

**SAN MATEO COUNTY TRANSPORTATION AUTHORITY
1250 SAN CARLOS AVENUE, SAN CARLOS, CA 94070
MINUTES OF JUNE 4, 2020**

MEMBERS PRESENT: E. Beach (Chair), C. Groom, D. Horsley (arrived at 5:13 pm), J. Mates, K. Matsumoto, R. Medina (Vice Chair) (left at 6:27 pm), C. Romero (arrived at 5:03 pm)
Via Teleconference

MEMBERS ABSENT: None

STAFF PRESENT: J. Hartnett, C. Mau, A. Chan, J. Hurley, J. Cassman, S. van Hoften, D. Hansel, C. Gayotin, P. Skinner, C. Fromson, J. Brook, S. Wong, D. Seamans

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Emily Beach called the meeting to order at 5:01 pm

Authority Secretary Dora Seamans reviewed how to use the Zoom teleconference controls.

Director Carlos Romero arrived at 5:03 pm

Chair Beach led the Board in reciting the Pledge of Allegiance.

2. ROLL CALL

Authority Secretary Seamans called the roll and confirmed that a quorum was present.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

None.

4. REPORT OF THE CITIZENS ADVISORY COMMITTEE

Chair Beach noted that the report was in the packet.

5. CONSENT CALENDAR

- a) Approval of Minutes of the Board of Directors Meeting of May 7, 2020**
- b) Acceptance of Statement of Revenues and Expenses for April 2020**
- c) Acceptance of Capital Projects Quarterly Status Report 3rd Quarter FY 2020**

Director Karyl Matsumoto requested to remove Items #5 (b) and #5 (c) from Consent for further discussion.

Chair Beach requested a correction to Page 4, Paragraph 8 of the May 7 minutes, replacing "0.6 percent interest rate" with "0.6 risk premium, or 'set-aside.'"

The Board voted to approved Item #5 (a) as amended:

Motion/Second: Medina/Groom

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

Absent: Horsley

Regarding the Statement of Revenues and Expenses for April 2020, Director Matsumoto asked about checks written for capital programs. Derek Hansel, Chief Financial Officer, explained the funding procedure.

Director Carlos Romero asked about the increase in interest that occurred because of the decrease in the federal treasury rates. Mr. Hansel responded that the upcoming presentation by PFM [Item #10 (f)] would provide a better explanation.

Chair Beach noted that the statement was reflecting actual sales tax receipts through February and also taking into consideration the estimated budget through April with some adjustments. Mr. Hansel said that the TA accrues revenue on a monthly basis and then corrects revenues to actual receipts.

Director Don Horsley arrived at 5:13 pm

The Board voted to approved Item #5 (b):

Motion/Second: Romero/Groom

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

Absent: None

Regarding the Capital Projects Quarterly Status Report 3rd Quarter FY 2020, Director Matsumoto had questions about the Holly Interchange project. Joe Hurley, TA Director, explained that the project was administered by the City of San Carlos and bids had come in that were 30 percent over their engineer's estimate. He said that the City is now doing value engineering to try to reduce the cost of the project as well as pursuing other funding opportunities.

Director Romero asked if there would be a surplus left over from the US 101/Willow Interchange project. Mr. Hurley said they anticipated that there would be savings on the civil component of the project and that they always anticipated that that savings would be used toward the subsequent landscape contract.

The Board voted to approved Item #5 (c):

Motion/Second: Mates/Medina

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

Absent: None

6. REPORT OF THE CHAIR

Chair Beach commended staff for keeping members of the SMCEL (San Mateo County Express Lanes) JPA Finance Committee abreast of the most up-to-date information.

7. SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT

Chair Beach said that the report was in the packet. Director Matsumoto and Director Carole Groom praised the report given by Christy Wegener on scenario planning.

8. JOINT POWERS BOARD LIAISON REPORT

Chair Beach said that the report was in the packet. Jim Hartnett, Executive Director, said he would provide details of the morning's JPB meeting during his Executive Director report.

9. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Hartnett said that due to the pandemic, they are putting the Caltrain Business Plan work on hold to focus on scenario planning. He said that the number of daily trains would increase from 42 to 70 starting June 15.

He said that an interim Caltrain budget covering the first quarter of Fiscal Year 2021 was adopted by the JPB in May and that a subsequent budget covering the balance of FY 2021 would go before the Board in September. He added that while there is still much uncertainty regarding the budget, he is grateful for Measure W funding.

10. FINANCE

a) Public Hearing: Adoption of Interim First Quarter Budget for Fiscal Year 2021 in the Amount of \$29,764,261

1. Chair Beach opened the public hearing.
2. Derek Hansel, Chief Financial Officer, presented the staff report and provided a presentation.

Director Matsumoto asked about where the TA got most of its sales tax revenue. Mr. Hansel said that "Meals and Entertainment" was the largest of the individual categories. Chair Beach requested a chart for the TA budget meeting in August, which Mr. Hansel said he would provide.

