
CALIFORNIA TRANSPORTATION FINANCING AUTHORITY

915 Capitol Mall, Room 110
Sacramento, CA 95814
Phone: (916) 653-2995
Fax: (916) 653-3125



MEMBERS:

Bill Lockyer, Chair

State Treasurer

John Chiang

State Controller

Ana J. Matosantos, Director

Department of Finance

Board Meeting Minutes
State Treasurer's Office
915 Capitol Mall, Room 587
Sacramento, CA 95814
Monday, April 2, 2012
1:00pm

I. Call to Order/Role Call:

Bettina Redway, Chairperson, called the meeting to order at 1:10pm.

Members present included:

Bettina Redway for Bill Lockyer, State Treasurer

Rick Chivaro for John Chiang, State Controller

Jennifer Rockwell for Ana J. Matosantos, Director, Department of Finance

Bimla Rhinehart, Executive Director, California Transportation Commission

Steven Keck for Malcolm Dougherty, Director, California Department of Transportation

Staff Present:

Rohimah Moly, Acting Executive Director of CTFA

Miles Winder, Staff Services Analyst, CTFA/STO

Ms. Redway declared a quorum was established.

II. Approval of the Minutes:

Ms. Redway asked for approval of the minutes. Mr. Chivaro moved for approval with Ms. Rockwell seconding. The minutes were approved unanimously.

III. Executive Directors Report:

Ms. Moly described a general work plan she had developed for the work of CTFA. However, due to lack of funds, she has been unable to bring on board staff to help implement the

plan. She expressed a desire to continue analyzing how CTFA fits into the existing transportation financing processes before moving ahead and launching workshops.

Ms. Redway asked for questions.

Mr. Keck asked if there was a schedule for when the CTFA board might review some of the documents. Ms. Moly responded that staff's plan, with board direction, is to work on the potential application from MTC to the authority and use it as a template to put the guidelines and regulations into place. CTFA will flesh that out and create a more detailed plan for future projects.

Ms. Rhinehart asked whether Ms. Moly will be bringing the guidelines back to the board. Ms. Moly responded that yes, the guidelines developed by staff would be brought to the board for review and approval.

IV. MTC Application:

Presented by Andy Fremier -Deputy Executive Director of Metropolitan Transportation Commission (MTC) and Bay Area Tolling Authority (BATA); Brian Mayhew, MTC Chief Financial Officer; Adrienne Weil, MTC General Counsel; and Lisa Klein, HOT Lanes Project Manager.

Mr. Fremier described three lines of authority MTC's project is designed to take advantage of.

- 1) CTC's approval of MTC's HOT-lane Express Network Authority
- 2) CTFA's tolling and issuance authority to help develop a financial plan that would allow MTC to move forward into capital construction and operations
- 3) Potentially, to look at SB4x to see if there is a different way to deliver the projects compared to the way standard projects are delivered today

Mr. Fremier outlined the project itself beginning with a map of the proposed network. The focus of CTFA will be from the Yolo County Line down the I-80 corridor to the Bay Bridge, the I-880 corridor through Alameda County, and the I-680 corridor in the East Bay.

Mr. Fremier described the benefits of HOT lanes as including the following:

- 1) Create more capacity by allowing whatever available capacity is in the HOV lane to be used by non-HOV compliant vehicles through tolling mechanisms.
- 2) Improve the overall management of the system by allowing more throughput and taking people out of the general purpose lanes.

Next, Mr. Fremier broke down the steps of the project.

- 1) Convert existing HOV lanes to HOT lanes.
 - a. This will be the quickest and easiest portion of the project
 - b. Minimal civil improvements are necessary to create the tolling infrastructure
- 2) Build new HOV lanes
 - a. This will fill some of the gaps that currently exist in the system
- 3) Improve ways that vehicles move through the toll-plazas

Then he discussed the Goals and Benefits of the project.

- Improve the connectivity of the existing HOV lanes and the system as a whole.
- Improve efficiency of Bay Area transportation grid. Currently it is very fractured and there are quite a few gaps that affect its ability to work well.
- Reduce traffic congestion and improve elimination of greenhouse gas emissions by keeping traffic moving
- Considerable improvements for express bus and mass transit.
- Collaterally, job creation

As of October 2011, the CTC has granted MTC the authority to develop and operate the Network. MTC is now in the process of moving the project forward through the first phase of environmental work and they expect it to move immediately into the design phase after completion of this work. Over the next few months, MTC is looking to develop a financial plan that makes sense for delivering the projects in the right order.

The MTC will complete the project in collaboration with the Bay Area Infrastructure Financing Authority (BAIFA) and the Bay Area Toll Authority (BATA). The BAIFA is a Joint Powers Authority that was created by MTC and BATA to plan, operate, develop, and finance major Bay Area transportation projects.

According to Mr. Fremier, MTC estimates the overall costs of the project to be \$3,590,000,000, while the gross revenue is anticipated to reach \$4,400,000,000, for net revenue of approximately \$600,000,000. Mr. Fremier cautioned that these estimates are conservative due to the project being in its early stages.

