

San Mateo County Express Lanes
Joint Powers Authority's Request to the TA
to Agendize, Discuss and Consider the 2020 Loan
Agreement Credit Enhancement Fee for the
Express Lanes Equity Program

PRESENTATION OUTLINE

- San Mateo County Express Lanes JPA Request to the TA
- Recap on the \$100M SMCEL JPA and TA Loan Agreement
- SMCEL JPA Equity Program
- Possible options on TA's response to the request
- Next Steps



SAN MATEO COUNTY EXPRESS LANES JPA REQUEST TO THE TA

- SMCEL JPA Board voted at its April 2021 meeting to request that the TA agendize the following:
 - Discuss and consider applying, by appropriate means, the Credit Enhancement Fee revenues contained in the \$100 million TA – SMCEL JPA loan agreement to the JPA’s Equity Program

The \$100 million in loan was originally approved by the TA Board in July 2020 to do the following:

- Cover the capital costs of the 101 Express Lane Project
- Provide start-up funds for a proposed SMCEL JPA Equity Program
- Assist SMCEL JPA to secure credit to fully cover the cost of the capital project at a much lower rate
 - If the loan were secured by the JPA, JPA’s cost of capital would have been much higher, likely in the range of \$1.5m - \$1.7m annually, and would impact revenues for future JPA programs and projects, including the equity program.



TA and SMCEL JPA LOAN AGREEMENT

- The not-to-exceed \$100M Loan provides funds to cover capital project cost, capitalized interest, transactional costs, as well as \$1M for the SMCEL JPA equity program.
- Key terms of the repayment of the loan by SMCEL JPA, which is equity-based, include:
 - Support for SMCEL JPA's annual operation of the express lanes before repayment to TA
 - After O&M costs, SMCEL JPA can set aside \$600,000 for equity programs before repayment to the TA
 - Interest payment on the Loan to the TA also includes a 0.4% Credit Enhancement Fee, which is initially set at \$400,000 per year and will decrease over time. This Fee may decrease to 0.25% if JPA repayment to the TA in a fiscal year exceeds \$5,000,000
 - 85% of the remaining annual Net Revenues after all other SMCEL JPA obligations are paid will be used to repay the TA loan principal; 15% will be set aside for other JPA purposes, including the equity program at JPA's discretion
- Purpose of the Credit Enhancement Fee
 - Provide cover for the TA's credit risks as well as reimburse staff resources to support the management of the loan instrument



Credit risks include poor performance of the express lanes, and/or impact to TA's ability to secure other loans/bonds for other major capital projects

SMCEL JPA EQUITY PROGRAM

- SMCEL JPA approved at its May 2021 meeting an equity framework, based on study recommendations, that included the following for eligible recipients:
 - Provide new FasTrak Flex toll tag that has been pre-loaded with \$50 cash value
 - Provide \$50 cash value on a new or existing Clipper Card
- SMCEL JPA will be developing implementation strategies in the Summer
 - Funding for the program will come from the \$1M in start-up funds from the TA Loan, with on-going financial support from an annual \$600,000 set aside before JPA pays TA the loan principal



DISCUSSION OF THE SMCEL JPA REQUEST

- Possible modification to the TA and SMCEL JPA Loan Agreement
 - Funds from the fee can be used for any lawful TA purposes with no limitations, including using the funds to supplement resources for projects in the Expenditure Plan
 - Agreement could be re-negotiated to eliminate the fee, which would require additional TA and JPA resources to amend the loan documents
- Purpose of SMCEL JPA Ask
 - Supplement funding for the Equity Program
 - Other categories in the Measures A & W Expenditure Plan that can assist in this regard:
 - 1% set-aside in Measure A for Alternative Congestion Relief
 - 1% set-aside in Measure W for Transportation Demand Management strategies
 - Measures A and W funding for active transportation
- How TA can assist SMCEL JPA with other potential regional and other grant sources



NEXT STEPS