | 8,430,015 | 17 |
| 18 | | | | | | | 18 |
| 19 | PEDESTRIAN AND BICYCLE PROGRAM | 000816 | 3.00% | 2,730,000 | 431,256 | 3,161,256 | 19 |
| 20 | | | | | | | 20 |
| 21 | LOCAL SHUTTLE | 000902 | 4.00% | 3,640,000 | 575,007 | 4,215,007 | 21 |
| 22 | | | | | | | 22 |
| 23 | STREETS AND HIGHWAYS | | | | | | 23 |
| 24 | Key congested corridors program | 000900 | 17.30% | 15,743,000 | 2,486,907 | 18,229,907 | 24 |
| 25 | Supplemental roadway projects | 000901 | 10.20% | 9,282,000 | 1,466,269 | 10,748,269 | 25 |
| 26 | | | | | | | 26 |
| 27 | GRADE SEPARATION | 100258 | 15.00% | - (1) | | - | 27 |
| 28 | | | | | | | 28 |
| 29 | SAN MATEO COUNTY FERRY SERVICE | 100264 | 2.00% | - (1) | | - | 29 |
| 30 | | | | | | | 30 |
| 31 | TOTAL MEASURE A CATEGORIES | | | 41,405,000 | 6,540,709 | 47,945,709 | 31 |
| 35 | Staff Support | | 1.00% | 910,000 | 143,752 | 1,053,752 | 35 |
| 36 | | | | 75,530,000 | 6,684,461 | 82,214,461 | 36 |
| 37 | | | | | | | 37 |
| 38 | MEASURE W ANNUAL ALLOCATIONS: | | | | | | |
| 39 | ALLOCATION TO LOCAL ENTITIES | | 10.00% | 9,100,000 | | 9,100,000 | 39 |
| 40 | | | | | | | 40 |
| 41 | MEASURE W CATEGORIES:* | | | | | | |
| 42 | COUNTYWIDE HIGHWAY CONGESTION IMPROVEMENTS | 100422 | 22.50% | 20,475,000 | | 20,475,000 | 42 |
| 43 | LOCAL SAFETY, POTHOLES, AND CONGESTION RELIEF IMPROVEMENTS | 100423 | 2.50% | 2,275,000 | | 2,275,000 | 43 |
| 44 | BICYCLE AND PEDESTRIAN IMPROVEMENTS | 100424 | 5.00% | 4,550,000 | | 4,550,000 | 44 |
| 45 | REGIONAL TRANSIT CONNECTIONS | 100425 | 10.00% | 9,100,000 | | 9,100,000 | 45 |
| 46 | TOTAL MEASURE W CATEGORIES | | | 36,400,000 | | 36,400,000 | 46 |
| 47 | | | | | | | 47 |
| 48 | (1) The FY2020 proposed budget does not include Grade Separation and Ferry that was previously included in budgets in FY2017 and FY2010 | | | | | | |
| 49 | per resolutions 2016-25 and 2009-09. | | | | | | |
| 50 | The budget authority for Grade Separation was increased in FY2017 to include future years' budget authority for the 25th Ave Grade Separation Project. | | | | | | |
| 51 | The budget authority for Ferry was increased in FY2010 to include future years' budget authority for the South San Francisco Ferry Terminal. | | | | | | |
| 52 | | | | | | | 52 |
| 53 | | | | | | | 53 |
| 54 | * Starting in FY2020, the TA will receive 50% of a Half Cent Sales tax (Measure W). | | | | | | |