Director Romero asked if there were any statutory requirement to have a full budget by the beginning of the fiscal year. Joan Cassman, Legal Counsel, said that she was not aware of any such requirement.

Director Don Horsley said the County and cities do not know what will happen with property tax, but anticipate that sales tax will go up. Mr. Hansel says the challenge is not knowing where the bottom is. Director Horsley said that sales tax lags by several months. Mr. Hansel added that sales tax will be affected if there is a subsequent phase of the virus necessitating a reinstatement of shelter-in-place orders.

Director Romero asked if the decrease in interest income was the result of the removal of the investment premium discount budget, which was based on market fluctuation. Mr. Hansel said that the credit concerns are greater today and they likely would be more conservative in the management of the portfolio than would have been appropriate six months ago.

3. Chair Beach called for any public comment.

There were no comments.

4. Chair Beach made a motion to close the public hearing.
5. Chair Beach asked for further comments from the Board.

Director Groom said we should look carefully at every expenditure we are making since we do not know when the economy will recover.

Approved by Resolution No. 2020-10:

Motion/Second: Horsley/Romero

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

Absent: None

b) Authorize an Amendment to the Four-party Cooperative Agreement to Provide Toll System Implementation (Construction and Testing) Associated with the San Mateo County 101 Express Lanes Project

Mr. Hurley presented a staff report.

Director Matsumoto asked for clarification of the civil component versus the toll system. Mr. Hurley explained that the civil components includes the the pavement, roadways, barriers, and lighting, while the toll system includes the hardware and software needed to operate the express lane system.

Chair Beach thanked BAIFA (Bay Area Infrastructure Financing Authority) for their partnership.

Approved by Resolution No. 2020-11:

Motion/Second: Romero/Mates

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

Absent: None

c) Award of Contract for Investment Management and Custody Services

Concepcion Gayotin, Manager of Contracts and Procurement, presented a staff report.

Director Romero noted that this was a major change and questioned doing so during the current period of uncertainty. Mr. Hansel responded that there are real differences in the investment horizons of the different agencies.

Director Romero asked for the reasons why the new firm was selected. Mr. Hansel said it was based on their approach to investment management being more in line with the TA's goals.

Approved by Resolution No. 2020-12:

Motion/Second: Groom/Medina

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

Absent: None

d) Approval and Ratification of the Fiscal Year 2021 Transportation Authority Insurance Program

Mr. Hansel provided an overview of the program.

Approved by Resolution No. 2020-13:

Motion/Second: Groom/Horsley

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

Absent: None

e) Program and Allocate Funds for the Safe Routes to School Program

Peter Skinner, Director, Grants and Funds Management, provided a background of the project and introduced Theresa Vallez-Kelly, Coordinator, Safe Routes to School, San Mateo County Office of Education, who provided a presentation.

Director Rico Medina left the meeting at 6:27 pm.

Ms. Vallez-Kelly noted that Requests for Proposals have gone out throughout the County.

Chair Beach asked about the engagement on her programs during shelter-in-place. Ms. Vallez-Kelly said they had about 20 participants in each program.

Director Groom said that the City of San Mateo had one of the earliest safe routes to school programs and said that she was enthusiastic about endorsing the current project. Ms. Vallez-Kelly said they are now starting walking school buses for kids that live within a half mile from school.

Director Julia Mates said the program was a great use of Measure W funds.

Director Romero commended the program as an important part of a congestion management approach.

Director Matsumoto noted the importance of support from elected officials.

Chair Beach said the project would help schools that lack the internal resources to drive the program.

Approved by Resolution No. 2020-14:

Motion/Second: Groom/Matsumoto

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

Absent: Medina

f) Presentation from PFM Asset Management LLC on Market Outlook and Expected Investment Portfolio Changes as a Result of COVID-19

Mr. Hansel noted that PFM has done a great job managing the portfolio for the TA. He introduced Monique Spyke, Managing Director, PFM Asset Management LLC, who provided a presentation.

Director Romero asked about what was meant by increased surveillance. Ms. Spyke explained that they are monitoring how supply chains and consumer behavior is impacted by the pandemic.

Director Romero said they had done COVID-specific analyses. He asked if the TA was less exposed on the COVID side. Ms. Spyke said they grouped investments into risk categories. She said most of the companies in the TA portfolio are well diversified with nothing in the high-risk category.

11. PROGRAM

a) State and Federal Legislative Update

Casey Fromson, Director, Government and Community Affairs, briefly summarized highlights of recent federal and state legislation.

12. REQUESTS FROM THE AUTHORITY

There were no requests.

13. WRITTEN COMMUNICATIONS TO THE AUTHORITY

The correspondence was available on the website.

14. DATE/TIME OF NEXT REGULAR MEETING

Chair Beach announced that the next meeting would be on Thursday, July 9, 2020, 5:00 pm, either via Zoom teleconference or at the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, San Carlos Avenue, San Carlos, CA 94070.

15. REPORT OF LEGAL COUNSEL

Ms. Cassman said that she had nothing to report.

16. ADJOURN

The meeting adjourned at 7:10 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.