The estimated sources of funds in the financial plan include the following:

- 1) Toll Revenue Bonds
- 2) TIFIA Loans
- 3) Federal/Local Grants and Funding
- 4) Pay as you go financing

MTC anticipates putting together a comprehensive financing plan for the proper project delivery mix over the course of the summer. MTC anticipates requesting tolling and

issuing authority from CTFA after developing the financing plan. The financial flexibility combined with the strength of CTFA will help the project forward.

MTC forecasts the final environmental document being completed by December 2012 or sooner and then construction beginning immediately thereafter.

Once the presentation was completed, Ms. Redway asked for questions:

Mr. Keck asked what the actual toll rates will be with a revenue estimate of \$4 Billion.

Mr. Fremier responded by saying that the current HOV system will break down on its own. They have already seen that with regards to the I-80 corridor through Berkeley.

Ms. Klein, the Project Manager for MTC, described their forecasting. They looked at the I-680 Southbound HOT lane performance, where tolls are approximately \$3 for 14 miles. The tolls during the opening years of the MTC project are estimated to be similar; but as time moves on and congestion grows, the toll may increase. By 2040, it could double.

Ms. Redway clarified the two things CTFA staff was looking for.

- 1) A sense of direction about whether staff should continue to work towards accepting this application?
- 2) How to fund that activity?

Ms. Rhinehart asked whether the CTFA has actually received an application. Ms. Redway responded that no, CTFA has not received an application yet. She proceeded to explain that Ms. Moly, in anticipation of the application, wanted to get a sense from the board whether everyone was supportive of her continuing to work towards this goal. Ms. Redway pointed out that it appears that the Board is supportive to this end. The other question is going to be how to pay for the costs associated with CTFA's work on this project as there are going to have to be some consultants hired on to help. There is no action item on the agenda, but Ms. Redway pointed out that there are two options for moving forward.

Ms. Moly proceeded to lay out those two options. In terms of funding and getting money to move forward on this project, CTFA is going to need a consultant to help develop the application and also to evaluate the project itself. There are two ways that to get money to help with this.

- 1) We can borrow from a Board under the Treasurer's office. This would require CTFA to enter into an interagency agreement. Upon project completion, CTFA would pay back the Board for the loan after it recovers its costs from the applicant.
- 2) The applicant for this project would front the cost. MTC is open to the idea. How CTFA goes about that still needs to be fleshed out. This option provides less risk to the State.

Ms. Rockwell wanted to make sure that the staff will come back to the board for any updates on which way CTFA is going to go and how they are going to finance this section of the project.

V. Resolution 2012-01:

Miles Winder, an analyst with the State Treasurer's office, presented Item V.

Government Code section 64107 authorizes CTFA to enter into any and all agreements or contracts necessary to carry out the functions and responsibilities of CTFA. Further, Section 64103(f) of the Act authorizes the CTFA Board to delegate to its Executive Director the power to enter into contracts on behalf of CTFA.

In order for staff to do the work necessary in carrying out CTFA's duties under the Act, a consultant is needed to assist staff in developing evaluation criteria including appropriate information to be required from project applicants. Additionally, the consultant is needed to assist with project evaluation including financial feasibility and any additional work that may be required.

From time to time, CTFA may also need to execute contracts with other consultants or firms and enter into interagency agreements with state agencies, such as the State Treasurer's Office, to conduct the work necessary to implement the Act. The maximum amount of each contract executed by the Executive Director will not exceed \$250,000, which is at or below the threshold amount approved by several other Authorities/Boards/Commissions chaired by the state Treasurer. The Executive Director will report to the Board the contracts and interagency agreements executed by the Executive Director under delegated authority.

Staff recommended that the Board approve Resolution 2012-01 delegating authority to the Executive Director to enter into contracts and interagency agreements of up to \$250,000.

VI. Questions about Resolution 2012-01:

Ms. Redway asked for questions. Mr. Keck asked how can the Board approve the resolution without knowing how contracts would be funded?

Ms. Redway responded by saying that this resolution will delegate the authority. All of the authorities chaired by the Treasurer have this delegation resolution and it's apparent that Ms. Moly will not enter into any specific contract without the approval of the Board in terms of a funding mechanism.

Ms. Rockwell pointed out that this resolution is necessary to start the RFP process.

Mr. Keck said that that makes a lot of sense. He then asked if the delegation should include an aggregate limit.

Ms. Redway deferred to the State Treasurer's Office General Counsel, Mark Paxson, who explained that generally with the boards chaired by the State Treasurer, it is a per contract

amount. However, he does know of one board that has an aggregate limit as well. If that is the pleasure of the board then that could be worked out.

Mr. Keck didn't want to insist on an aggregate limit and Ms. Redway pointed out that when Ms. Moly reports back to the board, he could always ask her what the total amount entered into contracts is.

Mr. Chivaro moved for approval of 2012-01, it was seconded by Ms. Rockwell. Ms. Redway asked for any public comment. There was no comment. The board voted unanimously to approve the measure.

Ms. Redway then asked for any further public comment. As there was none, Ms. Redway moved to Item VII.

VII. Adjournment